

Individual and Consolidated Financial Statements

Ser Educacional S.A.

December 31, 2021
with Independent Auditor's Report

Ser Educacional S.A.

Individual and consolidated financial statements

December 31, 2021

Content

Management report.....	03
Report on the individual and consolidated financial statements	10
Individual and consolidated financial statements	
Statement of financial position.....	18
Statement of profit or loss.....	19
Statements of comprehensive income.....	20
Statement of changes in equity	21
Statement of cash flows	22
Statement of value added.....	23
Notes to the financial statements.....	24

Ser Educacional S.A.

2021 Management Report

To the Shareholders,

Ser Educacional S.A. presents the Management Report and Financial Statements for the fiscal year ended December 31, 2021.

2021 results include the consolidation of the following acquisitions made during the year: (i) UNESC, completed in February 2021, (ii) UNIFASB, in April 2021, (iii) CDMV – Centro de Desenvolvimento da Medicina Veterinária and Hospital Veterinário DOK, in August 2021, (iv) Starline Tecnologia S.A., in September 2021, (v) Delinea Tecnologia Educacional Ltda, and (vi) Plantão Veterinário Ltda and Pet Shop Kero Kolo Ltda, completed in December 2021. These acquisitions, in addition to the acquisition of FAEL, Sociedade Técnica Educacional da Lapa S.A., announced in May 2021, completed in January 2022, amounted to a total investment of approximately R\$ 1.1 billion.

STRATEGY

2021 was a year of important achievements for Ser Educacional, with significant advances in the implementation of its strategy dedicated to creating avenues for generating revenue and increasing the use of its educational assets, through the expansion and consolidation of its continued education ecosystem, preparing the Company for changes in the market in which it operates, while actively acting to mitigate the impacts of Covid-19 pandemic on its operations.

These initiatives combined organic growth activities, acquisitions and investments in innovative projects, enabling the Company to be increasingly present in the daily lives of its students, allowing the offer of continued education courses and related services throughout their careers, expanding its offer capacity to the target market, adapting the Company to the reality and transformations of the education market.

It was a year marked by the implementation of Ubíqua, an innovative academic method that combines active teaching methodologies, based on *TPACK - Technological Pedagogical Content Knowledge*, based on the best pedagogical practices, advanced technology and flexible in the combination of modern, interactive and intuitive content. Ubíqua was highly accepted by students, according to an internal survey, reaching a 9.5 score (scale from 0 to 10), in addition to becoming a competitive edge in the market, as classes are even more attractive to students, helping to improve satisfaction rates and the likelihood of academic dropout.

OPERATIONAL PERFORMANCE

The Company's total student base experienced one more year of expansion, with 16.8% growth as compared to 2020. This result derived mainly from the 63.0% increase in Digital Learning students, partially offset by the 1.4% drop in the Hybrid Learning student base.

Highlight for the performance of the Hybrid Learning segment during the second half of the year, with 22.5% increase in student intake and dropout rates reduced to pre-pandemic levels. This operational performance reflects Ubíqua's successful implementation, combined with the repositioning of courses

Ser Educacional S.A.

2021 Management Report

in the Digital Learning segment carried out from the second half of 2020, which created a differentiated portfolio of courses, with a modern and intuitive teaching platform and new commercial channels.

INVESTMENTS

Important acquisitions were made to accelerate Ser Educacional's ecosystem development. Highlight for the healthcare vertical, which included the acquisitions of UNESC and UNIFASB, which together totaled an investment of R\$ 330.0 million and added 156 medical seats to the Company, which increased from 411 annual seats to 567 annual medical seats (including seats under PROUNI and FIES programs), strengthening operations in Vilhena (RO) and Barreiras (BA), cities with high economic growth, fostered by agribusiness.

Also in healthcare vertical, 2 other acquisitions were made in the Veterinary Medicine segment: CDMV/DOK and Plantão Veterinário/Pet Shop Kero Kolo. These acquisitions strengthened the Company's veterinary medicine course, adding the knowledge of these companies in veterinary hospital operations, paving the way for the organic expansion of these units in other cities where the Company offers this course, providing internship opportunities for students and increasing the offer of extension and postgraduate courses.

Other important move was FAEL's acquisition, one of the largest digital education institutions in Brazil with almost 90 thousand students enrolled (the transaction represents an investment of approximately R\$ 297.5 million). With FAEL, Ser Educacional becomes a relevant player in the digital education segment through partner learning centers with national reach, since FAEL is a brand with origins in the south of Brazil, with a solid national footprint, being mainly recognized in the South and Southeast regions.

To accelerate the digital front of its continued education ecosystem, Ser Educacional started to invest in *Edtechs*, startups dedicated to digital education. This year, acquisitions of Starline and Delinea were completed, which together amounted to a R\$ 43.8 million investment. Starline owns Prova Fácil brand (www.provafacilnaweb.com.br), operating in the management of tests and online tests. This acquisition allowed Ser Educacional to become one of the leaders in this segment, which includes the promising corporate and certification markets for unregulated courses. Delinea (www.delinea.com.br) is one of the largest independent companies in the production of digital academic content in Brazil, enabling Ser Educacional to definitively enter the B2B market in this segment and expand its portfolio of digital courses.

These acquisitions have potential for synergy between *greenfield* and *brownfield* initiatives being implemented; the main one is the development of GoKursos (www.gokursos.com), an educational platform that offers its own and third-party courses, both regulated and unregulated. With this, Ser Educacional increases its offer of digital continued education courses, creating a sales channel for B2C, B2B and B2B2C segments and expanding its ability to offer courses. With the support of the other *Edtechs* acquired, the Company is able to create an increasingly comprehensive service offering in the promising digital education market, with synergies and competitive advantages, such as scalability, increased utilization of its digital assets, making its offering also omnichannel, as it integrates its digital assets with its on-campus units, partner learning centers, and the strength of its regional brand portfolio.

Ser Educacional S.A.

2021 Management Report

The Company believes it is also necessary to offer a range of related services to create competitive advantages in its ecosystem, so that its activities can become more and more a part of its students' daily lives. In this spirit, Beduka's operations, the first *Edtech* acquired by Ser Educacional at the end of 2020, were expanded, and started to offer not only its original search system for undergraduate courses, but also scholarships for students. Other initiative was the creation of a *Fintech*, called b.Uni (www.buni.digital), in December 2021, focused on meeting the needs of undergraduate students, offering financial services such as: digital account, credit card, insurance, credit to employees and students, focused on the specifics of this audience, and a *cashback* offer for students who pay their monthly fees on time, creating a market advantage with a view to the Brazilian student. The Company is also supporting the careers of its students through Peixe30 platform (www.peixe30.com.br), a workability social network that allows the connection between professionals and companies, with innovative search engines, using *elastic search* technology and ability to search both *soft* and *hard skills* and presentation in 30-second videos.

As a result of these initiatives, the Company is gradually diversifying its sources of income and generating results, (i) by increasing its hybrid learning student base with a focus on health courses, mainly in medicine and veterinary medicine courses, as well as (ii) by significantly expanding its digital learning student base, whereby this initiative is strengthened by FAEL consolidation and the new front focused on digital continued education through GoKursos, Delinea, Prova Fácil and Beduka, which add value and increasingly competitive edges to Ser Educacional.

ESG

Environment

Ser Educacional group invested R\$ 4.5 million in a solar plant located at its UNINASSAU unit in Caruaru/PE. The plant uses several photovoltaic panels to transform sunlight into electricity and flow it to other locations through distribution lines. Upon generation, energy is injected into the concessionaire's grid and the credit for injected electricity is deducted from Ser Educacional group's energy bills, while contributing to the generation of clean and renewable energy.

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.

Ser Educacional S.A.

2021 Management Report

Corporate Governance

In 2021, the Company has improved its percentage of adherence to corporate governance practices, according to the Corporate Governance Report, filed with CVM in July 2021, with the approval by the Board of Directors, at a meeting held on April 29, 2021, of the creation of a non-statutory Company's Audit Committee, as well as the internal regulation of said Audit Committee, which complies with the guidelines established by the Novo Mercado Regulations of B3 S.A. - Brasil, Bolsa e Balcão.

Also in 2021, the Company revised, improved and expanded the disclosure of its Integrity Program, in line with Law No. 12.846/2013 and its regulation by Decree No. 8.420/2015, dated March 18, 2015.

FINANCIAL PERFORMANCE

2021 financial results reflect the growth resumption in its net revenue and student base, seeking to mitigate the impacts of the pandemic on its results.

Student base

Ser Educacional group ended 2021 with a total base of 223.6 thousand students, with 16.9% growth as compared to 191.2 thousand students at the end of 2020. The growth in the student base is due to the performance in the digital learning segment, in addition to acquisitions of UNESC, UNIFASB and CDMV – Centro de Desenvolvimento da Medicina Veterinária.

In on-campus postgraduate segment, the group ended the year with 1,400 students, down 68.3% versus 4,500 students in 2020, due to the effects of Covid-19 pandemic and migration of demand to the digital model.

In digital learning segment, the Company ended the year with 87,700 students, considering undergraduate and graduate courses, and 63.0% increase as compared to 53,800 students recorded at the end of 2020, mainly as a result of (i) investments in the organic growth of this modality made by the Company from 2017 and (ii) the offer repositioning as from the second half of 2020 with the introduction of new digital courses, new marketing platforms and expansion of the network of partner learning centers.

Revenues

Gross revenue amounted to R\$ 2,804.8 million in 2021, a 15.0% increase as compared to 2020, 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.

Costs of Services Provided

The cost of services amounted to R\$ 645.9 million, representing 45.9% of net revenue in 2021, up 11.2% as compared to 2020, when these costs reached R\$ 580.7 million.

Ser Educacional S.A.

2021 Management Report

Operating costs for the year increased as on-campus administrative activities and practical classes were resumed and rental agreements were back to their normal course, after the renegotiations carried out in 2020, aimed at mitigating the effects of COVID-19.

Gross Profit and Gross Margin

Gross profit was R\$ 761.4 million in 2021, representing 13.7% growth when compared to the previous year, with 54.1% gross margin, which was 0.5 percentage point higher than the gross margin recorded in 2020.

Operating Expenses

Operating expenses amounted to R\$ 541.5 million in 2021, corresponding to 38.5% of net revenue, in line with the previous year. The result in operating expenses is mainly due to the increase in personnel expenses, due to the normalization of activities compared to 2020. In addition, in 2021 expenses increased due to the hiring of services to promote the digital brands and new activities in the continued education ecosystem. This aforementioned increase was offset by higher, non-recurring expenses related to M&A and provisions for doubtful accounts and expenses arising from companies recently acquired and consolidated in the result for the year.

Operational Result

In 2021, the Company's operating result reached R\$ 177.5 million with 12.6% margin, 12.4 percentage points lower when compared to the same period of the previous year. This decrease is mainly due to the effect of extraordinary revenues in 2020, related to the receipt of the termination fine of the transaction involving Laureate's assets in Brazil (with a positive impact of R\$ 163.4 million in 2020 result). This extraordinary revenue was partially offset by expenses with the return of leased properties and the allowance for doubtful accounts that also occurred in 2020.

Finance Result

2021 financial result represented a net financial expense of R\$ 131.2 million, with 26.6% increase when compared to the net financial expense of R\$ 103.6 million recorded in 2020, basically due to:

- (i) the lower interest income on monthly tuitions and agreements, from R\$ 17.7 million in 2020 to R\$15.0 million in 2021, as a result of negotiations with students with overdue tuition fees;
- (ii) higher income from short-term investments reaching R\$ 18.8 million in 2021 versus R\$ 12.7 million in 2020, as a result of the hike in CDI between the periods, despite the decrease in the average cash balance.
- (iii) increase in interest expenses on financial debt, which amounted to R\$ 37.8 million in 2021, versus R\$ 24.3 million in 2020, due to the hike in the average interest rate (CDI) on financial debt, which was increased by the raising of R\$ 500.0 million in working capital in 2020, with the

Ser Educacional S.A.

2021 Management Report

banks Itaú, Santander and Caixa Econômica Federal (cash preservation measures that were adopted by the Company during the pandemic);

- (iv) increase in discounts granted in agreements to recover credits for overdue tuition fees, which in 2021 reached R\$ 41.4 million, versus R\$ 31.6 million in 2020;
- (v) inflation adjustment losses, which increased from R\$1.6 million in 2020 to R\$12.0 million in 2021, due to the hike in IPCA or CDI on commitments payable for acquisitions; and
- (vi) 3.9% decrease in lease interest, which amounted to R\$ 67.5 million in 2021, compared to R\$ 70.3 million in 2020, due to the return of properties during 2021, partially offset by the inclusion of lease interest of the units purchased.

Income Tax and Social Contribution

In 2021, the amount of Income Tax and Social Contribution amounted to a reversal of R\$ 6.2 million compared to a payment of R\$ 44.5 million in 2020 (which was impacted by the revenue from the receipt of the termination fine of the transaction with Laureate, in the amount of R\$ 180.0 million, with an impact of R\$ 28.8 million in this item).

Net Income

As a result of the above factors, net income in 2021 was R\$ 52.5 million, 68.2% lower when compared to the net income of R\$ 165.0 million in 2020. This decrease was mainly due to the extraordinary effect of receiving the termination penalty related to Laureate transaction in 2020.

Indebtedness

Ser Educacional ended 2021 with a net debt position of R\$ 384.6 million, compared to a net cash position of R\$ 28.1 million in 2020. The Company continues to seek the best opportunities to allocate capital and to make new acquisitions, in line with its strategic plan, which aims to combine organic growth with acquisitions.

Independent Audit

ERNST & YOUNG Auditores Independentes S.S. was hired on June 1, 2018, as per CVM Instruction 381, dated January 14, 2003, 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 2021, 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, 2021, totaled R\$ 1,025,845.26. Also in 2021, Ser Educacional hired ERNST & YOUNG services to perform financial

Ser Educacional S.A.

2021 Management Report

due diligence on M&A projects and issuance of an equity appraisal report for purposes of merger of subsidiaries, whose fees totaled R\$ 1,478,900.88.

Statement of the Executive Board

The Executive Board of Ser Educacional states, under CVM Instruction 480, of December 7, 2009, that it reviewed, discussed, and agreed (i) with the content and opinions expressed in EY's report, issued on March 24, 2022; and (ii) with the accounting financial statements for the fiscal year ended December 31, 2021, followed 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 2022.

The Management



Building a better
working world

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 Management and Shareholders 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, 2021, 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, 2021, 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: (i) 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 (ii) 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; (vi) confirmation that the amounts corresponding to these revenues were recorded in the appropriate period; and (vii) checking the reconciliation of accounts receivable bases with the accounting records. These analyses also considered the effects on the higher dropout rate and reduced enrollment 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 carried out for the Company's and its subsidiaries' revenue recognition process, which is consistent with 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 2021, for approximately 7.30% 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 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).



Building a better
working world

Based on the result of the audit procedures carried out on 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 at December 31, 2021, the Company has goodwill and intangible assets with indefinite useful lives in the amounts of R\$ 513,906 thousand and R\$ 374,282 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 management, in order to support the key assumptions (such as discount rate, revenue growth, student base, tuition fees, 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 actual results 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 carried out on the impairment of goodwill and certain 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 2021, the Company entered into several business combinations, and acquired goodwill and intangible assets identified in acquisitions in the amounts of R\$ 214,731 thousand and R\$ 156,796 thousand, respectively, as disclosed in notes 6 and 11(c). The accounting for such acquisitions required the use of estimates and judgments by the Company's management regarding the accounting treatment, the determination of the fair value of assets acquired and the liabilities assumed, the disclosure of information related to these transactions, as well as the adequacy of the policies and relevant accounting records of the acquired companies.

Due to the relevance of the amounts, complexity, volume and subjectivity involved in their calculation, we consider these business combinations as a key audit matter.

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 management about the consistency of accounting practices and estimates; (ii) use of professionals specialized in business combination and 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 the 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 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 financial statements taken as a whole. Additionally, we assessed the adequacy of the disclosures in Notes 6 and 11(c).

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2021, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, 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 to 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 with 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 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.

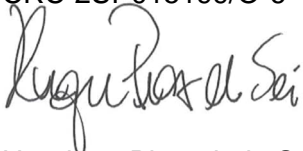
We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

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 24, 2022

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6



Henrique Piereck de Sá
Accountant CRC-PE 023398/O-3

Ser Educacional S.A.

Statement of profit or loss

Year ended December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

	Note	Parent Company		Consolidated	
		01/01/2021 to 12/31/2021	01/01/2020 to 12/31/2020	01/01/2021 to 12/31/2021	01/01/2020 to 12/31/2020
Net revenue from services provided	21	593,444	502,773	1,407,358	1,250,463
Costs of services provided	22	(227,800)	(214,373)	(645,916)	(580,685)
Gross profit		365,644	288,400	761,442	669,778
Selling expenses	23	(95,582)	(59,904)	(130,896)	(90,747)
General and administrative expenses	23.a	(228,703)	(215,187)	(410,599)	(393,759)
Other operating expenses, net	23.b	(20,587)	152,786	(42,481)	127,922
Interest in the profit of subsidiaries	6.a	94,247	83,868		
Operating profit		115,019	249,963	177,466	313,194
Financial revenues	24	9,857	9,745	34,302	30,988
Financial expenses	24	(76,530)	(61,930)	(165,470)	(134,623)
Financial results		(66,673)	(52,185)	(131,168)	(103,635)
Earnings before income tax and social contribution		48,346	197,778	46,298	209,559
Income tax and social contribution		4,137	(32,744)	6,185	(44,525)
Current	25.a	(325)	(29,863)	(7,253)	(41,675)
Deferred	25.e	4,462	(2,881)	13,438	(2,850)
Net income for the year		52,483	165,034	52,483	165,034
Attributable to					
Parent Company's shareholders		52,483	165,034	52,483	165,034
Weighted average of common shares outstanding as of end of period (thousand)		128,722	128,722		
Earnings per share attributable to shareholders of the Parent Company during the period (in R\$ per share)		0.41	1.28		

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, 2021

In thousands of Brazilian Reais, except when otherwise stated

	Parent Company and Consolidated	
	December 31, 2021	December 31, 2020
Net income for the year	52,483	165,034
Other components of comprehensive income for the period		
Comprehensive income for the period	52,483	165,034

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, 2021

In thousands of Brazilian Reais, except when otherwise stated

	Note	Attributable to the parent company's shareholders				Total		
		Share Capital		Legal	Retention		Net income for the period	Equity
		Capital	Expenses on issuance of shares					
As of January 1, 2020		991,644	(4,095)	62,342	258,597	1,308,488		
Net income for the year	28					165,034	165,034	
Creation of legal reserve	20.b			8,252		(8,252)		
Payment of dividends	20.d					(31,570)	(31,570)	
Interest on equity	20.d					(15,465)	(15,465)	
Constitution of the profit retention reserve	20.c				109,747	(109,747)		
As of December 31, 2020		<u>991,644</u>	<u>(4,095)</u>	<u>70,594</u>	<u>368,344</u>	<u>-</u>	<u>1,426,487</u>	
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	20.b			2,624		(2,624)		
Payment of dividends	20.d					(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>	

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, 2021

In thousands of Brazilian Reais, except when otherwise stated

	Note	Parent Company		Consolidated	
		December 31 2021	December 31 2020	December 31 2021	December 31 2020
Operating activities					
Earnings before income tax and social contribution		48,346	197,778	46,298	209,559
Adjustments for					
Depreciation and amortization.	11 to13	70,913	76,959	184,870	175,651
(Reversal) Provision for contingencies		2,971	1,297	4,687	(705)
Equity in the results of subsidiaries	6.a	(94,247)	(83,868)		
Adjustment to present value of accounts receivable	9	2,254	4,147	2,654	8,123
Reversal of adjustment to present value of commitments payable				2,469	
Creation of allowance for doubtful accounts	23.a	47,630	40,853	117,823	122,966
Loss (gain) on write-off of non-current assets	12, 13 and 19.b	6,820	(1,437)	6,787	20,427
Income from short-term investments		(825)	(234)	(926)	(281)
Interest and monetary variations, net	24	61,616	47,775	117,283	92,957
		145,478	283,270	481,945	628,697
Changes in assets and liabilities					
Accounts receivable - Students		(74,752)	(85,934)	(141,353)	(222,598)
Taxes recoverable		(3,734)	2,498	(7,290)	(2,860)
Other credits		(5,598)	(7,886)	(3,663)	(5,048)
Suppliers		250	6,712	(8,753)	5,329
Salaries and social charges		8,107	2,763	2,110	4,164
Taxes payable		(2,389)	26,191	(2,469)	20,899
Income tax and social contribution payable			(31,656)		(29,902)
Other liabilities		38	(86)	5,807	(3,711)
		67,400	195,872	326,334	394,970
Cash from operating activities		67,400	195,872	326,334	394,970
Interest paid on loans and debentures	16.b and 17	(25,810)	(37,087)	(25,810)	(37,087)
Interest paid on leases	19.b	(24,138)	(26,691)	(67,534)	(70,289)
Interest paid on acquisition of subsidiaries				(277)	
Income tax and social contribution paid		(30,154)	(1,088)	(37,275)	(14,623)
		(12,702)	131,006	195,438	272,971
Net cash from (used in) operating activities		(12,702)	131,006	195,438	272,971
Investing activities					
Investment in securities		(382,333)	(24,302)	(403,719)	(43,023)
Redemption of securities		306,085	99,193	328,461	133,418
Advance for future capital increase in subsidiaries	6	(279,932)	(165,963)		
Profits from Subsidiaries	6	186,013	27,544		
Additions to property and equipment	13	(34,617)	(13,446)	(53,850)	(24,759)
Additions to intangible assets	11	(12,761)	(24,666)	(18,096)	(26,086)
Net cash arising from the merger				8,071	2,591
Payment on acquisition of subsidiaries				(259,729)	(204,990)
		(217,545)	(101,640)	(398,862)	(162,849)
Net cash used in investing activities		(217,545)	(101,640)	(398,862)	(162,849)
Financing activities					
Amortization of principal on debentures	17	(50,000)	(50,000)	(50,000)	(50,000)
Raising of loans and financing			498,500		499,299
Amortization of principal on loans and financing	16	(117,177)	(24,296)	(122,683)	(24,416)
Amortization of leases	19	(20,364)	(19,738)	(51,464)	(45,797)
Related parties	26.a	11,501	1,393	1,952	1,987
Dividends paid to Company's shareholders	20.d	(40,610)	(26,435)	(40,610)	(26,435)
		(216,650)	379,424	(262,805)	354,638
Net cash provided by (used) in financing activities		(216,650)	379,424	(262,805)	354,638
Increase (decrease) in cash and cash equivalents		(446,897)	408,790	(466,229)	464,760
Cash and cash equivalents					
At the beginning of the year		487,626	78,836	679,933	215,173
At the end of the year		40,729	487,626	213,704	679,933
Increase (decrease) in cash and cash equivalents		(446,897)	408,790	(466,229)	464,760

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, 2021

In thousands of Brazilian Reais, except when otherwise stated

	Note	Parent Company		Consolidated	
		December 31 2021	December 31 2020	December 31 2021	December 31 2020
Revenues					
Revenue from services	21	1,138,440	973,949	2,804,769	2,439,015
Provision for Doubtful Accounts	23	(47,630)	(40,853)	(117,823)	(122,966)
Revenue deductions	21	(528,339)	(456,151)	(1,349,857)	(1,145,579)
		<u>562,471</u>	<u>476,945</u>	<u>1,337,089</u>	<u>1,170,470</u>
Inputs from third parties					
Services provided by individuals and corporations	22 and 23	(61,203)	(58,870)	(94,913)	(81,457)
Electricity, water and telephone	22	(10,237)	(12,961)	(26,534)	(29,408)
Publicity and advertising	23	(95,582)	(59,904)	(130,896)	(90,747)
Office supplies	23	(4,036)	(3,465)	(9,034)	(7,853)
Other	23	(48,281)	129,668	(99,329)	85,351
		<u>(219,339)</u>	<u>(5,532)</u>	<u>(360,706)</u>	<u>(124,114)</u>
Gross value added		<u>343,132</u>	<u>471,413</u>	<u>976,383</u>	<u>1,046,356</u>
Depreciation and amortization.	22 and 23	(70,913)	(76,959)	(184,870)	(175,651)
Net value added produced by the entity		<u>272,219</u>	<u>394,454</u>	<u>791,513</u>	<u>870,705</u>
Financial revenues	24	10,339	10,285	36,044	32,617
Equity in the Results of subsidiaries	6	94,247	83,868		
Total value added to distribute		<u>376,805</u>	<u>488,607</u>	<u>827,557</u>	<u>903,322</u>
Distribution of value added					
Salaries and social charges	22 and 23	(229,926)	(220,313)	(553,355)	(525,798)
Taxes, fees and contributions		(13,002)	(48,309)	(43,111)	(89,127)
Federal taxes		2,971	(33,910)	1,605	(47,842)
Municipal taxes		(15,973)	(14,399)	(44,716)	(41,285)
Third-party capital remuneration		(81,394)	(54,951)	(178,608)	(123,363)
Financial expenses	24	(76,530)	(61,930)	(165,470)	(134,623)
Rentals	22	(4,864)	6,979	(13,138)	11,260
Net income for the year		(52,483)	(165,034)	(52,483)	(165,034)
Value added distributed		<u>(376,805)</u>	<u>(488,607)</u>	<u>(827,557)</u>	<u>(903,322)</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, 2021

In thousands of Brazilian Reais, except when otherwise stated

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 also owns 34 private limited liability companies, including 62 campuses in operation, being two universities, 19 university centers and 33 accredited colleges, in addition to 516 distance-learning centers (EAD) 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 223.5 thousand students, operating under the following brands: UNINASSAU – Centro Universitário Maurício de Nassau, 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, CDMV – Centro de Desenvolvimento da Medicina Veterinária, Faculdades UNINASSAU, Faculdades UNINABUCO e Escolas Técnicas Joaquim Nabuco e Maurício de Nassau, under which it offers 2,244 courses, through campuses and distance-learning centers.

The Company is a publicly-held company headquartered in Recife, in the State of Pernambuco, 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 2021, Fitch Ratings issued an opinion renewing the Company’s long-term national rating at “AA-(bra)”, with a stable outlook.

1.1 Pandemic state (Covid-19)

In Brazil, unlike what happened at the beginning of the pandemic in 2020, no new measures were adopted in 2021 to support workers and sectors of the economy, to reduce the economic impacts and provide liquidity and credit to individuals and companies.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

In the education segment, state and municipal health authorities in several states and municipalities started the gradual release of on-campus classes in public and private schools, colleges and universities, following a strict safety protocol in the fight against COVID-19. The Company keeps monitoring at each location in which it operates to decide on the full return of on-campus classes. Digital learning activities, as well as intake and undergraduate enrollments, occurred as usual during the entire period of the pandemic.

In the administrative center, located in Recife, and in the administrative areas of the Group's units, the activities remain carried out on hybrid mode, with on-campus activities including an average of 50% of the employees, according to the guidelines of the World Health Organization (WHO) and the Ministry of Health of Brazil regarding cleaning the physical environment and social isolation, and activities carried out remotely on teleworking model, keeping a safe technological infrastructure to ensure the continuity of operations and processing the information required for the control of its internal processes.

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 in the second half of 2021 has started a recovery curve, showing a stabilization of the Company's base of on-campus students and improved receipt of tuition fees. The interruption or reduction of activities carried out on-campus in 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 that year, although in lower volume as compared to 2020, partially offsetting the impacts of the fluctuation in the base of on-campus students and the delay in receiving tuition fees.

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.

The Group is actively monitoring COVID-19 impacts, through an internal committee created for this purpose, aiming at preserving the health of students and employees, avoiding more losses 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.

Management has analyzed some potential developments resulting from the current crisis in the Group's operations and the possible effects on the financial statements of the Company and its subsidiaries, related to the measurement of critical accounting estimates and judgments, mainly related to the allowance 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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

1.2 Basis of preparation and compliance statement

The individual and consolidated financial statements have been prepared 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), in compliance with 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, 2021, were prepared on a historical cost basis, with financial assets and liabilities 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 capacity of the Company and its subsidiaries to continue regularly doing business and is convinced that they hold sufficient funds to remain as a going concern in the future. Furthermore, the 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 24, 2022

2 New or revised pronouncements firstly applied in 2021

The Group applied for the first time certain standards and amendments, which are valid for annual periods beginning on or after January 1, 2021 (unless otherwise indicated). The Group has decided not to early adopt any other standards, interpretations or amendments that have been issued but are not yet effective.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

Amendments to CPC 06 (R2), CPC 11, CPC 38, CPC 40 (R1) and CPC 48: Interest Rate Benchmark Reform

The amendments to CPC Pronouncements 38 and 48 provide temporary exceptions that address the financial statement effects when an interbank deposit certificate rate is replaced with an alternative to an almost risk-free rate. The amendments include the following practical expedients:

- A practical expedient that requires contractual amendments, or changes in cash flows that are directly required by the reform, to be addressed as changes in the floating interest rate, equivalent to movement in a market rate.
- Allows reform-required changes to be made to hedging designations and documentation, without the hedging relationship being discontinued.
- Provides temporary exception for entities to comply with the separately identifiable requirement when a risk-free rate instrument is designated as a hedge of a risk component.

These amendments had no impact on the Group's individual and consolidated financial statements. The Group intends to use practical expedients in future periods if they become applicable.

Amendments to CPC 06 (R2): Covid-19-Related Benefits Granted to Lessees in Lease Agreements Beyond June 30, 2021

The amendments provide for concession to lessees in the application of the guidance of NBC TG 06 (R3) on the modification of the lease agreement, by recording the benefits related as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may choose not to assess whether a Covid-19-related benefit granted by the lessor is a modification of the lease agreement. The lessee who makes this option shall account for any change in the lease payment resulting from the Covid-19-related benefit granted in the lease agreement in the same way as it would account for the change applying NBC TG 06 (R3) if the change were not a modification of the agreement of lease.

The amendment was intended to be in force until June 30, 2021, but as the impact of the Covid-19 pandemic may continue, on March 31, 2021, CPC extended the period of application of this practical expedient to June 30, 2022. This amendment is effective for fiscal years beginning on or after January 1, 2021.

The Group opted to use the practical expedient for all rental concessions that met these criteria as from the date the standard came into effect.

Accounting for rental concessions as lease modifications would have resulted in the Company reassessing the lease liability to reflect the revised consideration using a revised discount rate, with the effect of changing the lease liability recorded against the right-of-use asset. When applying the practical expedient, the Company is not obliged to determine a revised discount rate and the effect of the change in the lease liability is reflected in the profit or loss in the period in which the event or condition that triggers the granting of the lease occurs.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

2.2 Standards issued but not yet in force

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

Amendments to NBC TG 26 - Classification of liabilities under current or non-current

In January 2020, IASB issued amendments to paragraphs 69 to 76 of IAS 1, related to NBC TG 26, intended to specify the requirements for classifying liabilities as current or non-current. The changes clarify:

- The meaning of a right to postpone settlement;
- That the right to postpone shall exist on the base date of the report;
- That this classification is not affected by the likelihood that an entity may exercise its right of postponement;
- That only if a derivative embedded into a convertible liability is an equity instrument the terms of a liability would not affect its classification

Changes are effective for periods beginning January 1, 2023 and shall be applied retrospectively. The Group is currently assessing the impact the such changes may have on current practice and whether existing loan agreements may require renegotiation.

Amendments to IAS 8: Definition of accounting estimates

In February 2021, IASB issued amendments to IAS 8 (standard related to CPC 23), in which it introduces the definition of accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, they clarify how entities use measurement and input techniques to develop accounting estimates.

The changes will be effective for periods beginning on or after January 1, 2023 and will apply for changes in accounting policies and estimates occurring on or after the beginning of that period. Early adoption is permitted if disclosed. The amendments are not expected to have a significant impact on the Group's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies

In February 2021, IASB issued amendments to IAS 1 (standard related to CPC 26 (R1)) and IFRS Practice Statement 2 Making Materiality Judgments, which provides guidance and examples to assist entities in applying materiality judgment to the disclosure of accounting policies. The amendments aim to assist entities in disclosing accounting policies that are most useful by replacing the requirement for disclosure of significant accounting policies to material accounting policies and adding guidance on how entities should apply the concept of materiality in making decisions about disclosure of policies. accounting.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

The amendments to IAS 1 are applicable for periods beginning on or after January 1, 2023 with early adoption permitted. Since the amendments to Practice Statement 2 provide non-mandatory guidance in applying the material definition to the accounting policy information, an adoption date for this amendment is not required.

The Group is currently assessing the impacts of these changes on the accounting policies disclosed.

2.3 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 Company and its subsidiaries 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>
8 years (i)	8.53%
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.

The Company 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, 2021. 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.

<u>Maturity of Installments</u>	<u>R\$</u>
2022	133,097
Between 2023 and 2027	496,953
Between 2028 and 2032	299,075
After 2032	91,353
Non-discounted amounts	1,020,478
Interest embedded	(393,515)
Lease liabilities balance	626,963

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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

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	585,325	517,860	67,465
Lease commitments	716,945	626,963	89,982

Impact on P&L

	<u>With Inflation</u>				<u>No Inflation</u>				<u>Difference CVM Official letter</u>
	Interest	Depreciation	Minimum Payment	Impact on P&L	Interest	Depreciation	Minimum Payment	Impact on P&L	
2021	68,291	73,340	(119,107)	22,524	67,534	72,792	(118,998)	21,328	1,196
Between 2022 and 2026	304,922	316,287	(584,515)	36,694	253,538	285,280	(539,592)	(774)	37,468
Between 2027 and 2031	157,707	191,359	(431,416)	(82,350)	117,494	168,836	(344,448)	(58,118)	(24,232)
After 2031	33,147	72,964	(196,790)	(90,679)	22,484	61,412	(136,439)	(52,543)	(38,136)
Total	564,067	653,950	(1,331,828)	(113,811)	461,050	588,320	(1,139,477)	(90,107)	(23,704)

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

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

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).

(b) Impairment of Goodwill

The Group tests annually, at the end of the year, whether goodwill has suffered any impairment under the accounting policy stated in Note 31.12. The 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. 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 the business combination dates the identifiable assets and liabilities arising from business combinations, according to CPC 15 - "Business Combinations" and identifies those that must 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 combination.

(d) Provision for losses with doubtful accounts

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..

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

Annually, 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. Management estimates the useful lives of certain intangible assets based on historical experience concerning the use of these intangible assets.

(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 does not 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 provides principles for overall risk management, as well as for 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).

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(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 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 the segment of on-campus higher education, a substantial 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 allowance 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 counterparties' defaults additional to the amounts already provided for in Note 9 (e), which reflect the changes in the allowance for expected credit losses in the year.

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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

	Parent Company			
	Up to one year	Between one and two years	Between two and five years	Over five years
December 31, 2021				
Loans and financing	231,085	135,202	134,077	
Lease commitments	45,522	42,395	78,688	175,352
	<u>276,607</u>	<u>177,597</u>	<u>212,765</u>	<u>175,352</u>
As of December 31, 2020				
Loans and financing	132,681	207,696	249,317	
Debentures	51,205			
Lease commitments	42,614	42,090	74,589	193,812
	<u>226,500</u>	<u>249,786</u>	<u>323,906</u>	<u>193,812</u>
	Consolidated			
	Up to one year	Between one and two years	Between two and five years	Over five years
December 31, 2021				
Loans and financing	231,684	135,544	134,077	
Lease commitments	133,097	119,228	193,299	574,854
Commitments payable	54,354	46,702	137,447	1,090
	<u>419,135</u>	<u>301,474</u>	<u>464,823</u>	<u>575,944</u>
As of December 31, 2020				
Loans and financing	132,919	207,935	249,499	
Debentures	51,205			
Lease commitments	114,822	127,538	205,277	652,416
Commitments payable	2,400	29,800	29,800	
	<u>301,346</u>	<u>365,273</u>	<u>484,576</u>	<u>652,416</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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

The Group periodically analyzes its regulatory risks aiming to mitigate or minimize their impact, 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.

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) less cash and cash equivalents, and marketable securities.

The financial leverage ratios are presented as follows:

	December 31	Consolidated
	2021	December 31,
		2020
Total bank loans and financing	436,065	540,892
Total debentures		50,166
Total commitments payable	239,593	62,000
Total lease commitments	626,963	651,027
Cash and cash equivalents	(213,704)	(679,933)
Securities	(77,360)	(1,176)
Net debt	1,011,557	622,976
Total equity	1,463,077	1,426,487
Equity plus net debt - Total capital	2,474,634	2,049,463
Financial leverage ratio	40.9%	30.4%

4.3 Additional sensitivity analysis required by the Accounting Pronouncements Committee - CPC

With the purpose of determining the sensitivity of the indexer to which the Group was exposed on the base date of December 31, 2021, different scenarios were defined, using the latest interest rates accrued in the last twelve months (Scenario I) and, based on it, 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

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

December 31, 2021, projecting for one year.

		Scenarios with Indexers Increase		
Operations	Risk	(I)	(II)	(III)
<u>Assets</u>				
Short-term investments	CDI	4.42% 8,964	5.53% 11,216	6.63% 13,447
Securities	CDI	4.42% 3,419	5.53% 4,278	6.63% 5,129
<u>Liabilities</u>				
Financing - Working Capital	CDI	4.42% (18,554)	5.53% (23,214)	6.63% (27,831)
IFC	CDI	4.42% (422)	5.53% (528)	6.63% (633)
Commitments payable	IPCA	10.06% (24,106)	12.58% (30,141)	15.09% (36,155)
Net position		<u>(30,698)</u>	<u>(38,389)</u>	<u>(46,043)</u>
Scenarios with Indexers Decrease				
Operations	Risk	(I)	(II)	(III)
<u>Assets</u>				
Short-term investments	CDI	4.42% 8,964	3.32% 6,733	2.21% 4,482
Securities	CDI	4.42% 3,419	3.32% 2,568	2.21% 1,710
<u>Liabilities</u>				
Financing - Working Capital	CDI	4.42% (18,554)	3.32% (13,937)	2.21% (9,277)
IFC	CDI	4.42% (422)	3.32% (317)	2.21% (211)
Commitments payable	IPCA	10.06% (24,106)	7.55% (18,089)	5.03% (12,052)
Net position		<u>(30,698)</u>	<u>(23,041)</u>	<u>(15,348)</u>

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

Considering the economic forecasts released by the Central Bank of Brazil's Focus Report on March 18, 2022, corroborated by financial market economists, it is estimated that inflation rates measured by IPCA will be closer to Scenario III of Drop in Indexers. Regarding interest rates measured by CDI, the Central Bank of Brazil has increased Selic to 11.75% p.a., with expected increase to 12.75% p.a. by 2022 year-end. Thus, the net exposure of assets and liabilities linked to the CDI is R\$ 149,150.

Section C - Segment Reporting

5 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. Although intended for a diverse customer audience, the courses offered by the Company are not monitored and managed by management as independent segments. The Group results are monitored and assessed as integrated into the form of a single segment.

Section D - Group Structure

6 Subsidiaries

The consolidated financial statements for the year ended December 31, 2021, include the operations of the Group and of the following subsidiaries, which are shown below with a summary of the Company's interest in each of them:

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reals, except when otherwise stated

	Direct %		Indirect %	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
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. (i)			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 (i)			99.99	
Clínica Escola de Saúde Uninassau Ltda	99.99	99.99		
Clínica Veterinária CDMV Ltda (Hospital Veterinário DOK) (i)			99.99	
Centro de Desenv.da Med.Veterinária, Cursos e Treinam. Ltda.(CDMV) (i)			99.99	
Plantão Veterinário Hospital Ltda (i)			99.99	
Pet Shop Kero Kolo Ltda (i)			99.99	
EDUCRED - Administradora de Crédito Educativo e Cobrança Ltda.	99.99	99.99		
Centro de Educação Continuada Maurício 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.	99.99	99.99		
CIESPPI - Centro Integrado de Educação Superior do Piauí Ltda.	99.99	99.99		
SESPI - Sociedade de Ensino Superior Piauiense Ltda.	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	99.99	99.99		
Overdrives Coworking Escritórios Virtuais Ltda.	99.99	99.99		
3L Tecnologias Educacionais e Soluções Digitais S.A	99.99			
Gokursos Inovações Educacionais Ltda	99.99			
Starline Tecnologia S/A (i)			99.99	
Delínea Tecnologia Educacional Ltda (i)			99.99	
Ser Finanças - Serviços Financeiros Ltda	99.99			

(i) Companies acquired in 2021.

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 companies consolidated, and 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 Company.

Ser Educacional S.A.

Notes to the financial statements
December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(a) Investment

	December 31, 2021						
	Net Equity	Income	Investment Amount	Goodwill (Note 11(c))	Intangible Assets Identified	Contingencies Quantified	Total
Direct Subsidiaries							
CETBA - Centro de Ensino e Tecnologia da Bahia Ltda.	19,325	(194)	19,325	4,140			23,465
Clínica 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 Maurício 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 Maintanances							
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 Desenv.da Medicina Veterinária, Cursos e Treinam. Ltda. -CDMV	724	224	724	5,567	673		6,964
Clínica 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
Definea Tecnologia Educacional Ltda	(2,524)	2,513	(2,524)	13,752	14,240		25,468
Plantão Veterinário Hospital Ltda	7		7	4,274	2,100		6,381
Pet Shop Kero Kolo Ltda	(55)		(55)	1,180	993		2,118
Total Indirect Subsidiaries	104,023	41,793	104,023	273,386	249,092		626,501
Acquisition of Indirect Maintanances							
Sociedade Metodista Bennet					10,000		
Total Goodwill				311,439			

FMN Clínica Escola de Fisioterapia, Psicologia, Enfermagem e Nutrição Ltda, which is included in December 2020 table, changed its name to Clínica Escola de Saúde Uninassau Ltda.

Ser Educacional S.A.

Notes to the financial statements
December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

	December 31, 2020						
	Net Equity	Equity Income	Investment Amount	Goodwill (Note 11(c))	Intangible Assets Identified	Contingencies Quantified	Total
Direct subsidiaries							
CETEBA - Centro de Ensino e Tecnologia da Bahia Ltda.	19,519	3,441	19,519	4,140			23,659
Clínica Escola de Saúde Uninassau Ltda	965	(2,768)	965				965
CENESUP - Centro Nacional de Ensino Superior Ltda.	475,601	(27,518)	475,601				475,601
EDUCRED - Administradora de Crédito Educativo e Cobrança Ltda.	1,228	822	1,228				1,228
SECARGO - Sociedade Educacional Carvalho Gomes Ltda.	42,395	6,051	42,395	4,362			46,757
ICES - Instituto Campinense de Ensino Superior Ltda.	299,623	67,422	299,623				299,623
Centro de Educação Profissional BJ Ltda.	1,978	(1,189)	1,978				1,978
ABES - Sociedade Baiana de Ensino Superior Ltda.	32,914	(8,595)	32,914	8,405			41,319
Centro de Educação Continuada Maurício de Nassau Ltda.	2,948	(1,569)	2,948				2,948
SESPS - Sociedade de Ensino Superior e de Pesquisa de Sergipe Ltda.	57,613	5,872	57,613	1,043	467		59,123
Faculdade Maurício de Nassau de Belém Ltda.	61,016	9,389	61,016	959	1,261		63,236
CESPI - Centro de Ensino Superior Piauiense Ltda.	32,365	8,834	32,365	8,662	4,404	(1,228)	44,203
CIESPI - Centro Integrado de Educação Superior do Piauí Ltda.	40,129	12,502	40,129				40,129
SESPI - Sociedade de Ensino Superior Piauiense Ltda.	40,941	10,097	40,941	5,360	5,996	(2,021)	50,276
Uninassau Participações S.A.	396		396				396
Instituto de Ensino Superior Juvêncio Terra Ltda.	13,941	3,645	13,941	573	2,400		16,914
Faculdade Joaquim Nabuco de São Lourenço da Mata Ltda.	776	(889)	776				776
Faculdade Joaquim Nabuco de Olinda Ltda.	6,502	(1,747)	6,502	3,521	2,700		12,723
Overdrives Coworking Escritórios Virtuais	1,690	68	1,690				1,690
Acquisition of Maintences							
FADE - Faculdade Decisão				1,028	2,200		3,228
FACOCMA - Faculdades COC de Maceió					3,000		3,000
Total Direct Subsidiaries	1,132,540	83,868	1,132,540	38,053	22,428	(3,249)	1,189,772
Indirect subsidiaries							
SOPEP - Sociedade Paulista de Ensino e Pesquisa S/S Ltda.	21,979	(4,465)	21,979	43,591	104,617		170,187
Sociedade Universitária Miletto Ltda.	1,533	(453)	1,533	1,346	4,500		7,379
Sociedade Regional de Educação e Cultura Ltda.	8,333	7	8,333	69,365	75,613		153,311
Colégio Cultural Módulo Ltda.	10,400	1,089	10,400	5,394	11,646		27,440
Beduka Serviços de Tecnologia em Educação Ltda.	(9)		(9)	2,009			2,000
Total Indirect Subsidiaries	42,236	(3,822)	42,236	121,705	196,376		360,317
Acquisition of Indirect Maintences							
Sociedade Metodista Bennet					10,000		
Total Goodwill				159,758			

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

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(b) Changes in investments in subsidiaries:

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

	Parent Company	
	2021	2020
Opening balance	1,189,772	967,485
Advance for future capital increase (i)	279,932	165,963
Interest in profit of subsidiaries	94,247	83,868
Write-off of indemnifiable liability	3,249	
Earnings received from subsidiaries	(186,013)	(27,544)
Balance as of December 31	1,381,187	1,189,772

(i) Substantially refer to advances for future capital increase, in the amount of R\$ 200,000, made for CENESUP to support the acquisitions of UNESC (f) and UNIFASB (g), and R\$ 57,133 for 3L Tecnologias Educ. e Soluções Digitais for the acquisition of Starline (i), and Delínea (j).

(c) UNIFACIMED acquisition

On August 6, 2020, a Share Purchase and Sale Agreement ("CCVQ") was entered into, whereby subsidiary CENESUP - Centro Nacional de Ensino Superior Ltda. agreed to acquire 100% of the share capital of Sociedade Regional de Educação e Cultura Ltda. ("SOREC"), supporting entity of Faculdade de Ciências Biomédicas de Cacoal - FACIMED. Acquisition of the Faculdade de Ciências Biomédicas de Cacoal - FACIMED. On November 10, 2020, after fulfilling certain conditions precedent usual in similar transactions, including CADE's approval, published on October 22, 2020, the CCVQ financial conclusion was carried out, with the effective transfer of SOREC's share capital, supporting entity of FACIMED, to CENESUP.

The total amount of the acquisition was R\$ 150,000, of which R\$ 100,000 was paid in cash, on the closing date of the transaction, plus 4 annual installments in the amount of R\$ 12,500, starting January 31, 2022, adjusted by IPCA.

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

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

	SOREC - Sociedade Regional de Educação e Cultura Ltda
Intangible assets identified - Customer portfolio	16,792
Intangible assets identified - Licenses	58,821
Other identifiable assets acquired	10,944
Goodwill	69,365
Liabilities taken	(5,922)
Consideration for the acquisition	<u>150,000</u>

The consolidated statement of profit or loss for the period ended December 31, 2021 includes revenue and net income, in the amounts of R\$ 64,618 and R\$ 30,384 respectively, referring to this subsidiary.

(d) UNIJUAZEIRO Acquisition

On September 18, 2020, a Share Purchase and Sale Agreement ("CCVQ") was entered into, whereby subsidiary CENESUP - Centro Nacional de Ensino Superior Ltda. agreed to acquire 100% of the share capital of Colégio Cultural Módulo Ltda., supporting entity of Faculdade de Juazeiro do Norte - FJN. On November 03, 2020, after fulfilling certain conditions precedent usual in similar transactions, the CCVQ financial completion was performed with the effective transfer of Colégio Módulo's share capital, the supporting entity of FJN, to CENESUP.

The purchase totaled R\$ 24,000, with R\$ 12,000 paid in two installments, with maturities on the closing date and after 30 days, with the remaining R\$ 12,000 to be paid in 5 annual installments totaling R\$ 2,400, as of September 18, 2021, adjusted by IPCA's variation.

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

	Colégio Cultural Módulo Ltda.
Intangible assets identified - Brand	3,501
Intangible assets identified - Customer portfolio	248
Intangible assets identified - Licenses	7,897
Other identifiable assets acquired	9,283
Goodwill	5,394
Liabilities taken	(2,323)
Consideration for the acquisition	<u>24,000</u>

The consolidated statement of profit or loss for the period ended December 31, 2021 includes revenue and loss, in the amounts of R\$ 14,771 and R\$ 3,534 respectively, referring to this subsidiary.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(e) Acquisition of the Beduka portal

On December 18, 2020, the Company concluded the acquisition of 100% of Beduka Serviços de Tecnologia em Educação Ltda., owner of Beduka portal (www.beduka.com), a startup in the online support market for students seeking to enter higher education, for the amount of R\$ 3,000, of which R\$ 2,000 paid in cash on the acquisition date and R\$ 1,000 paid in two annual successive installments maturing on the anniversary of the closing date.

Due to the low materiality of the acquisition price, the investment was fully classified as goodwill due to expected future profitability, which added to the unsecured liability on the acquisition date totaled R\$ 3,009.

(f) Unesc acquisition

On February 1, 2021, after the fulfillment of the conditions precedent, the financial conclusion of the Purchase and Sale Agreement of Shares and Other Covenants ("Agreement") was performed with the effective transfer to CENESUP - Centro Nacional de Ensino Superior Ltda. ("CENESUP"), a subsidiary of Ser Educacional S.A., of the capital stock of Sociedade Educacional de Rondônia S/S Ltda. ("UNESC"), supporting entity of the following educational institutions: (i) Faculdade de Educação e Cultura de Porto Velho, (ii) Faculdade de Educação e Cultura de Vilhena, (iii) Faculdades Integradas de Cacoal and (iv) Faculdade de Educação e Cultura de Ji-Paraná.

UNESC is present in the largest cities in the State of Rondônia, and has a portfolio including courses in the areas of health and engineering, among which 50 annual seats for the Medicine course in Vilhena, or 60 annual seats, when considering the seats available through PROUNI and FIES, as well as courses in Psychology, Nursing, Pharmacy, Physiotherapy, Nutrition, Civil Engineering, Mechanical Engineering, Law, and Computer Engineering. It has approximately 2,900 on-campus undergraduate students, including 162 medical students. It has a request for 50 additional annual seats in Vilhena and another 50 seats in Ji-Paraná, which are being discussed in court.

Total amount of the acquisition was R\$ 150,000, of which R\$ 70,000 was paid on February 1, 2021, R\$ 50,000, to be paid in four successive annual installments, in the amount of R\$ 12,500, with the first installment due on the day of the first anniversary of the closing date and the remainder on the same date in the subsequent three years, adjusted by IPCA between the closing date up to the date of each payment, and R\$ 32,960 to be paid in February 2024, which will be due in the event of issuance of Ordinance by MEC formalizing the authorization for the creation of 50 additional seats for the medical course at Vilhena-RO unit.

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

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

	Sociedade Educacional de Rondônia S/S Ltda
Intangible assets identified - Brand	7,300
Intangible assets identified - Customer portfolio	4,400
Intangible assets identified - Licenses	17,900
Other identifiable assets acquired	9,396
Goodwill	108,071
Liabilities taken	(1,875)
Consideration for the acquisition	145,192

The consolidated statement of profit or loss for the period ended December 31, 2021 includes revenue and net income, in the amounts of R\$ 33,240 and R\$ 9,095 respectively, referring to this subsidiary.

(g) Unifasb acquisition

On February 5, 2021, after the fulfillment of the conditions precedent, the financial conclusion of the Purchase and Sale Agreement of Shares and Other Covenants was performed with the effective transfer to CENESUP - Centro Nacional de Ensino Superior Ltda. ("CENESUP"), a subsidiary of the Company, of the share capital of the Instituto Avançado de Ensino Superior de Barreiras ("IAESB"), supporting entity of Centro Universitário São Francisco de Barreiras ("UNIFASB").

Centro Universitário São Francisco de Barreiras - UNIFASB - is located in the city of Barreiras, in the countryside of the state of Bahia, has a portfolio that includes courses in the areas of health and human sciences, offering undergraduate and post-graduate courses, such as: Law, Agronomy, Administration, Accounting, Biomedicine, Psychology, Nursing, Physical Education, Physiotherapy and Medicine, the latter with 80 authorized annual seats or 96 annual seats, when considering seats available via PROUNI and FIES. It has approximately 1,600 on-campus undergraduate and post-graduate students, including 332 medical students.

The total amount of the acquisition was R\$ 210,000, of which R\$ 130,000 was paid on April 5, 2021, and R\$ 80,000, to be paid in 5 successive annual installments, in the amount of R\$ 16,000 each, with the first installment maturing on January 31, 2022 and the remainder on the same date of the subsequent 4 years. The transaction also involves the purchase of the property at UNIFASB's headquarters valued at approximately R\$ 34,000, already included in the total amount to be paid for the transaction.

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

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

	Instituto Avançado de Ensino Superior de Barreiras - IAESB
Intangible assets identified - Brand	12,725
Intangible assets identified - Customer portfolio	9,969
Intangible assets identified - Licenses	69,293
Tangible assets - fair value of PPE	32,609
Other identifiable assets acquired	24,883
Goodwill	60,006
Liabilities taken	(4,003)
Consideration for the acquisition	<u>205,482</u>

UNIFASB was merged by CENESUP on June 30, 2021.

(h) Acquisition of CDMV and Hospital Veterinário DOK

On August 4, 2021, the financial conclusion of the Purchase and Sale Agreement of Shares and Other Covenants was performed, with the effective transfer to Clínica Escola de Saúde Uninassau Ltda. ("Clinic"), a subsidiary of Ser Educacional S.A., of 100% of the share capital of Centro de Desenvolvimento da Medicina Veterinária, Cursos e Treinamento Ltda. ("CDMV") and Clínica Veterinária CDMV Ltda. ("Hospital Veterinário DOK").

Hospital Veterinário DOK is located in Barra da Tijuca, Rio de Janeiro (RJ) and features a full infrastructure operating 24/7, dedicated to small animals.

CDMV is a reference institution in the Veterinary Medicine segment and has a team with expertise in veterinary hospital management and dedicated to offering postgraduate courses and extension courses in the area of Veterinary Medicine.

The total amount of the acquisition was R\$ 12,000, of which (i) R\$ 8,400 was paid in cash, on the closing date of the Transaction; and (ii) R\$ 3,600 to be paid in 5 equal, annual and successive installments, the first one due on the first anniversary of the closing date, and the others on the same date of the subsequent 4 years, adjusted by the IPCA variation between the closing date and the date of each payment. Any net indebtedness of CDMV and Hospital Veterinário DOK will be deducted from the installment amount of the Transaction price.

The table below shows the total assets acquired and identified, goodwill, liabilities assumed and the amount of the consideration for the acquisition of each company:

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

	<u>CDMV</u>	<u>DOK</u>	<u>Total</u>
Intangible assets identified - Customer portfolio	795		795
Intangible assets identified - Brand		2,795	2,795
Identifiable assets acquired	621	482	1,103
Goodwill	5,567	2,276	7,843
Liabilities taken	<u>(427)</u>	<u>(402)</u>	<u>(829)</u>
Consideration for the acquisition	<u>6,556</u>	<u>5,151</u>	<u>11,707</u>

The consolidated statement of profit or loss for the year ended December 31, 2021 includes revenue and net income, in the amounts of R\$ 1,906 and R\$ 224, respectively, referring to CDMV and revenue and loss of R\$ 1,857 and R\$ 213, respectively, referring to Hospital Veterinário DOK.

(i) Starline acquisition

On September 17, 2021, after fulfillment of the conditions precedent, the financial conclusion of the Purchase and Sale Agreement of Shares and Other Covenants was performed, with the effective transfer to 3L Tecnologias Educacionais e Soluções Digitais S.A. ("3L"), a subsidiary of Ser Educacional S.A. of 100% of the share capital of Starline Tecnologia S.A., owner of Prova Fácil.

ProvaFácil is a leading EdTech in the management of tests in Latin America with over 100 million evaluations carried out in the last five years, having been recognized in 2017 by EdTech Startups Awards as one of the three most innovative EdTechs in Latin America and one of the 20 best in the world. Its proprietary platform automates and modernizes any assessment process, turning assessments into intelligent databases that enable analysis and improvement of the performance and learning experience of its students and employees, and features B2B, B2C and B2B2C solutions enabling a clearer knowledge management of any educational institution or company.

The total amount of the acquisition was R\$ 27,067, of which R\$ 23,797 were paid on the closing date and R\$ 3,270 will be paid annually on April 30, 2022, 2023 and 2024, in the event of achieving pre-established goals between the parties ("earn out") related to fiscal years 2021, 2022 and 2023, respectively. This amount has already been included in the consideration, since, based on the business plan provided by management, the expectation is that all the aforementioned goals will be met. At the time of acquisition, 3L contributed R\$ 2,933, as an investment, to enable the achievement of these goals.

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

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

	<u>Starline</u>
Intangible asset identified - Software	2,606
Intangible assets identified - Brand	7,135
Intangible assets identified - Agreements	1,524
Identifiable assets acquired	3,413
Goodwill	18,607
Liabilities taken	<u>(3,636)</u>
Consideration for the acquisition	<u>29,649</u>

(j) Delínea Acquisition

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

Delinea (www.delinea.com.br) is an edtech and one of the largest independent producers of digital academic content for higher education in Brazil. Its Deduca platform (<https://delinea.deduca.com.br>) is one of the largest and best SaaS (Software As a Service) content production and management platforms in Brazil and has one of the largest collections of independent higher education courses in Brazil.

The total amount of the acquisition was R\$ 20,000, of which (i) R\$ 18,000 paid in cash, on the closing date of the transaction, and (ii) R\$ 2,000 to be paid up to the 6th (sixth) anniversary of the closing date, with its installments annually released during this period, as set forth in the Agreement. 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 a pro rata 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 all the aforementioned goals will be met.

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

	<u>Delínea</u>
Intangible assets identified - Platform	90
Intangible assets identified - Brand	8,451
Intangible assets identified - Collection	5,699
Identifiable assets acquired	2,883
Goodwill	13,752
Liabilities taken	<u>(8,185)</u>
Consideration for the acquisition	<u>22,690</u>

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

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

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

Located near Centro Universitário UNINASSAU in Recife, the Hospital (www.plantaoveterinario.com.br) is one of the most renowned Veterinary Hospitals in the city and has a full infrastructure for pet care, providing 24/7 service, with 22 inpatient beds and an laboratory tests.

The total amount of the acquisition was R\$ 10,000, of which (i) R\$ 4,000 paid in cash, on the closing date of the transaction; (ii) R\$ 1,000 within 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.

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

	Plantão Veterinário	Pet Shop	Total
Intangible assets identified - Non-compete agreement	266	58	324
Intangible assets identified - Brand	1,834	935	2,769
Intangible assets identified - Deferred Income Tax			-
Intangible assets identified - Inventory adjustments	(714)	(338)	(1,052)
Identifiable assets acquired		(99)	(99)
Goodwill	1,422	632	2,053
Consideration for the acquisition	4,274	1,180	5,455
	<u>7,082</u>	<u>2,368</u>	<u>9,450</u>

(l) FAEL acquisition

On May 28, 2021, the Company entered into an Agreement for Assignment and Transfer of Shares whereby 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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

As a consideration for the assignment and transfer of FAEL's shares, 3L will pay at the closing date of the transaction the base price R\$ 280,000, subject to adjustment related to FAEL's working capital and net debt, as well as the earn-out payment of up to R\$ 17,500, subject to the achievement of certain performance targets by FAEL.

(m) Recognition and methodology of fair value of net assets

The fair value of net assets recognized in these business combinations is provisional and may be subject to changes during the measurement period, which may not exceed one year from the date of acquisition. Pursuant to NBC TG 15 (R4) / IFRS 3, the acquirer must retrospectively adjust the provisional amounts recognized on the acquisition date to reflect any new information obtained concerning facts and circumstances existing on the acquisition date, which, if known on that date, would have affected the measurement of recognized amounts. During the measurement period, the acquirer shall also additionally recognize assets or liabilities, when new information is obtained about facts and circumstances existing on the acquisition date, which, if known on that date, would have resulted in the recognition of those assets and liabilities on that date.

The provisional estimate of the fair value of the assets acquired and liabilities taken, made by management with the support of its independent consultants, 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".

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

Section E - Selected significant notes

7 Financial instruments by category

	Parent Company		Consolidated	
	December 31 2021	December 31 2020	December 31 2021	December 31, 2020
Financial assets carried at amortized cost				
Cash and cash equivalents	3,098	2,277	10,890	10,597
Short-term investments	37,631	485,349	202,814	669,336
Accounts Receivable - Students	135,119	120,352	351,463	342,469
Related parties	6,020	7,972	6,020	7,972
Judicial deposits and blocked escrows	20,181	20,059	41,065	53,780
	<u>202,049</u>	<u>636,009</u>	<u>612,252</u>	<u>1,084,154</u>
Assets measured at fair value through profit or loss				
Securities	77,298	225	77,360	1,176
Accounts receivable Educured	39,823	29,722	110,777	87,524
	<u>117,121</u>	<u>29,947</u>	<u>188,137</u>	<u>88,700</u>
	<u>319,170</u>	<u>665,956</u>	<u>800,389</u>	<u>1,172,854</u>
Financial liabilities carried at amortized cost				
Suppliers	17,183	16,933	34,069	38,170
Loans and financing	434,870	540,213	436,065	540,892
Debentures		50,166		50,166
	<u>452,053</u>	<u>607,312</u>	<u>470,134</u>	<u>629,228</u>
Liabilities measured at fair value through profit or loss				
Lease commitments	219,872	216,979	626,963	651,027
Commitments payable			239,593	62,000
	<u>219,872</u>	<u>216,979</u>	<u>866,556</u>	<u>713,027</u>
	<u>671,925</u>	<u>824,291</u>	<u>1,336,690</u>	<u>1,342,255</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, 2021, is not significant. Fair values are based on discounted cash flows, using the Group's cash cost, which approximates the respective agreements' rate.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

8 Cash and cash equivalents and securities

	Parent Company		Consolidated	
	December 31 2021	December 31 2020	December 31 2021	December 31, 2020
Cash on hand	61	61	153	148
Banks - current account	3,037	2,216	10,737	10,449
Short-term investments	37,631	485,349	202,814	669,336
Cash and cash equivalents	40,729	487,626	213,704	679,933
Short-term investments	77,298	225	77,360	1,176
Securities	77,298	225	77,360	1,176
Total	118,027	487,851	291,064	681,109

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 finance the business expansion, through (i) acquisitions and (ii) investments in organic growth, including the expansion and the infrastructure of the distance learning network centers and investments for the installation of new on-campus units. The reduction in invested funds mainly refers to the disbursement in the amount of R\$ 257,038 for the acquisitions of UNESC, UNIFASB, CDMV/DOK, Starline, Delínea and Plantão Veterinário/Pet Shop Kero Kolo, as well as the amortization of loans and debentures in the period.

Short-term investments comprise conservative 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, 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:

Type	Average remuneration	Parent Company		Consolidated	
		December 31 2021	December 31 2020	December 31 2021	December 31, 2020
CDB	100.49% of CDI (101.69% of CDI in 2020)	37,631	485,349	202,814	669,336
	Short-term investments	37,631	485,349	202,814	669,336
Repo transactions	89.11% of CDI (75.00% of CDI in 2020)	56,379		56,379	951
Investment Funds	101.45% of CDI (132.79% of CDI in 2020)	20,919	225	20,981	225
	Securities	77,298	225	77,360	1,176

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

9 Accounts receivable

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>December 31</u> <u>2021</u>	<u>December 31</u> <u>2020</u>	<u>December 31</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Monthly tuition fees (a)	159,082	123,306	391,076	352,708
FIES receivable (b)	25,730	36,148	91,195	115,762
Agreements receivable (c)	33,927	31,009	106,372	98,532
Education credits receivable (d)	59,166	46,244	165,145	137,091
Other	7,662	10,352	20,998	19,533
Total	285,567	247,059	774,786	723,626
(-) Allowance for expected credit losses (a)	(95,834)	(84,448)	(275,531)	(259,272)
(-) Adjustment to present value Educured	(14,791)	(12,537)	(37,015)	(34,361)
	<u>174,942</u>	<u>150,074</u>	<u>462,240</u>	<u>429,993</u>
(-) Current	<u>(145,220)</u>	<u>(127,074)</u>	<u>(383,031)</u>	<u>(363,718)</u>
Non-Current	<u>29,722</u>	<u>23,000</u>	<u>79,209</u>	<u>66,275</u>

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

The Company writes-off its receivables overdue over 720 days considering the expressive volume of recovery during this time interval, in line with the methodology applied to the calculation of its allowance for expected credit losses, which considers the history of recoverability of the securities within 720 days of their maturity.

(a) Student Monthly Tuitions

As of December 31, 2021 and December 31, 2020, the maturity analysis of the monthly student tuition was as follows::

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>December 31</u> <u>2021</u>	<u>December 31</u> <u>2020</u>	<u>December 31</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Overdue up to 30 days	18,564	13,492	43,752	43,090
Overdue 31 to 60 days	14,607	13,437	34,119	34,349
Overdue 61 to 90 days	13,736	11,121	33,985	28,710
Overdue 91 to 180 days	21,572	18,192	44,820	49,038
Overdue 181 to 360 days	38,554	30,084	84,414	92,179
Overdue 361 to 540 days	28,117	19,471	75,860	53,996
Overdue 541 to 720 days	23,932	17,509	74,126	51,346
	<u>159,082</u>	<u>123,306</u>	<u>391,076</u>	<u>352,708</u>

As mentioned in Note 1.1, the crisis generated by the measures to stop the Covid-19 pandemic impacted the Brazilian economy and, therefore, on the process to attract and re-enroll the Company's students, especially in the on-campus undergraduate segment. The Group is actively working to mitigate these impacts, introducing more assertive methodologies to renegotiate overdue monthly tuitions, with new payment methods focused on reestablishing adequate conditions for the payment of monthly tuitions.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

Part of the monthly inflow from accounts receivable for student tuitions is pledged as collateral for the Company's borrowings with the International Finance Corporation (IFC) and Caixa Econômica Federal (Note 16(c)), corresponding to 25% and 5% of the loans, respectively.

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

Educational credits receivable (the FIES system) represents educational credits, the financing of which is contracted by the students with Caixa Econômica Federal (CEF) and the National Fund for Education Development (FNDE). The financial resources may be transferred monthly from CEF, and Banco do Brasil to a specific bank account and are used to withheld social security contributions on the salaries of Group employees and are also converted into cash through auctions of National Treasury Bonds.

The amounts outstanding on December 31, 2021, refer to the installments of students re-enrolled in FIES pending transfer by the Federal Government, delayed due to the extension of the contract amendment term.

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 FNDE (restricted cash). As of December 31, 2021, the balance of this FIES Guarantor Fund was R\$ 13,196 and R\$ 35,148 (2020: R\$ 5,646 and R\$ 18,631) in the Parent Company and in the Consolidated, respectively.

(c) Agreements receivable

The Group's Management imposes strict criteria preventing debt rollover from one semester to the next. Student agreement receivables refer to renegotiations with students who are in debt to the Group, which offers different means of payment to students, considering the respective credit limits for each student, and, if necessary, requests the assignment of a guarantor for the credit granted.

As of December 31, 2021 and December 31, 2020, the maturity of the balances for agreements receivable is as follows:

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

	Parent Company		Consolidated	
	December 31 2021	December 31 2020	December 31 2021	December 31, 2020
To be due	6,785	7,024	23,354	24,614
Overdue up to 30 days	2,719	2,534	8,639	8,110
Overdue 31 to 60 days	3,075	2,638	9,202	8,066
Overdue 61 to 90 days	2,777	2,334	8,081	7,284
Overdue 91 to 180 days	4,084	3,596	12,562	10,614
Overdue 181 to 360 days	6,001	4,798	17,948	15,506
Overdue 361 to 540 days	4,844	4,145	14,748	12,612
Overdue 541 to 720 days	3,642	3,940	11,838	11,726
	<u>33,927</u>	<u>31,009</u>	<u>106,372</u>	<u>98,532</u>

(d) Educational receivables

Other educational credits receivable includes Educured, Pravalter, Fundação de Crédito Educativo (Fundacred) and Facicred (student loan plan from the newly acquired Facimed), referring to financing contracted by students and approved by the Group, recorded at present value. Such financial resources will be transferred to the Company and its subsidiaries from the month following the graduation of the respective students.

	Parent Company		Consolidated	
	December 31 2021	December 31 2020	December 31 2021	December 31, 2020
Educured	54,614	42,259	147,792	121,885
Pravalter (i)	4,511	3,940	15,229	14,515
Other	41	45	2,124	691
	<u>59,166</u>	<u>46,244</u>	<u>165,145</u>	<u>137,091</u>
(-) Adjustment to present value	<u>(14,791)</u>	<u>(12,537)</u>	<u>(37,015)</u>	<u>(34,361)</u>
	<u>44,375</u>	<u>33,707</u>	<u>128,130</u>	<u>102,730</u>
(-) Current	<u>(14,653)</u>	<u>(10,707)</u>	<u>(48,921)</u>	<u>(36,455)</u>
Non-Current	<u>29,722</u>	<u>23,000</u>	<u>79,209</u>	<u>66,275</u>

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

As of December 31, 2021 and December 31, 2020, the maturity of balances for educational receivables is presented below, net of the present value adjustment:

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

	Parent Company		Consolidated	
	December 31 2021	December 31 2020	December 31 2021	December 31, 2020
To be due	39,184	30,086	111,386	89,886
Overdue up to 30 days	359	230	1,119	678
Overdue 31 to 60 days	334	166	1,077	498
Overdue 61 to 90 days	351	160	994	468
Overdue 91 to 180 days	801	442	2,471	1,287
Overdue 181 to 360 days	1,468	1,323	4,442	4,955
Overdue 361 to 540 days	723	613	2,206	3,063
Overdue 541 to 720 days	1,155	687	4,435	1,895
	<u>44,375</u>	<u>33,707</u>	<u>128,130</u>	<u>102,730</u>

The amounts to be settled include the adjustment to the present value of the balance totaling R\$ 14,791 in the Parent Company and R\$ 37,015 in the Consolidated, with R\$ 2,019 and R\$ 5,396, respectively, referring to students enrolling from January to December 2021, recognized as gross revenue in the income (expenses) for the year.

(e) Provision for losses with doubtful accounts

The provision for losses with doubtful accounts of own and third-party educational agreements, monthly tuitions and credits is calculated under the guidelines of NBC TG 48 / IFRS 9 and reflects the expected loss of accounts receivable due to the non-payment rate of the last 24 months per student, by the amount due and for each overdue level, except for educational credits from Federal Government programs (FIES).

The provision for losses with doubtful accounts for students who have FIES educational credits under the previous program was calculated as follows:

- (i) For FIES students with a guarantor, and FGEDUC - Educational Credit Transaction Guarantee Fund: a provision was set up for the percentage of 4.05% of accounts receivable with this characteristic, on an assumption of 15% credit risk on 27% default;
- (ii) For financing guaranteed by FGEDUC: for the non-covered risk, provision was set up for the 10% of the supporting entities' responsibility for the 15% credit risk from an estimate of 27% default, that is 0.405%; and
- (iii) Under the new FIES, the provision is made considering the percentage of 13% of the value of the student's installment. The monthly tuitions of these students are no longer calculated for FGEDUC charges and administrative fees.

The change in the provision for losses with doubtful accounts related to accounts receivable from the Group's students for the years ended December 31 was as follows:

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

	Parent Company		Consolidated	
	2021	2020	2021	2020
Balance as of December 31 of the previous year	(84,448)	(36,576)	(259,272)	(113,149)
Adjustment for change in estimate (i)		(46,812)		(134,638)
Write-off of unrecoverable credits	36,244	39,793	109,712	115,559
Allowance for expected credit losses arising from business combination			(8,148)	(4,078)
Provision for Doubtful Accounts	(47,630)	(40,853)	(117,823)	(122,966)
Balance as of December 31	(95,834)	(84,448)	(275,531)	(259,272)

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

- (i) Refers to the change in criteria made in the last quarter of 2020, which changed the history of permanent write-off from 360 to 720 days.

10 Taxes recoverable and payable

	Parent Company		Consolidated	
	December 31 2021	December 31 2020	December 31 2021	December 31, 2020
Taxes recoverable				
Current				
Income tax and social contribution to offset	4,840	1,106	14,751	7,370
Service tax - ISS			7,648	5,185
Other			23	1
	4,840	1,106	22,422	12,556
Non Current				
ISS to offset (i)			3,281	4,856
	4,840	1,106	25,703	17,412
Taxes payable				
Current				
Income tax and social contribution (ii)		28,414	3,352	29,380
Withholding Income Tax	2,420	2,493	7,244	7,080
Service tax - ISS	1,498	1,329	8,161	6,621
Tax installments (iii)	3	207	1,962	1,918
PIS and COFINS	101	1,503	446	1,514
Other	114	2,408	148	2,500
	4,136	36,354	21,313	49,013
Non Current				
Tax installments (iii)			4,804	5,261
	4,136	36,354	26,117	54,274

- (i) Refers to ISS to be offset by UNINORTE, due to acquired tax benefits;
- (ii) The balance as of December 31, 2020, includes the tax effects of receiving the "Go Shop" fine negotiated with Laureate; and
- (iii) Refers mainly to ISS paid in installments at UNINORTE, in the amount of R\$ 1,575 in the short

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

term and R\$ 3,281 in the long term, with fixed installments of R\$ 131 and final maturity on January 9, 2025.

11 Intangible Assets

(a) Parent Company

<u>Breakdown</u>	<u>Annual rates of of Amortization</u>			<u>December 31</u>	<u>December 31</u>
		<u>Cost</u>	<u>Amortization</u>	<u>2021</u>	<u>2020</u>
				<u>Balance</u>	<u>Balance</u>
Software licenses and deployments	20%	53,729	(38,514)	15,215	11,903
Operating licenses	33%	14,060	(12,829)	1,231	999
Agreements (i)	25%	11,489	(5,188)	6,301	6,801
Digital Content	20%	35,881	(17,900)	17,981	22,608
Goodwill	20%	5,282	(4,858)	424	1,048
Goodwill (i)		5,125		5,125	5,125
		<u>125,566</u>	<u>(79,289)</u>	<u>46,277</u>	<u>48,484</u>

<u>Change</u>	<u>December 31,</u>			<u>December 31</u>	
	<u>2020</u>	<u>Additions</u>	<u>Write-Offs</u>	<u>2021</u>	
			<u>Amortization</u>		
Software licenses and deployments	11,903	8,103		(4,791)	15,215
Operating licenses	999	939		(707)	1,231
Agreements (i)	6,801	1,766		(2,266)	6,301
Digital Content	22,608	1,953	(210)	(6,370)	17,981
Goodwill	1,048			(624)	424
Goodwill (i)	5,125				5,125
	<u>48,484</u>	<u>12,761</u>	<u>(210)</u>	<u>(14,758)</u>	<u>46,277</u>

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(b) Consolidated

Consolidated

<u>Breakdown</u>	Annual rates of of Amortization	Cost	Amortization	December 31	December 31,
				2021	2020
				Balance	Balance
Software licenses and deployments	20%	72,004	(51,693)	20,311	12,752
Operating licenses	33%	25,795	(23,037)	2,758	2,606
Agreements	25%	16,003	(7,879)	8,124	7,297
Digital Content	20%	35,926	(17,918)	18,008	22,643
Goodwill	20%	5,300	(4,876)	424	1,048
Goodwill (i)		512,908		512,908	301,221
Intangible assets identified on acquisitions		551,213	(50,302)	500,911	369,168
		<u>1,219,149</u>	<u>(155,705)</u>	<u>1,063,444</u>	<u>716,735</u>

Consolidated

Change

	December 31,				Additions from	Amortization from	December 31
	2020	Additions	Write-Offs	Amortization	business combinations (ii)	business combination	2021
Software licenses and deployments	12,752	10,435		(5,245)	3,021	(652)	20,311
Operating licenses	2,606	1,900		(1,748)			2,758
Agreements (i)	7,297	3,808		(2,981)			8,124
Digital Content	22,643	1,953	(210)	(6,378)			18,008
Goodwill	1,048			(624)			424
Goodwill (i)	301,221				211,687		512,908
Intangible assets identified on acquisitions	369,168			(22,032)	153,775		500,911
	<u>716,735</u>	<u>18,096</u>	<u>(210)</u>	<u>(39,008)</u>	<u>368,483</u>	<u>(652)</u>	<u>1,063,444</u>

- (i) Refer to agreements with hospitals, clinics, and polyclinics to carry out practical classes and tutor the Company's students;
- (ii) Additions in goodwill and intangible assets identified in acquisitions result from the acquisition of Unesc (Note 6(f)), Unifasb (Note 6(g)), CDMV/DOK (Note 6(h)), Starline (Note 6(i)), Delínea (Note 6(j)) and Plantão Veterinário Hospital/Pet Shop Kero Kolo (Note 6(k)).

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(c) Goodwill

	<u>December 31</u> <u>2021</u>	<u>December 31</u> <u>2020</u>
<u>Direct and indirect Investments</u>		
CETEBA - Centro de Ensino e Tecnologia da Bahia Ltda.	4,140	4,140
ABES - Sociedade Baiana de Ensino Superior Ltda.	8,405	8,405
Sociedade Educacional Carvalho Gomes Ltda.	4,362	4,362
SESPS - Sociedade de Ensino Superior e de Pesquisa de Sergipe Ltda.	1,043	1,043
Faculdade Maurício de Nassau de Belém Ltda.	959	959
CESP - Centro de Ensino Superior Piauiense	8,662	8,662
Sociedade de Ensino Superior Piauiense	5,360	5,360
FADE - Faculdade Decisão	1,028	1,028
Instituto de Ensino Superior Juvêncio Terra Ltda.	573	573
Sociedade Paulista de Ensino e Pesquisa S/S Ltda.	43,591	43,591
Faculdade Joaquim Nabuco de Olinda Ltda.	3,521	3,521
Sociedade Universitária Mileto Ltda.	1,346	1,346
Colégio Cultural Módulo Ltda.	3,191	5,394
Sociedade Regional de Educação e Cultura Ltda.	68,522	69,365
Beduka Serviços de Tecnol em Educação Ltda	3,009	2,009
Sociedade Educacional de Rondônia S/S Ltda - UNESC	108,071	
Centro de Desenv.da Medicina Veterinária, Cursos e Treinam. Ltda. -CDMV	5,567	
Clinica Veterinária CDMV Ltda	2,276	
Starline Tecnologia S.A.	18,607	
Delínea Tecnologia Educacional	13,752	
Plantão Veterinário Hospital Ltda	4,274	
Pet Shop Kero Kolo Ltda	1,180	
	<u>311,439</u>	<u>159,758</u>
<u>Merged companies</u>		
Instituto Avançado de Ensino Superior de Barreiras Ltda - UNIFASB	60,006	
UNESPA - União de Ensino Superior do Pará	87,136	87,136
ISES - Instituto Santareno de Educação Superior	5,320	5,320
ADEA - Sociedade de Desenvolvimento Educacional Avançado Ltda.	5,125	5,125
SODECAM - Sociedade de Desenvolvimento Cultural do Amazonas Ltda	43,882	43,882
	<u>512,908</u>	<u>301,221</u>

Goodwill calculated in business combinations has an indefinite useful life, subject to the annual impairment test. See item (e) of this Note.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(d) Intangible assets identified on acquisitions

As of December 31, 2021 and December 31, 2020, , intangible assets identified on investment acquisitions were as follows:

	December 31, 2021									December 31, 2020					
	Course licenses (i)	Brands (ii)	Customer Portfolio (ii)	Contracts	Software	Non Compete	DEDUCA Platform	Content Base	Early Rental Agreement	Total	Course licenses (i)	Brands (ii)	Customer Portfolio (ii)	Early Rental Agreement	Total
Sociedade de Ensino Superior e de Pesquisa de Sergipe Ltda - SESPS	467		200							667	467		200		667
Faculdade Maurício de Nassau de Belém Ltda	1,261									1,261	1,261				1,261
Centro de Ensino Superior Piauiense - CESP	4,404	508								4,912	4,404	508			4,912
Sociedade de Ensino Superior Piauiense Ltda.	5,996	692								6,688	5,996	692			6,688
Faculdade Decisão - FADE	2,200	100								2,300	2,200	100			2,300
Instituto de Ensino Superior Juvêncio Terra Ltda.	2,400	100								2,500	2,400	100			2,500
Faculdades COC de Maceió - FACOCMA	3,000									3,000	3,000				3,000
Faculdade Joaquim Nabuco de Olinda Ltda	2,700	400								3,100	2,700	400			3,100
Sociedade Universitária Miletto Ltda	4,500									4,500	4,500				4,500
Sociedade Paulista de Ensino e Pesquisa S/S Ltda.	90,600	17,400	5,600							113,600	90,600	17,400	5,600		113,600
Colégio Cultural Módulo Ltda - UNJUAZEIRO	7,897	3,501	248							11,646	7,897	3,501	248		11,646
Sociedade Regional de Educação e Cultura Ltda - FACIMED	58,821		16,792							75,613	58,821		16,792		75,613
Sociedade Metodista Bennett	10,000									10,000	10,000				10,000
Centro de Desenv. da Medicina Veterinária, Cursos e Treinam. Ltda. -CDMV			795							795					795
Clinica Veterinária CDMV Ltda		2,795								2,795					2,795
Sociedade Educacional de Rondônia G/S Ltda - UNEGC	17,900	7,300	4,400							29,600					29,600
Starline Tecnologia S/A		7,135		1,525	2,606					11,266					11,266
Delinea Tecnologia Educacional		8,451					90	5,699		14,240					14,240
Plantão Veterinário Hospital Ltda		1,834								2,100					2,100
Pet Shop Kero Kolo Ltda		935								993					993
Total	212,146	51,151	28,035	1,525	2,606	324	90	5,699		301,576	194,246	22,701	22,840		239,787
Accumulated amortization	(2,707)	(6,359)	(10,390)	(493)	(109)					(20,058)	(5,183)	(5,800)			(10,983)
	209,439	44,792	17,645	1,032	2,497	324	90	5,699		281,518	194,246	17,518	17,040		228,804
Merged companies															
Instituto Avançado de Ensino Superior de Barreiras Ltda - UNIFASB	69,293	12,725	9,969							91,987					91,987
União de Ensino Superior do Pará - UNESPA	45,500	12,100	800							58,400	45,500	12,100	800		58,400
Instituto Santareno de Educação Superior - ISES	7,600	700								8,300	7,600	700			8,300
SODECAM - Sociedade de Desenvolvimento Cultural do Amazonas Ltda	42,450	22,500						26,000		90,950	42,450	22,500		26,000	90,950
Total	164,843	48,025	10,769					26,000		249,637	95,550	35,300	800	26,000	157,650
Accumulated amortization		(6,784)	(1,654)							(21,806)	(30,244)	(4,744)	(800)	(11,742)	(17,286)
	164,843	41,241	9,115					4,194		219,393	95,550	30,556		14,258	140,364
	374,282	86,033	26,760	1,032	2,497	324	90	5,699	4,194	500,911	289,796	48,074	17,040	14,258	369,168

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

- (i) Course licenses acquired through business combinations are recognized initially at fair value. These intangible assets identified on acquisitions have indefinite useful lives and are subject to annual impairment tests.
- (ii) Brands and student portfolios acquired through business combinations are recognized initially at fair value.

(e) Impairment of goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives are allocated to CGUs identified under the respective units that benefit from the transaction and do not generate economic benefits for the Group.

The recoverable amount of a CGU is determined based on the calculation of its value in use. Those calculations use estimates of cash flow, before income tax (IRPJ) and social contribution (CSLL), based on financial assumptions approved by Management for five years (“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.

We present below the assumptions used in the projections:

	<u>2021</u>	<u>2020</u>
Gross margin (a)	66.0%	62.0%
Growth rate in perpetuity (b)	5.3%	4.2%
Discount Rate (c)	11.8%	10.7%

- (a) Budgeted gross margin related to net revenue less personnel costs, rental costs, concessionaire costs and service costs, among other factors, except depreciation. Management determined this margin based on past performance and its market development expectations;
- (b) Stable nominal growth rate used to project revenues and other costs, whose weighted average rates used are consistent with the macroeconomic projections disclosed by the Brazilian Central Bank (Time Series Management System). For 2020, the Company used the nominal growth rate, based on the expectation of GPD growth of the education sector and inflation in cash flow forecasts. For 2021, due to the current macroeconomic scenario, the Company also used the nominal growth rate represented by the long-term inflation of 3.0%, plus the expected growth of the services sector of 2.2% in the long term, both disclosed by the Central Bank of Brazil; and
- (c) For 2021, the discount rate considers the Weighted Average Cost of Capital (WACC).

The Company's management performs annual impairment tests, but monitors the performance of each CGU on a quarterly basis to assess the need to anticipate the impairment tests, aiming at possible recognition of losses.

For impairment testing sensitivity scenarios, the working capital, growth rate, discount rate and margin assumptions were altered, and, even so, the Group did not record any impairment loss.

12 Right of use

Refer to the lease agreement for real estate where its universities, university centers, educational

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

centers, colleges, and offices are located.

For all lease agreements, the Group recognized assets representing the rights of use by the lease liabilities presented below.

As mentioned in Note 2.1, the Group opted to use the practical expedient provided for in the standard that amended NBC TG (R3) / IFRS 16 regarding discounts obtained during the Covid 19 pandemic, without remeasuring the right of use related to discounts on certain lease agreements. These discounts were recognized directly in the income for the year (Note 22).

(a) Balance breakdown

				December 31 2021	December 31 2020
	Average annual rates of Depreciation	Cost	Depreciation	Balance	Balance
Parent Company					
Right of Use of Real Estate	10%	273,795	(91,380)	182,415	183,694
Total		<u>273,795</u>	<u>(91,380)</u>	<u>182,415</u>	<u>183,694</u>
Consolidated					
Right of Use of Real Estate	10%	801,137	(283,277)	517,860	570,737
Total		<u>801,137</u>	<u>(283,277)</u>	<u>517,860</u>	<u>570,737</u>

(b) Change

	December 31, 2020	Additions (i)	Write-offs (ii)	Depreciation	December 31 2021
Parent Company					
Right of Use of Real Estate	183,694	43,515	(18,731)	(26,063)	182,415
Total	<u>183,694</u>	<u>43,515</u>	<u>(18,731)</u>	<u>(26,063)</u>	<u>182,415</u>
Consolidated					
Right of Use of Real Estate	570,737	74,591	(43,535)	(83,933)	517,860
Total	<u>570,737</u>	<u>74,591</u>	<u>(43,535)</u>	<u>(83,933)</u>	<u>517,860</u>

(i) Additions refer to new leased properties, including the property arising from acquisitions, and the adjustments of minimum payments (remeasurement) (Note 19(b));

(ii) Write-offs made in the Parent Company and Consolidated refer mainly to the return of leased properties in the cities of Petrolina-PE, Manaus-AM, Piedade-PE, Campina Grande-PB, Belém-PA and Fortaleza/CE.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

13 Property and equipment

(a) Balance breakdown

			December 31 2021	December 31 2020
	Average annual rates of depreciation	Cost	Depreciation	Balance
Parent Company				
Land		25,257		25,257
Buildings and improvements	6%	241,440	(85,184)	156,256
Vehicles	6% and 10%	2,367	(1,799)	568
Equipment and facilities	10%	69,663	(37,048)	32,615
Furniture and fixtures	10%	26,386	(16,622)	9,764
Computers	20%	38,642	(28,732)	9,910
Books	20%	47,100	(28,649)	18,451
Total in operation		450,855	(198,034)	252,821
Construction in progress		6,014		6,014
Total Property and Equipment		456,869	(198,034)	258,835

			December 31 2021	December 31 2020
	Average annual rates of depreciation	Cost	Depreciation	Balance
Consolidated				
Land		25,257		25,257
Buildings and improvements	6%	453,403	(170,579)	282,824
Vehicles	6% and 10%	5,766	(4,156)	1,610
Equipment and facilities	10%	224,397	(133,871)	90,526
Furniture and fixtures	10%	79,220	(54,719)	24,501
Computers	20%	87,743	(73,563)	14,180
Books	20%	129,496	(86,135)	43,361
Total in operation		1,005,282	(523,023)	482,259
Construction in progress		8,086		8,086
Total Property and Equipment		1,013,368	(523,023)	490,345

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(b) Change

<u>Parent Company</u>	<u>December 31, 2020</u>	<u>Additions / Transfers (i)</u>	<u>Write-offs (ii)</u>	<u>Depreciation</u>	<u>December 31 2021</u>
Land	25,257				25,257
Buildings and improvements	160,677	18,253	(8,071)	(14,603)	156,256
Vehicles	586	512	(4)	(526)	568
Equipment and facilities	34,084	4,787	(60)	(6,196)	32,615
Furniture and fixtures	10,127	1,685	(2)	(2,046)	9,764
Computers	7,213	5,871		(3,174)	9,910
Books	16,917	5,081		(3,547)	18,451
Total in operation	254,861	36,189	(8,137)	(30,092)	252,821
Construction in progress	7,586	(1,572)			6,014
Total Property and Equipment	262,447	34,617	(8,137)	(30,092)	258,835

<u>Consolidated</u>	<u>December 31, 2020</u>	<u>Additions / Transfers (i)</u>	<u>Write-offs (ii)</u>	<u>Depreciation</u>	<u>Equity Valuation Adjustments (iii)</u>	<u>Additions from business combinations</u>	<u>Depreciation from business combination</u>	<u>December 31 2021</u>
Land	25,257							25,257
Buildings and improvements	250,841	25,582	(10,094)	(23,267)	32,609	17,890	(10,737)	282,824
Vehicles	1,043	527	(4)	(838)		1,200	(318)	1,610
Equipment and facilities	89,494	11,043	(97)	(18,245)		15,726	(7,395)	90,526
Furniture and fixtures	25,507	2,343	(32)	(6,117)		7,314	(4,514)	24,501
Computers	10,655	6,761	(5)	(5,132)		2,951	(1,050)	14,180
Books	40,701	9,162		(8,330)		4,991	(3,163)	43,361
Total in operation	443,498	55,418	(10,232)	(61,929)	32,609	50,072	(27,177)	482,259
Construction in progress	9,591	(1,568)	(1)			64		8,086
Total Property and Equipment	453,089	53,850	(10,233)	(61,929)	32,609	50,136	(27,177)	490,345

- (i) Additions refer mainly to refurbishments at the units in Boa Vista/RR, Porto Velho/RO, Macapá-AP, Manaus-AM, Marabá-PA, Cabo-PE;
- (ii) Write-offs made at the Parent Company and the Consolidated refer mainly to the return of leased properties in Petrolina-PE, Juazeiro do Norte-CE, Manaus-AM, Belém-PA, Campina Grande-PB and Maceió-AL;
- (iii) Refer to the fair value of properties arising from the business combination of Unifasb, merged on June 30, 2021.

(c) Guarantees

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

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

14 Trade accounts payable

	Parent Company		Consolidated	
	December 31 2021	December 31 2020	December 31 2021	December 31 2020
Legal Entity Suppliers	17,071	16,463	33,380	37,210
Individual Suppliers	112	470	689	960
	<u>17,183</u>	<u>16,933</u>	<u>34,069</u>	<u>38,170</u>

As of December 31, 2021 and December 31, 2020, the Group had no transactions of accounts payable that would cause a significant effect of adjustment to present value in its accounting balances.

15 Commitments payable

Commitments payable arise from the following investment acquisitions:

	Consolidated	
	December 31 2021	December 31 2020
Sociedade Regional de Educação e Cultura Ltda. ("FACIMED") (Note 6(c))	55,020	50,000
Colégio Cultural Módulo Ltda. ("UNIJUAZEIRO")(Note 6(d))	9,770	12,000
Beduka Serviços de Tecnologia em Educação Ltda. (Note 6(e))	554	
Sociedade Educacional de Rondônia S/S Ltda. ("UNESC") (Note 6(f))	81,427	
Instituto Avançado de Ensino Superior de Barreiras. ("UNIFASB") (Note 6(g))	76,184	
Centro de Desenvolvimento da Medicina Veterinária, Cursos and Treinamento Ltda. ("CDMV") e Clínica Veterinária CDMV Ltda. ("Hospital Veterinário DOK") (Note 6(h))	3,487	
Starline Tecnologia S/A (Note 6(i))	3,025	
Delinea Tecnologia Educacional LTDA (Note 6(j))	4,676	
Plantão Veterinário Hospital Ltda ("Hospital") and Pet Shop Kero Kolo Ltda. ("Pet Shop") (Note 6(k))	5,450	
	<u>239,593</u>	<u>62,000</u>
(-) Current	<u>(54,354)</u>	<u>(2,400)</u>
Non-Current	<u>185,239</u>	<u>59,600</u>

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

16 Loans and financing

(a) Balance breakdown

Modality	Financial charges	Parent Company		Consolidated	
		December 31 2021	December 31 2020	December 31 2021	December 31, 2020
IFC	CDI + 1.65% p.a.	9,546	32,635	9,546	32,635
Working Capital (ii)	CDI + 2.30% to 2.9% p.a.	419,272	499,566	419,777	499,565
Finame	6% p.a.	6,052	8,012	6,052	8,012
Leasing	0.99% p.m. and 1.09% p.m.			446	680
Other				243	
		<u>434,870</u>	<u>540,213</u>	<u>436,065</u>	<u>540,892</u>
(-) Current		<u>(200,474)</u>	<u>(113,386)</u>	<u>(201,307)</u>	<u>(113,624)</u>
Non-Current		<u>234,396</u>	<u>426,827</u>	<u>234,758</u>	<u>427,268</u>

- (i) On June 30, 2015, the Group signed a financing agreement with the *International Finance Corporation* ("IFC") to cover the building costs of the Aracaju (Sergipe) and Fortaleza (Ceará) campuses, the modernization and remodeling of existing campuses and new acquisitions. The financed amount is R\$ 120,000 and was released on August 3, 2015, with costs of R\$ 1,335 incurred in the fundraising. The borrowing is payable over seven years, including two years' grace for the principal, and the payment of interest occurs in April and October of each year. Although the funds were obtained abroad in US Dollars, the IFC established the Brazilian Reais transaction with no foreign exchange risk to the Group.

On June 15, 2021, the Group signed a new financing agreement with IFC, aimed to strengthen the Group's growth strategy and digital transformation in the total amount of R\$ 200,000, with a term of 7 years, to be paid semiannually in 11 installments as of April 2023. Financing will yield an average interest rate of CDI+2.55% p.a. in the first tranche of R\$ 165,000 and the second tranche of R\$ 35,000, which will be released together and proportionally to the first tranche, with an interest rate to be defined according to market conditions at the time of release. A commitment fee of 1% p.a. will be charged between the date of signing the agreement and the release, expected to occur up to March 2022.

- (ii) On April 27, 2020, the Group contracted 3 loans for working capital in the total amount of R\$ 500,000 to reinforce cash, and renegotiated its costs and terms in December 2020, as follows:

Terms	Itaú		Santander		Caixa
	Original	Renegotiated	Original	Renegotiated	Original
Amount	R\$200,000	R\$200,000	R\$100,000	R\$100,000	R\$200,000
Charges: CDI +% p.a.	3.40%	2.75%	3.10%	2.90%	2.30%
# Installments	1	8	1	7	8
Frequency of installment	Bullet	Half-yearly	Bullet	Half-yearly	Quarterly
Interest frequency	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Monthly
Initial maturity	N/A	July/2021	N/A	December/2021	August/2021
Final maturity	April/2022	January/2025	May/2020	December/2024	May/2023

There are no borrowing amounts in foreign currency by the Company.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(b) Change

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

	<u>Parent Company</u>	<u>Consolidated</u>
On December 31, 2020	540,213	540,892
Loan from business combination		5,718
Interest incurred	36,204	36,508
Capitalized interest (Note 13(d))		
Interest paid	(24,370)	(24,370)
Amortization of principal	(117,177)	(122,683)
December 31, 2021	<u>434,870</u>	<u>436,065</u>

(c) Collaterals

Finame's values refer to the aircraft's financing and are guaranteed by the asset's fiduciary sale (Note 13 (c)). For the IFC, the Group has pledged as a guarantee the fiduciary assignment of credit of a portion of the monthly tuition paid by the students of the Group, representing 25% of the total borrowing. 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</u>	<u>December 31</u>	<u>December 31</u>	<u>December 31</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Between one and two years	130,015	190,824	130,377	191,049
Between two and three years	80,385	130,316	80,385	130,532
Between three and four years	23,996	80,687	23,996	80,687
Between four and five years		25,000		25,000
	<u>234,396</u>	<u>426,827</u>	<u>234,758</u>	<u>427,268</u>

The fair value of loans approximates the carrying amounts since the impact of discounting is not significant. Fair values are based on discounted cash flows, using the Group's cost of capital, which is similar to the rate of the contracts entered into.

(e) Covenants

IFC loan requires the meeting of the following covenants:

- the result of the division quotient of current assets less prepaid expenses by current liabilities - a current ratio of at least 1.2;

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

- the result of the gross debt division by adjusted EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization). The resulting amount must not be higher than 2.5, and may be 0.5 higher for 4 consecutive quarters, in the event of acquisition of interest in an education company; and
- the result of the division of net income (discounted for non-cash adjustments) by the projected payment of interest and amortization of gross debt in the next 12 months. The resulting amount must not be lower than 1.2 and, although this quarter it was 1.08, on an occasional and extraordinary basis, the Company is in the final phase of obtaining waiver from IFC, which must be obtained upon the disbursement of the contract signed in June 2021 (Note (a) (i)), establishing that the resulting amount must not be lower than 1.0. As of December 31, 2021, the balance of said agreement is already classified in current liabilities due to its original amortization schedule.

Working capital loans require the meeting of the following covenants:

Banco Itaú e Caixa Econômica Federal

- 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
- 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 must be higher than or equal to 1.2.

For the period ended December 31, 2021, the covenants related to the borrowing agreements were analyzed, and there were no amounts above the contractual limits.

17 Debentures

On September 15, 2021 the Company settled the balance of the 2nd. series of the 2nd. issue of debentures, in the total amount of R\$ 25,647 million, with R\$ 25,000 referring to principal and R\$ 647 to interest. In the current year, the amount paid by the Company was R\$ 51,440, of which R\$ 50,000 as principal and R\$ 1,440 as interest.

The change in the year is presented below:

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

	Parent Company and Consolidated
On December 31, 2020	50,166
Interest incurred	1,274
Interest paid	(1,440)
Amortization	(50,000)
December 31, 2021	<u><u> </u></u>

18 Salaries and social charges

	Parent Company		Consolidated	
	December 31 2021	December 31 2020	December 31 2021	December 31 2020
Salaries payable	10,695	9,242	25,001	24,463
Labor charges	5,841	4,923	15,134	13,030
Provision for vacation and charges	22,456	20,548	46,237	46,827
Long term incentive plan	6,158	3,600	6,158	3,600
Profit sharing	4,083	3,621	5,400	4,400
Other	1,082	274	2,399	625
	<u>50,315</u>	<u>42,208</u>	<u>100,329</u>	<u>92,945</u>

19 Lease commitments

The Group's lease agreements are for varied periods and reach up to ten years, mainly, and may be automatically renewed at the lessee's unilateral request at the end of the term. The agreements are payable monthly at fixed amounts, adjusted annually by the IPCA or IGP-M disclosed by the Getúlio Vargas Foundation. There are no restrictions or clauses that depend on income or the distribution of dividends by the Group.

In the Group's assessment, the contracts were considered as a lease as they transfer the right to control the use of the identified assets for a while in exchange for a consideration. The agreements' present value was calculated at rates equivalent to the borrowing rates of similar risk and nature transactions.

The Company adopted the practical measure provided for in CVM Resolution 859 of July 7, 2020, allowing leaseholders to recognize the effects of the concessions received as minimum lease payments, due to the Covid-19 pandemic, directly in the income (expenses) of the period, totaling R\$ 3,750 as per Note 22(iii). The application of the accounting treatment for contractual amendment provided for in the standard is not required.

(a) Maturities

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

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

Parent Company			December 31 2021	December 31, 2020
Maturities	Minimum payments	Discount to present value	Present value of minimum payments	Present value of minimum payments
Current				
Up to one year	45,522	(23,048)	22,474	19,398
Non-Current				
Between one and two years	42,395	(20,744)	21,651	20,883
Between two and three years	39,561	(18,479)	21,082	19,903
Between three and four years	39,127	(16,029)	23,098	18,672
Over four years	175,352	(43,785)	131,567	138,123
	<u>296,435</u>	<u>(99,037)</u>	<u>197,398</u>	<u>197,581</u>
	<u>341,957</u>	<u>(122,085)</u>	<u>219,872</u>	<u>216,979</u>
Consolidated			December 31 2021	December 31, 2020
Maturities	Minimum payments	Discount to present value	Present value of minimum payments	Present value of minimum payments
Current				
Up to one year	133,097	(62,733)	70,364	49,320
Non-Current				
Between one and two years	119,228	(55,489)	63,739	67,266
Between two and three years	97,393	(50,153)	47,240	60,675
Between three and four years	95,906	(45,165)	50,741	43,340
Over four years	574,854	(179,975)	394,879	430,426
	<u>887,381</u>	<u>(330,782)</u>	<u>556,599</u>	<u>601,707</u>
	<u>1,020,478</u>	<u>(393,515)</u>	<u>626,963</u>	<u>651,027</u>

(b) Change

The changes in the lease commitments are as follows:

	Parent Company	Consolidated
Balance as of December 31, 2020	216,979	651,027
New agreements and arising from a business combination	43,515	74,591
Write-offs (i)	(20,258)	(47,191)
Interest	24,138	67,534
Minimum payments	<u>(44,502)</u>	<u>(118,998)</u>
Balance as of December 31, 2021	<u>219,872</u>	<u>626,963</u>

- (i) Write-offs made in the Parent Company refer mainly to the return of properties in Petrolina-PE, Manaus-AM, Piedade-PE, Campina Grande-PB, Belém-PA and Fortaleza/CE, also impacting Consolidated. The net effect of the write-off due to the return of properties was recorded under "Other operating revenues (expenses), net in the income for the year.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

20 Share capital and reserves

(a) Share Capital

As of December 31, 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 Company for the issue of shares in November 2017 totaled R\$ 4,095, deducted from the share capital, and awaiting capitalization by the Company'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 plan will be in force up to January 21, 2022. As mentioned in Note 30, on January 13, 2022, that program was early terminated on that date and a new program was created.

(b) Legal reserve

As of December 31, 2021, the Company had R\$ 73,218 (December 31, 2020 - R\$ 70,594) 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, 2021, the Company's retained earnings amounted to R\$ 402,310 (December 31, 2020 R\$ 368,344) 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.

(d) Dividends and interest on equity

On December 10, 2020, the Board of Directors resolved on the payment of interest on equity, totaling the gross amount of R\$ 15,465 and net of income tax of R\$ 13,520, which was paid on January 20, 2021.

On April 30, 2021, the Board of Directors resolved to pay the remaining dividends for the year 2020, in the amount of R\$ 11,197, which was paid on May 28, 2021.

On November 17, 2021, the Board of Directors resolved to pay interim dividends to shareholders, in the amount of 30% of net income for the period, according to the balance sheet on June 30, 2021, which was allocated to the mandatory minimum dividend for the year, in the amount of R\$ 15,893, which were paid on December 9, 2021.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

Dividends to be paid are calculated on a semiannual basis and are shown below:

	December 31 2021	December 31 2020
Net income December 31, 2021	52,483	165,034
(-) Creation of legal reserve December 31, 2021	(2,624)	(8,252)
Adejusted net income December 31, 2021	<u>49,859</u>	<u>156,782</u>
Total dividends payable - 30% (R\$ 0.12 per share)	14,958	47,035
Interim dividends paid (R\$ 0.12 per share)	<u>(15,893)</u>	<u>(20,372)</u>
Total dividends payable	<u> </u>	<u>26,663</u>
Credited interest on equity		15,465
Dividends payable		11,198
Weighted average of shares outstanding	128,722	128,722

21 Net Revenue from services

	Parent Company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Gross revenue from services provided				
Undergraduate courses monthly tuition	913,297	817,114	2,449,339	2,179,688
Graduate courses monthly tuition	1,099	2,774	20,303	30,424
Distance learning monthly tuition	219,260	150,643	308,131	218,080
Other revenues	<u>4,784</u>	<u>3,418</u>	<u>26,996</u>	<u>10,823</u>
	1,138,440	973,949	2,804,769	2,439,015
Gross revenue deductions				
Discounts and scholarships (i)	(427,981)	(358,128)	(1,071,515)	(882,915)
PROUNI	(97,608)	(92,262)	(270,687)	(248,525)
FGEDUC and FIES charges (ii)	(2,750)	(5,761)	(7,655)	(14,139)
Taxes on services	<u>(16,657)</u>	<u>(15,025)</u>	<u>(47,554)</u>	<u>(42,973)</u>
	(544,996)	(471,176)	(1,397,411)	(1,188,552)
	<u>593,444</u>	<u>502,773</u>	<u>1,407,358</u>	<u>1,250,463</u>

- (i) The increase also reflects the higher volume of discounts and scholarships due to campaigns to student intake in the first and second halves of 2021 and the higher volume of discounts for defaulting students as a result of Covid 19 crisis; and
- (ii) The decrease reflects the lower number of seats offered by the Federal Government within the scope of FIES, which has been occurring since the 1st half of 2018.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

22 Costs of services rendered

	Parent Company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Payroll and social charges	(125,309)	(125,661)	(386,014)	(376,867)
Services provided by individuals and companies (i)	(16,739)	(8,799)	(32,257)	(14,826)
Electricity, water and telephone	(10,237)	(12,961)	(26,534)	(29,408)
Depreciation and amortization.	(62,125)	(67,560)	(171,164)	(161,637)
Rents (ii)	(4,864)	6,979	(13,138)	11,260
Other	(8,526)	(6,371)	(16,809)	(9,207)
	<u>(227,800)</u>	<u>(214,373)</u>	<u>(645,916)</u>	<u>(580,685)</u>

- (i) The increase is due to tutoring services, as a result of a higher volume of practical classes to be offset due to the pandemic period; and
- (ii) The increase is due to lower discounts negotiated during the pandemic period, which reversed the account balance in 2020, and to the booking of R\$ 4,000 related to a judicial settlement for rent adjustment.

23 Operating expenses

(a) Selling, general and administrative expenses

	Parent Company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Payroll and social charges (i)	(104,617)	(94,652)	(167,341)	(148,931)
Services provided by individuals and companies (i)	(44,464)	(50,071)	(62,656)	(66,631)
Selling, marketing and advertising (ii)	(95,582)	(59,904)	(130,896)	(90,747)
Provision and effective loss for doubtful accounts	(47,630)	(40,853)	(117,823)	(122,966)
Depreciation and amortization.	(8,788)	(9,399)	(13,706)	(14,014)
Office supplies	(4,036)	(3,465)	(9,034)	(7,853)
Other	(19,168)	(16,747)	(40,039)	(33,364)
	<u>(324,285)</u>	<u>(275,091)</u>	<u>(541,495)</u>	<u>(484,506)</u>

- (i) Personnel expenses and labor charges grew in 2021, however, this increase was mainly due to the suspensions of employment contracts allowed by the Government in 2020, due to the Covid-19 pandemic, which reduced these expenses;
- (ii) Marketing expenses increased due to campaigns to launch new digital products, new courses in existing units and new units and also includes the lower marketing volume in 2020 due to Covid 19 pandemic.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(b) Other operating revenues (expenses), net

	Parent Company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Write-off of PPE / Right of Use (i)	(6,282)	(7,475)	(8,947)	(19,769)
Contingencies and judicial fees (ii)	(14,151)	(4,345)	(30,231)	(9,106)
Fine on Laureate Acquisition Agreement		180,000		180,000
PIS/COFINS on the fine on the Laureate Acquisition Agreement		(16,650)		(16,650)
Fine for termination of atypical lease agreement (iii)			(7,100)	
Other	(154)	1,256	3,797	(6,553)
	<u>(20,587)</u>	<u>152,786</u>	<u>(42,481)</u>	<u>127,922</u>

- (i) Mainly refers to the write-off of property and equipment and right of use, net of lease commitments, of six properties returned, whose operations were discontinued (Note 19(b)(i)), in the total amount of R\$ 5,884;
- (ii) The increase refers to the increased activity in ongoing proceedings seen as of the second quarter of 2021, the write-off of judicial deposits for closed lawsuits and a court agreement executed referring to the delivery of a building in the amount of R\$ 1,450;
- (iii) Refers to the construction completion of Campina Grande unit, which was carried out through an atypical lease agreement (*buit-to-suit*).

24 Financial Result

	Parent Company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Finance income				
Interest on monthly tuitions and agreements	1,695	1,231	15,003	17,728
Income from short-term investments	7,926	8,157	18,820	12,719
Discounts obtained	141		368	
(-) PIS and Cofins on financial revenues	(482)	(540)	(1,742)	(1,629)
Other	577	897	1,853	2,170
	<u>9,857</u>	<u>9,745</u>	<u>34,302</u>	<u>30,988</u>
Finance costs				
Interest on financial debt (i)	(37,478)	(23,743)	(37,767)	(24,305)
Interest on leases	(24,138)	(26,691)	(67,534)	(70,289)
Discounts granted (ii)	(11,003)	(7,512)	(41,363)	(31,563)
Inflation adjustment losses (iii)			(11,982)	(1,584)
Other	(3,911)	(3,984)	(6,824)	(6,882)
	<u>(76,530)</u>	<u>(61,930)</u>	<u>(165,470)</u>	<u>(134,623)</u>
Net Financial Result	<u>(66,673)</u>	<u>(52,185)</u>	<u>(131,168)</u>	<u>(103,635)</u>

- (i) Interest on financial debts increased due to new loans (Note 16 (a));
- (ii) The increase in discounts granted refer to a higher volume of renegotiations with students to recover late 2020 tuition fees;
- (iii) Refers to inflation adjustment of the amounts of commitments payable.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

25 Income Tax (IRPJ) and Social Contribution (CSLL)

Pursuant to Law 11.096/2005 regulated by Decree 5.493/2005 and by Normative Instruction of the Federal Revenue Office 456/2004, under the terms of Article 5 of Executive Decree 213/2004, higher education institutions that join PROUNI are exempted, during the term of the membership agreement, from taxes including Income Tax and Social Contribution. The accounting for this exemption must be based on the profit arising from the exempted activities. The reconciliation of the taxes determined, according to the nominal rates, and the amount of taxes recorded in the periods ended December 31, 2021, and December 31, 2020, were as follows:

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

	<u>Parent Company</u>		<u>Consolidated</u>
	<u>December 31</u>	<u>December 31</u>	<u>December 31</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>
			<u>December 31,</u>
			<u>2020</u>
Current IR and CS			
Presumptive Profit			(2,402)
Taxable income		(30,738)	(48,077)
Tax incentive		875	43,226
IR and CS - previous periods	(325)		
Total current IR and CS, net of incentive	<u>(325)</u>	<u>(29,863)</u>	<u>(7,253)</u>
			<u>(41,675)</u>

(b) Companies under presumptive profit regime

	<u>December 31</u>	<u>Consolidated</u>
	<u>2021</u>	<u>December 31,</u>
		<u>2020</u>
Gross revenue from sales	16,188	2,822
32% assumption	5,180	903
Other revenues	1,886	906
Taxable base of presumptive profit	<u>7,066</u>	<u>1,809</u>
Income tax and social contribution - 34%	<u>2,402</u>	<u>615</u>

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

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(c) Companies under taxable income regime

	Parent Company		Consolidated	
	December 31 2021	December 31 2020	December 31 2021	December 31, 2020
Earnings before income tax and social contribution	48,346	197,778	39,232	207,750
Tax loss on subsidiaries			131,787	
	48,346	197,778	171,019	207,750
Combined nominal rate of income tax and social contribution	34%	34%	34%	34%
Income tax and social contribution at statutory rates	16,438	67,245	58,146	87,033
Equity in the results of subsidiaries	(33,819)	(28,012)		
Adjustment to present value of accounts receivable	767	1,410	3,047	2,256
Leases	1,937	2,442	16,897	9,128
Creation of allowance for expected credit losses	(4,868)	(2,980)	(11,034)	(6,046)
Other additions and exclusions	(2,484)	8,817	(21,838)	20,946
Interest on equity		(5,258)		(5,258)
Reversal of contingencies	1,014	565	4,182	(216)
Offsetting of tax loss		(13,491)	(1,323)	(16,759)
IR and CS - previous periods	(325)			
	(21,340)	30,738	48,077	91,086
Tax benefit from operation profit - PROUNI		(875)	(43,226)	50,024
Income tax and social contribution on the income (loss) for the period		29,863	4,851	41,060
Effective tax rate - %	0%	15.10%	2.84%	16.04%

(d) Breakdown of the effective rate

	Parent Company		Consolidated	
	December 31 2021	December 31 2020	December 31 2021	December 31, 2020
Earnings before income tax and social contribution				
Presumptive Profit			7,066	1,809
Taxable income	48,346	197,778	171,019	207,750
	48,346	197,778	178,085	209,559
Income tax and social contribution				
Companies under presumptive profit regime			2,402	615
Companies under taxable income regime		29,863	4,851	41,060
Total current IR and CS		29,863	7,253	41,675
Effective tax rate		15.10%	4.07%	19.89%

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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(e) Deferred taxes

Refer to deferred income tax and social contribution assets and liabilities on temporary differences, tax losses, and business combinations constituted at rates expected to be in force at the time of their realization.

	Parent Company		Consolidated	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Assets				
Adjustment to present value of accounts receivable	371	353	929	958
Provision for contingencies	143	43	329	149
Creation of allowance for expected credit losses	2,410	104	6,940	275
Right of use, net of depreciation and lease obligations	940	529	2,737	1,277
Intangible assets with a defined useful life identified in business combination	45		558	(377)
Tax goodwill			771	
Provision for discounts				663
Tax loss carryforwards	1,876	294	6,222	2,103
Total deferred tax assets, net	<u>5,785</u>	<u>1,323</u>	<u>18,486</u>	<u>5,048</u>
Results				
Adjustment to present value of accounts receivable	18	(12)	(29)	(183)
Provision for contingencies	100	(18)	180	408
Creation of allowance for expected credit losses	2,396	(289)	6,785	(640)
Right of use, net of depreciation and lease obligations	411	(1,278)	1,460	(979)
Intangible assets with a defined useful life identified in business combination	45		935	707
Tax goodwill			771	
Tax loss carryforwards	1,786	(1,284)	3,969	(2,163)
Total deferred tax assets, net	<u>4,462</u>	<u>(2,881)</u>	<u>13,438</u>	<u>(2,850)</u>

The increase in deferred taxes reflects the change from 360 to 720 days of write-offs of accounts receivable (Note 9(e)).

26 Related parties

Related-party transactions are negotiated at market value.

(a) Current accounts

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

	Parent Company	
	December 31, 2021	December 31, 2020
<u>Assets</u>		
Ocktus Participações Ltda (i)	6,020	7,972
	<u>6,020</u>	<u>7,972</u>
(-) Current	(1,952)	(1,952)
Non-Current	<u>4,068</u>	<u>6,020</u>
<u>Current Liabilities</u>		
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 R\$ 24,902. The amount of this operation, totaling R\$ 10,901, is being received in 67 monthly installments, under conditions identical to the financing originally undertaken by the Group, through Finame (See Note 16).

The Group has the practice of capitalizing and/or distributing profits 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, 2021	December 31, 2020	December 31, 2021
Global compensation of key management staff	12,098	10,983	12,098
	<u>12,098</u>	<u>10,983</u>	<u>12,098</u>

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

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(c) Rentals

	December 31, 2021			December 31, 2020		
	Result	Disbursement	Balance	Result	Disbursement	Balance
Right of use			171,924			178,523
Depreciation Expense	23,816			24,075		
Lease commitments			217,513			195,169
Interest expenses	24,811			24,240		
Minimum payments	(43,658)	(43,658)		(44,972)	(44,972)	
Disbursement	40,348			33,494		
Rent Expense (i)	(3,310)	3,310		(11,478)	11,478	
	<u>45,318</u>	<u>(40,348)</u>		<u>36,836</u>	<u>(33,494)</u>	

The Group entered into Property Rent Agreements with Ocktus Participações Ltda. (Ocktus), owned by the shareholder José Janguiê Bezerra Diniz for 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

Management, based on the opinion of its external legal counsel, has set up provisions considered sufficient to cover probable potentials losses from pending litigation.

	Parent Company		Consolidated	
	December 31, 2021	December 31 2020	December 31, 2021	December 31 2020
Civil (a)	532	1,695	2,521	3,892
Labor (b)	5,147	1,013	10,558	5,499
	5,679	2,708	13,079	9,391
Indemnity contingencies (d)			116,281	112,015
	<u>5,679</u>	<u>2,708</u>	<u>129,360</u>	<u>121,406</u>

(a) Civil

With the support of its legal advisors, the Group has performed a study, valuation, and quantification of its civil lawsuits to determine the probable outflow of funds related to them. As of December 31, 2021, management made a provision in the amount of R\$ 532 (December 31, 2020 - R\$ 1,695) for the Parent Company and R\$ 2,521 (December 31, 2020 - R\$ 3,892) for the Consolidated. The major lawsuits classified as probable losses involve indemnity for pain and suffering and damage to property. There are no debts to the Group.

The Group has also performed a study, evaluation and quantification of the civil lawsuits classified as possible losses, for which no provision has been made, and which amounted to R\$ 30,741 on December 31, 2021 (December 31, 2020 - R\$ 23,519) in the Parent Company and R\$ 66,304 (December 31, 2020, R\$ 57,678) in the Consolidated. The main claims relate to (i) lawsuits arising

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

from undue blacklisting in credit protection bodies and undue maintenance of said negative entry; (ii) lawsuits due to academic matters (delays in issuing diplomas, claiming on grades, system access and waiving of subjects); (iii) lawsuits due to problems in an amendment, enrollment, refund (class not created) and transfer related to FIES; (iv) lawsuits related to discounts during Covid period.

(b) Labor

With the support of its legal advisors, the Group has performed a study, valuation, and quantification of its civil lawsuits to determine the probable outflow of funds related to them. As of December 31, 2021, management made a provision in the amount of R\$ 5,147 (December 31, 2020 - R\$ 1,013) for the Parent Company and R\$ 10,558 (December 31, 2020 - R\$ 5,499) for the Consolidated.

The Group has also performed a study, evaluation and quantification of the various labor lawsuits classified as representing possible losses, for which there is no provision. The amount on December 31, 2021 is R\$ 18,273 (December 31, 2020 - R\$ 23,195) for the Parent Company and R\$ 59,755 (December 31, 2020 - R\$ 43,724) for the Consolidated, with the main claims related to overtime, unused vacation, the recognition of employment relationships, salary parity and salary differences resulting from the reduction of faculty working hours.

(c) Tax

With the support of its legal advisors, the Group has performed a study, valuation, and quantification of its tax lawsuits to determine the probable outflow of funds related to them. Management has not made provision for the Parent Company and Consolidated, as there were no lawsuits classified as probable losses on that date.

In addition, the Group carried out a study, assessment, and quantification of the various tax lawsuits classified as representing possible losses, for which there is no provision. The amount as of December 31, 2021 is R\$ 8 (December 31, 2020 - R\$ 8) for the Parent Company and R\$ 2,341 (December 31, 2020 - R\$ 191) for the Consolidated.

(d) Labor contingencies for indemnity purposes resulting from a business combination

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 counsel is possible in the amount of R\$ 103,082 on December 31, 2021, and 2020. Despite this, the cause is considered in the contingent liabilities arising from the business combination with UNESPA.

The selling stockholders have contractually agreed to indemnify the Company for the amount that may become due concerning the lawsuits 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

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

Company. 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.

In addition to the lawsuits provisioned, with indemnification assets recognized by the Company, we also have a contingency under discussion regarding tax assessment notices to collect social security contributions and contributions to entities and funds, from January 2011 to December 2012, totaling R\$ 90,945 on December 31, 2021, and December 31, 2020, 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. Besides, on April 19, 2018, a new tax deficiency notice was issued, extending the period in question to 2014, adding R\$ 82,084 and totaling R\$ 173,029. Both cases are under analysis by the Administrative Council of Tax Appeals (CARF), linked to the current Ministry of Economy.

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 mortgages of properties in favor of the Company. 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 does not have potential common shares with dilutive effects

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Earnings for the year attributable to the Parent Company's shareholders	52,483	165,034
Weighted average of common shares outstanding (thousands)	<u>128,722</u>	<u>128,722</u>
Basic and diluted earnings per share - R\$	<u>0.41</u>	<u>1.28</u>

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

29 Insurance

Insurance coverage, as of December 31, 2021, 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\$ 30,000

30 Subsequent events

(a) Contracting a loan in foreign currency

On January 7, 2022, the Company contracted a loan in foreign currency, as provided for in Law 4.131/62, with Itaú BBA International PLC, in the amount of EUR 31,182, bearing interest of 1.84% per year, with a full swap carried out with Itaú Unibanco S.A., in an amount equivalent to R\$ 200,000, to reinforce the cash position for the payment of FAEL acquisition of, as mentioned below. Such loan will bear charges based on the CDI variation plus interest of 2.70% per year and has a term of 5 years, with final maturity on January 7, 2027, with a grace period of 18 months, amortization in 7 semiannual installments as from the 24th month and payment of semiannual interest, including during the grace period, and guarantee of corporate guarantee.

(b) Conclusion of FAEL acquisition

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, Company signed the closing agreement for the acquisition of Sociedade Técnica Educacional da Lapa S.A. - FAEL (Note 6 (I)), with the payment of R\$ 273,361, of which R\$ 70,000 were paid in escrow account with Banco Santander S.A., which will be released in 5 years according to the schedule defined in the agreement.

(c) Renewal of contractual terms with Caixa Econômica Federal

On March 9, 2022, the loan in force with CEF was renewed, with the change of certain terms, as follows:

<u>Terms</u>	<u>Previous</u>	<u>Renewal</u>
Final term	May/2023	February/2025
Financial Charges	CDI + 0.19% per month	CDI + 0.14% per month

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(d) Share Buyback Program

In a meeting held on January 13, 2022, 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. This program lasts for 12 months (ending on January 13, 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 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 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.

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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

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).

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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

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.

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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

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 losses on credits)

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).

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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

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.

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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(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. 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

(f) 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.

(g) 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 Company'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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

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.

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. *para ser concluído para fins de uso ou venda são capitalizados como parte do custo do correspondente ativo.* 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

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

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.

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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

31.16 Debentures

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

transação e são, subsequentemente, demonstradas pelo custo amortizado. 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.

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.

mercado do valor do dinheiro no tempo e dos riscos específicos da obrigação. 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;

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

- b) temporary differences related to investments in subsidiaries, affiliates, and jointly controlled companies, insofar as the Company 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 Company 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.

(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 3.00%, 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 3.00% to 5.00%, 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).

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

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.

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.

Ser Educacional S.A.

Notes to the financial statements

December 31, 2021

In thousands of Brazilian Reais, except when otherwise stated

(d) 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. Since its set up until the present moment, the Audit and Risks Committee has met seven 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, 2021. 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 24, 2022

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

Page 1 of 1

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, 2021, 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 Management report, are fit to be submitted to the Company's Annual Shareholders' Meeting.

Recife, March 24, 2022.

Reginaldo F. Alexandre

Board member

Fernando Eduardo R. Santos

Board member

Nazareno Habib O. Bichara

Board member