

Individual and Consolidated Financial Statements

Ser Educacional S.A.

December 31, 2022
with Independent Auditor's Report

Ser Educacional S.A.

Individual and consolidated financial statements

December 31, 2022

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Ser Educacional S.A.

2022 Management Report

To the Shareholders,

Ser Educacional S.A. presents the Management Report and Financial Statements for the fiscal year ended December 31, 2022.

STRATEGY

2022 was relevant for Ser Educacional, marked by the significant development of three valuable pillars: strategic acquisitions, organic growth and investments in the development of its continuing education ecosystem. These initiatives enabled a 32% growth in the total student base and 19.1% in net revenue, compared to 2021, due to the balanced collaboration between acquisitions and organic growth, which accounted for 9.4% and 9.7% of net revenue increase, respectively.

Among the acquisitions made by the Company, the highlight in 2022 was UNIFAEL integration, one of the largest undergraduate Digital Learning institutions in Brazil, which represented an investment, so far, of R\$ 280.0 million. The transaction allowed Ser Educacional to significantly increase its market share, adding 87,600 students to its total student base at the beginning of the year. The transaction has high strategic value as it allowed the Company to reach the entire national territory, significantly increasing its capillarity and omnichannel offering of undergraduate, graduate, free, extension, and other courses, through strong and recognized regional brands in the labor market.

In the context of organic growth, the Company continues to develop its continuing education ecosystem, which in 2022 showed significant growth compared to the previous year, increasing the Company's ancillary revenues (recorded in "Other Revenues") representation in net revenue and recorded 122% growth, now representing 3.4% of net revenue in 2022 compared to 1.8% in 2021.

These initiatives are gaining significance and are expected to become more relevant in the Company's operations as they evolve. A highlight in 2022 was the solid growth of GoKursos and GoDigital.Edu, which have become increasingly recognized brands in the market for free digital courses. This environment of organic growth combined with acquisitions, was supported by a recovery in demand between the second half of 2021 and the first half of 2022, mainly reflecting the cooling of the effects of Covid-19 pandemic. However, from the second quarter of 2022 onwards, a more challenging scenario was seen, impacted especially by inflation throughout the year and impacted the disposable income of Brazilian families, and therefore the demand for higher education and the Company's cost and expense structure.

Aware of this scenario, Ser Educacional started an operational optimization plan from the third quarter of 2022, which aims to improve the occupancy rate of its campuses, through the return of properties with low utilization, optimization of costs and operational expenses and increased focus on offering courses with a higher average ticket and better profitability, in addition to hiring consultants to enhance organizational development and increase the automation of its internal processes. Other priority of this plan is reducing financial debt, so as to lower the impact of financial expenses on results. With this, the Company seeks to recover its operating performance while advancing with the development of its continuing education ecosystem, UNIFAEL integration and the combined development of its Hybrid and Digital Learning operations.

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2022 Management Report

OPERATIONAL PERFORMANCE

The Company's initiatives in the development of strategic acquisitions, organic growth and investments in the development of its continuing education ecosystem, in addition to the successful implementation of Ubíqua in Hybrid Learning, allowed the growth of the student base in 2022.

The Company's total student base experienced one more year of expansion, with 32.0% growth as compared to 2021. This result came mainly from the 77.8% increase in Digital Learning students, mainly due to the integration of UNIFAEL students, whose acquisition completion was announced by the Company in January 2022, as well as the 2.3% growth in Hybrid Learning student base, which was basically due to the increase in intake and dropout rate recorded in the first half of 2022, and partially offset by the lower intake and a slight increase in the dropout rate in the second half of 2022.

INVESTMENTS

In 2022, the following acquisitions were added: Delinea Tecnologia Educacional Ltda, Plantão Veterinário Ltda and Pet Shop Kero Kolo Ltda, completed in December 2021 and consolidated from January 2022, and UNIFAEL - Sociedade Técnica Educacional da Lapa S.A., announced in May 2021 and completed in January 2022. Investments in acquisitions amounted to R\$ 295.2 million in 2022, with 13.7% increase as compared to 2021, and these amounts include the acquisitions described above and payments on debts for acquisitions financed in previous years.

Investments in organic growth amounted to R\$ 108.6 million in 2022, with 51.0% increase as compared to 2021, mainly due to the resumption of investments held back during the pandemic years, made in infrastructure, library and laboratories for accreditation of courses, especially in Medicine, with MEC, in addition to technology and digital content to support the Company's operations.

These investments are also part of the development of the Company's continuing education ecosystem, which are promoting an increasingly complete and innovative portfolio of digital courses, in addition to improvements in health laboratories, particularly the implementation of clinics to serve the population, allowing better training of students in practical classes and higher return on courses in these areas of knowledge.

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2022 Management Report

ACADEMIC QUALITY

Ser Educacional had solid academic results in 2022, with improvement in ENADE (National Student Performance Examination) indicators, which showed an increase of 11 percentage points in grades 3, 4 and 5 in comparable cycles between 2017 and 2021, from 47% in 2017 to 58% in 2021. IDD 2021 (Indicator of Difference between Observed and Expected Performance), Ser Educacional had the best performance among the companies listed on B3 with an index of 88% of grades between 3, 4 and 5, compared to 80% as compared to the average of market peers. In digital undergraduate segment, results have also been favorable with 92% of the courses reaccredited by MEC with grade 4 or 5, evidencing once again the solid position of the Company in relation to its academic quality.

ESG

Environment

Ser Educacional group invested R\$ 4.5 million in 2021 in a solar plant located at its UNINASSAU unit in Caruaru/PE. In 2022, the plant's first full year of operation, 1,204.4 MWh of energy were generated to supply the units, representing savings of 572 tons of CO2 emissions to the environment, compared to other energy generation models comparable to the use of coal. In addition to this initiative, the Company also makes consistent efforts to raise awareness among its students and has a program for the collection of recyclable waste at its units and water reuse practices.

Social Responsibility

Social responsibility practices are embedded in the values and the day-to-day activities of Ser Educacional. The Company invests directly and encourages its students, teachers, and employees to carry out activities that benefit society and communities where the Company's units are located.

These initiatives are subdivided into key pillars: culture, sport, social, and environmental actions. These activities foster students' feeling of belonging to regional people and the institution which promotes these activities, creating a connection between students, the community, the government, and the institution, which is extremely beneficial for all involved. The Company promotes these activities through its institutions, coordinated by Instituto Ser Educacional, which has thousands of social services in the said areas and, since 2019, publishes its annual report in ESG format, which is available in its investor relations website.

Corporate Governance

The Company follows its commitment to the best corporate governance practices and has high levels of compliance with the Corporate Governance Report, filed with the CVM in July 2022. 2022 was a year of full operation of the non-statutory Audit Committee, established in 2021, which improved the governance structure that already had the People, Management and Governance, Innovation, and Finance committees, holding quarterly meetings and reporting their activities to the Board of Directors on a recurring basis.

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2022 Management Report

FINANCIAL PERFORMANCE

Student base

Ser Educacional group ended 2022 with a total base of 295.2 thousand students, with 32.0% growth as compared to 223.2 thousand students at the end of 2021. The growth in the student base is a result of the performance in the digital learning segment, in addition to the acquisitions of Delinea Tecnologia Educacional Ltda, and Plantão Veterinário Ltda and Pet Shop Kero Kolo Ltda, completed in December 2021 and consolidated from January 2022, and UNIFAEL, completed in January 2022.

In digital learning segment, the Company ended the year with 156.0 thousand students, considering undergraduate and graduate courses, with 77.8% increase as compared to 87.6 thousand students recorded at the end of 2021, mainly due to the acquisition of UNIFAEL.

Revenues

Gross revenue amounted to R\$ 3,428.9 million in 2022, a 22.3% increase as compared to 2021, due to (i) the rebalancing of tuition fees, (ii) the increase in the mix of health courses in the course portfolio, and (iii) the integration of the results of the acquisitions made, particularly UNIFAEL. Net revenue reached R\$ 1,676.3 million, with 19.1% increase compared to 2021.

Costs of Services Provided

The cost of services amounted to R\$ 842.8 million, representing 50.3% of net revenue in 2022, up 30.5% as compared to 2021, when these costs reached R\$ 645.9 million. The main increases in operating costs for the year refer to (i) the integration of UNIFAEL's operations; (ii) the resumption of on-campus administrative activities, practical classes that were resumed throughout the year; and (iii) the impact of higher inflation rate on costs during 2022.

Gross Profit and Gross Margin

Gross profit was R\$ 833.5 million in 2022, representing 9.5% growth when compared to the previous year, with 49.7% gross margin, which was 4.4 percentage point lower than the gross margin recorded in 2021.

Operating Expenses

Operating expenses amounted to R\$ 648.6 million in 2022, corresponding to 38.7% of net revenue, up 19.8% versus the previous year. This increase was basically due to the increase in marketing, personnel and service provider expenses resulting from the increased transfer to partner learning centers, mainly due to the integration with UNIFAEL, in addition to the higher need for campaigns to attract students and the impact of inflation on major expense lines.

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Operational Result

In 2022, the Company reached an operating loss of R\$ 24.2 million, versus an operating profit of R\$ 177.5 million in 2021. In addition to the effects discussed above, the Company recognized impairment losses, referring to the write-offs of acquisitions made in previous years, mainly UNG, CETEBA and Juvêncio Terra, in the total amount of R\$ 150.8 million in the year, and the write-off of escrow deposits and operating assets, in the total amount of R\$ 24.8 million.

Financial result

The financial result for 2022 represented a net financial expense of R\$ 191.6 million, 46.0% higher when compared to R\$131.2 million recorded in 2021, basically due to the growth in the Company's net debt; impacted by the increase in basic interest rates during the year.

Income Tax and Social Contribution

In 2022, the provision for Income Tax and Social Contribution showed an expense of R\$ 8.0 million, compared to a reversal of R\$ 6.2 million in the provision in 2021. These tax expenses, even with the Company recording a loss, stem from the subsidiaries recording profit and legal adjustments to the loss, mainly from the parent company

Net Income (Loss)

As a result of the above factors, in 2022, the Company recorded a net loss of R\$ 222.1 million compared to a net income of R\$ 52.5 million in 2021.

Indebtedness

Ser Educacional ended 2022 with a R\$ 783.9 million net debt, representing 103.8% increase compared to 2021, mainly due to the acquisitions made in recent years, especially UNIFAEL in 2022.

Independent Audit

ERNST & YOUNG Auditores Independentes S.S. was hired on June 1, 2018, as per CVM Resolution 162, dated July 13, 2022, to the audit of the Company's financial statements as of the year ended on December 31, 2018, including quarterly earnings release as of June 3, 2018.

In 2022, fees for services hired with ERNST & YOUNG for the special review of its quarterly earnings release and audit of its financial statements for the year ended December 31, 2022, totaled R\$ 1,296,545.49. Also in 2022, Ser Educacional hired ERNST & YOUNG services to perform consultancy services for auditing of systems and to issue an equity appraisal report for purposes of merger of subsidiaries, whose fees totaled R\$ 296,609.38.

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Statement of the Executive Board

The Executive Board of Ser Educacional states, pursuant to CVM Resolution No. 80, dated March 29, 2022, that it has reviewed, discussed, and agreed (i) with the content and opinions expressed in EY's report, issued on March 23, 2023; and (ii) with the accounting financial statements for the fiscal year ended December 31, 2022, accompanied by a favorable opinion from the Fiscal Council.

Adherence to the Arbitration Chamber

The Company, its Shareholders, Management and members of the Fiscal Council undertake to resolve, through arbitration, any disputes or controversies that may arise between them, related to, or arising, in particular, from the application, validity, effectiveness, interpretation, violation and its effects of the provisions contained in the Novo Mercado Participation Agreement, the Novo Mercado Listing Regulation, the Bylaws and the legislation in force and applicable to the Company's activities.

Acknowledgments

The Management of Ser Educacional thanks its students, professors, employees, shareholders, and service providers for the trust and partnership during the year and hopes to count on your dedication in 2023.

The Management



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A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements originally issued in Portuguese

Independent auditor's report on individual and consolidated financial statements

To the Shareholders, Board of Directors and Management of
Ser Educacional S.A.
Recife - PE

Opinion

We have audited the individual and consolidated financial statements of Ser Educacional S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2022, and the statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2022, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.



We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition

The Company's and its subsidiaries' main source of revenue comes from the monthly tuitions charged to students enrolled semiannually in regular undergraduate, graduate, distance learning and technical courses. We considered revenue recognition as a key audit matter because revenues are the result of a large volume of transactions of individually low value, whose internal controls established depend on the maintenance of an adequate student record and pricing of the courses offered; and the Company offers some types of discounts and scholarships, full or partial, to its students, which requires the existence and functioning of internal controls capable of ensuring that the revenue is properly recognized, net of any expected discount.

How our audit addressed this matter

Our procedures included, among others: (i) understanding the relevant internal controls implemented by the Company and its subsidiaries for the enrollment and definition of a price list; (ii) inspection of documents that evidence revenue transactions with students, on a sample basis, including: a) service agreements signed by the students; b) documentation required by the Company and its subsidiaries' policies for student registration; c) proof of payment of enrollment fees, monthly fees and agreements; d) student attendance reports; and e) issuance of collections and accounting records of monthly fees; (iii) selection on a sample basis tuition fees from students who are eligible to the Brazilian government program University for All (PROUNI), to confirm the student's application to said program; (iv) correlation of the amounts recorded as revenues during the year, with changes in accounts receivable and, finally, with the conversion of these amounts into the Company and its subsidiaries' cash; (v) subsequent settlement tests for the billed monthly fees; and (vi) confirmation that the amounts corresponding to these revenues were recorded in the appropriate period. These analyses also considered the effects on the higher dropout rate, default and reduced intake of new students resulting from the economic effects of the COVID-19 pandemic. Additionally, we assessed the adequacy of the disclosures included in notes 21 and 31.20.

Based on the result of our audit procedures performed for the Company's and its subsidiaries' revenue recognition process, which is consistent with the management's assessment, we consider that the revenue recognition criteria and assumptions adopted by management, as well as the respective disclosures in notes 21 and 31.20, are acceptable, in the context of the individual and consolidated financial statements taken as a whole.



Allowance for expected credit losses

The calculation of the allowance for expected credit losses involves subjectivity and a high degree of judgment by the Company's management. The determination of the allowance for expected credit losses involves a process with several assumptions and factors, including debt renegotiation and the assessment of the macroeconomic and sectorial environment. The relevance of students enrolled in connection with the governmental program of the Student Financing Fund (FIES), responsible, in 2022, for approximately 4.85% of the student base, requires from the Company's management judgments with a certain complexity regarding the probability of future receipt of the monthly tuitions from these students. Additionally, because of the semester enrollment cycle, students who remain in default at the end of each semester, or are no longer enrolled, carry a greater risk of losses in accounts receivable, which requires that agreements be signed to recover overdue credits and additional judgment to determine the provision for expected losses from these agreements, which includes not only defaulting students, but also those who have entered into agreements for payment of overdue installments, which may not be fully honored.

We considered this to be a key audit matter, as the use of judgments, assumptions, and factors in determining the allowance for expected credit losses may result in significant variations in this estimate concerning actual and expected losses.

How our audit addressed this matter

Our audit procedures considered, among others, the understanding of the process for determining the allowance for expected credit losses, including (i) assessment of the integrity of the database considered in the analysis; (ii) discussion with the management regarding the assumptions adopted to determine the recoverable amount of accounts receivable; (iii) verification of adherence to the Company's and its subsidiaries' policy for the entire student base; (iv) recalculation of the provision, including the reprocessing of the aging list, application of the criteria defined by management and tests of the mathematical accuracy of the calculations of the provision for expected losses with accounts receivable credits; (v) tests of the assumptions of the Company's management, that is, percentages of expected loss based on historical losses with accounts receivable, existing market conditions and future estimates at the end of each period. These analyses also considered the effects on student dropout and default resulting from the economic effects of the COVID-19 pandemic; and (vi) comparison between the amounts calculated and accounted for in the provision. Additionally, we assessed the adequacy of the disclosures included in note 9(e).

Based on the result of the audit procedures performed for the allowance for expected credit losses, which is consistent with the management's assessment, we believe that the criteria and assumptions used by the Company's management for recognition and measurement of the allowance for expected credit losses, as well as the respective disclosures in Note 9(e), are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Impairment test of goodwill and intangible assets with indefinite useful life

Due to the business combination transactions carried out in current and previous years, as of December 31, 2022, the Company has goodwill and intangible assets with indefinite useful lives in the amounts of R\$ 606,841 thousand and R\$ 342,288 thousand, respectively, which are recorded in the consolidated financial statements and subject to annual impairment tests.

Due to the high subjectivity of the estimates necessary to conduct the such impairment tests by the management, in order to support the key assumptions (such as discount rate, growth perpetuity rate, revenue growth, student base, tuition fees, gross margin, costs, and projected expenses), as well as the carrying amount of goodwill and certain intangible assets with indefinite useful lives, in the amounts described above, the impairment test was identified as a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others: (i) testing the principles and integrity of discounted future cash flow models prepared by the Company's management specialist; (ii) comparing prior year's projections with the respective results realized in the current year, so as to assess the effectiveness of the business plans and the accuracy of the previous projections; (iii) testing the key assumptions used by the Company during the projection horizon, such as macroeconomic variables, expected growth rates for the explicit period and for perpetuity, the level of capital investments and working capital required, as well as the discount rate, student base and projected tuition fees, comparing said assumptions with data obtained externally and our own evaluations of relevant data, such as projected economic growth in the explicit period and in perpetuity, cost inflation and discount rates; (iv) we obtained an understanding of how the economic effects resulting from the COVID-19 pandemic impacted business performance and its eventual effects on projections; and (v) involving our valuation specialists to assist us in reviewing and evaluating the assumptions and methods used by the Company to test discount rates and evaluate the model that calculates future cash flows. Additionally, we assessed the adequacy of the disclosures in Note 11(e).

Based on the result of the audit procedures performed for the impairment test of goodwill and intangible assets with an indefinite useful life, which are consistent with the management's assessment, we consider the criteria and assumptions used by the Company's management to determine the recoverable amount of goodwill and certain intangible assets with an indefinite useful life and the respective disclosures in Note 11(e) are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Business combinations

In 2022, the Company made several business combinations, and determined goodwill and intangibles identified in acquisitions in the amounts of R\$ 150,039 thousand and R\$ 155,765 thousand, respectively, as disclosed in notes 6 and 11(b). The transactions were accounted for by applying the acquisition method, which requires, among several procedures, that the Company determines the effective date of acquisition of control, the fair value of the consideration transferred, the fair value of the assets acquired and the liabilities taken and the calculation of goodwill based on expected future profitability. Such procedures usually involve a high level of judgment and the need to develop complex estimates of fair values based on calculations and assumptions related to the future performance of the acquired business and which are subject to a high level of uncertainty and judgment. The assessment and measurement of assets and liabilities at fair value was conducted by the Company's management and even involved the hiring of market specialists in valuation.

Due to the relevance of balances, complexity of estimates and the high level of judgment involved in determining the fair value of assets acquired and liabilities taken, we consider business combinations to be one of the key audit matters.

How our audit addressed this matter

Our audit procedures included, among others (i) analysis of the financial information of the acquired companies and discussion with the management about the consistency of accounting practices and estimates; (ii) use of professionals specialized in business valuation to assist us in reviewing the assumptions and methodology used by the Company related to the measurement of fair values and allocations, on the acquisition date, to assets acquired and liabilities assumed; (iii) assessment of the objectivity, independence and technical skills of the specialists involved in the measurement at fair value of the assets acquired and liabilities assumed of the acquired companies; (iv) assessment of the acquisition date and acquisition of control, value of the price actually paid for the purpose of determining goodwill; (v) assessment of the adequacy of the disclosures made by the Company in the respective notes.

Based on the result of the audit procedures carried out on the business combination, which is consistent with the management's assessment, we believe that the criteria used by the Company for business combinations, as well as the respective disclosure, are acceptable, in the context of the individual and consolidated financial statements taken as a whole. Additionally, we assessed the adequacy of the disclosures in Notes 6 and 11(b).



Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2022, prepared under the responsibility of the Company's management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 - Statement of Added Value. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Recife, March 23, 2023.

ERNST & YOUNG
Auditores Independentes S.S. Ltda.
CRC SP015199/O

A handwritten signature in grey ink, appearing to read 'Henrique Piereck de Sá', is written over a light grey grid background.

Henrique Piereck de Sá
Accountant CRC PE 023398/O

Ser Educacional S.A.

Statements of financial position

December 31, 2022 and 2021

In thousands of Brazilian reais, unless otherwise noted

Assets	Note	Parent Company		Consolidated		Liabilities and shareholders' equity	Note	Parent Company		Consolidated	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021			December 31, 2022	December 31, 2021		
Current						Current					
Cash and cash equivalents	8	49,411	40,729	180,764	213,704	Suppliers	14	14,651	17,183	32,255	34,069
Financial investments	8	51,154	77,298	60,251	77,360	Loans and financing	16.a	180,045	200,474	180,340	201,307
Restricted cash	6.e			6,931		Derivative financial instruments - swap	16.a	13,610		13,610	
Accounts receivable	9	172,716	145,220	438,743	383,031	Debentures	17	11,208		11,208	
Taxes recoverable	10	5,411	4,840	24,922	22,422	Salaries and social charges	18	53,621	50,315	113,861	100,329
Related parties	26.a	1,952	1,952	1,952	1,952	Taxes payable	10	6,794	4,136	30,105	21,313
Other credits		11,054	7,148	39,074	18,733	Commitments payable	15			60,871	54,354
						Lease commitments	19	21,699	22,474	66,913	70,364
						Related parties	26.a		9,549		
						Other liabilities		12,974	14,172	43,064	37,004
		291,698	277,187	752,637	717,202			314,602	318,303	552,227	518,740
Non-Current						Non-Current					
Long term receivables						Loans and financing	16.a	375,230	234,396	375,280	234,758
Accounts receivable	9	30,832	29,722	73,332	79,209	Derivative financial instruments - swap	16.a	26,336		26,336	
Related parties	26.a	2,115	4,068	2,115	4,068	Debentures	17	199,111		199,111	
Judicial deposits and freezing		13,674	20,181	19,748	41,065	Lease commitments	19	277,083	197,398	638,817	556,599
Indemnification Assets	27.c			115,282	116,282	Commitments payable	15			228,624	185,239
FIES Guarantor Fund	9.b	15,704	10,178	52,028	31,855	Taxes payable	10			2,790	4,804
Financial investments	8		3,018	544	3,293	Provision for contingencies	27	6,814	5,679	131,349	129,360
Taxes recoverable	10			1,706	3,281	Other liabilities		612		12	12
Deferred taxes	25	6,433	5,785	21,615	18,486			885,186	437,473	1,602,319	1,110,772
Other credits		436		5,228	6,199	Shareholders' equity	20				
Restricted cash	6.e			63,000		Share Capital		987,549	987,549	987,549	987,549
Investments	6.a	1,495,963	1,381,187			Profit reserve		253,380	475,528	253,380	475,528
Property and equipment	13	263,111	258,835	487,640	490,345	Treasury shares		(3,398)		(3,398)	
Right of use	12	253,532	182,415	593,228	517,860			1,237,531	1,463,077	1,237,531	1,463,077
Intangible Assets	11	63,821	46,277	1,203,974	1,063,444						
		2,145,621	1,941,666	2,639,440	2,375,387						
Total assets		2,437,319	2,218,853	3,392,077	3,092,589	Total liabilities and shareholders' equity		2,437,319	2,218,853	3,392,077	3,092,589

The Notes are an integral part of the individual and consolidated financial statements.

Ser Educacional S.A.

Statements of profit or loss

Year ended December 31, 2022

In thousands of Brazilian reais, unless otherwise noted

	Note	Parent Company		Consolidated	
		01/01/2022 to 12/31/2022	01/01/2021 to 12/31/2021	01/01/2022 to 12/31/2022	01/01/2021 to 12/31/2021
Net revenue from services provided	21	660,747	593,444	1,676,343	1,407,358
Costs of services provided	22	<u>(287,824)</u>	<u>(227,800)</u>	<u>(842,844)</u>	<u>(645,916)</u>
Gross profit		372,923	365,644	833,499	761,442
Selling expenses	23.a	(92,657)	(95,582)	(162,100)	(130,896)
General and administrative expenses	23.a	(242,244)	(228,703)	(486,453)	(410,599)
Other operating expenses, net	23.b	(26,023)	(20,587)	(209,174)	(42,481)
Equity in the results of subsidiaries	6	<u>(100,835)</u>	<u>94,247</u>		
Operating profit (loss)		<u>(88,836)</u>	<u>115,019</u>	<u>(24,228)</u>	<u>177,466</u>
Financial revenues	24	93,020	9,857	126,752	34,302
Financial expenses	24	<u>(226,705)</u>	<u>(76,530)</u>	<u>(317,435)</u>	<u>(165,470)</u>
Financial results		<u>(133,685)</u>	<u>(66,673)</u>	<u>(190,683)</u>	<u>(131,168)</u>
Earnings before income tax and social contribution		(222,521)	48,346	(214,911)	46,298
Income tax and social contribution		373	4,137	(7,237)	6,185
Current	25.a	(9)	(325)	(10,363)	(7,253)
Deferred	25.e	<u>382</u>	<u>4,462</u>	<u>3,126</u>	<u>13,438</u>
Net income (loss) for the year		<u>(222,148)</u>	<u>52,483</u>	<u>(222,148)</u>	<u>52,483</u>
Attributable to					
Parent Company's shareholders		<u>(222,148)</u>	<u>52,483</u>	<u>(222,148)</u>	<u>52,483</u>
Weighted average of common shares outstanding as of year-end (in thousands)		128,722	128,722		
Earnings (losses) per share attributable to shareholders of the Parent Company during the period (in R\$ per share)		<u>(1.73)</u>	<u>0.41</u>		

The Notes are an integral part of the individual and consolidated financial statements.

Ser Educacional S.A.

Statements of comprehensive income

Year ended December 31, 2022

In thousands of Brazilian reais, unless otherwise noted

	Parent Company and Consolidated	
	December 31,	December 31,
	2022	2021
Net income (loss) for the year	<u>(222,148)</u>	<u>52,483</u>
Other components of comprehensive income for the year	<u> </u>	<u> </u>
Comprehensive income for the year	<u><u>(222,148)</u></u>	<u><u>52,483</u></u>

The Notes are an integral part of the individual and consolidated financial statements.

Ser Educacional S.A.

Statement of changes in equity
Year ended December 31, 2022

In thousands of Brazilian reais, unless otherwise noted

	Note	Attributable to the parent company's shareholders					Total Equity	
		Share Capital		Profit reserve		Treasury shares		Net income (loss) for the year
		Share Capital	Expenses on issuance of shares	Legal	Retention			
As of January 1, 2021		991,644	(4,095)	70,594	368,344		1,426,487	
Net income for the year	28					52,483	52,483	
Creation of legal reserve				2,624		(2,624)	-	
Proposed dividends						(15,893)	(15,893)	
Constitution of the profit retention reserve	20.c				33,966	(33,966)	-	
As of December 31, 2021		<u>991,644</u>	<u>(4,095)</u>	<u>73,218</u>	<u>402,310</u>		<u>1,463,077</u>	
As of January 1, 2022		991,644	(4,095)	73,218	402,310		1,463,077	
Loss for the Year	23					(222,148)	(222,148)	
Absorption of the loss for the year					(222,148)	222,148		
Treasury shares acquired	20.a					(3,398)	(3,398)	
As of December 31, 2022		<u>991,644</u>	<u>(4,095)</u>	<u>73,218</u>	<u>180,162</u>	<u>(3,398)</u>	<u>1,237,531</u>	

The Notes are an integral part of the individual and consolidated financial statements.

Ser Educacional S.A.

Statements of cash flow

Year ended December 31, 2022

In thousands of Brazilian reais, unless otherwise noted

	Note	Parent Company		Consolidated	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Operating activities					
Earnings (losses) before income tax and social contribution		(222,521)	48,346	(214,911)	46,298
Adjustments for					
Depreciation and amortization	11 to 13	82,550	70,913	214,318	184,870
(Reversal) Provision for contingencies		1,135	2,971	(1,165)	4,687
Equity in the results of subsidiaries	6	100,835	(94,247)		
Adjustment to present value of accounts receivable	9	470	2,254	3,577	2,654
Reversal of adjustment to present value of commitments payable				7,395	2,469
Creation of provision for expected credit losses	23.a	38,421	47,630	113,270	117,823
Loss (gain) on write-off of non-current assets	11 to 13	16,533	6,820	181,961	6,787
Earnings from financial investments		(4,219)	(825)	(24,949)	(926)
Interest and monetary variations, net	24	130,529	61,616	185,158	117,283
		143,733	145,478	464,654	481,945
Changes in assets and liabilities					
Accounts receivable		(65,221)	(74,752)	(149,510)	(141,353)
Taxes recoverable		(79)	(3,734)	(287)	(7,290)
Other credits		(11,274)	(5,598)	(34,659)	(3,663)
Suppliers		(2,578)	250	(10,089)	(8,753)
Salaries and social charges		2,744	8,107	11,943	2,110
Taxes payable		2,566	(2,389)	369	(2,469)
Other liabilities		(550)	38	469	5,807
Cash from operating activities		69,341	67,400	282,890	326,334
Interest paid on loans and debentures	16.b	(51,850)	(25,810)	(51,850)	(25,810)
Interest paid on leases	19.b	(31,484)	(24,138)	(74,303)	(67,534)
Interest paid on acquisition of subsidiaries				(4,398)	(277)
Income tax and social contribution paid		(17)	(30,154)	(5,572)	(37,275)
Net cash from (used in) operating activities		(14,010)	(12,702)	146,767	195,438
Investing activities					
Investment in securities		(604,910)	(382,333)	(883,869)	(403,719)
Redemption of securities		638,291	306,085	858,745	328,461
Advance for future capital increase in subsidiaries	6.b	(348,954)	(279,932)		
Profits from Subsidiaries	6.b	111,997	186,013		
Additions to property and equipment	13	(36,600)	(34,617)	(70,556)	(53,850)
Additions to intangible assets	11	(27,335)	(12,761)	(38,070)	(18,096)
Net cash arising from the merger		1,207		6,697	8,071
Payment on acquisition of subsidiaries				(295,210)	(259,729)
Net cash used in investing activities		(266,304)	(217,545)	(422,263)	(398,862)
Financing activities					
Debenture funding	17	198,760		198,760	
Amortization of principal on debentures			(50,000)		(50,000)
Raising of loans and financing	16.b	281,000		281,000	
Amortization of principal on loans and financing	16.b	(156,498)	(117,177)	(157,575)	(122,683)
Amortization of leases	19.b	(23,272)	(20,364)	(78,184)	(51,464)
Related parties	21	(7,596)	11,501	1,953	1,952
Acquisition of treasury shares	20	(3,398)		(3,398)	
Dividends paid to Company's shareholders			(40,610)		(40,610)
Net cash provided by (used) in financing activities		288,996	(216,650)	242,556	(262,805)
Increase (decrease) in cash and cash equivalents		8,682	(446,897)	(32,940)	(466,229)
Cash and cash equivalents					
At the beginning of the year		40,729	487,626	213,704	679,933
At the end of the year		49,411	40,729	180,764	213,704
Increase (decrease) in cash and cash equivalents		8,682	(446,897)	(32,940)	(466,229)

The Notes are an integral part of the individual and consolidated financial statements.

Ser Educacional S.A.

Statement of value added

Year ended December 31, 2022

In thousands of Brazilian reais, unless otherwise noted

	Note	Parent Company		Consolidated	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Revenues					
Revenue from services	21	1,337,338	1,138,440	3,428,929	2,804,769
Provision for Doubtful Accounts	23	(38,421)	(47,630)	(113,270)	(117,823)
Revenue deductions	21	(657,300)	(528,339)	(1,693,886)	(1,349,857)
		<u>641,617</u>	<u>562,471</u>	<u>1,621,773</u>	<u>1,337,089</u>
Inputs from third parties					
Services provided by individuals and corporations	22 and 23	(67,553)	(61,203)	(182,805)	(94,913)
Electricity, water and telephone	22	(14,357)	(10,237)	(37,245)	(26,534)
Publicity and advertising	23	(92,657)	(95,582)	(162,176)	(130,896)
Office supplies	23	(6,922)	(4,036)	(18,390)	(9,034)
Other	23	(63,904)	(48,281)	(292,035)	(99,329)
		<u>(245,393)</u>	<u>(219,339)</u>	<u>(692,651)</u>	<u>(360,706)</u>
Gross added value		<u>396,224</u>	<u>343,132</u>	<u>929,122</u>	<u>976,383</u>
Depreciation and amortization.	22 and 23	(82,550)	(70,913)	(214,318)	(184,870)
Net added value produced by the entity		<u>313,674</u>	<u>272,219</u>	<u>714,804</u>	<u>791,513</u>
Financial revenues	24	93,936	10,339	129,141	36,044
Equity in the Results of subsidiaries	6	(100,835)	94,247		
Total value added to distribute		<u>306,775</u>	<u>376,805</u>	<u>843,945</u>	<u>827,557</u>
Distribution of value added					
Salaries and social charges	22 and 23	(277,938)	(229,926)	(665,232)	(553,355)
Taxes, fees and contributions		(19,834)	(13,002)	(68,326)	(43,111)
Federal taxes		(1,014)	2,971	(15,311)	1,605
Municipal taxes		(18,820)	(15,973)	(53,015)	(44,716)
Third-party capital remuneration		(231,151)	(81,394)	(332,535)	(178,608)
Financial expenses	24	(226,705)	(76,530)	(317,435)	(165,470)
Rentals	22	(4,446)	(4,864)	(15,100)	(13,138)
Net income (loss) for the year		222,148	(52,483)	222,148	(52,483)
Value added distributed		<u>(306,775)</u>	<u>(376,805)</u>	<u>(843,945)</u>	<u>(827,557)</u>

The Notes are an integral part of the individual and consolidated financial statements.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2022

In thousands of Brazilian reais, otherwise noted

Section A - General Information

1 Operations

Ser Educacional S.A. (the “Company”) and its subsidiaries (jointly, the “Group”) are mainly involved in developing and managing activities for on-campus and distance-learning undergraduate, graduate, and professional training courses and other education-related areas, and in having an interest, as a partner or shareholder, in other companies in Brazil.

The Group owns 35 companies incorporated as corporations and limited liability companies. In the education sector, it owns 62 campuses in operation, distributed among 54 accreditations in operation, of which two universities, 21 administrative centers and 31 colleges, in addition to 948 distance-learning centers in operation, constituting one of Brazil’s largest private education groups, with a leading presence in the North and Northeast regions in terms of the number of enrolled students. The Group is present in all 26 states of Brazil and in the Federal District, with a consolidated base of approximately 295.2 thousand students, operating under the following brands: UNINABUCO – Centro Universitário Nabuco, UNG – Universidade Guarulhos, UNAMA – Universidade da Amazônia, UNIVERITAS – Centro Universitário Universus Veritas, UNINORTE - Centro Universitário do Norte, Centro Universitário de Ciências Biomédicas de Cacoal – UNIFACIMED, UNIJUAZEIRO - Centro Universitário de Juazeiro do Norte, Sociedade Educacional de Rondônia – UNESC, Centro Universitário São Francisco de Barreiras – UNIFASB, Centro Universitário FAEL, CDMV – Centro de Desenvolvimento da Medicina Veterinária, Faculdades UNINASSAU, Faculdades UNINABUCO e Escolas Técnicas Joaquim Nabuco and Maurício de Nassau, under which it offers 1,976 courses, through campuses and distance-learning centers. Also in the education sector, the Group owns GOKURSOS, BEDUKA, DELÍNEA, PROVA FÁCIL and Peixe 30 brands, which operate in the course marketplace segment, online support for students wishing to enter higher education, content production, test management and professional network that facilitates networking with professionals and recruiters, respectively. The Group also operates in the veterinary medicine sector through clinics and hospitals under DOK and PLANTÃO VETERINÁRIO brands, and in the financial sector through fintech b.Uni, offering digital accounts and financial products and services to account holders, the latter still at an early stage and structuring its operations.

The Company is a publicly-held company headquartered in Recife, in the State of Pernambuco, It is listed on the B3 S.A. - Brasil, Bolsa, Balcão, in the Novo Mercado special segment, where its common shares are traded under the ticker SEER3. In June 2022, Fitch Ratings issued an opinion upgrading the Company’s long-term national rating from “AA-(bra)” to “AA(bra)”, with a stable outlook.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2022

In thousands of Brazilian reais, otherwise noted

1.1 Pandemic state (Covid-19)

As from 2022, with the increase in vaccination to mitigate the effects of coronavirus on the population, overall general economic activities have begun a return to normal. In the education segment, state and municipal health authorities in all states and municipalities released on-campus classes in public and private schools, colleges and universities, maintaining the safety protocol in the fight against COVID-19. The Company also decided to return on-campus classes at the units in full and also on activities in the administrative areas of the units and in the administrative center, which can be carried out in a hybrid way, according to the work schedule defined by the managers of each area.

The Group continued to offer students options for installment payment of their tuition fees and the use of student financing with different conditions as compared to the normal course of operations, mainly for those whose own or family income was most affected by the crisis and who enjoyed such benefits in 2021, selectively reducing the offer as from the first quarter of 2022.

The Group continues to monitor COVID-19 impacts, aiming at preserving the health of students and employees and mitigating the risks related to the uncertainties still existing on the performance of the economy and social impacts in the country in the post-crisis period.

As required by official letters CVM/SNC/SEP n° 02/20 e CVM-SNC/SEP n° 03/2020, Management continues to analyze some potential developments resulting from the current crisis in the Group's operations and the possible effects on the Group's financial statements, particularly as related to the measurement of critical accounting estimates and judgments, mainly related to the provision for expected credit losses (Note 9(e)), the impairment of goodwill and intangible assets with indefinite useful life (Note 11(e)), the provision for contingencies (Note 27) and the identification of financial risks, not resulting in relevant impacts derived from the pandemic for the Group.

1.2 Russia-Ukraine conflict

On February 21, 2022, the Russian government ordered a military offensive in eastern Ukraine, starting a conflict that has affected the world economy. Since then, global markets have been experiencing volatility and disruptions following the escalation of geopolitical tensions as a result of this conflict.

The economic sanctions imposed on Russia by the world's major economic markets, led by the United States, the European Union and the United Kingdom, as a result of this conflict, may continue to have a significant impact on supply chains, lead to significant volatility in commodity prices, particularly fertilizers, natural gas and oil, and bring short-term uncertainties to the global financial system, including through instability in credit and capital markets.

The Group did not identify relevant impacts arising from the aforementioned conflict. However, it keeps monitoring the situation, seeking alternatives to mitigate any impacts on the results of its operations and on the fair value of its assets and liabilities.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2022

In thousands of Brazilian reais, otherwise noted

1.3 Basis of preparation and compliance statement

The individual and consolidated financial statements have been prepared and presented under accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC) and with the standards issued by the Brazilian Securities and Exchange Commission (CVM), and in compliance with the International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board (IASB), and disclose all the applicable significant information related to the financial statements, which is consistent with the information used by Management in the performance of its duties.

The individual and consolidated financial statements referring to the year ended December 31, 2022, were prepared on a historical cost basis and derivative financial instruments and assets and liabilities from business combinations were measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. Those areas involving a high degree of judgment or complexity and areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The presentation of the individual and consolidated Statement of Value Added (SVA) is required by Brazilian corporate law and accounting policies adopted in Brazil, applicable to publicly-held companies. The International Financial Reporting Standards (IFRS) do not require the presentation of this statement. As a result, under the IFRS, this statement is reported as additional information, without prejudice to the set of individual and consolidated financial statements.

Management has assessed the Group's ability to continue regularly doing business and is convinced that they hold sufficient funds to remain as a going concern in the future. Furthermore, Management is not aware of any material uncertainty that could raise significant concerns about its ability to continue operating. Thus, the financial statements of the Parent Company and Consolidated were prepared based on the assumption of going concern.

These individual and consolidated financial statements are being issued upon their approval by the Board of Directors and review by the Fiscal Council, on March 23, 2023

1.3.1 Impacts of COVID-19 pandemic

In spite of the reduced level of economic activity in the cities where the Group operates, which impacted the unemployment and income levels of the population, the process of intake and undergraduate enrollments of on-campus students showed a sharp recovery curve, with growth in the Group's base of on-campus students.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2022

In thousands of Brazilian reais, otherwise noted

The interruption or reduction of activities carried out on-campus, mainly in the first half of 2021, has led to a reduction in expenses related to third-party services, travel and occupation, and allowed for reductions in costs and expenses in this period, partially offsetting the impacts of the fluctuation in the base of on-campus students and the delay in receiving tuition fees.

As mentioned in item 1.1, in the quarter ended March 2022, the Group had its cost and expense structure normalized with the resumption and expansion of its activities, including the growth of the Hybrid Learning student base.

Thus, some changes in cost and expense accounts in this period are due to this condition, which impacted the comparability of results from operations.

1.3.2 Business combinations in the last 12 months

As mentioned in Note 6, the Group acquired several companies between October 1, 2021 and December 30, 2022, including operations with activities in segments adjacent to or other than the higher education sector. Thus, the analysis of results between the periods ended December 31, 2022 and 2021 shows specific variations related to the integration of these operations into the Group's business environment.

2 New or revised pronouncements firstly applied in 2022

The Group applied for the first time certain standards and amendments, which are valid for annual periods beginning on or after January 1, 2022. The Group has decided not to early adopt any other standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IFRS 3/CPC 15 (R1) References to the Conceptual Framework

The amendments update IFRS 3 (CPC 15 (R1)) so that it refers to 2018 Conceptual Framework instead of 1989 Framework. They also include in IFRS 3, the requirement that, for obligations within the scope of IAS 37 (CPC 25) Provisions, Liabilities and Contingent Assets, the buyer adopts IAS 37 (CPC 25) to determine whether there is a present obligation on the acquisition date stemming from past events. For any tax within the scope of IFRIC 21 (ICPC 21) – Taxes, the buyer adopts IFRIC 21 (ICPC 21) to determine whether the event that resulted in the obligation of paying the tax occurred until the acquisition date. This amendment had no impact on the Group's individual and consolidated financial statements.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2022

In thousands of Brazilian reais, otherwise noted

Amendment to IAS 16 / CPC 27 - Property, Plant & Equipment: Resources Before Intended Use

The amendments preclude deducting from the cost of a property, plant and equipment item any resources arising from the sale of items produced before the asset is available for use, i.e. resources to bring the asset to the location and in the condition necessary for it to be capable of operating as intended by the Management. Consequently, the entity recognizes these resources from sale and related costs in profit or loss.

The Company measures the cost of these items in compliance with IAS 2 – Inventories (CPC 16). The amendments further clarify the meaning of 'testing that an asset is operating properly'. Currently, IAS 16 (CPC 27) defines this as assessing whether the technical and physical performance of the asset is such that it can be used in the production or supply of goods or services, for rental to third parties, or for administrative purposes.

This amendment had no impact on the Group's individual and consolidated financial statements.

Amendment to IAS 37/ NBC TG 25 - Onerous Contracts: Cost of fulfilling a contract

This amendment to IAS 37 / NBC TG 25 is effective as of January 1, 2022, and its the main amendments are intended to specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs directly related to a contract can be incremental costs of fulfilling such contract or the allocation of other costs that directly relate to fulfilling contracts. Management already periodically reviews its contracts and recognizes possible provisions when identified, so this change had no impact on the Group's individual and consolidated financial statements.

Amendments to IFRS 9/CPC 48 - Financial Instruments

The amendment clarifies that when applying the '10%' test to assess whether the financial liability should be written off, the entity only includes fees paid or received between the entity (debtor) and the creditor, including fees paid or received by the entity or creditor on behalf of the other party. This amendment had no impact on the Group's individual and consolidated financial statements.

Amendments to IFRS 16/CPC 06 (R2) - Leases

The amendment excludes the concept of reimbursement for improvements in third-party properties. This amendment had no impact on the Group's individual and consolidated financial statements.

2.1 Standards issued but not yet in force

New and amended standards and interpretations issued by IASB, but not yet effective as of the date of issue of the Company's financial statements, are described below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2022

In thousands of Brazilian reais, otherwise noted

IFRS 17 - Insurance contracts

IFRS 17 is effective for periods beginning on or after January 1, 2023, requiring the presentation of comparative amounts. Early adoption is permitted if the entity also adopts IFRS 9 and IFRS 15 on the same date or before the initial adoption of IFRS 17. This standard does not apply to the Group.

Amendments to IAS 1: Classification of liabilities as current or non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, revenue or expenses, or the information disclosed about these items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights existing at the date of the statement of financial position, specify that the classification is not affected by expectations about whether an entity will exercise its right to postpone settlement of the liability, explain that the rights exist if covenants are met at the reporting date, and introduce the definition of 'settlement' to clarify that settlement refers to transfer, to a counterparty; an amount of cash, equity instruments, other assets or services.

Changes are effective for periods beginning January 1, 2023 and shall be applied retrospectively. IASB is currently considering further amendments to the requirements in IAS 1 on classifying liabilities as current or non-current, including postponing the application of the amendments made as of January 2020. The Group assessed the effects of the amendments on its financial statements and no effect would be expected if the standard were in force.

Amendments to IAS 8: Definition of accounting estimates

In February 2021, IASB issued amendments to IAS 8 (corresponding standard to NBC TG 23), which introduces the definition of 'accounting estimates'. The amendment replaces the definition of change in accounting estimates with the definition of accounting estimates. According to the new definition, accounting estimates are "monetary amounts in the financial statements subject to measurement uncertainty".

The definition of change in accounting estimates has been deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate resulting from new information or new events is not a correction of an error;
- The effects of a change in an input or measurement technique used to develop an accounting estimate correspond to changes in accounting estimates if they do not result from the correction of prior period errors.

Ser Educacional S.A.

Notes to the financial statements

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IASB has added two examples (Examples 4-5) in the Guidance on IAS 8 implementation, which accompanies the Standard. IASB deleted one example (Example 3) as it could be confusing in light of the amendments. The amendments are applicable for annual periods beginning on or after January 1, 2023 relating to changes in accounting policies and changes in accounting estimates occurring on or after the beginning of that period, early adoption being permitted.

The Group assessed the impacts of the amendments on its financial statements and no effect would be expected if the standard were in force.

Amendments to IAS 1 – Presentation of Financial Statements (CPC 26 (R1)) and Statement of IFRS Practice 2 – Exercising Materiality Judgments – Disclosure of Accounting Policies

The amendments modify the requirements contained in IAS 1 regarding the disclosure of accounting policies. The amendments replace all examples of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it could reasonably influence the decisions of the principal users of the general purpose financial statements made based on those financial statements.

Supporting paragraphs in IAS 1 have also been amended to clarify that accounting policy information relating to irrelevant transactions, other events or conditions is immaterial and don't need to be disclosed. Accounting policy information may be relevant due to the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to transactions, other material events or conditions is relevant in itself.

IASB has also prepared guidance and examples to explain and demonstrate the application of the “four-step materiality process” described in IFRS Practice Statement 2.

The amendments to IAS 1 are applicable on a prospective basis for annual periods beginning on or after January 1, 2023 with early adoption permitted. The amendments to IFRS Practice Statement 2 have no effective date or transition requirements. The Group assessed the impacts of the amendments on its financial statements and no effect would be expected if the standard were in force.

Amendments to IAS 12: Deferred Taxes related to Assets and Liabilities arising from a Single Transaction

The amendments introduce an additional exception from the initial recognition exemption. Under the amendments, the entity does not apply the initial recognition exemption to transactions resulting in similar taxable and deductible temporary differences.

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Depending on applicable tax law, similar taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction other than a business combination and that affects neither accounting profit nor taxable profit. For example, this could occur on recognition of the lease liability and corresponding right-of-use asset applying IFRS 16 at the lease inception date.

After the amendments to IAS 12, the entity shall recognize the corresponding deferred tax asset and liability, and the recognition of any deferred tax asset is subject to the recoverability criteria contained in IAS 12.

IASB also adds an illustrative example in IAS 12 that explains how the changes are applied. The amendments are applicable to transactions occurring on or after the beginning of the first comparative period presented. Additionally, at the beginning of the first comparative period, the entity recognizes:

- A deferred tax asset (when it is probable that the entity will have taxable profit in an amount sufficient for such deductible temporary differences to be used) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right of use assets and lease liabilities
 - Liabilities for Decommissioning, Restoration and Other Similar Liabilities and corresponding amounts recognized as part of the cost of the respective asset
- The cumulative effect of the initial application of the amendments as an adjustment to the opening balance of retained earnings (or other equity component, as applicable) at that date.

The amendments are applicable for annual periods beginning on or after January 1, 2023 with early adoption permitted. The Group assessed the impacts of the amendments on its financial statements and no effect would be expected if the standard were in force.

2.2 Interpretations and impacts on the assessment of IFRS 16 - Leases / NBC TG 06(R3) Lease Transactions

The Group operates as a lessee in a significant number of leases concentrated in properties where its universities, university centers, educational centers, colleges, and offices are located. The Group adopted assumptions to calculate the discount rate, which was based on the average annual cost of third-party capital, and part of their contracts was already classified as lease assets since 2013. The table below shows the rates charged, vis-à-vis the terms of the contracts:

Agreements by term and discount rate

<u>Agreement terms</u>	<u>Rate % p.a.</u>
10 years (i)	10.01%
13 years (ii)	13.91%

- (i) Contracts accounted for as leases after the adoption of NBC TG 06 (R3) / IFRS 16.
- (ii) Contracts accounted for as leases since 2013.

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The Group presents in the table below the maturity analysis of its contracts, undiscounted installments, reconciled with the balance in the consolidated Statement of Financial Position as of December 31, 2022. As a result of PROUNI incentive, the Group does not use PIS and COFINS credits recoverable on rent paid, and, for this reason, it does not show the potential credit.

Maturity of agreements

Maturity of Installments

	R\$
2023	140,079
Between 2024 and 2028	565,528
Between 2029 and 2033	431,440
After 2033	81,370
Non-discounted amounts	1,218,417
Interest embedded	(512,687)
Lease liabilities balance	705,730

Divergence caused by full application of NBC TG 06 (R2)

In accordance with CIRCULAR LETTER/CVM/SNC/SEP/N°02/2019, the Group adopted as an accounting policy the requirements of NBC TG 06 (R3) in the measurement and remeasurement of its right of use and lease liability, proceeding the use of the discounted cash flow technique excluding inflation.

In order to safeguard the reliable representation of the information in view of NBC TG 06 (R3) requirements and to meet the guidelines of CVM technical areas, the liability balances without inflation, effectively accounted for (actual flow x nominal rate), and the estimate of the balances inflated in the comparison periods (nominal flow x nominal rate) are provided.

Other assumptions, such as the maturity schedule of liabilities and interest rates used in the calculation are disclosed in Notes 12 and 19, as well as the inflation rates are observable in the market, so that the nominal flows can be prepared by users of the financial statements.

Impact on assets and liabilities:

	<u>With Inflation</u>	<u>No Inflation</u>	<u>Difference CVM Official letter</u>
Right of use	678,269	593,228	85,041
Lease commitments	792,184	705,730	86,454

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Impact on P&L

	With Inflation				No Inflation				Difference CVM Official letter
	Interest	Depreciation	Minimum Payment	Impact on P&L	Interest	Depreciation	Minimum Payment	Impact on P&L	
2023	81,574	83,306	(141,563)	23,316	73,955	78,213	(140,079)	12,089	11,227
Between 2024 and 2028	342,392	313,207	(620,345)	35,254	294,161	284,305	(565,528)	12,939	22,315
Between 2029 and 2033	164,229	218,223	(541,654)	(159,202)	129,802	197,022	(431,440)	(104,615)	(54,587)
After 2033	21,348	36,906	(119,008)	(60,753)	14,768	35,443	(81,369)	(31,159)	(29,594)
Total	609,543	651,642	(1,422,570)	(161,385)	512,686	594,983	(1,218,416)	(110,746)	(50,639)

Section B - Risks

3 Critical accounting estimates, judgments and assumptions and accounting policies

Accounting estimates and judgments are continually reviewed and are based on historical experience and other factors, including expectations of future events deemed reasonable for the circumstances. Based on assumptions, the Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that present a significant risk, likely to cause a material adjustment in the carrying amounts of assets and liabilities for the next fiscal year, are listed below.

(a) Provision for contingencies

The assessment of the probability of loss includes an appraisal of the available evidence, the hierarchy of laws, the available case law, recent court decisions and their relevance in the judicial system, and the opinion of external and internal legal counsel. Provisions for contingencies (labor, civil and tax) are recognized when: (i) there is a present or non-formalized obligation as a result of events that have already occurred; (ii) it is probable that an outflow of resources will be necessary to settle the obligation; and (iii) the amount of this outflow can be reliably estimated based on the judgment of legal counsel. These provisions are reviewed and adjusted for changes in circumstances, such as applicable limitation period, findings of tax inspections or additional exposure identified based on new matters or court decisions (Note 27).

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(b) Impairment

Annually, at year-end, or earlier if so indicated, the Group tests for impairment of goodwill and intangibles with indefinite useful life, in compliance with the accounting policy presented in Note 31.12. Recoverable amounts of Cash-Generating Units (CGUs) have been determined based on value-in-use calculations, based on estimates prepared by internal experts, and reviewed by the Management for a explicit period of 5 years plus perpetuity. They consider discount rate and revenue growth estimates, among others, as shown in Note 11(e).

(c) Allocation of fair value in business combinations

The Group analyzes on the dates of business combination the identifiable assets and liabilities, according to NBC TG 15 / IFRS 3 - Business Combinations and identifies the items of asset and liabilities to be recorded. Judgment is used to identify the intangible assets acquired, and contingent liabilities assumed. Estimates are used to determine the assets and liabilities' fair values arising from the business combination.

(d) Provision for expected credit losses

The Group carries out analyses to cover any losses on collecting monthly tuitions and checks receivable, taking into account the risks involved, and records them when objective evidence of losses is identified, as per NBC TG 48/IFRS 9 guidelines.

(e) Intangible Assets with a Definite and Indefinite Useful Life

The Group has identified intangible assets from business combinations or acquired (licenses) that have indefinite useful lives and student portfolios and brands that have defined useful lives. Licenses refer to certificates granted by regulatory authorities to authorize institutions to provide educational activities and are granted on a permanent basis, being therefore considered as having indefinite useful lives. The useful life of the brands and student portfolios is similar to the students' intake and graduation cycle, i.e., from 4 to 5 years. Management estimates the useful lives of certain intangible assets based on historical experience concerning the use of these intangible assets.

Annually, or earlier, if so indicated, the Group tests the intangible assets that have indefinite useful lives for impairment under the accounting policy presented in Note 31.12. The recoverable amounts for the CGUs are determined based on the estimated value in use.

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(f) **Determination of adjustments to present value of certain assets and liabilities**

Management evaluates and recognizes upon initial recording the effects of the adjustment to present value of certain

financial assets and liabilities that are part of the Group's operations, considering the currency's time value and the uncertainties associated with them.

(g) **Incremental rate of leases**

Use rights and lease liabilities are measured at present value based on discounted cash flows through an incremental loan rate. This weighted average loan rate involves estimation since it consists of the rate that the lessee would have to pay on loan to raise funds necessary to obtain an asset of similar value, in a similar economic environment, with equivalent terms and conditions and in reduction of the lessee's credit risk, the term of the contract and the guarantees offered.

4 **Risk Management**

4.1 **Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including cash flow or fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize any potential adverse effects on the Group's financial performance. The Group use derivative financial instruments to hedge risk exposure.

Risk management is carried out by the Group's central treasury department, which identifies, assesses, and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors approves and reviews risk management, as well as specific areas.

(a) **Market risk**

The Group's cash flow or fair value risk related to interest rate arises from short- and long-term loans, debentures, lease liabilities, and short-term investments substantially linked to interbank deposit certificate (CDI) floating rates. The Group analyzes its interest rate exposure on a dynamic basis, simulating various scenarios and taking into consideration the refinancing and the renewal of existing positions. Based on this assessment, the Group monitors the risk of significant changes in interest rates and calculates the impact on income (Note 4.3).

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(b) Credit risk

Credit risk is managed at a Group level and arises from cash and cash equivalents, financial instruments, and deposits with banks and credits with other financial institutions, as well as from exposure to student credit, including outstanding accounts receivable.

The Group's sales policy is directly related to the level of credit exposure it is willing to be subject in the course of its business. Enrollment for the next semester is not permitted if a student is in default with the institution. In order to minimize the effects of defaults on its accounts receivable, the Company has diversified its receivables portfolio, has selection procedures in place for its students, and monitors due dates. In on-campus segment, a portion of the Group's credits is guaranteed by the Higher Education Student Financing Program (Programa de Financiamento ao Estudante de Ensino Superior or FIES), which is decreasing each semester due to the reduced offer of scholarships by the Federal Government and the graduation of former students.

The Group sets up provision for expected credit losses to cover credit risk, including the possible risk of default on the unguaranteed portion of the debt of the students who benefit from FIES. This credit analysis considers student creditworthiness based on their payment history, the length of their relationship with the institution, and their credit rating (SPC and Serasa).

Management monitors specific credit risks and does not expect any losses due to defaults by counterparties additional to the amounts already provided for in Note 9 (e), which reflect the changes in the allowance for expected credit losses in the quarter.

Concerning credit risk related to financial institutions, the Group invests cash, cash equivalents, and securities with financial institutions and investment funds with credit ratings of at least brBBB, by Standard & Poor's; BBB(br), by Fitch Ratings; and Baa1.br, by Moody's.

(c) Liquidity risk

Liquidity risk is the risk of the Company not having sufficient funds to meet its financial commitments, on account of mismatches in maturities or volumes between expected revenue and payments.

Assumptions regarding future disbursements and receipts are made in order to manage cash liquidity and are monitored daily by the treasury department.

The following table provides a breakdown of financial liabilities, grouped according to their due dates, for the remaining period from the Statement of Financial Position date to their contracted maturities. The amounts shown in the table represent the contractual undiscounted cash flows at the contracted rates.

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	Parent Company			
	Up to one year	Between one and two years	Between three and five years	Over five years
December 31, 2022				
Loans and financing	235,621	187,436	298,422	
Debentures	30,544	59,115	217,507	
Lease commitments	54,315	51,936	140,397	283,101
	<u>320,480</u>	<u>298,487</u>	<u>656,326</u>	<u>283,101</u>
December 31, 2021				
Loans and financing	231,085	135,202	134,077	
Lease commitments	45,522	42,395	107,504	146,536
	<u>276,607</u>	<u>177,597</u>	<u>241,581</u>	<u>146,536</u>
				Consolidated
	Up to one year	Between one and two years	Between three and five years	Over five years
December 31, 2022				
Loans and financing	235,804	187,436	298,422	
Debentures	30,544	59,115	217,507	
Lease commitments	140,867	118,225	312,759	646,566
Commitments payable	60,870	87,726	132,499	8,400
	<u>468,085</u>	<u>452,502</u>	<u>961,187</u>	<u>654,966</u>
December 31, 2021				
Loans and financing	231,684	135,544	134,077	
Lease commitments	133,097	119,228	263,771	504,382
Commitments payable	54,354	46,702	137,447	1,090
	<u>419,135</u>	<u>301,474</u>	<u>535,295</u>	<u>505,472</u>

(d) Regulatory risk

Regulatory aspects analysis in the Group's education sector serves as a decision-making instrument for the supporting entity, aiming to improve the institution's performance by identifying opportunities for gains and impact of losses. The Group periodically analyzes its regulatory risks aiming to mitigate or minimize their impacts, mainly those related to the availability of PROUNI and FIES and the understanding of these programs' rules, as well as the monitoring of maintenances and/or courses, with no significant change expected in its operations.

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4.2 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Consistently with other players in the industry, the Group monitors its capital based on the financial leverage ratio. This ratio corresponds to the net debt expressed as a percentage of the sum of net debt and equity. Net debt is calculated as total loans (including short- and long-term loans, as shown in the consolidated Statement of Financial Position), commitments payable and lease obligations, less cash and cash equivalents, marketable securities and restricted cash.

Financial leverage ratios are presented as follows:

	December 31, 2022	Consolidated December 31, 2021
Bank loans and financing	555,620	436,065
Debentures payable	210,319	
Commitments payable	289,495	239,593
Lease commitments	705,730	626,963
Cash and cash equivalents	(180,764)	(213,704)
Financial investments	(60,795)	(80,653)
Restricted cash due to payable commitments	(69,931)	
Net debt	1,449,674	1,008,264
Shareholders' equity	1,237,531	1,463,077
Equity plus net debt - Total capital	2,687,205	2,471,341
Financial leverage ratio	53.9%	40.8%

4.3 Additional sensitivity analysis

With the purpose of determining the sensitivity of the indexers to which the Group was exposed on the base date of December 31, 2022, different scenarios were defined, using the last interest rates accrued in the last twelve months (Scenario I), and based on this, changes of 25% (Scenario II) and 50% (Scenario III) were calculated, sensitizing the increase and decrease of the indexers. We calculated the net position (financial income less financial expenses) for each scenario, excluding the tax effect. CDI indexer sensitivity were tested for each scenario using the portfolio base-date of December 31, 2022, projecting for one year.

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Operations	Risk	Scenarios with Indexers Increase		
		(I)	(II)	(III)
Assets				
Financial investments	CDI	12.39%	15.49%	18.59%
174,237		21,588	26,989	32,391
Financial investments	CDI	12.39%	15.49%	18.59%
60,795		7,533	9,417	11,302
Liabilities				
Debentures	CDI	12.39%	15.49%	18.59%
(210,319)		(26,059)	(32,573)	(39,088)
Financing - Working Capital	CDI	12.39%	15.49%	18.59%
(375,684)		(46,547)	(58,193)	(69,840)
Loan in foreign currency	CDI	12.39%	15.49%	18.59%
(175,502)		(21,745)	(27,185)	(32,626)
SWAP	CDI	12.39%	15.49%	18.59%
(39,946)		(4,949)	(6,187)	(7,424)
Leasing	CDI	12.39%	15.49%	18.59%
(203)		(25)	(31)	(38)
Commitments payable	CDI	12.39%	15.49%	18.59%
(4,848)		(601)	(751)	(901)
Commitments payable	IPCA	5.78%	7.23%	8.68%
(214,716)		(12,421)	(15,524)	(18,637)
Net position		(83,226)	(104,038)	(124,861)

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Operations	Risk	Scenarios with Indexers Decrease		
		(I)	(II)	(III)
Assets				
Financial investments 174,237	CDI	12.39% 21,588	9.29% 16,187	6.20% 10,803
Financial investments 60,795	CDI	12.39% 7,533	9.29% 5,648	6.20% 3,769
Liabilities				
Debentures of Financial Institutions (210,319)	CDI	12.39% (26,059)	9.29% (19,544)	6.20% (13,029)
Financing - Working Capital (375,684)	CDI	12.39% (46,547)	9.29% (34,901)	6.20% (23,292)
Loan in foreign currency (175,502)	CDI	12.39% (21,745)	9.29% (16,304)	6.20% (10,881)
Swap (39,946)	CDI	12.39% (4,949)	9.29% (3,712)	6.20% (2,475)
Leasing (203)	CDI	12.39% (25)	9.29% (19)	6.20% (13)
Commitments payable (4,848)	CDI	12.39% (601)	9.29% (450)	6.20% (301)
Commitments payable (214,716)	IPCA	5.78% (12,421)	4.34% (9,319)	2.89% (6,205)
Net position		(83,226)	(62,414)	(41,624)

Considering the economic forecasts released by the Central Bank of Brazil's Focus Report on March 10, 2023, corroborated by financial market economists, it is estimated that the inflation rate measured by IPCA and interest rates measured by CDI will be closer to Scenario I.

Section C - Segment Reporting

Evaluation of Information by Segment

Since its activities are concentrated substantially, on-campus higher education, the Group is organized and managed in a single business unit. Courses offered by the Group, although aimed at a diverse audience, are not controlled and managed by the main manager of operations as independent segments, and decision-making on resources to be allocated to the segment and the assessment of its operational performance is carried out on an integrated basis as a single segment.

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Section D - Group Structure

6 Subsidiaries

The period covered by the financial statements of the subsidiaries included in the consolidation is the same as that of the Parent Company. Uniform accounting policies were applied to all of the consolidated companies, and they are consistent with those used for the previous period.

The balance sheet and income accounts' consolidation process corresponds to the sum of the balances of assets, liabilities, revenue, and expenses, as appropriate, eliminating transactions between the consolidated companies. For income accounts, the amounts are consolidated only from the date on which control was acquired by the Group.

The consolidated financial statements for the quarter ended December 31, 2022 include the operations of the Group and the subsidiaries:

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	Direct %		Indirect %	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
ICES - Instituto Campinense de Ensino Superior Ltda	99.99	99.99		
ABES - Sociedade Baiana de Ensino Superior Ltda	99.99	99.99		
Centro de Educação Profissional BJ Ltda	99.99	99.99		
CETEBA - Centro de Ensino e Tecnologia da Bahia Ltda	99.99	99.99		
SECARGO - Sociedade Educacional Carvalho Gomes Ltda	99.99	99.99		
CENESUP - Centro Nacional de Ensino Superior Ltda	99.99	99.99		
Sociedade Paulista de Ensino e Pesquisa S/S Ltda			99.99	99.99
Sociedade Universitária Miletto Ltda			99.99	99.99
Colégio Cultural Módulo Ltda			99.99	99.99
Sociedade Regional de Educação e Cultura Ltda			99.99	99.99
Beduka Serviços de Tecnologia em Educação Ltda			99.99	99.99
Sociedade Educacional de Rondônia S/S Ltda			99.99	99.99
Clínica Escola de Saúde Uninassau Ltda	99.99	99.99		
Clínica Veterinária CDMV Ltda (Hospital Veterinário DOK)			99.99	99.99
Centro de Treinamento e Desenvolvimento da Medicina Humana e Veterinária Lt			99.99	99.99
Plantão Veterinário Hospital Ltda			99.99	99.99
Pet Shop Kero Kolo Ltda			99.99	99.99
EDUCRED - Administradora de Crédito Educativo e Cobrança Ltda	99.99	99.99		
Centro de Educação Continuada Mauricio de Nassau Ltda	99.99	99.99		
SESPS - Sociedade de Ensino Superior e de Pesquisa de Sergipe Ltda	99.99	99.99		
Faculdade Maurício de Nassau de Belém Ltda	99.99	99.99		
CESPI - Centro de Ensino Superior Piauiense Ltda (Note 30(b))	99.99	99.99		
CIESPI - Centro Integrado de Educação Superior do Piauí Ltda (Note 30(b))	99.99	99.99		
SESPI - Sociedade de Ensino Superior Piauiense Ltda (Note 30(b))	99.99	99.99		
Uninassau Participações S.A.	99.99	99.99		
Instituto de Ensino Superior Juvêncio Terra Ltda	99.99	99.99		
Faculdade Joaquim Nabuco de São Lourenço da Mata Ltda	99.99	99.99		
Faculdade Joaquim Nabuco de Olinda Ltda (ii)			99.99	
Overdrives Coworking Escritórios Virtuais Ltda	99.99	99.99		
3L Tecnologias Educacionais e Soluções Digitais S.A.	99.99	99.99		
Gokursos Inovações Educacionais Ltda	99.99	99.99		
Starline Tecnologia S/A			99.99	99.99
Delínea Tecnologia Educacional Ltda			99.99	99.99
Sociedade Técnica Educacional da Lapa S/A (i)			99.99	
NOUS Ltda			100.00	
Peixe 30 Tecnologia e Soluções Digitais Ltda			99.99	
CRIA - Tecnologias Educacionais e Soluções Digitais Ltda			99.99	
Ser Finanças - Serviços Financeiros Ltda	99.99	99.99		
Ser Finance Sociedade de Crédito Direto S.A.	99.99			

- (i) Company acquired in 2022; and
(ii) Company merged on January 7, 2022.

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(a) Investments

	December 31, 2022					
	Net Equity	Equity Income	Investment Amount	Goodwill (Note 11(c))	Intangible Assets Identified	Total
Direct subsidiaries						
CETEB A - Centro de Ensino e Tecnologia da Bahia Ltda.	9,645	(4,983)	9,645			9,645
Clinica Escola de Saúde Uninassau Ltda.	15,307	(14,864)	15,307			15,307
CENESUP - Centro Nacional de Ensino Superior Ltda.	567,110	(113,102)	567,110			567,110
EDUCRED - Administradora de Crédito Educativo e Cobrança Ltda.	72	(429)	72			72
SECARGO - Sociedade Educacional Carvalho Gomes Ltda.	25,869	6,509	25,869	4,362		30,231
ICES - Instituto Campinense de Ensino Superior Ltda.	314,922	39,603	314,922			314,922
Centro de Educação Profissional BJ Ltda.	3,280	3,013	3,280			3,280
ABES - Sociedade Baiana de Ensino Superior Ltda.	28,214	(7,522)	28,214	8,405		36,619
Centro de Educação Continuada Maurício de Nassau Ltda.	1,229	(4,808)	1,229			1,229
SESPS - Sociedade de Ensino Superior e de Pesquisa de Sergipe Ltda.	44,387	1,496	44,387	1,043	467	45,897
Faculdade Maurício de Nassau de Belém Ltda.	22,326	5,462	22,326	959	1,261	24,546
CESPI - Centro de Ensino Superior Piauiense Ltda.	17,346	3,502	17,346	8,662	4,404	30,412
CIESPI - Centro Integrado de Educação Superior do Piauí Ltda.	16,981	4,494	16,981			16,981
SESPI - Sociedade de Ensino Superior Piauiense Ltda.	18,885	4,378	18,885	5,360	5,996	30,241
Uninassau Participações S.A.	475		475			475
Instituto de Ensino Superior Juvêncio Terra Ltda.	6,049	(1,589)	6,049			6,049
Faculdade Joaquim Nabuco de São Lourenço da Mata Ltda.	608	(151)	608			608
Overdrives Coworking Escritórios Virtuais Ltda.	4,056	(352)	4,056			4,056
3L Tecnologias Educacionais e Soluções Digitais S.A.	347,917	(17,287)	347,917			347,917
Ser Finanças	879	(4,464)	879			879
Ser Finance	3,259	259	3,259			3,259
Acquisition of Maintenanances						
FADE - Faculdade Decisão				1,028	2,200	3,228
FACOCMA - Faculdades COC de Maceió					3,000	3,000
Total Direct Subsidiaries	1,448,816	(100,835)	1,448,816	29,819	17,328	1,495,963
Indirect subsidiaries						
SOPEP - Sociedade Paulista de Ensino e Pesquisa S/S Ltda. (i)	16,747	(12,476)	16,747		12,857	29,604
Sociedade Universitária Mileto Ltda. (i)	2,238	(671)	2,238			2,238
Sociedade Regional de Educação e Cultura Ltda.	33,374	36,511	33,374	68,522	68,416	170,312
Colégio Cultural Módulo Ltda.	13,534	2,245	13,534	3,191	5,778	22,503
Beduka Serviços de Tecnologia em Educação Ltda.	(280)	(1,003)	(280)	3,009		2,729
Sociedade Educacional de Rondônia S/S Ltda.	23,737	13,024	23,737	131,563	27,060	182,360
Gokursos Inovações Educacionais Ltda	12,159	(1,004)	12,159			12,159
Centro de Treinamento e Desenvolvimento da Medicina Humana e Veterinária Ltda	929	114	929	5,567		6,496
Clinica Veterinária CDMV Ltda	1,720	(1,880)	1,720	2,276	2,632	6,628
Starline Tecnologia S.A.	1,693	(123)	1,693	18,604	8,733	29,030
Delinea Tecnologia Educacional Ltda	3,040	(3,224)	3,040	6,124	12,593	21,757
Plantão Veterinário Hospital Ltda	327	(656)	327		2,047	2,374
Pet Shop Kero Kolo Ltda	195	(304)	195		981	1,176
Sociedade Tecnica Educacional Da Lapa S/A	32,053	10,797	32,053	133,176	142,654	307,883
Peixe 30 Ltda.	201	(259)	201			201
Nous Ltda.	316	(582)	316			316
CRIA - Tecnologias Educacionais e Soluções Digitais Ltda	10		10			10
Total Indirect Subsidiaries	141,993	40,509	141,993	372,032	283,751	797,776
Merged companies						
União de Ensino Superior do Pará - UNAMA				87,136	54,373	141,509
Instituto Santareno de Educação Superior - FIT				5,320	7,600	12,920
ADEA - Sociedade de Desenvolvimento Educacional Avançado Ltda.				5,125		5,125
SODECAM - Sociedade de Desenvolvimento Cultural do Amazonas Ltda.				43,882	60,543	104,425
Instituto Avançado de Ensino Superior de Barreiras Ltda				60,006	88,687	148,693
Faculdade Joaquim Nabuco de Olinda Ltda.				3,521	2,700	6,221
Total Merged Companies				204,990	213,903	418,893
Acquisition of Indirect Maintenanances						
Sociedade Metodista Bennet					10,000	
	1,590,809	(60,326)	1,590,809	606,841	524,982	2,712,632

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	December 31, 2021					
	Net Equity	Equity Income	Investment Amount	Goodwill (Note 11(c))	Intangible Assets Identified	Total
Direct subsidiaries						
CETEBA - Centro de Ensino e Tecnologia da Bahia Ltda.	19,325	(194)	19,325	4,140		23,465
Clinica Escola de Saúde Uninassau Ltda	14,880	(3,157)	14,880			14,880
CENESUP - Centro Nacional de Ensino Superior Ltda.	674,311	5,474	674,311			674,311
EDUCRED - Administradora de Crédito Educativo e Cobrança Ltda.	1,821	592	1,821			1,821
SECARGO - Sociedade Educacional Carvalho Gomes Ltda.	31,529	2,299	31,529	4,362		35,891
ICES - Instituto Campinense de Ensino Superior Ltda.	294,084	51,205	294,084			294,084
Centro de Educação Profissional BJ Ltda.	4,915	2,945	4,915			4,915
ABES - Sociedade Baiana de Ensino Superior Ltda.	29,607	(3,317)	29,607	8,405		38,012
Centro de Educação Continuada Mauricio de Nassau Ltda.	954	(4,252)	954			954
SESPS - Sociedade de Ensino Superior e de Pesquisa de Sergipe Ltda.	64,558	6,933	64,558	1,043	467	66,068
Faculdade Maurício de Nassau de Belém Ltda.	34,869	7,545	34,869	959	1,261	37,089
CESPI - Centro de Ensino Superior Piauiense Ltda.	25,849	5,265	25,849	8,662	4,404	38,915
CIESPI - Centro Integrado de Educação Superior do Piauí Ltda.	16,538	8,974	16,538			16,538
SESPI - Sociedade de Ensino Superior Piauiense Ltda.	17,402	7,513	17,402	5,360	5,996	28,758
Uninassau Participações S.A.	457		457			457
Instituto de Ensino Superior Juvêncio Terra Ltda.	16,276	2,316	16,276	573	2,400	19,249
Faculdade Joaquim Nabuco de São Lourenço da Mata Ltda.	759	(91)	759			759
Faculdade Joaquim Nabuco de Olinda Ltda.	8,012	1,471	8,012	3,521	2,700	14,233
Overdrives Coworking Escritórios Virtuais Ltda.	2,962	(500)	2,962			2,962
3L Tecnologias Educacionais e Soluções Digitais S.A.	61,598	4,464	61,598			61,598
Ser Finanças		(1,238)				
Acquisition of Maintenances						
FADE - Faculdade Decisão				1,028	2,200	3,228
FACOCMA - Faculdades COC de Maceió					3,000	3,000
Total Direct Subsidiaries	1,320,706	94,247	1,320,706	38,053	22,428	1,381,187
Indirect subsidiaries						
SOPEP - Sociedade Paulista de Ensino e Pesquisa S/S Ltda.	24,235	2,256	24,235	43,591	104,037	171,863
Sociedade Universitária Miletto Ltda.	1,566	(1,370)	1,566	1,346	4,500	7,412
Sociedade Regional de Educação e Cultura Ltda.	39,533	30,384	39,533	68,522	72,015	180,070
Colégio Cultural Módulo Ltda.	9,293	(3,534)	9,293	3,191	8,712	21,196
Beduka Serviços de Tecnologia em Educação Ltda.	(37)	(388)	(37)	3,009		2,972
Sociedade Educacional de Rondônia S/S Ltda.	18,190	9,095	18,190	108,071	28,445	154,706
Gokursos Inovações Educacionais Ltda	13,165	3,128	13,165			13,165
Centro de Treinamento e Desenvolvimento da Medicina Humana e Veterinária Ltda	724	224	724	5,567	673	6,964
Clinica Veterinária CDMV Ltda	424	(213)	424	2,276	2,772	5,472
Starline Tecnologia S.A.	(498)	(302)	(498)	18,607	10,605	28,714
Delinea Tecnologia Educacional Ltda	(2,524)	2,513	(2,524)	13,752	14,240	25,468
Plantão Veterinário Hospital Ltda	7		7	4,273	2,100	6,380
Pet Shop Kero Kolo Ltda	(55)		(55)	1,179	993	2,117
Total Indirect Subsidiaries	104,023	41,793	104,023	273,384	249,092	626,499
Merged companies						
União de Ensino Superior do Pará - UNAMA			54,777	87,136	54,777	141,913
Instituto Santareno de Educação Superior - FIT			7,600	5,320	7,600	12,920
ADEA - Sociedade de Desenvolvimento Educacional Avançado Ltda.				5,125		5,125
SODECAM - Sociedade de Desenvolvimento Cultural do Amazonas Ltda.			66,127	43,882	66,127	110,009
Instituto Avançado de Ensino Superior de Barreiras Ltda			90,887	60,006	90,887	150,893
Total Merged Companies			219,391	201,469	219,391	420,860
Acquisition of Indirect Maintenances						
Sociedade Metodista Bennet					10,000	
	1,424,729	136,040	1,644,120	512,906	500,911	2,428,546

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- (i) Impairment recognized by the companies Sociedade Paulista de Ensino e Pesquisa S/S Ltda (UNG), Sociedade Universitária Mileto Ltda (Mileto), Centro de Ensino e Tecnologia da Bahia Ltda (CETEBA), Instituto de Ensino Juvêncio Terra Ltda (Juvêncio Terra), Plantão Veterinário Hospital Ltda and Pet Shop Kero Kolo Ltda. (Note 11 (e)).

In the Parent Company, identified intangible assets are classified as an investment and in the Consolidated classified as intangible assets.

(b) Changes in investments in subsidiaries:

The change in the balance of investments in subsidiaries for the periods ended December 31 is as follows:

	Parent Company	
	2022	2021
Opening balance	1,381,187	1,189,772
Advance for future capital increase (i)	348,954	279,932
Equity in the results of subsidiaries	(100,835)	94,247
Write-off of indemnifiable liability		3,249
Earnings received from subsidiaries	(111,997)	(186,013)
Write-off due to merger (ii)	(14,233)	
Write-off due to impairment (iii)	(7,113)	
Balance as of December 31	1,495,963	1,381,187

- (i) In 2022, substantially refers to advances for future capital increase, made to 3L, aimed to support FAEL acquisition.
- (ii) Refers to the merger of Faculdade Joaquim Nabuco de Olinda Ltda. (FASE) occurred on January 7, 2022; and
- (iii) Refers to the write-off of goodwill and course licenses due to impairment of the companies CETEBA - Centro de Ensino e Tecnologia da Bahia Ltda and Instituto de Ensino Superior Juvêncio Terra Ltda (Note 11(e)).

(c) Acquisition of Delínea

On December 1, 2021, the Purchase and Sale Agreement of Shares and Other Covenants was entered into, whereby the Group, through its subsidiary 3L Tecnologias Educacional e Soluções Digitais S.A. ("3L") acquired 100% of shares representing the share capital of Delínea Tecnologia Educacional LTDA.

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The acquisition price was R\$ 20,000, of which (i) R\$ 18,000 was paid in cash, on the closing date of the transaction, and (ii) R\$ 2,000 to be paid up to the sixth (6th) anniversary of the closing date, with its installments annually released during this period. The transaction provides for an earn out payment upon the achievement of certain goals in the amount of up to R\$ 3,000 to be paid on an annual basis over a period of 3 years. This amount has already been included in the consideration, since, based on the business plan provided by Management, the expectation is that these goals will be met.

The table below shows the consolidated result of assets acquired and identified, goodwill, liabilities assumed and the amount of the consideration for the acquisition, as per the purchase price allocation report prepared on the acquisition date:

	<u>Delínea</u>
Intangible assets identified - Platform	161
Intangible assets identified - Brand	8,360
Intangible assets identified - Collection	5,784
Identifiable assets acquired	3,807
Goodwill	6,124
Liabilities taken	(1,406)
Consideration for the acquisition	<u>22,830</u>

The consolidated statement of profit or loss for the period ended December 31, 2022 includes revenue and loss, in the amounts of R\$ 8,914 and R\$ 3,224 respectively.

(d) Acquisition of Plantão Veterinário Hospital and Pet Shop Kero Kolo

On December 10, 2021, a Share Purchase and Sale Agreement was entered into whereby which the Group, through its subsidiary Clínica Escola de Saúde Uninassau Ltda. acquired 100% of the shares representing the share capital of Plantão Veterinário Hospital Ltda. and Pet Shop Kero Kolo Ltd.

The acquisition price was R\$ 10,000, of which (i) R\$ 4,000 was paid in cash, on the closing date of the transaction; (ii) R\$ 1,000 was paid 10 business days from the fulfillment of certain conditions set forth in the Agreement; and (iii) R\$ 5,000 to be paid as follows: (1) R\$ 1,000 on the first anniversary of the transaction closing; (2) plus five annual installments of R\$ 800, adjusted by the IPCA. As of December 31, 2022, the balance of the consideration payable is R\$ 4,777 (R\$ 5,450 as of December 31, 2021).

The table below shows the consolidated result of assets acquired and identified, goodwill, liabilities assumed and the amount of the consideration for the acquisition, as per the purchase price allocation report prepared on the acquisition date:

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	<u>Plantão Veterinário</u>	<u>Pet Shop</u>	<u>Total</u>
Intangible assets identified - Non-compete agreement	266	58	324
Intangible assets identified - Brand	1,834	935	2,769
Intangible assets identified - Deferred Income Tax	(714)	(338)	(1,052)
Intangible assets identified - Inventory adjustments		(99)	(99)
Identifiable assets acquired	1,422	632	2,053
Goodwill	5,024	1,430	6,455
Consideration for the acquisition	<u>7,082</u>	<u>2,618</u>	<u>10,450</u>

The consolidated statement of profit or loss for the year ended December 31, 2022 includes income and loss, in the amounts of R\$ 3,660 and R\$ 656, respectively, for Plantão Veterinário Hospital and income and loss, in the amounts of R\$ 1,011 and R\$ 304, respectively, for Pet Shop Kero Kolo.

(e) Acquisition of FAEL

On May 28, 2021, the Company entered into an Agreement for Assignment and Transfer of Shares whereby the Group, through its subsidiary 3L Tecnologias Educacionais e Soluções Digitais S.A. ("3L") agreed to acquire from Vanta Education Holdings Limited and Luiz Carlos Borges da Silveira Filho shares representing 100% of the share capital of Sociedade Técnica Educacional da Lapa S.A. ("FAEL"), supporting entity of Faculdade Educacional da Lapa – FAEL, operating nationwide exclusively in the form of Digital Learning (or Distance Learning – DL).

FAEL's operations are based in the city of Lapa (PR) and it one of the largest digital higher education institutions in Brazil, with approximately 90,000 students in the undergraduate and graduate modalities registered directly or indirectly in its institution.

On January 14, 2022, after approval by the Administrative Council for Economic Defense - CADE and solution of the conditions precedent according to the agreement signed on May 28, 2021, the Group signed the closing agreement for the acquisition of Sociedade Técnica Educacional da Lapa S.A. - FAEL, with the payment of R\$ 289,834, of which R\$ 70,000 were withheld in escrow account with Banco Santander S.A., which will be released in 5 years according to the schedule defined in the agreement. In addition, the aforementioned agreement provides for the payment of an earn-out of up to R\$ 17,500, already included in the consideration, which is conditioned to the achievement of certain performance targets by FAEL, to be paid at the end of the second year. As of December 31, 2022, the balance of the consideration payable is R\$ 86,957.

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The table below shows the consolidated result of assets acquired and identified, goodwill, liabilities assumed and the amount of the consideration for the acquisition:

	<u>FAEL</u>
Intangible assets identified - Licenses	62,800
Intangible assets identified - Brand	24,900
Intangible assets identified - Student portfolio	31,900
Identified Intangible - Intellectual Property	36,100
Identifiable assets acquired	42,702
Goodwill	133,176
Liabilities taken	<u>(38,991)</u>
Consideration for the acquisition	<u><u>292,587</u></u>

The consolidated statement of profit or loss for the year ended December 31, 2022 includes revenue and net income, in the amounts of R\$ 142,761 and R\$ 14,187, respectively.

(f) Acquisition of Centro Universitário Sete de Setembro – UNI7

On June 30, 2022, the Agreement for the Purchase and Sale of Shares was entered into, whereby the Group, through its subsidiary CENESUP – Centro Nacional de Ensino Superior, acquired 100% of the shares representing the share capital of Sociedade Centro Universitário Sete de Setembro – UNI7. Operating for over 20 years in higher education, UNI7 is one of the most renowned and traditional educational institutions in Fortaleza. It has 1,600 students in undergraduate courses in law, administration, engineering and psychology, in the hybrid learning modality.

The acquisition price was R\$ 10,000, of which R\$ 5,000 paid in cash on the closing date and the remaining R\$ 5,000 in 3 successive annual installments adjusted by CDI variation. The approval of UNI7 acquisition by CADE was granted on December 13, 2022, but, due to the fulfillment of other conditions precedent set forth in the agreement, the transaction was completed on January 2, 2023.

(g) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The acquisition cost is measured by the sum of the consideration transferred, which is valued based on the fair value on the acquisition date and, where applicable, the value of any non-controlling interest in the acquiree. For each business combination, as acquirer, the Group measures the non-controlling interest in the acquiree at fair value or based on its interest in the net assets identified in the acquiree. Costs directly attributable to the acquisition are expensed as incurred.

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The Group establishes that it has acquired a business when the acquired set of activities and assets includes, at least, an input and a substantive process that, together, significantly contribute to the ability to produce outputs. The acquired process is considered substantive if it is essential to the ability to develop or convert the input acquired into outputs, and the inputs acquired include both the workforce organized with the skills, knowledge or expertise necessary to carry out this process; or is critical to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

Any contingent consideration to be transferred by the Group, as acquirer is recognized at fair value on the acquisition date. Subsequent changes in the fair value of the contingent consideration considered as an asset or a liability are recognized according to NBC TG 48 / IFRS 9 in the statement of profit or loss.

Initially, goodwill is measured as the excess of the consideration transferred as compared to the net assets acquired (identifiable assets acquired, net and liabilities assumed).

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For impairment testing purposes, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination's synergies, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The estimate of the fair value of the assets acquired and liabilities taken, made by independent specialists hired by Management, considered the following methodologies:

- (a) Customer portfolio: "Multiperiod Excess Earnings";
- (b) Accreditation and Operating Licenses: Income Approach and "With or Without Method" ("WOWM"); and
- (c) Brands, collection and digital platform: The Income approach, more specifically the "Relief-from-Royalty Method".

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Section E - Selected significant notes

7 Financial instruments by category

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Financial assets carried at amortized cost				
Financial investments	48,392	37,631	174,237	202,814
Accounts Receivable	150,151	135,119	365,432	351,463
Related parties	4,067	6,020	4,067	6,020
	<u>202,610</u>	<u>178,770</u>	<u>543,736</u>	<u>560,297</u>
Assets measured at fair value through profit or loss				
Financial investments	51,154	80,316	60,251	80,653
Accounts receivable Educured, Pravalor and others	53,397	44,375	146,643	128,130
	<u>104,551</u>	<u>124,691</u>	<u>206,894</u>	<u>208,783</u>
	<u>307,161</u>	<u>303,461</u>	<u>750,630</u>	<u>769,080</u>
Financial liabilities carried at amortized cost				
Suppliers	14,651	17,183	32,255	34,069
Loans and financing	555,275	434,870	555,620	436,065
Debentures	210,319		210,319	
Related parties		9,549		
Lease commitments	298,782	219,872	705,730	626,963
	<u>1,079,027</u>	<u>681,474</u>	<u>1,503,924</u>	<u>1,097,097</u>
Liabilities measured at fair value through profit or loss				
Commitments payable			219,564	239,593
			<u>219,564</u>	<u>239,593</u>
	<u>1,079,027</u>	<u>681,474</u>	<u>1,723,488</u>	<u>1,336,690</u>

The fair value of the financial instruments approximates the carrying amounts, since the impact of the discount to present value, using market interest on December 31, 2022, is not significant. Fair values are based on discounted cash flows, using the Group's cash cost, which approximates the respective agreements' rate.

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8 Cash and cash equivalents and securities

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Current				
Cash on hand	54	61	157	153
Banks - current account	965	3,037	6,370	10,737
Financial investments	48,392	37,631	174,237	202,814
Cash and cash equivalents	49,411	40,729	180,764	213,704
Financial investments	51,154	77,298	60,251	77,360
Financial investments	51,154	77,298	60,251	77,360
	100,565	118,027	241,015	291,064

Cash and cash equivalents consist of the Group's cash on hand, deposits in banks and short-term financial investments with daily liquidity, maintained to meet short-term commitments, and readily convertible into a known amount of cash subject to an immaterial risk of changes in value. These funds were classified as cash equivalents since they meet the criteria set by NBC TG 03 (R3) / IAS 7.

The funds will be used to preserve the minimum cash level and to finance the business expansion, through (i) acquisitions and (ii) investments in organic growth, including the expansion and infrastructure of the learning centers of the digital learning network and investments for the installation of new on-campus units. Short-term investments comprise fixed income investment funds, with securities indexed to the DI rate and portfolios mostly invested in government bonds and securities issued by financial institutions, in addition to repo agreements backed by debentures with maturities over three months of the investment date, belonging to the portfolio of financial institutions, with low risk for the group, and Bank Deposit Certificates (CDB), which are securities issued by financial institutions, as follows:

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Type	Average remuneration	Parent Company		Consolidated	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
CDB	101.25% of CDI (100.49% of CDI in 2021)	48,392	37,631	174,237	202,814
	Financial investments	48,392	37,631	174,237	202,814
urrent					
Repo transactions (i)	82.00% of CDI (89.11% of CDI in 2021)	2,155	56,379	7,724	56,379
Investment Funds	99.14% of CDI (101.45% of CDI in 2021)	23,976	20,919	24,034	20,981
Treasury Financial Bills (ii)	100.24% of CDI (100.49% of CDI in 2021)	18		3,489	
Financial Bill	104.32% of CDI (100.45% of CDI in 2021)	25,005		25,004	
		51,154	77,298	60,251	77,360
on Current					
Treasury Financial Bills (ii)	100.24% of CDI (100.49% of CDI in 2021)		3,018		3,018
Capital Account				544	275
			3,018	544	3,293
	Tradable securities	51,154	80,316	60,795	80,653

- (i) Investments in repo transactions are not subject to IOF and are made for the amount on cash on the last day of the month, which will be used in the first days of the following month; and
- (ii) Investments in Treasury Bills – LFT refer to the capital payment at Ser Finance Sociedade de Crédito Direto S.A., which is in the process of being formalized, to be made after the transaction is authorized by Central Bank of Brazil.

9 Accounts receivable

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Monthly tuition fees (a)	178,946	159,082	446,309	391,076
FIES receivable (b)	18,787	25,730	58,737	91,195
Agreements receivable (c)	33,580	33,927	102,817	106,372
Education credits receivable (d)	67,719	59,166	179,280	165,145
Other	2,552	7,662	17,168	20,998
Total	301,584	285,567	804,311	774,786
(-) Provision for expected credit losses (e)	(83,714)	(95,834)	(259,599)	(275,531)
(-) Adjustment to present value Educured	(14,322)	(14,791)	(32,637)	(37,015)
	203,548	174,942	512,075	462,240
(-) Current	(172,716)	(145,220)	(438,743)	(383,031)
Non-Current	30,832	29,722	73,332	79,209

Non-current receivables relate to educational credits receivable with terms over 365 days, as per Note 9 (d).

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(a) Student Monthly Tuitions

The maturity analysis of the balance student tuition fees is as follows::

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Overdue up to 30 days	22,712	18,564	57,170	43,752
Overdue 31 to 60 days	16,275	14,607	41,808	34,119
Overdue 61 to 90 days	14,235	13,736	35,662	33,985
Overdue 91 to 180 days	19,416	21,572	51,162	44,820
Overdue 181 to 360 days	41,037	38,554	98,478	84,414
Overdue 361 to 540 days	34,878	28,117	86,373	75,860
Overdue 541 to 720 days	30,393	23,932	75,656	74,126
	<u>178,946</u>	<u>159,082</u>	<u>446,309</u>	<u>391,076</u>

Student tuition fees are due on the 30th of each month, which is why there are no amounts due in subsequent periods. A substantial portion of the tuition fees in arrears is paid within the semiannual cycle.

The Group is actively working to mitigate the impacts caused by Covid-19 pandemic (Note 1.1), mainly related to default in hybrid learning, by introducing more assertive methodologies to renegotiate overdue monthly tuitions, with new payment methods focused on reestablishing adequate conditions for the payment of monthly tuitions.

(b) Higher Education Student Financing Fund (FIES) receivable

The amounts outstanding as of December 31, 2022 refer to the installments of students re-enrolled in FIES and part of tuition fees for the period, pending transfer by the Federal Government, which usually occurs in up to 60 days after the application for the program and invoicing by the educational institution.

Within the scope of the new FIES, 13% of the amount paid to institutions is retained for investment in FIES Guarantor Fund, which will be used to cover any losses from the program individually by educational institution. The amounts invested in the fund may not be redeemed or used for other purposes without release by Fundo Nacional de Desenvolvimento da Educação - FNDE (restricted cash). As of December 31, 2022, the balance of this FIES Guarantor Fund was R\$ 15,704 and R\$ 52,028 (December 31, 2021: R\$ 10,178 and R\$ 31,855) in the Parent Company and in the Consolidated, respectively.

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(c) Agreements receivable

The maturity analysis of the balances for agreements receivable is as follows:

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
To be due	6,200	6,785	17,953	23,354
Overdue up to 30 days	2,953	2,719	7,904	8,639
Overdue 31 to 60 days	3,636	3,075	9,566	9,202
Overdue 61 to 90 days	2,924	2,777	8,092	8,081
Overdue 91 to 180 days	3,922	4,084	11,811	12,562
Overdue 181 to 360 days	5,453	6,001	18,553	17,948
Overdue 361 to 540 days	4,349	4,844	15,602	14,748
Overdue 541 to 720 days	4,143	3,642	13,336	11,838
	<u>33,580</u>	<u>33,927</u>	<u>102,817</u>	<u>106,372</u>

(d) Educational receivables

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Educred	63,015	54,614	159,629	147,792
Pravaler (i)	4,701	4,511	13,838	15,229
Other	3	41	5,813	2,124
	67,719	59,166	179,280	165,145
(-) Adjustment to present value	(14,322)	(14,791)	(32,637)	(37,015)
	<u>53,397</u>	<u>44,375</u>	<u>146,643</u>	<u>128,130</u>
(-) Current	(22,565)	(14,653)	(73,311)	(48,921)
Non-Current	<u>30,832</u>	<u>29,722</u>	<u>73,332</u>	<u>79,209</u>

- (i) Refers to the portion of student financing agreements related to the product that shares the risks of possible default with the Group's institutions.

The maturity analysis of balances for educational receivables is presented below, net of the present value adjustment:

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	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
To be due	44,896	39,184	120,229	111,386
Overdue up to 30 days	649	359	2,079	1,119
Overdue 31 to 60 days	595	334	1,907	1,077
Overdue 61 to 90 days	569	351	1,809	994
Overdue 91 to 180 days	1,740	801	5,484	2,471
Overdue 181 to 360 days	2,058	1,468	6,428	4,442
Overdue 361 to 540 days	1,570	723	4,722	2,206
Overdue 541 to 720 days	1,320	1,155	3,985	4,435
	<u>53,397</u>	<u>44,375</u>	<u>146,643</u>	<u>128,130</u>

(e) Provision for expected credit losses

The change in the provision for expected credit losses on accounts receivable for the period ended December 31 is shown below:

	Parent Company		Consolidated	
	2022	2021	2022	2021
Balance as of December 31 of the previous year	(95,834)	(84,448)	(275,531)	(259,272)
Write-off of unrecoverable credits	50,541	36,244	168,878	109,712
Allowance for expected credit losses arising from business combination			(39,676)	(8,148)
Provision for Doubtful Accounts	<u>(38,421)</u>	<u>(47,630)</u>	<u>(113,270)</u>	<u>(117,823)</u>
Balance as of December 31	<u>(83,714)</u>	<u>(95,834)</u>	<u>(259,599)</u>	<u>(275,531)</u>

The Group writes off receivables past due for more than 720 days, considered non-collectible, on a quarterly basis.

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10 Taxes recoverable and payable

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<u>Taxes recoverable</u>				
Current				
Income tax and social contribution to offset	5,411	4,840	17,261	14,751
Service tax - ISS			7,658	7,648
PIS and COFINS to offset			3	
Other				23
	<u>5,411</u>	<u>4,840</u>	<u>24,922</u>	<u>22,422</u>
Non Current				
ISS to offset (i)			1,706	3,281
	<u>5,411</u>	<u>4,840</u>	<u>26,628</u>	<u>25,703</u>
<u>Taxes payable</u>				
Current				
Income tax and social contribution			6,109	3,352
Withholding Income Tax	4,407	2,420	11,660	7,244
Service tax - ISS	1,770	1,498	8,590	8,161
Installment payment of taxes (ii)		3	2,067	1,962
PIS and COFINS	416	101	1,196	446
Other	201	114	483	148
	<u>6,794</u>	<u>4,136</u>	<u>30,105</u>	<u>21,313</u>
Non Current				
Installment payment of taxes (ii)			2,790	4,804
	<u>6,794</u>	<u>4,136</u>	<u>32,895</u>	<u>26,117</u>

(i) Refers to ISS to be offset by UNINORTE, due to acquired tax benefits;

(ii) Refers mainly to ISS paid in installments at UNINORTE, in the amount of R\$ 1,575 in the short term and R\$ 1,283 in the long term, with fixed installments of R\$ 131 and final maturity on January 9, 2025.

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11 Intangible Assets

(a) Parent Company

<u>Breakdown</u>	Annual rates of of Amortization			December 31,	December 31,
		Cost	Amortization	2022	2021
				Balance	Balance
Software licenses and deployments	20%	68,198	(43,887)	24,311	15,215
Operating licenses	33%	14,930	(13,826)	1,104	1,231
Agreements (i)	25%	13,173	(8,184)	4,989	6,301
Digital Content	20%	46,506	(24,507)	21,999	17,981
Goodwill	20%	5,297	(5,225)	72	424
Goodwill		8,646		8,646	5,125
Intangible assets identified on acquisitions		3,100	(400)	2,700	
		<u>159,850</u>	<u>(96,029)</u>	<u>63,821</u>	<u>46,277</u>

<u>Change</u>	December 31,			Merger of	December 31,
	2021	Additions	Amortization	Fase	2022
Software licenses and deployments	15,215	14,420	(5,324)		24,311
Operating licenses	1,231	591	(718)		1,104
Agreements (i)	6,301	1,683	(2,995)		4,989
Digital Content	17,981	10,626	(6,608)		21,999
Goodwill	424	15	(367)		72
Goodwill	5,125			3,521	8,646
Intangible assets identified on acquisitions				2,700	2,700
	<u>46,277</u>	<u>27,335</u>	<u>(16,012)</u>	<u>6,221</u>	<u>63,821</u>

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(b) Consolidated

Consolidated

Breakdown	Annual rates of of Amortization			December 31, 2022	December 31, 2021
		Cost	Amortization	Balance	Balance
Software licenses and deployments	20%	100,676	(64,756)	35,920	20,313
Operating licenses	33%	29,709	(25,335)	4,374	2,758
Agreements (i)	25%	19,569	(12,819)	6,750	8,124
Digital Content	20%	53,305	(28,437)	24,868	18,008
Goodwill	20%	5,481	(5,243)	238	424
Goodwill (ii)		606,841		606,841	512,906
Intangible assets identified on acquisitions		609,478	(84,495)	524,983	500,911
		<u>1,425,059</u>	<u>(221,085)</u>	<u>1,203,974</u>	<u>1,063,444</u>

Change

	December 31, 2021	Additions	Write-Offs	Amortization	Additions from business combination s (ii)	Amortization from business combination (ii)	Write-off due to impairment	December 31, 2022
Software licenses and deployments	20,313	21,197	(10)	(8,889)	7,485	(4,176)		35,920
Operating licenses	2,758	1,421		(1,798)	1,993			4,374
Agreements (i)	8,124	3,567		(4,941)				6,750
Digital Content	18,008	11,704		(7,571)	5,674	(2,947)		24,868
Goodwill	424	181		(367)				238
Goodwill (ii)	512,906		(2,795)		150,039		(53,309)	606,841
Intangible assets identified on acquisitions	500,911			(34,194)	155,766		(97,500)	524,983
	<u>1,063,444</u>	<u>38,070</u>	<u>(2,805)</u>	<u>(57,760)</u>	<u>320,957</u>	<u>(7,123)</u>	<u>(150,809)</u>	<u>1,203,974</u>

- (i) Refer to agreements with hospitals, clinics, and polyclinics to carry out practical classes and tutor the Group's students;
- (ii) Additions and amortizations from the business combination substantially arise from Fael acquisition (Note 6(e)).

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(c) Goodwill

Goodwill determined in business combinations has an indefinite useful life, being subject to impairment test carried out on an annual basis. The change is as follows:

	<u>Consolidated</u>
On December 31, 2021	512,906
Goodwill adjustments	
Delinea (i)	(7,629)
Plantão Veterinário e Pet Shop Kero Kolo (i)	(1,795)
UNESC conditioned price increase	23,492
Goodwill from FAEL acquisition (Note 6(e))	133,176
Provision for impairment	
UNG	(43,591)
Mileto	(1,345)
Juvêncio Terra	(573)
CETEBA	(4,140)
Pet Shop Kero Kolo	(732)
Plantão Veterinário	(2,928)
On December 31, 2022	<u><u>606,841</u></u>

- (i) Adjustments made to goodwill refer to adjustments arising from the accounting carried out upon completion and issuance of the final purchase price allocation report versus the amounts allocated based on the preliminary reports, at the time of the closing of the respective business combinations. All adjustments were made to reflect new information gathered related to facts and circumstances existing at the date of the respective acquisitions, which, if known on those dates, would have affected the measurement of the amounts initially recognized.

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(d) Intangible assets identified on acquisitions

As of December 31, 2022 and December 31, 2021, intangible assets identified on investment acquisitions were as follows:

	December 31, 2022										
	Course licenses (i)	Brands (ii)	Customer Portfolio (ii)	Contracts	Software	Non Compete	DEDUCA Platform	Content Base	Early Rental Agreement	Intellectual property	Total
Sociedade de Ensino Superior e de Pesquisa de Sergipe Ltda - SESPS	467		200								667
Faculdade Maurício de Nassau de Belém Ltda	1,261										1,261
Centro de Ensino Superior Piauiense - CESP	4,404	508									4,912
Sociedade de Ensino Superior Piauiense Ltda.	5,996	692									6,688
Faculdade Decisão - FADE	2,200	100									2,300
Instituto de Ensino Superior Juvêncio Terra Ltda.		100									100
Faculdades COC de Maceió - FACOCMA	3,000										3,000
Sociedade Paulista de Ensino e Pesquisa S/S Ltda.		17,400	5,600								23,000
Colégio Cultural Módulo Ltda - UNJUAZEIRO	7,897	3,501	248								11,646
Sociedade Regional de Educação e Cultura Ltda - FACIMED	58,821		16,792								75,613
Sociedade Metodista Bennett	10,000										10,000
Centro de Treinamento e Desenvolvimento da Medicina Humana e Veterinária Ltda			795								795
Clinica Veterinária CDMV Ltda		2,795									2,795
Sociedade Educacional de Rondônia S/S Ltda - UNESC	17,900	7,300	4,400								29,600
Starline Tecnologia S/A		7,135		1,525	2,606						11,266
Delínea Tecnologia Educacional		8,360					161	5,784			14,305
Plantão Veterinário Hospital Ltda		1,834				266					2,100
Pet Shop Kero Kolo Ltda		935				58					993
Sociedade Técnica Educacional da Lapa S/A	62,800	24,900	31,900							36,100	155,700
Total	174,746	75,560	59,935	1,525	2,606	324	161	5,784		36,100	356,741
Accumulated amortization	(5,415)	(9,716)	(20,727)	(1,356)	(760)	(65)	(19)	(1,235)		(6,769)	(46,062)
	<u>169,331</u>	<u>65,844</u>	<u>39,208</u>	<u>169</u>	<u>1,846</u>	<u>259</u>	<u>142</u>	<u>4,549</u>		<u>29,331</u>	<u>310,679</u>
Merged companies											
Instituto Avançado de Ensino Superior de Barreiras Ltda - UNIFASB	69,293	12,725	9,969								91,987
União de Ensino Superior do Pará – UNESPA	45,500	12,100	800								58,400
Instituto Santareno de Educação Superior – ISES	7,600	700									8,300
SODECAM - Sociedade de Desenvolvimento Cultural do Amazonas Ltda	42,450	22,500							26,000		90,950
Faculdade Joaquim Nabuco de Olinda Ltda. (iii)	2,700	400									3,100
Total	167,543	48,425	10,769						26,000		252,737
Accumulated amortization		(9,070)	(3,363)						(26,000)		(38,433)
	<u>167,543</u>	<u>39,355</u>	<u>7,406</u>								<u>214,304</u>
	<u>336,874</u>	<u>105,199</u>	<u>46,614</u>	<u>169</u>	<u>1,846</u>	<u>259</u>	<u>142</u>	<u>4,549</u>		<u>29,331</u>	<u>524,983</u>

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	December 31, 2021									
	Course licenses (i)	Brands (ii)	Customer Portfolio (ii)	Contracts	Software	Non Compete	DEDUCA Platform	Content Base	Early Rental Agreement	Total
Sociedade de Ensino Superior e de Pesquisa de Sergipe Ltda - SESPS	467		200							667
Faculdade Maurício de Nassau de Belém Ltda	1,261									1,261
Centro de Ensino Superior Piauiense - CESP	4,404	508								4,912
Sociedade de Ensino Superior Piauiense Ltda.	5,996	692								6,688
Faculdade Decisão - FADE	2,200	100								2,300
Instituto de Ensino Superior Juvêncio Terra Ltda.	2,400	100								2,500
Faculdades COC de Maceió - FACOCMA	3,000									3,000
Faculdade Joaquim Nabuco de Olinda Ltda. (iii)	2,700	400								3,100
Sociedade Universitária Miletto Ltda	4,500									4,500
Sociedade Paulista de Ensino e Pesquisa S/S Ltda.	90,600	17,400	5,600							113,600
Colégio Cultural Módulo Ltda - UNIJUZEIRO	7,897	3,501	248							11,646
Sociedade Regional de Educação e Cultura Ltda - FACIMED	58,821		16,792							75,613
Sociedade Metodista Bennett	10,000									10,000
Centro de Treinamento e Desenvolvimento da Medicina Humana e Veterinária Ltd			795							795
Clinica Veterinária CDMV Ltda		2,795								2,795
Sociedade Educacional de Rondônia S/S Ltda - UNESC	17,900	7,300	4,400							29,600
Starline Tecnologia S/A		7,135		1,525	2,606					11,266
Delínea Tecnologia Educacional		8,451					90	5,699		14,240
Plantão Veterinário Hospital Ltda		1,834				266				2,100
Pet Shop Kero Kolo Ltda		935				58				993
Sociedade Técnica Educaional da Lapa S/A										
Total	212,146	51,151	28,035	1,525	2,606	324	90	5,699		301,576
Accumulated amortization	(2,707)	(6,359)	(10,390)	(493)	(109)					(20,058)
	209,439	44,792	17,645	1,032	2,497	324	90	5,699		281,518
Merged companies										
Instituto Avançado de Ensino Superior de Barreiras Ltda - UNIFASB	69,293	12,725	9,969							91,987
União de Ensino Superior do Pará – UNESPA	45,500	12,100	800							58,400
Instituto Santareno de Educação Superior – ISES	7,600	700								8,300
SODECAM - Sociedade de Desenvolvimento Cultural do Amazonas Ltda	42,450	22,500							26,000	90,950
Total	164,843	48,025	10,769						26,000	249,637
Accumulated amortization		(6,784)	(1,654)						(21,806)	(30,244)
	164,843	41,241	9,115						4,194	219,393
	374,282	86,033	26,760	1,032	2,497	324	90	5,699	4,194	500,911

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(e) Impairment

The Group assesses impairment on an annual basis, on December 31, or when there is an indication of depreciation. In this context, in the quarters ended June 30 and December 31, 2022, the Group identified some CGUs (“Cash Generating Units” or “assets”) that showed carrying amounts higher than their recoverable amounts based on their value in use, determined through discounted future cash flows, resulting in the set up of provisions for impairment arising from the business combination, as shown in the table below:

Parent Company

Asset or CGU	December 2022		
	Loss due to devaluation		
	Goodwill	Course licenses	Total
CETEBA	4,140		4,140
Juvêncio Terra	573	2,400	2,973
	<u>4,713</u>	<u>2,400</u>	<u>7,113</u>

Consolidated

Asset or CGU	December 2022		
	Loss due to devaluation		
	Goodwill	Course licenses	Total
UnG		134,191	134,191
Mileto	1,346	4,500	5,846
CETEBA	4,140		4,140
Juvêncio Terra	573	2,400	2,973
Hospital Veterinário	2,928		2,928
Petshop Kero Kolo	732		732
	<u>9,719</u>	<u>141,091</u>	<u>150,809</u>

As required by NBC TG 01 / IAS 37, the impairment loss was firstly allocated to goodwill and the remaining portion allocated to course licenses against 'Operating Expenses'.

The efforts made by Management to renew the student base and maintain the profitability and operating cash generation of the CGUs were not enough to reverse the short- and medium-term impacts caused by new entrants and the changes in the social and economic scenario in their areas of operation, a scenario that was worsened in the last 2 years due to Covid-19 pandemic, combined with the lower government support for low-income students.

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The recoverable amount of a CGU is determined based on the calculation of its value in use. Those calculations use the Group's annual budget, as approved by the Board of Directors, and estimates of cash flow, before income tax and social contribution, based on financial assumptions for the five-year period ("explicit period"). The amounts concerning the cash flow after the five-year period were extrapolated based on estimated growth rates. The growth rate does not exceed the average long-term growth rate for the sector in which a CGU operates.

The assumptions adopted were as follows (i) Nominal flow, (ii) Explicit period of 5 years, (iii) Discount rate that considers the weighted average cost of capital (WACC) of 12.5% p.a. (2021: 11.8% p.a.), (iv) perpetuity growth rate of 5.1% p.a. (2021: 5.3% p.a.), and (v) gross margin of 59% (2021: 66%).

For impairment testing sensitivity scenarios, the working the perpetuity growth rate, discount rate and margin assumptions were changed, with no need to recognize any additional impairment loss.

12 Right of use

Pursuant to CVM Resolution No. 859/2020, addressing changes to NBC TG 06 (R3) - Leases, as a result of benefits related to the Covid-19 pandemic granted to lessees in lease agreements - the Group assessed that the benefits arising from rental discounts obtained in some properties are punctual and did not result in a change in the effective term of such agreements. These discounts were recognized directly in the statement of profit or loss for the year until June 30, 2022, the final date of the effective term of CVM Resolution No. 859/2020 (Note 19).

(a) Balance breakdown

				December 31, 2022	December 31, 2021
	Annual rates of Depreciation	Cost	Depreciation	Balance	Balance
<u>Parent Company</u>					
Right of Use of Real Estate	10%	373,838	(120,306)	253,532	182,415
Total		<u>373,838</u>	<u>(120,306)</u>	<u>253,532</u>	<u>182,415</u>
<u>Consolidated</u>					
Right of Use of Real Estate	10%	911,413	(318,185)	593,228	517,860
Total		<u>911,413</u>	<u>(318,185)</u>	<u>593,228</u>	<u>517,860</u>

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(b) Change

Parent Company

	December 31, 2021	Additions (i)	Write-Offs	Depreciation	Merger of FASE	December 31, 2022
Right of Use of Real Estate	182,415	105,544	(8,870)	(30,831)	5,274	253,532
Total	<u>182,415</u>	<u>105,544</u>	<u>(8,870)</u>	<u>(30,831)</u>	<u>5,274</u>	<u>253,532</u>

Consolidated

	December 31, 2021	Additions (i)	Write-Offs	Depreciation	Additions from business	Depreciation from business combination	December 31, 2022
Right of Use of Real Estate	517,860	176,882	(18,772)	(85,552)	4,568	(1,758)	593,228
Total	<u>517,860</u>	<u>176,882</u>	<u>(18,772)</u>	<u>(85,552)</u>	<u>4,568</u>	<u>(1,758)</u>	<u>593,228</u>

- (i) Additions refer to a new property, leased in Porto Alegre/RS, Palmas/TO, Imperatriz/MA, Florianópolis/SC and Santana do Parnaíba/SP, and the adjustments of the minimum payments of agreements in force (remeasurement) (Note 19(b)).

13 Property and equipment

(a) Balance breakdown

<u>Parent Company</u>	Average annual rates of depreciation	Cost	Depreciation	December 31, 2022 Balance	December 31, 2021 Balance
Land		25,257		25,257	25,257
Buildings and improvements	6%	264,732	(104,490)	160,242	156,256
Vehicles	6% and 10%	1,860	(1,603)	257	568
Equipment and facilities	10%	82,064	(44,532)	37,532	32,615
Furniture and fixtures	10%	29,579	(19,716)	9,863	9,764
Computers	20%	44,621	(32,732)	11,889	9,910
Books	10%	49,599	(32,693)	16,906	18,451
Total in operation		<u>497,712</u>	<u>(235,766)</u>	<u>261,946</u>	<u>252,821</u>
Construction in progress		1,165		1,165	6,014
Total Property and Equipment		<u>498,877</u>	<u>(235,766)</u>	<u>263,111</u>	<u>258,835</u>

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<u>Consolidated</u>	Average annual rates of depreciation	Cost	December 31,	
			2022	2021
		Depreciation	Balance	Balance
Land		25,257	25,257	25,257
Buildings and improvements	6%	486,098	(200,630)	285,468
Vehicles	6% and 10%	4,483	(3,861)	622
Equipment and facilities	10%	249,442	(153,196)	96,246
Furniture and fixtures	10%	84,847	(62,289)	22,558
Computers	20%	98,774	(81,878)	16,896
Books	10%	134,176	(94,853)	39,323
Total in operation		1,083,077	(596,707)	486,370
Construction in progress		1,270		1,270
Total Property and Equipment		1,084,347	(596,707)	487,640

Change

<u>Parent Company</u>	December 31, 2021	Additions (i)	Write- Offs	Depreciation	Transfers	Merger of Fase	December 31, 2022
Land	25,257						25,257
Buildings and improvements	156,256	14,301	(170)	(18,662)	4,436	4,081	160,242
Vehicles	568		(48)	(263)		-	257
Equipment and facilities	32,615	11,136	(5)	(6,880)		666	37,532
Furniture and fixtures	9,764	2,283		(2,262)		78	9,863
Computers	9,910	5,644	(3)	(3,677)		15	11,889
Books	18,451	2,397		(3,963)		21	16,906
Total in operation	252,821	35,761	(226)	(35,707)	4,436	4,861	261,946
Construction in progress	6,014	839	(1,252)		(4,436)		1,165
Total Property and Equipment	258,835	36,600	(1,478)	(35,707)	-	4,861	263,111

<u>Consolidated</u>	December 31, 2021	Additions (i)	Write-Offs	Depreciation	Transfers	Additions from business combinations	Depreciation from business combination	December 31, 2022
Land	25,257							25,257
Buildings and improvements	282,824	29,276	(2,259)	(30,493)	4,436	2,191	(507)	285,468
Vehicles	1,610	3	(471)	(520)				622
Equipment and facilities	90,526	24,217	(133)	(18,914)		1,345	(795)	96,246
Furniture and fixtures	24,501	3,940	(10)	(6,220)		1,768	(1,421)	22,558
Computers	14,180	7,736	(3)	(6,163)		3,943	(2,797)	16,896
Books	43,361	4,543	(1)	(8,696)		139	(23)	39,323
Total in operation	482,259	69,715	(2,877)	(71,006)	4,436	9,386	(5,543)	486,370
Construction in progress	8,086	841	(3,221)		(4,436)			1,270
Total Property and Equipment	490,345	70,556	(6,098)	(71,006)	-	9,386	(5,543)	487,640

(i) Additions refer mainly to the renovation of units in the cities of Santarém-PA, São Luis/MA, Sobral/CE, Vilhena/RO, Cacoal/RO, Florianópolis/SC, Campina Grande/PB, Recife/PE and Cabo de Santo Agostinho/PE, as well as the purchase of furniture, laboratory equipment, monitoring cameras and air conditioning for the units.

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(c) Guarantees

The Group has a loan agreement (Finame) for aircraft, which fiduciarily lien the acquired asset. As of December 31, 2022, the Group had R\$ 18,548 (2021: R\$ 18,548) relating to the guarantee of this agreement. In addition, buildings, machinery, and IT equipment pledged as collateral in legal proceedings totaled R\$ 8,129 on December 31, 2022 (2021: R\$ 7,374), in the Parent Company and Consolidated.

14 Trade accounts payable

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Legal Entity Suppliers	14,607	17,071	31,065	33,380
Individual Suppliers	44	112	1,190	689
	<u>14,651</u>	<u>17,183</u>	<u>32,255</u>	<u>34,069</u>

As of December 31, 2022 and December 31, 2021, the Group had no transactions of Trade accounts payable that would cause a significant effect of adjustment to present value in its accounting balances.

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15 Commitments payable

Commitments payable arise from the following investment acquisitions:

	Consolidated	
	December 31, 2022	December 31, 2021
Sociedade Regional de Educação e Cultura Ltda. ("FACIMED")	43,050	55,020
Colégio Cultural Módulo Ltda. ("UNIJUAZEIRO")	7,962	9,770
Beduka Serviços de Tecnologia em Educação Ltda.		554
Sociedade Educacional de Rondônia S/S Ltda. ("UNESC")	74,874	81,427
Instituto Avançado de Ensino Superior de Barreiras. ("UNIFASB")	63,769	76,184
Centro de Treinamento e Desenvolvimento da Medicina Humana e Veterinária Ltda. ("CDMV") e Clínica Veterinária CDMV Ltda. ("Hospital Veterinário DOK")	2,970	3,487
Starline Tecnologia S/A	3,025	3,025
Delinea Tecnologia Educacional LTDA (Note 6(c))	4,848	4,676
Plantão Veterinário Hospital Ltda ("Hospital") and Pet Shop Kero Kolo Ltda. ("Pet Shop") (Note 6(d))	2,040	5,450
Sociedade Técnica Educacional da Lapa S.A. ("FAEL") (Note 6(e)) (i)	86,957	
	<u>289,495</u>	<u>239,593</u>
(-) Current	<u>(60,871)</u>	<u>(54,354)</u>
Non-Current	<u>228,624</u>	<u>185,239</u>

(i) Includes the amount of R\$ 69,931 related to the guarantee deposited in a restricted bank account, as per the purchase and sale agreement (Note 6 (e)).

The long-term installments fall due as shown below:

	Consolidated	
	December 31, 2022	December 31, 2021
Between one and two years	87,726	46,702
Between two and three years	71,548	76,744
Between three and four years	25,119	43,884
Over four years	44,231	17,909
	<u>228,624</u>	<u>185,239</u>

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16 Loans and financing and derivative financial instruments - Swap

(a) Balance breakdown

Modality	Financial charges	Parent Company		Consolidated	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
IFC (i)	CDI + 1.65% p.a.		9,546		9,546
Working Capital (iii)	CDI + 1.69% to 2.3% p.a.	375,684	419,272	375,684	419,778
Loan in foreign currency (ii)	EUR + 2.16% p.a.	175,502		175,502	
Finame	6% p.a.	4,089	6,052	4,088	6,052
Leasing	12.52% p.a. and 13.83% p.a.			203	446
Other				143	243
		<u>555,275</u>	<u>434,870</u>	<u>555,620</u>	<u>436,065</u>
(-) Current		<u>(180,045)</u>	<u>(200,474)</u>	<u>(180,340)</u>	<u>(201,307)</u>
Non-Current		<u>375,230</u>	<u>234,396</u>	<u>375,280</u>	<u>234,758</u>

Modality	Financial charges	Parent Company and Consolidated December 31 2022
Swap derivative financial instrument (ii)	CDI + 2.70% p.a.	39,946
		<u>39,946</u>
(-) Current		<u>(13,610)</u>
Non-Current		<u>26,336</u>

- (i) The transaction was settled in April 2022. Due to the issue of Debentures (f) and market conditions, the Group decided not to disburse the financing contracted with IFC on May 15, 2021, as per contractual provision, and the transaction was cancelled.
- (ii) On January 7, 2022, the Group contracted a loan in foreign currency, as provided for in Law 4.131/62, with Itaú BBA International PLC, in the amount of R\$ 200,000 (equivalent to EUR 31,182 thousand, on the date of contracting), with interest rate of 2.16% per year and a term of 5 years, with final maturity on January 7, 2027, with an 18-month grace period, amortization in 7 half-yearly installments as of the 24th month and payment of semi-annual interest, including during the grace period, and guarantee of corporate endorsement. The proceeds were raised to reinforce the cash position with a view to paying for the acquisition of FAEL. Additionally, with aiming to mitigate the exchange rate risks of this transaction, a full swap was contracted with Itaú Unibanco S.A., in an amount equivalent to R\$ 200,000. Said derivative financial instrument will incur charges based on CDI variation plus interest of 2.70% per annum; and
- (iii) In 2022, the renewals of working capital loans were carried out as shown in the table below:

Bank	Date	Rate	Renewal		Grace period	Balance as of December 31, 2022
			Maturities			
CEF	March 8	CDI + 1.69% p.a.	Feb 2025			117,590
Santander	June 27	CDI + 2.30% p.a.	Dec 2025		12 months	97,492
Itaú Unibanco S.A.	June 13	CDI + 2.30% p.a.	Jan 2026		12 months	160,602
						<u>375,684</u>

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(b) Change

The debt breakdown in the Parent Company and Consolidated is as follows:

	<u>Parent Company</u>	<u>Consolidated</u>
On December 31, 2021	434,870	436,065
Loan contracting	281,000	281,000
Loan from business combination		149
Interest incurred	57,231	57,309
Interest on swap losses	4,085	4,085
Exchange differences	26,383	26,383
Interest paid	(51,850)	(51,850)
Amortization of principal	(156,498)	(157,575)
December 31, 2022	<u>595,221</u>	<u>595,566</u>

(c) Guarantees

Finame's values refer to the financing of the aircraft and are guaranteed by the fiduciary sale of the asset (Note 11 (c)). For Caixa Econômica Federal, the Group offered financial investments and fiduciary assignment of credit as collaterals, representing 30% and 5%, respectively, besides corporate sureties from subsidiaries.

(d) Classification by year of maturity

The long-term installments fall due as shown below:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Between one and two years	150,288	130,015	150,337	130,377
Between two and three years	129,478	80,385	129,478	80,385
Between three and four years	74,419	23,996	74,419	23,996
Between four and five years	21,045		21,046	
	<u>375,230</u>	<u>234,396</u>	<u>375,280</u>	<u>234,758</u>

(e) Covenants

Working capital loans require the meeting of the following covenants:

Banco Itaú

- the result of net debt to adjusted EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization"), calculated on a quarterly and yearly basis based on consolidated financial statements must be lower than or equal to 2.5, but may be 0.5 higher for 4 consecutive quarters, in the event of acquisition of interest in a company with a similar corporate purpose; and

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- the result of the adjusted EBITDA division by net financial expenses must not be lower than 2.0.

Banco Santander

- the result of the division of net debt by adjusted EBITDA (“*Earnings Before Interest, Taxes, Depreciation and Amortization*”), calculated annually based on the consolidated financial statements as of December 31 must not be higher than 2.5, but may be higher than 0.5 for four consecutive quarters, in the case of acquisition of an interest in a company with a similar corporate purpose; and
- current liquidity shall be higher than or equal to 1.2.

Caixa Econômica Federal

- the result of the division of net debt by adjusted EBITDA (“*Earnings Before Interest, Taxes, Depreciation and Amortization*”), calculated semi-annually based on the consolidated financial statements as of June and December must not be higher than 2.5; and
- the result of the adjusted EBITDA division by net financial expenses must not be lower than 2.0

The loan in foreign currency and the swap derivative financial instrument, require the following covenants:

- the result of the division of net debt by adjusted EBITDA (“*Earnings Before Interest, Taxes, Depreciation and Amortization*”), calculated annually based on the consolidated financial statements must not be higher than 2.75 for the year ended December 31, 2022 and 2.5 for subsequent periods; and
- the result of the division of adjusted EBITDA by net financial expenses must not be lower than 2.0.

In the year ended December 31, 2022, only the covenant on Caixa Econômica Federal’s agreement, i.e., the ratio between net financial debt and adjusted EBITDA recorded a figure above the contractually established limit, on a one-off and extraordinary basis, in the amount of 2.68. Despite obtaining a waiver from the financial institution (Note 30(e)), the Group reclassified to current the amount of R\$ 65,000 referring to the portion of the debt falling due in 2024 and 2025, as required by NBC TG 26 / IAS 1.

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17 Debentures

On July 15, 2022, the Group's Board of Directors approved the third issue of simple, non-convertible, unsecured debentures, in a single series, of the Group, pursuant to CVM Instruction No. 476. The funds were raised with the purpose of reinforcing cash. The debentures' unit par value will accrue interest corresponding to the accumulated variation of the interest rate 100% CDI + 2% per year.

The issuance of debentures was closed on August 15, 2022, with a unit par value of R\$ 1,000, amounting to R\$ 200,000 with costs incurred of R\$ 1,240. The payment term is five years, including a twenty-four month grace period for the principal, with semi-annual payments of principal and interest after the grace period and up to final maturity. The change and schedule of the debt in the Parent Company and in the Consolidated are as follows:

	December 31, 2022	Up to one year	Between one and two years	Between two and three years	Between three and four years	Maturities Over four years
Debentures (CDI + 2.00% p.a.)						
Funding	200,000		28,571	57,143	57,143	57,143
Funding Costs	(1,137)	(248)	(223)	(222)	(222)	(222)
Interest Incurred	11,456	11,456				
	<u>210,319</u>	<u>11,208</u>	<u>28,348</u>	<u>56,921</u>	<u>56,921</u>	<u>56,921</u>

The debentures issued by the Group require the maintenance of financial ratios ("covenants"), calculated on the Group's financial statements, which is the guarantor of the issue, for each year ended December 31 and are required from the quarter ending September 30, 2022 until the final maturity date, measured on a quarterly basis, as follows: (i) the result of the division of net debt by adjusted EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization") according to the indenture, whose resulting value shall not exceed 2.75x in 2022, and 2.5x as from 2023, and (ii) the result of the division of net financial expense by financial income, excluding interest on leasing, by the adjusted EBITDA pursuant to the indenture, whose value shall be higher than or equal to 2.0x, as from December 31, 2022.

In the year ended December 31, 2022, the covenants related to the agreement for the issue of debentures were met and did not show values higher than the imposed limits.

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18 Salaries and social charges

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Salaries payable	10,917	10,695	25,609	25,001
Labor charges	9,269	5,841	22,062	15,134
Provision for vacation and charges	26,851	22,456	56,064	46,237
Long term incentive plan (i)		6,158		6,158
Profit sharing	4,172	4,083	5,400	5,400
Other	2,412	1,082	4,726	2,399
	<u>53,621</u>	<u>50,315</u>	<u>113,861</u>	<u>100,329</u>

- (i) Refers to the Long-Term Incentive Plan for Group executives, created in July 2019, which provided for the payment of bonuses after 36 months and the achievement of certain targets. The plan was fully paid in July 2022.

19 Lease commitments

As mentioned in Note 12, the Group adopted the practical expedient set forth in CVM Resolution No.859, of July 7, 2020, which allowed lessees to account for the effects of grants received as minimum lease payments, as a result of the pandemic caused by Covid-19, directly in the result of the period, whereby the application of the accounting treatment for contractual amendment provided for in the standard is not required. In the year ended December 31, 2022, these discounts totaled R\$ 490, recorded directly under "rental costs".

(a) Maturities

The due dates for the payments of the minimum lease of the lease agreements are as follows:

Parent Company			December 31, 2022	December 31, 2021
	Minimum payments	Discount to present value	Present value of minimum payments	Present value of minimum payments
Maturities				
Current				
Up to one year	<u>54,315</u>	<u>(32,616)</u>	<u>21,699</u>	<u>22,474</u>
Non-Current				
Between one and two years	51,936	(31,880)	20,056	21,650
Between three and five years	140,397	(74,699)	65,698	62,749
Over five years	283,101	(91,772)	191,329	112,999
	<u>475,434</u>	<u>(198,351)</u>	<u>277,083</u>	<u>197,398</u>
	<u>529,749</u>	<u>(230,967)</u>	<u>298,782</u>	<u>219,872</u>

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Consolidated			December 31, 2022	December 31, 2021
	Minimum payments	Discount to present value	Present value of minimum payments	Present value of minimum payments
Maturities				
Current				
Up to one year	140,867	(73,954)	66,913	70,364
Non-Current				
Between one and two years	118,225	(69,872)	48,353	63,738
Between three and five years	312,759	(164,494)	148,265	138,015
Over five years	646,566	(204,367)	442,199	354,846
	1,077,550	(438,733)	638,817	556,599
	1,218,417	(512,687)	705,730	626,963

(b) Change

The change in lease obligations is as follows:

	Parent Company	Consolidated
Balance as of December 31, 2021	219,872	626,963
New agreements/Remeasurement	105,544	176,882
Merger of FASE	5,754	
Additions from business combinations		2,574
Write-Offs	(9,116)	(22,505)
Interest	31,484	74,303
Minimum payments	(54,756)	(152,487)
Balance as of December 31, 2022	298,782	705,730

20 Share capital and reserves

a) Share Capital

As of December 31, 2022 and 2021, the Company's share capital is represented by 128,721,560 registered common shares with no par value, totaling R\$ 991,644. Costs incurred by the Group for the issue of shares in November 2017 totaled R\$ 4,095, deducted from the share capital, and awaiting capitalization by the Group's Board of Directors.

The Company's authorized share capital is R\$ 1,500,000.

Share Buyback Program

In a meeting held on January 20 2021, the Board of Directors approved a new Share Buyback Program, under which the Company may acquire, at its sole discretion, up to 4,939,840 common, registered, book-entry shares with no par value, corresponding to up to 3.8376% of the total shares issued by the Company and up to 9.09% of the Outstanding Shares. The effective term of the plan was until January 21, 2022, with no acquisition of shares in the period.

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In a meeting held on January 13, 2022, the Board of Directors determined the early termination of the above mentioned program and approved a new Share Buyback Program, under which the Company may acquire, at its sole discretion, up to 4,939,840 common, registered, book-entry shares with no par value, corresponding to up to 3.8376% of the total shares issued by the Company and up to 9.09% of the Outstanding Shares. Said program is effective for 12 months (ending on January 13, 2023) and as of December 31, 2022, a total of 386,800 shares were acquired at the average unit price of R\$ 8.78, totaling R\$ 3,398.

(b) Legal reserve

As of December 31, 2022, the Company had R\$ 73,218 (December 31, 2021 - R\$ 73,218) as legal reserve. The legal reserve takes 5% of profit for the year or the remaining balance, up to the limit of 20% of capital. The purpose of the legal reserve is to ensure capital integrity, and it may only be used to offset losses and increase capital.

(c) Retained earnings

As of December 31, 2022, the Company's retained earnings amounted to R\$ 180,162 (December 31, 2021: R\$ 402,310). Retained earnings represent the portion of profit allocated to the retained earnings reserve account for future capital investment, subject to the approval of shareholders at the Annual Shareholders' Meeting. As of December 31, 2022, Management offset R\$ 222,148 from this reserve to absorb the loss for the year.

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21 Net Revenue from services

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Gross revenue from services provided				
Undergraduate courses monthly tuition	1,123,240	913,297	2,809,063	2,449,339
Graduate courses monthly tuition	185	1,099	15,393	20,303
Distance learning monthly tuition	211,242	219,260	543,162	308,131
Other revenues	2,671	4,784	61,311	26,996
	<u>1,337,338</u>	<u>1,138,440</u>	<u>3,428,929</u>	<u>2,804,769</u>
Gross revenue deductions				
Discounts and scholarships	(545,928)	(427,981)	(1,403,090)	(1,071,515)
PROUNI	(110,378)	(97,608)	(288,009)	(270,687)
FGEDUC and FIES charges	(994)	(2,750)	(2,787)	(7,655)
Taxes on services	(19,291)	(16,657)	(58,700)	(47,554)
	<u>(676,591)</u>	<u>(544,996)</u>	<u>(1,752,586)</u>	<u>(1,397,411)</u>
	<u>660,747</u>	<u>593,444</u>	<u>1,676,343</u>	<u>1,407,358</u>

The change in net revenue from services provided basically reflects the following factors:

- (i) Increase in the student base, both in hybrid and digital learning, mainly due to the acquisition of FAEL and new businesses;
- (ii) Integration of revenues and deductions from acquisitions made in the last 12 months, as per Note 6; and
- (iii) Higher volume of discounts in the six-month period for freshmen, mainly in the first monthly fees of the semester.

22 Costs of services rendered

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Payroll and social charges	(156,700)	(125,309)	(456,041)	(386,014)
Services provided by individuals and companies (i)	(27,462)	(16,739)	(108,629)	(32,257)
Electricity, water and telephone (ii)	(14,357)	(10,237)	(37,245)	(26,534)
Depreciation and amortization.	(73,688)	(62,125)	(198,768)	(171,164)
Rentals	(4,446)	(4,864)	(15,100)	(13,138)
Other	(11,171)	(8,526)	(27,061)	(16,809)
	<u>(287,824)</u>	<u>(227,800)</u>	<u>(842,844)</u>	<u>(645,916)</u>

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In addition to the specific effects below, costs of services provided were impacted by acquisitions in the last 12 months, as per Notes 1.3.2 and 6:

- (i) The increase is due to the commissioning of digital learning centers in operation, mainly at FAEL (Note 6(e)), whose operation is based on third-party centers, as well as tutoring services, due to a higher volume of on-campus classes and laboratory practices in health courses; and
- (ii) The increase is a result of the entry of new units, the normalization of on-campus activities and adjustments in energy tariffs.

23 Operating expenses

(a) Selling, general and administrative expenses

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Payroll and social charges (i)	(121,238)	(104,617)	(209,191)	(167,341)
Services provided by individuals and companies	(40,091)	(44,464)	(74,176)	(62,656)
Selling, marketing and advertising (ii)	(92,657)	(95,582)	(162,176)	(130,896)
Provision and effective loss for doubtful accounts	(38,421)	(47,630)	(113,270)	(117,823)
Depreciation and amortization.	(8,862)	(8,788)	(15,550)	(13,706)
Office supplies	(6,922)	(4,036)	(18,390)	(9,034)
Other (iii)	(26,710)	(19,168)	(55,800)	(40,039)
	<u>(334,901)</u>	<u>(324,285)</u>	<u>(648,553)</u>	<u>(541,495)</u>

In addition to the specific effects below, expenses were impacted by acquisitions in the last 12 months, as per Notes 1.3.2 and 6;

- (i) The increase refers to the hiring of personnel and services provided for new administrative and operational areas created to support the plan to expand operations and activities, including other businesses;
- (ii) The increase in digital learning operations, which required higher investments in advertising combined with FAEL's integration; and
- (iii) The increase in other expenses is mainly due to the increase in travel, congress and event expenses due to the increase in on-campus activities in the units, amounting to R\$ 14,133 (2021 - R\$ 7,644).

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(b) Other operating expenses, net

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Write-off of PPE / Right of Use	713	(6,282)	1,821	(8,947)
Judicial fees	(6,672)	(11,180)	(16,351)	(26,543)
(Reversal) Provision for contingencies	(1,135)	(2,971)	1,107	(3,687)
Fine for termination of atypical lease agreement (i)			(8,350)	(7,100)
Write-off of assets (ii)	(8,586)		(28,731)	
Impairment loss (Note 11(e))	(7,113)		(150,809)	
Other (iii)	(3,230)	(154)	(7,861)	3,796
	<u>(26,023)</u>	<u>(20,587)</u>	<u>(209,174)</u>	<u>(42,481)</u>

- (i) Refers to the agreement for the delivery of a property by Unama in the amount of R\$ 8,350 and its impact on the property and equipment, right of use and lease accounts. In 2021, refers to the delivery of the property, with an atypical lease agreement, in Campina Grande, in the amount of R\$ 7,100, and write-offs of assets linked to the properties delivered;
- (ii) Basically refers to the write-off of judicial deposits prior to 2020, in the amount of R\$ 24,794, after reconciling the inventory of legal proceedings with bank information on active deposits; and
- (iii) The increase in other expenses is mainly due to the reimbursement of tax credits in the amount of R\$ 4,407, arising from the acquisition of Uninorte, which were not considered in the purchase price allocation.

24 Financial results

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Financial revenues				
Interest on monthly tuitions and agreements	5,528	1,695	24,840	15,003
Earnings from financial investments	12,892	7,926	25,408	18,820
Discounts obtained	367	141	732	368
Interest capitalization				
Foreign exchange gain (i)	74,304		74,309	
(-) PIS and Cofins on financial revenues	(916)	(482)	(2,389)	(1,742)
Other	845	577	3,852	1,853
	<u>93,020</u>	<u>9,857</u>	<u>126,752</u>	<u>34,302</u>

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	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Financial expenses				
Interest on loans, financing and debentures (ii)	(72,662)	(37,478)	(73,571)	(37,767)
Interest on leases	(31,484)	(24,138)	(74,303)	(67,534)
Discounts granted (iii)	(17,792)	(11,003)	(49,997)	(41,363)
Interest on commitments payable (iv)			(10,901)	(11,982)
Interest and swap result on loans (i)	(100,687)		(100,692)	
Other	(4,080)	(3,911)	(7,971)	(6,824)
	<u>(226,705)</u>	<u>(76,530)</u>	<u>(317,435)</u>	<u>(165,470)</u>
Net Financial Result	<u>(133,685)</u>	<u>(66,673)</u>	<u>(190,683)</u>	<u>(131,168)</u>

- (i) Refers to exchange rate variation and inflation adjustment as a result of swap contracted to hedge against the exchange rate effects of the euro on Itaú loan, for which the indexer changed to CDI.
- (ii) Interest on financial debts increased due to new loans combined with the hike in interest rates (CDI) (Note 16 (a));
- (iii) The increase in discounts granted refer to higher volume of renegotiations with students to recover tuition fees in arrears prior to 2022, mainly due to the impacts of the Covid-19 pandemic;
- (iv) Refers to inflation adjustment of the amounts of acquisitions payable.

25 Income tax and social contribution

(a) Breakdown of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL)

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Current IR and CS				
Presumptive Profit			(5,337)	(2,402)
Taxable income	(9)	(325)	(48,996)	(48,077)
Tax incentive			43,970	43,226
Total current IR and CS, net of incentive	<u>(9)</u>	<u>(325)</u>	<u>(10,363)</u>	<u>(7,253)</u>

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(b) Companies under presumptive profit regime

	<u>December 31,</u> <u>2022</u>	<u>Consolidated</u> <u>December 31,</u> <u>2021</u>
Gross revenue from services	38,644	16,188
Gross revenue from sales	1,057	
32% assumption	12,366	5,180
8% assumption	85	
Other revenues	3,245	1,886
Taxable base of presumptive profit	<u>15,696</u>	<u>7,066</u>
Income tax and social contribution - 34%	<u>5,337</u>	<u>2,402</u>

Part of the higher education support operations and professional education operations are carried out under the presumptive profit regime of the Group's investees.

(c) Companies under taxable income regime

	<u>December 31,</u> <u>2022</u>	<u>Parent Company</u> <u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2022</u>	<u>Consolidated</u> <u>December 31,</u> <u>2021</u>
Earnings before income tax and social contribution	(222,521)	48,346	(230,607)	39,232
Tax loss on subsidiaries			390,200	131,787
	(222,521)	48,346	159,593	171,019
Combined nominal rate of income tax and social contribution	34%	34%	34%	34%
Income tax and social contribution at statutory rates	(75,657)	16,438	54,262	58,146
Interest in the profit of subsidiaries	34,284	(33,819)		
Adjustment to present value of accounts receivable	(186)	767	(259)	3,047
Leases	2,598	1,937	2,564	16,897
Creation of provision for expected credit losses	(822)	(4,868)	1,513	(11,034)
Other additions and exclusions	7,064	(2,484)	(7,637)	(21,838)
Reversal of contingencies	407	1,014	(341)	4,182
Offsetting of tax loss			(1,106)	(1,323)
IR and CS - previous periods	(9)	(325)		
	(32,321)	(21,340)	48,996	48,077
Tax benefit from operation profit - PROUNI			(43,970)	(43,226)
Income tax and social contribution on the income (loss) for the period			<u>5,026</u>	<u>4,851</u>
Effective tax rate - %			3.15%	2.84%

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(d) Breakdown of the effective rate

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Earnings before income tax and social contribution				
Presumptive Profit			15,696	7,066
Taxable income	(222,521)	48,346	159,593	171,019
	<u>(222,521)</u>	<u>48,346</u>	<u>175,289</u>	<u>178,085</u>
Income tax and social contribution				
Companies under presumptive profit regime			5,337	2,402
Companies under taxable income regime			5,026	4,851
			<u>10,363</u>	<u>7,253</u>
Total current IR and CS				
Effective tax rate			5.91%	4.07%

In the statement of the effective rate, the Group considered earnings before income tax and social contribution only from subsidiaries with accounting and tax profit, not to distort the calculation of the actual rate by the subsidiaries that presented accounting and tax loss.

(e) Deferred taxes

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Assets				
Adjustment to present value of accounts receivable	359	371	819	929
Provision for contingencies	171	143	328	329
Creation of provision for expected credit losses	488	2,410	3,039	6,940
Right of use, net of depreciation and lease obligations	1,136	940	2,972	2,737
Intangible assets with a defined useful life identified in business combination	45	45	746	558
Tax goodwill			1,674	771
Income tax loss and negative basis of social contribution	4,234	1,876	12,037	6,222
Total deferred tax assets, net	<u>6,433</u>	<u>5,785</u>	<u>21,615</u>	<u>18,486</u>
Results				
Adjustment to present value of accounts receivable	(12)	18	(110)	(29)
Provision for contingencies	28	100	(1)	180
Creation of provision for expected credit losses	(2,187)	2,396	(3,901)	6,785
Right of use, net of depreciation and lease obligations	196	411	235	1,460
Intangible assets with a defined useful life identified in business combination		45	188	935
Tax goodwill		(294)	903	771
Provision for discounts				(633)
Income tax loss and negative basis of social contribution	2,357	1,786	5,812	3,969
Total deferred tax assets, net	<u>382</u>	<u>4,462</u>	<u>3,126</u>	<u>13,438</u>

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26 Related parties

Related-party transactions are negotiated at arm's length and under normal market conditions.

(a) Current accounts

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Assets				
Ocktus Participações Ltda (i)	4,067	6,020	4,067	6,020
	<u>4,067</u>	<u>6,020</u>	<u>4,067</u>	<u>6,020</u>
(-) Current	(1,952)	(1,952)	(1,952)	(1,952)
Non-Current	<u>2,115</u>	<u>4,068</u>	<u>2,115</u>	<u>4,068</u>
Current Liabilities				
CENESUP - Centro Nacional de Ensino Superior Ltda.		9,409		
Faculdade Joaquim Nabuco de São Lourenço da Mata Ltda.		140		
		<u>9,549</u>		

- (i) On June 25, 2019, the Group entered into an Aircraft Purchase and Sale Promise agreement with the company Ocktus Participações Ltda., owned by the shareholder José Janguê Bezerra Diniz, who established the transfer of ownership of the Phenom 300 aircraft for around R\$ 24,902. Ocktus paid the Group R\$ 14,001 in cash and the remaining amount of this transaction, in the amount of R\$ 10,901, would be paid in 67 monthly installments, under identical conditions to the financing originally assumed by the Group, through Finame (Note 16), with fiduciary sale of the aircraft.

The Group has the practice of capitalizing and/or distributing profits on a half-yearly basis between the Parent Company and its subsidiaries, see Note 6 (b).

b) Compensation of key Management staff

Key Management staff include the Group's statutory directors and officers. The compensation paid or payable to key Management staff is shown below:

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Global compensation of key management staff	<u>17,918</u>	<u>12,098</u>	<u>17,918</u>	<u>12,098</u>

The increase in 2022 mainly refers to the long-term incentive paid to executives, according to the plan approved by the shareholders' meeting (Note 18(i)).

The Group does not grant post-employment benefits, termination benefits, or share-based compensation to key Management staff or its employees.

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(c) Rentals

	December 31, 2022			December 31, 2021		
	Result	Disbursement	Balance	Result	Disbursement	Balance
Right of Use			203,886			171,924
Depreciation Expense	26,251			23,816		
Lease commitments			252,903			217,513
Interest expenses	24,964			24,811		
Minimum payments		(47,779)			(43,658)	
	<u>51,215</u>	<u>(47,779)</u>	<u>456,789</u>	<u>88,975</u>	<u>(43,658)</u>	<u>389,437</u>

The group entered into Commercial Property Lease Agreements with Ocktus Participações Ltda. (Ocktus), owned by the shareholder José Janguiê Bezerra Diniz, for a period of ten years, which may be renewed for an equal period. The difference between the expense and the payments refers to the minimum of an asset for use, which is amortized in liabilities.

27 Provision for contingencies

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Probable (a)				
Civil	495	532	2,483	2,520
Labor	6,319	5,147	10,598	10,558
Tax			1,986	
	<u>6,814</u>	<u>5,679</u>	<u>15,067</u>	<u>13,078</u>
Contingencies arising from business combination (c)			116,282	116,282
	<u>6,814</u>	<u>5,679</u>	<u>131,349</u>	<u>129,360</u>

(a) Probable

Management, based on the opinion of its external legal advisors, has set up provisions considered sufficient to cover potential probable losses from pending litigation, as shown above.

Civil - The major lawsuits classified as probable losses involve indemnity for pain and suffering and damage to property. There are no debts to the Group.

Labor - The main claims relate to overtime, unused vacation, the recognition of employment relationships, equal pay and salary differences resulting from the reduction of faculty working hours.

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(b) Possible

The Group has also performed a study, assessment and quantification of the various civil lawsuits classified as possible losses, for which there is no provision, as follows.

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Civil	27,565	30,741	65,683	66,304
Labor	12,070	18,273	45,386	59,755
Tax	8	8	2,320	2,341
	<u>39,643</u>	<u>49,022</u>	<u>113,389</u>	<u>128,400</u>

(c) Contingencies arising from business combination

The provisioned claims basically refer to tax exposures of União de Ensino Superior do Pará – UNESPA and Instituto Santareno de Ensino Superior – ISES, acquired in 2014, with the municipalities of Belém and Santarém, respectively, in the total amount of R\$ 108,766.

Case 0019270-28.2014.8.14.0301 - This relates to a tax collection lawsuit brought by the Municipality of Belém related to the collection of ISS due to UNESPA's supposed loss of tax exemption. The matter is related to the ISS tax exemption granted to UNESPA by the government through a municipal decree. The exemption was later withdrawn, and the tax credit related to the last five years was assessed, generating this lawsuit. Before this lawsuit was filed, UNESPA filed an action for annulment, registered under No. 0057879-84.2009.8.14.0301, to annul the tax deficiency notices that authorized the filing of the present tax collection lawsuit. Motions to stay execution have been filed, and the process is currently in the evidentiary stage. The classification of loss attributed by the external legal advisors is possible in the amount of R\$ 103,082 (December 31, 2021 - R\$ 103,082).

UNESPA and ISES selling shareholders have contractually agreed to indemnify the Group for the amount that may become due concerning the lawsuit mentioned above. A withholding has been fixed contractually, and discounts on the future rental of the units and the properties have been mortgaged in favor of the Group. In this sense, an indemnity asset, equivalent to the fair value of the indemnified liability, as described above, was recorded in a total of R\$ 108,766 (December 31, 2021 - R\$ 108,766).

In addition to the lawsuits provisioned, with indemnification assets recognized by the Group, we also have a contingency proceeding at the administrative level at the Administrative Council of Tax Appeals - CARF, an agency linked to the current Ministry of the Economy, regarding tax assessment notices drawn in December 2016 and April 2018 to collect social security contributions and contributions to entities and funds, from January 2011 to December 2014, in the original amount of R\$ 173,029 of Sociedade Paulista de Ensino e Pesquisa (SOPEP), the current supporting entity of UNG. The Federal Revenue Office understood that the activities carried out by Associação Paulista de Educação e Cultura (APEC), the former supporting entity of UNG, were not classified as non-profit, and even though the maintenance of UNG was only transferred in January 2015, SOPEP was issued a notice of secondary liability for the lack of payment of said contributions.

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As the contingency refers to periods before the acquisition, the agreement establishes that any losses are guaranteed by the retention or discounts in the future rent of units and mortgage of a property in favor of the Group, in the amount of R\$ 362,505. The lawyers in charge of these proceedings were contracted by the selling shareholders and are monitored by the Group's lawyers and classified these lawsuits as possible losses.

28 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares issued during the period. The Company has no potential common shares with dilutive effects.

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Earnings (losses) for the period attributable to the Parent Company's shareholders	(222,148)	52,483
Weighted average of common shares outstanding (thousands)	<u>128,566</u>	<u>128,722</u>
Basic and diluted earnings (losses) per share - R\$	<u>(1.73)</u>	<u>0.41</u>

29 Insurance

Insurance coverage, as of December 31, 2022, was contracted at the amounts shown below, which are under the insurance policies:

<u>Types</u>	<u>Coverage (In thousands)</u>
Material damage to property and equipment (buildings/equipment)	R\$ 144,967
General liability with third parties	R\$ 15,000
Fleet - Material damage, bodily damage and transported objects	100% Fipe
Management civil liability	R\$ 60,000

30 Subsequent events

(a) Conclusion of Uni7 acquisition

On January 2, 2023, after approval by the Administrative Council for Economic Defense - CADE and solution of the conditions precedent pursuant to the agreement signed on June 30, 2022, the Group signed a closing agreement for the acquisition of Sete de Setembro Ensino Superior Ltda. (Note 6 (e)), with the payment of R\$ 10,000, of which R\$ 5,000 was paid in cash on the closing date and the remaining R\$ 5,000 will be paid in 3 annual and successive installments restated by the CDI variation

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(b) Merger of subsidiaries

Continuing the Group's corporate and organizational restructuring process, the Annual and Extraordinary Shareholders' Meeting held on January 13, 2023 resolved on the merge the companies CESPI - Centro de Ensino Superior Piauiense Ltda (FAP Teresina), CIESPI - Centro Integrado de Educação Superior do Piauí Ltda (FAP Aliança) and SESPI - Sociedade de Ensino Superior Piauiense Ltda (FAP Parnaíba). The purpose of the procedure is to simplify the management structure, optimizing performance and capturing operational synergies.

(c) Share Buyback Program

At a meeting held on January 16, 2023, the Board of Directors resolved on the termination of the Company's Share Buyback Program in force between January 13, 2022 and January 12, 2023. During the program, the Company repurchased 386,800 common shares issued by it, equivalent to 0.73% of the total number of outstanding shares, acquired on the Stock Exchange at market price, which are being held in Treasury (Note 20 (a)).

(d) STF decision on 'res judicata' in tax matters.

The Federal Supreme Court ("STF") concluded, on February 8, 2023, the judgment on 'res judicata' regarding taxes paid on a continuous basis, towards the loss of effects of individual final and unappealable decisions when a new judgment is rendered, in a different direction, in tax matters. STF also rejected the request for modulation of the effects of said decision, determining the payment of past values, provided that they are not yet time-barred. The Company assessed the effects of the decision on final and unappealable proceedings and concluded that the only case in which the STF subsequently changed its understanding, in constitutionality control, refers to the levy of social security contribution on the constitutional third of vacations, which has not been paid since August 2020 due to an injunction obtained. Thus, the Group provisioned the amount of R\$ 5,434 as salaries and social charges, against personnel costs and expenses in the statement of profit or loss.

(e) "Waiver" from Caixa Econômica Federal (CEF)

As mentioned in note 16(e), the Group showed a covenant of the loan with CEF in an amount above the contractually established figure. In this context, on March 10, 2023, the Group obtained the Waiver from the financial institution, establishing the return to a maximum value of 2.5 in the next measurement, on June 30, 2023.

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(f) Assignment of portfolio of receivables.

On March 17, 2023, subsidiary Educred – Administração de Crédito Educativo Ltda, entered into the Instrument of Promise of Assignment and Acquisition of Credit Rights Without Co-obligation and Other Covenants with Pravalor S.A., which provides for the assignment of Credit Rights arising from student loans of undergraduate courses generated by Educred for Pravalor, in the net amount to be defined between R\$ 70 million and R\$ 80 million, according to the expectations of the Group's Management and the conditions established in said instrument. The effective transfer of credit rights, definition of the net amount to be paid and the respective financial settlement is expected to occur in two tranches, the first of which was already effected on March 21, 2023, in the amount of R\$ 69,712, and the second until May 2023, as soon as certain conditions precedent usual in similar operations are fulfilled.

The discount rate applied on the gross amount of Credit Rights that make up the net amount described above is in line with the Group's provisioning policy for loan losses and, accordingly, shall not generate significant effects in the operating results for 2023.

Section F - Accounting Policies

31 Summary of accounting policies

The main accounting policies used in the preparation of these financial statements are defined below. These policies have been consistently applied in the years presented, unless otherwise stated.

31.1 Consolidation

The following accounting policies are applied to the preparation of the consolidated financial statements:

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. They are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date on which that control ceases.

Identifiable assets acquired and liabilities and contingent liabilities assumed on the acquisition of subsidiaries in a business combination are measured initially at their fair values on the date of acquisition. The Group recognizes the non-controlling interest in the acquiree, both at fair value and at the proportional portion of the non-controlling interest in the fair value of the acquiree's net assets. Non-controlling interests are determined on each acquisition. Acquisition-related costs are recorded in the income statement for the fiscal year as incurred.

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Transactions, balances, and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of the impairment of the asset being transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the Group's policies.

31.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less, and an immaterial risk of value changes.

31.3 Financial assets and liabilities

31.3.1 Initial recognition and measurement of financial assets

Financial assets are classified, upon initial recognition, as subsequently measured at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial asset and the business model of the Group for managing these financial assets. All financial assets are recognized at fair value, plus, in the case of financial assets not accounted for at fair value through profit or loss, transaction costs attributed to the acquisition of the financial asset.

Subsequent measurement

For subsequent measurement purposes, financial assets are classified into four categories:

- Financial assets at amortized cost;
- Financial assets at fair value through other comprehensive income with the reclassification of accumulated gains and losses (debt instruments);
- Financial assets designated at fair value through other comprehensive income without reclassification of accumulated gains and losses at the time of derecognition (equity instruments); and
- Assets at fair value through profit or loss

The Group does not have financial assets classified in the categories of financial assets at fair value through other comprehensive income with the reclassification of accumulated gains and losses (debt instruments) and financial assets designated at fair value through other comprehensive income without reclassification of gains and losses accumulated at the time of derecognition (equity instruments).

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31.3.2 Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to maintain financial assets to receive contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that constitute, exclusively, payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the income statement when the asset is written off, modified, or impaired.

The Group's financial assets at amortized cost include accounts receivable from customers and deposits and judicial blocks.

31.3.3 Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets required to be measured at fair value. Financial assets are classified as held for sale if they are acquired to be sold or repurchased in the short term.

Financial assets with cash flows other than solely payments of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model.

Financial assets at fair value through profit or loss are presented in the balance sheet at fair value, with net changes in fair value recognized in the statement of profit or loss.

The Group's financial assets classified at fair value through profit or loss include cash and cash equivalents and securities.

31.3.4 Derecognition (write-off)

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is written off mainly (that is, excluded from income for the year) when: the rights to receive cash flows from the asset expire; the Group transferred its rights to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full, without significant delay, to a third party under a transfer agreement; and (a) the Group has substantially transferred all the risks and benefits related to the asset, or (b) the Group has not transferred or retained substantially all the risks and benefits related to the asset but has transferred control over the asset.

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32.3.5 Initial recognition and measurement of financial liabilities

Financial liabilities are classified, as initial recognition, as financial liabilities at fair value through profit or loss, amortized cost or as derivatives designated as hedge instruments in an effective hedge, as appropriate.

Financial liabilities are initially recognized at fair value, and, in the case of loans and financing and accounts payable, they are added to the directly related transaction cost.

The Group's financial liabilities include trade accounts payable, loans and financing, debentures, commitments payable and lease obligations.

Subsequent measurement

After initial recognition, borrowings, and financing subject to interest are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are written off and during the amortization process using the effective interest rate method.

31.3.6 Derecognition (write-off)

A financial liability is written off when the obligation is revoked, canceled, or expires. When an existing financial liability is replaced by another from the same lender with terms substantially different or the terms of an existing liability are significantly changed. This replacement or change is treated as a write-off of the original liability and recognition of a new liability, the difference in the corresponding book values being recognized in the statement of profit or loss.

31.4 Accounts receivable

Accounts receivable result from teaching services provided and do not include amounts for services provided after the balance sheet. Services paid for but not provided before the balance sheet date are recorded as monthly tuitions received in advance and are recognized as income in the corresponding period on an accruals basis.

Accounts receivable from students are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less an allowance for doubtful accounts or impairment.

31.5 Impairment of financial assets (includes the provision for expected credit losses)

Exposures for which there has been no significant increase in credit risk since initial recognition are provisioned for possible default events in the next 12 months (12-month expected credit loss). For credit exposures for which there has been a significant increase in credit risk since initial recognition, an allowance for expected credit losses is required over the remaining life of the exposure, regardless of the timing of the default (an expected credit loss for life).

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This methodology applies to financial instruments classified as amortized cost.

For trade accounts receivable, given the short-term nature of the Group's receivables and its policy for granting and managing risk and credit used, the Group has not identified any material impact that could affect its financial statements.

For the other financial assets subject to impairment analysis, no expected loss was recognized in the year ended December 31, 2020, because according to the Group's assessment and the associated risk is low, there is no history of losses. A financial asset is written off when there is no reasonable expectation of recovering contractual cash flows.

31.6 Investments in subsidiaries (applicable only for parent company financial statements)

Investments in subsidiary companies are recorded in the parent company's financial statements accounted for using the equity method.

Corporate interests in subsidiaries are shown in the parent company's statement of income as equity income, representing the net income attributable to the subsidiaries' shareholders.

Goodwill related to expected future profitability is presented in the individual financial statements as part of the investment. The same adjustments made in the consolidated financial statements are made in the individual financial statements to reach the same values of equity and results.

31.7 Business combination

Identifiable assets acquired and liabilities and contingent liabilities assumed to acquire subsidiaries in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes the non-controlling interest in the acquiree, both at fair value and at the proportional portion of the non-controlling interest in the acquiree's net assets' fair value. Non-controlling interests are determined on each acquisition. Acquisition-related costs are recorded in the income statement for the fiscal year as incurred.

31.8 Intangible assets

(a) Goodwill

Goodwill consists of the positive difference between the amount paid and/or payable for acquiring a business and the net amount of the fair value of its assets and liabilities. Goodwill on acquisitions of subsidiaries is recorded under intangible assets in the consolidated financial statements. Goodwill is tested for impairment annually. It is recorded in the books at cost less accumulated impairment losses. Impairment losses recognized on goodwill cannot be reversed.

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Gains and losses on an entity's disposal include the book value of the goodwill corresponding to the entity sold.

(b) Students portfolio

Contractual relationships with students acquired in business combinations are recognized at their fair value on acquisition. The contractual relationships have a defined useful life and are booked at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected period of the relationship with the student.

(c) Software licenses and installation

Software licenses are capitalized based on the costs incurred to acquire the software plus the costs of making it ready for use. These costs are amortized over the estimated useful life of the software, which is five years.

Software maintenance costs are recognized as expenses at the time they are incurred. Other development costs that do not meet these criteria are recognized as expenses when incurred. Development costs previously recognized as expenses are not recognized as assets in subsequent periods.

Software development costs recognized as assets are amortized over the software's estimated useful life, which does not exceed five years.

(d) Accreditation and operating licenses

Accreditation and operating licenses are capitalized based on the costs incurred to obtain authorization for and recognition of the Ministry of Education courses, plus the renewal of licenses for course units. Accreditation and licenses have a defined useful life and are recorded at cost less accumulated amortization. The amortization is calculated using the straight-line method during the validity of the licenses obtained from the Ministry of Education.

(e) Digital content

Digital content is capitalized at the amount of the costs incurred to acquire the right to use the digital content as part of the Group's services. These costs are amortized over the contract period.

(f) Agreements

Agreements are capitalized at the costs incurred to execute contracts with partner companies, giving the Group's students the right to undertake the supplementary undergraduate activities required for their academic education. These costs are amortized over the periods of the respective agreements.

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18 Goodwill

Intangible assets with defined useful lives, representing amounts paid upon the acquisition of new business premises (goodwill), are amortized on a straight-line basis over the lease term of the properties rented.

19 Intangible assets identified on acquisitions - Course licenses

Course licenses identified on acquisitions relate basically to the amounts of licenses and the accreditation of courses by the Ministry of Education. They are first recorded at fair value based on appraisal reports supporting the amounts allocated as part of business combinations.

These intangible assets identified on acquisitions have indefinite useful lives and are subject to annual impairment testing.

(i) Intangible assets identified in acquisitions - Trademarks

Trademarks identified on acquisitions are first recorded at fair value based on appraisal reports supporting the amounts allocated in business combinations.

These intangible assets identified on acquisitions have defined useful lives and are subject to amortization calculated using the straight-line method to allocate the cost over their estimated useful lives.

(j) Early rental agreement

Reflects the Group's intangible assets due to the negotiation for prepayment with a discount of 50% over five years of the monthly rent flow, which occurred on May 26, 2017. This asset has a defined useful life and is subject to amortization calculated using the straight-line method to allocate the cost over its remaining useful life.

31.9 Right of use

The right-to-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses and adjusted by certain lease liability remeasurements. Depreciation is calculated using the straight-line method over the remaining term of the contracts.

31.10 Property and equipment

Property and equipment are measured at historical cost, less accumulated depreciation, and impairment losses. Historical costs include expenses directly attributable to the acquisition of the items.

The land is not depreciated. The depreciation of other assets is calculated using the straight-line method to allocate their costs, less residual value, over their useful lives.

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Property and equipment in progress refer to constructing new buildings and the renovation of third-party buildings to adapt them to the Group's activities. These balances are reviewed and transferred to their specific accounts every six months if concluded so that depreciation can begin.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group, and they can be reliably measured. The carrying amount of the replaced item is derecognized. All other repair and maintenance costs are charged to the statement of income as they are incurred.

An item of property and equipment is written off when it is sold or when no future economic benefit is anticipated from its use or sale. Any gain or loss resulting from the asset write-off (calculated as the difference between the net amount of the disposal and the asset's residual value) are recorded in the statement of income for the period during which the asset is written off.

Residual values, useful lives and depreciation methods for assets are reviewed and adjusted if necessary when there is an indication of a significant change since the date of the last balance sheet.

31.11 Capitalized borrowing costs

The historical costs of property and equipment include the costs of borrowings directly related to the acquisition, construction, or production of an asset that requires a significant amount of time to be completed for use or sale. These are capitalized as part of the cost of the corresponding asset. All other borrowing costs are expensed for the period during which they are incurred. Borrowing costs include interest and other costs related to the borrowing incurred by the entity.

31.12 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill, are not subject to amortization and are tested annually for impairment. Assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the highest of an asset's fair value less sale costs, and value in use. To assess impairment, assets are grouped at the lowest level for which there is separately identifiable cash flow (cash-generating unit or CGU level). Non-financial assets other than goodwill that have been adjusted due to impairment are subsequently reviewed for the possible reversal of the impairment at the balance sheet date.

31.13 Suppliers and commitments payable

Accounts payable are liabilities because goods or services are acquired from suppliers in the ordinary course of business, and commitments payable are liabilities for acquiring property and amounts payable under business combinations. They are classified as current liabilities if payment is due within a year. Otherwise, accounts and commitments payable are shown as non-current liabilities.

Accounts and commitments payable are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method.

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31.14 Leases

The lease liability is initially measured at the present value of the payments not made, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, by the incremental loan rate.

After the initial measurement, the lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change (i) in future payments resulting from a change in the index or rate (ii) in the estimate of the expected amount to be paid in the guaranteed residual value or (iii) changes in the valuation if the Group from which it will exercise the option to purchase, extension or termination. When the lease liability is remeasured, the value of the corresponding adjustment is recorded in the carrying amount of the right-of-use asset or the result if the book value of the right-of-use asset has been reduced to zero.

31.15 Loans and financing

Borrowing is recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the income statement over the period of the borrowing using the effective interest rate method.

Borrowing is classified within current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Both general and specific borrowing costs directly related to the acquisition, construction, or production of a qualifying asset, which requires a substantial period to prepare for its intended use or sale, are capitalized as part of the cost of that asset when it is probable that future economic benefits associated with the item will flow to the Company, and the costs can be reliably measured. Other borrowing costs are recognized as finance costs in the period in which they are incurred.

31.16 Debentures

Debentures are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost.

Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the income statement over the period in which the debentures are outstanding using the effective interest rate method.

Debentures are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period.

Both general and specific debenture costs directly related to the acquisition, construction, or production of a qualifying asset, which requires a substantial period to prepare for its intended use or sale, are capitalized as part of the cost of that asset when it is probable that future economic benefits associated with the item will flow to the Company, and the costs can be reliably measured. Other debenture costs are recognized as expenses in the period during which they are incurred.

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31.17 Provisions

Provisions for contingencies (labor, civil and tax) are recognized when: (i) there is a present or non-formalized obligation as a result of events that have already occurred; (ii) it is probable that an outflow of resources will be necessary to settle the obligation; and (iii) the amount of this outflow can be reliably estimated based on the judgment of legal counsel.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the time elapsed is recognized within financial expenses.

31.18 Taxation

(a) Current income tax (IRPJ) and social contribution (CSLL)

The cost of IRPJ and CSLL for the period includes current tax. Income taxes are recognized in the statement of income, except as they relate to items recognized directly in equity. In this case, the tax is also recognized in equity. The undergraduate teaching activities by the units that have joined Programa Universidade para Todos "PROUNI" are exempt from IRPJ and CSLL during the term of their membership.

(b) Deferred income tax and social contribution

Deferred tax is recognized with temporary differences between the carrying amounts of assets and liabilities and the respective amounts for tax purposes. Deferred tax is not recognized for:

- a) temporary differences in the initial recognition of the asset or liability in a transaction that is not a business combination and that does not affect either the accounting result or tax profit or loss;
- b) temporary differences related to investments in subsidiaries, affiliates, and jointly controlled companies, insofar as the Group can control the timing of the reversal of temporary differences and it is likely that they will not revert in the foreseeable future; and
- c) temporary taxable differences resulting from the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences resulting from how the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the rates expected to be applied to temporary differences in their reversal.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax liabilities and assets, whether they are taxes related to the same taxable entity or different tax entities, but which intend to resolve current tax liabilities and assets on a net basis, or if your tax assets and liabilities are realized simultaneously.

A deferred tax asset is recognized for tax losses, tax credits and temporary deductible differences to the extent that future taxable profits will probably be available against which they can be used. Deferred tax assets are reviewed at each reporting date and will be reduced to the extent that it is no longer probable that the tax benefit will be realized.

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(c) PIS and COFINS

For revenue from teaching activities, except for undergraduate teaching by units that have joined the PROUNI, PIS and COFINS are payable at the rates of 0.65% and 3%, respectively. PIS is payable on revenue from non-teaching activities at a rate of 1.65% and COFINS at 7.6%.

Undergraduate teaching by units that have joined the PROUNI is exempt from PIS and COFINS.

(d) PROUNI

Units that have joined the PROUNI program are exempt from the following federal taxes during the period of their membership:

- IRPJ and CSLL, introduced by Law 7.689 of December 15, 1988;
- COFINS, introduced by Supplementary Law 70 of December 29, 1991; and
- PIS, introduced by Supplementary Law 7 of September 7, 1970.

The exemptions mentioned above are originally calculated on the amount of revenue received from the provision of higher education services, including undergraduate and specific training courses.

(e) ISS

Revenue from teaching activities is subject to ISS, as established in Supplementary Law 116/2003, at 3% to 5%, depending on the municipality. The tax is recognized following the recognition of the Group's revenue.

31.19 Earnings per share

The Company calculates earnings per lot of 1,000 shares using the weighted average number of total common shares outstanding during the period, corresponding to income, under NBC TG 41 (IAS 33).

Common shares are classified in equity.

Incremental costs directly attributable to new shares or options are shown in equity as a deduction, net of tax, from the proceeds

31.20 Recognition of revenue, costs and expenses

Revenue, costs, and expenses are recognized on an accruals basis.

(a) Service revenue

Revenue consists of the fair value of the consideration received or receivable from business relating to higher education, graduate courses, short courses, and related educational activities. Revenue is shown net of tax and after returns, rebates and discounts. Revenue from services provided is recognized based on services carried out before the balance sheet date.

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Monthly tuitions for courses and the discounts granted on them vary depending on the course, the unit, and the academic term. Revenue is generated from fixed-price contracts and recognized monthly as the services are provided.

In October 2013, the Group joined the National Program for Access to Vocational Training (PRONATEC), created by the Ministry of Education to broaden the offering of high-school level technical and vocational courses and basic and continuing training courses for Brazilian workers. Revenue is generated from scholarships and is recognized monthly based on the services provided and the confirmation of each student's attendance according to the conditions and requirements of the program.

The Group records as discounts the educational charges arising from financing agreements guaranteed by the students who joined the FGEDUC, under Regulatory Ordinance 21 of October 21, 2010, Regulatory Ordinance 14 of June 28, 2012, and Regulatory Ordinance 3 of January 3, 2014. The educational charges total 5.63% of revenue arising from students who have joined FGEDUC through FIES. Additionally, as of 2016, a new discount of 2% related to FIES charges was introduced, as per Executive Decree No. 741 ("MP 741").

(b) Financial income and expenses

According to the period, financial income and expenses are recognized on the accrual basis of earned income or charges incurred from financial investments and loans, financing, and other contracts, using the effective interest rate method or inflation indexes.

Discounts granted to refer to the reductions made in the debts of defaulting students for previous semesters, whether due to the renegotiation of payment for the maintenance of students at the institution or the recovery of older amounts, through discount campaigns on the face value of the debt.

31.21 Distribution of dividends and interest on equity

The distribution of dividends and interest on equity to the Company's shareholders is recognized as a liability in the Group's financial statements at the end of the year under the Company's bylaws, which establish a mandatory minimum of 25%, net of any dividends and interest on equity paid in advance during the year. Any amount exceeding the mandatory minimum is provided only on the date on which the shareholders approve it at a Shareholders' Meeting. The Group's policy is to distribute 30% of the profit for the period, calculated on a semiannual basis.

The tax effect of equity interest is recognized in the income statement.

AUDIT COMMITTEE'S ANNUAL REPORT

DUTIES AND ACTIVITIES

The Audit Committee of Ser Educacional S.A is a non-statutory body, directly linked to the Company's Board of Directors, with operational autonomy and its own budget approved by the Board of Directors, subject to applicable legislation and regulations, in particular the Regulation of the Novo Mercado Special Corporate Governance Segment of the B3 S.A. – Brasil, Bolsa, Balcão, and its Internal Regulation.

Pursuant to article 22 of the Novo Mercado Regulation of B3 S.A, the Audit Committee is responsible for: I. opining on the hiring or dismissal of the Company's Independent Auditors; II. evaluate the quarterly information, interim statements and financial statements; III. monitor the activities of the Internal Audit and the Company's Internal Controls area; IV. evaluate and monitor the Company's Risk exposures; V. evaluate, monitor and recommend to the Management the correction or improvement of the Company's Internal Policies, including the Policy on Transactions with Related Parties; and VI. have means for receiving and processing information about non-compliance with legal and regulatory provisions applicable to the Company, in addition to internal regulations and codes, including the provision of specific procedures to protect the provider and the confidentiality of information.

The Audit Committee was elected and installed on April 29, 2021, with three members, one being an independent board member, acting as Committee Coordinator, an additional board member and an independent external member. During the 2022 fiscal year, the Audit and Risks Committee met ten times to carry out its activities, and its members have been given free access to the Company's bodies, as well as to its executives, in addition to having, whenever necessary, with the presence of representatives of the Independent Auditors.

CONCLUSION OF THE REPORT

The members of the Audit Committee, in the exercise of their legal, regulatory and regimental duties and responsibilities, with the natural limitations in the scope of their performance, proceeded to the examination and analysis of the financial statements, accompanied by the audit report containing the unqualified opinion of the independent auditors, the annual management report and the allocation of results proposal, all related to the year ended December 31, 2022. Considering the information provided by the Company's Management and the audit carried out by Ernst & Young Auditores Independentes, they recommend, unanimously, the approval, by the Board of Directors of the Company, of the documents mentioned above.

Recife, March 23, 2023

Flavio Cesar Maia Luz
Committee Member and Coordinator

Francisco Muniz Barreto
Marcelo Amaral Moraes
Committee Members

SER EDUCACIONAL S.A.
Corporate Taxpayer's ID (CNPJ/MF): 04.986.320/0001-13
Company Registry (NIRE): 26.3.0001679-6
Publicly-held Company

FISCAL COUNCIL'S OPINION

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The members of the Fiscal Council of Ser Educacional S.A. ("Company"), in the exercise of their legal and statutory duties and in compliance with article 163 of Law 6,404/76 and subsequent amendments, have examined the Management report and the Company's parent company and consolidated financial statements for the year ended December 31, 2022, accompanied by the respective notes and prepared in accordance with the current legislation, as well as the allocation of results proposal presented by the Company's Management. Based on the documents examined, the clarifications provided by the Company's Management representatives and Ernst & Young Auditores Independentes S.S.' report on the financial statements, issued with no restrictions on this date, the members of the Fiscal Council unanimously concluded that such documents, together with the annual Management report, are fit to be submitted to the Company's Annual Shareholders' Meeting.

Recife, March 23, 2023.

Reginaldo F. Alexandre

Board member

Fernando Eduardo R. Santos

Board member

Nazareno Habib O. Bichara

Board member