(Convenience Translation into English from the Original Previously Issued in Portuguese)

Cogna Educação S.A. and its Subsidiaries

Individual and Consolidated
Interim Financial Information for the
Quarter Ended June 30, 2020 and
Report on Review of
Interim Financial Information

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Directors and Management of
Cogna Educação S.A. and its subsidiaries

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Cogna Educação S.A. and its subsidiaries ("Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form - ITR for the quarter ended June 30, 2020, which comprises the balance sheet as at June 30, 2020 and the related statements of profit and loss, of comprehensive income for the six-month period then ended and of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) Interim Financial Reporting and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of Interim Financial Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Brazilian and International Standards on review of Interim Financial Information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of matter

Impact arising from COVID 19 and other operating effects on the interim financial information

As disclosed in notes 1.1 and 1.2 to the individual and consolidated interim financial information, we draw attention to the Company's assessment of the effects arising from COVID-19 and other operating impacts that affected this interim financial information and that can affect the Company's business in the future and the actions in progress to mitigate its effects. Our review does not contain any modification in respect of this matter.

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Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the interim financial information referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 applicable to the preparation of Interim Financial Information - ITR, and presented in accordance with the standards issued by Brazilian Securities and Exchange Commission - CVM.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added - DVA for the six-month period ended June 30, 2020, prepared under the responsibility of the Company's Management, the presentation of which in the interim financial information is required by the standards issued by Brazilian Securities and Exchange Commission - CVM applicable to the preparation of Interim Financial Information - ITR, and is considered as supplemental information by the International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB, which do not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Belo Horizonte, August 20, 2020

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Roberto Torres dos Santos
Engagement Partner

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Cogna Educação S.A. and its Subsidiaries

Interim Financial Information as at June 30, 2020 and Report on Review of Interim of Financial Information

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
BALANCE SHEETS
As at June 30, 2020 and December 31, 2019
(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
ASSETS	**Note**	**06/30/2020**	**12/31/2019**	**06/30/2020**	**12/31/2019**
Current assets					
Cash and cash equivalents	5	2,166,577	95	2,517,975	371,683
Securities	6	564,453	4,103	1,194,179	453,952
Trade receivables	7	-	-	2,270,512	2,586,529
Inventories	8	-	-	428,257	407,120
Advances		225	-	81,477	77,078
Recoverable taxes	9	23,852	11,787	331,799	346,162
Receivables from sale of subsidiaries	10	-	-	137,074	139,162
Other receivables	11	1,163	217	270,102	96,764
Related parties	27	697,175	633,434	-	-
Total current assets		**3,453,445**	**649,636**	**7,231,375**	**4,478,450**
Noncurrent assets					
Long-term receivables					
Securities	6	-	-	15,169	17,438
Trade receivables	7	-	-	638,582	754,687
Recoverable taxes	9	-	-	127,469	130,428
Receivables from sale of subsidiaries	10	-	-	254,165	250,531
Other receivables	11	-	-	92,053	98,787
Guarantee against losses in tax, labor and civil contingencies	23,2	33,763	34,366	409,395	1,130,019
Escrow deposits	23,1	643	362	80,697	95,671
Deferred income tax and social contribution	24	-	-	968,235	776,733
Related parties	27	1,916,388	1,900,218	-	-
Investments	12	21,510,595	21,890,788	9,112	8,213
Property, plant and equipment	13	14,912	-	5,869,398	5,855,264
Intangible assets	14	60,798	75,861	20,390,917	20,522,225
Total noncurrent assets		**23,537,099**	**23,901,595**	**28,855,192**	**29,639,996**
Total assets		**26,990,544**	**24,551,231**	**36,086,567**	**34,118,446**

The accompanying notes are an integral part of this interim financial information.

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
BALANCE SHEETS
As at June 30, 2020 and December 31, 2019
(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
LIABILITIES AND EQUITY	**Note**	**06/30/2020**	**12/31/2019**	**06/30/2020**	**12/31/2019**
Current liabilities					
Borrowings and financing	15	-	-	245	531
Debentures	16	1,327,047	574,873	1,329,427	578,998
Lease – right of use	17	-	-	159,991	147,773
Trade payables		1,083	447	278,891	537,430
Trade payables purchaser's risk	18	-	-	308,403	341,656
Payroll and related taxes	19	-	-	496,853	463,527
Income tax and social contribution payable		-	-	97,317	60,608
Taxes payable	20	3,954	786	100,902	101,792
Advances from customers		-	13	256,258	318,409
Taxes in installments		-	-	14,129	14,384
Payables - acquisitions	21	-	-	115,511	117,976
Dividends payable		42	42	64	42
Other payables		13	-	51,572	67,499
Related parties	27	156,587	175,561	-	-
		1,488,726	**751,722**	**3,209,563**	**2,750,625**
Noncurrent liabilities					
Borrowings and financing	15	-	-	901	161
Debentures	16	6,986,867	7,285,111	7,206,833	7,504,875
Lease – right of use	17	-	-	4,013,071	3,873,701
Payables - acquisitions	21	-	-	150,565	165,260
Provision for civil, labor, and tax contingencies	22,1	35,751	36,566	403,831	471,924
Liabilities assumed in business combination	22,5	-	-	2,396,562	2,631,543
Taxes in installments		-	-	12,560	17,846
Deferred income tax and social contribution	24	633,202	645,426	766,315	786,947
Other payables		-	-	73,426	80,295
		7,655,820	**7,967,103**	**15,024,064**	**15,532,552**
Total liabilities		**9,144,546**	**8,718,825**	**18,233,627**	**18,283,177**
Equity					
Capital	25	7,667,615	5,111,677	7,667,615	5,111,677
Capital reserves		6,331,433	6,400,167	6,331,433	6,400,167
Treasury shares		(101,181)	(121,428)	(101,181)	(121,428)
Earnings reserves		3,948,131	4,441,990	3,948,131	4,441,990
		17,845,998	**15,832,406**	**17,845,998**	**15,832,406**
Noncontrolling interests		-	-	6,942	2,863
Total equity		**17,845,998**	**15,832,406**	**17,852,940**	**15,835,269**
Total liabilities and equity		**26,990,544**	**24,551,231**	**36,086,567**	**34,118,446**

The accompanying notes are an integral part of this interim financial information.

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
STATEMENT OF PROFIT AND LOSS
For the three- and six-month periods ended June 30, 2020 and 2019
(In thousands of Brazilian reais - R$)

		Parent				Consolidated			
	Note	04/01 to 06/30/2020	06/30/2020	04/01 to 06/30/2019	06/30/2019	04/01 to 06/30/2020	06/30/2020	04/01 to 06/30/2019	06/30/2019
Net revenue from sales and services	**28**	**-**	**-**	**-**	**-**	**1,372,520**	**2,999,988**	**1,742,355**	**3,581,462**
Cost of sales and services									
Cost of services	29	-	-	-	-	(463,047)	(945,451)	(552,152)	(1,113,833)
Cost of sales	29	-	-	-	-	(25,330)	(196,166)	(86,226)	(206,784)
		-	**-**	**-**	**-**	**(488,377)**	**(1,141,617)**	**(638,378)**	**(1,320,617)**
Gross profit		**-**	**-**	**-**	**-**	**884,143**	**1,858,371**	**1,103,977**	**2,260,845**
Operating income (expenses)									
Selling expenses	29	-	-	-	-	(633,233)	(1,051,234)	(357,827)	(708,864)
General and administrative expenses	29	(19,485)	(37,460)	(14,917)	(14,040)	(341,743)	(734,568)	(475,585)	(890,826)
Other operating income, net	29	-	-	-	-	(348,388)	(349,450)	(18,899)	(16,437)
Share of profit (loss) of investees	12	(397,460)	(361,250)	153,719	385,620	1,377	899	(1,171)	(594)
Operating income before finance income (costs) and taxes		**(416,945)**	**(398,710)**	**138,802**	**371,580**	**(437,844)**	**(275,982)**	**250,495**	**644,124**
Finance income (costs)									
Finance income	30	39,911	80,344	9,148	9,290	42,760	132,047	70,859	179,071
Finance costs	30	(83,815)	(187,715)	(9,813)	(9,919)	(229,348)	(491,695)	(262,414)	(507,769)
		(43,904)	**(107,371)**	**(665)**	**(629)**	**(186,588)**	**(359,648)**	**(191,555)**	**(328,698)**
Operating profit/(loss) before taxes		**(460,849)**	**(506,081)**	**138,137**	**370,951**	**(624,432)**	**(635,630)**	**58,940**	**315,426**
Income tax and social contribution									
Current	24	-	-	685	-	(14,885)	(59,892)	4,851	(48,389)
Deferred	24	6,111	12,223	6,111	12,223	187,346	205,744	76,047	122,950
		6,111	**12,223**	**6,796**	**12,223**	**172,461**	**145,852**	**80,898**	**74,561**
Profit (loss) for the period		**(454,738)**	**(493,858)**	**144,933**	**383,174**	**(451,971)**	**(489,778)**	**139,838**	**389,987**
Attributable to:									
Owners of the Company		(454,738)	(493,858)	144,933	383,174	(454,738)	(493,858)	144,933	383,174
Noncontrolling interests		-	-	-	-	2,767	4,080	(5,095)	6,813
Basic earnings (loss) per common share - R$	31		(0.27)		0.24		-		-
Diluted earnings (loss) per common share - R$	31		(0.27)		0.23		-		-

The accompanying notes are an integral part of this interim financial information.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME
For the three- and six-month periods ended June 30, 2020 and 2019
(In thousands of Brazilian reais - R$)

	Parent				Consolidated			
	04/01 to 06/30/2020	06/30/2020	04/01 to 06/30/2019	06/30/2019	04/01 to 06/30/2020	06/30/2020	04/01 to 06/30/2019	06/30/2019
Profit (loss) for the period	**(454,738)**	**(493,858)**	**144,933**	**383,174**	**(451,971)**	**(489,778)**	**139,838**	**389,987**
Other comprehensive income	-	-	-	-	-	-	-	-
Comprehensive income for the period	**(454,738)**	**(493,858)**	**144,933**	**383,174**	**(451,971)**	**(489,778)**	**139,838**	**389,987**
Attributable to:								
Owners of the Company	(454,738)	(493,858)	144,933	383,174	(454,738)	(493,858)	144,933	383,174
Noncontrolling interests	-	-	-	-	2,767	4,080	(5,095)	6,813

The accompanying notes are an integral part of this interim financial information.

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COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
For the three- and six-month periods ended June 30, 2020 and 2019
(In thousands of Brazilian reais - R$)

						Parent		Consolidated
	Capital	Capital reserves	Treasury shares	Earnings reserves	Retained earnings	Total equity	Noncontrolling interests	Total equity
Balances as at December 31, 2018	**4,425,677**	**6,379,742**	**(190,280)**	**5,287,505**	**-**	**15,902,644**	**104,186**	**16,006,830**
Effects of restatement	-	-	-	-	-	-	1,466,230	1,466,230
Balances as at December 31, 2018 (restated)	**4,425,677**	**6,379,742**	**(190,280)**	**5,287,505**	**-**	**15,902,644**	**1,570,416**	**17,473,060**
Initial adoption of IFRS 16	-	-	-	(186,030)	-	(186,030)	-	(186,030)
Balances as at January 1, 2019	**4,425,677**	**6,379,742**	**(190,280)**	**5,101,475**	**-**	**15,716,614**	**1,570,416**	**17,287,030**
Comprehensive income for the period								
Profit for the period	-	-	-	-	383,174	383,174	6,813	389,987
Total comprehensive income for the period	-	-	-	-	383,174	383,174	6,813	389,987
Contributions from and distributions to shareholders								
Capital increase	586,000	-	-	(586,000)	-	-	-	-
Transactions with noncontrolling interests	-	-	-	-	-	-	-	-
Recognized granted stock options	-	(3,352)	-	-	-	(3,352)	-	(3,352)
Interim dividends	-	-	-	-	(90,531)	(90,531)	-	(90,531)
Sale of treasury shares	-	(51,439)	65,954	-	-	14,515	-	14,515
Transactions among shareholders	-	29,333	-			29,333	(1,577,229)	(1,547,896)
Total contributions from and distributions to shareholders	586,000	(25,458)	65,954	(586,000)	(90,531)	(50,035)	(1,577,229)	(1,627,264)
Balances as at June 30, 2019	**5,011,677**	**6,354,284**	**(124,326)**	**4,515,475**	**292,643**	**16,049,753**	**-**	**16,049,753**
Balances as at December 31, 2019	**5,111,677**	**6,400,167**	**(121,428)**	**4,441,990**	**-**	**15,832,406**	**2,863**	**15,835,269**
Comprehensive income for the period								
Profit (loss) for the period	-	-	-	-	(493,858)	(493,858)	4,080	(489,778)
Total comprehensive income for the period	-	-	-	-	(493,858)	(493,858)	4,080	(489,778)
Contributions from and distributions to shareholders								
Capital increase	2,555,938	-	-	-	-	2,555,938	-	2,555,938
Share issuance costs	-	(74,618)	-	-	-	(74,618)	-	(74,618)
Recognized stock options granted	-	14,000	-	-	-	14,000	-	14,000
Sale of treasury shares	-	(8,116)	20,247	-	-	12,131	-	12,131
Total contributions from shareholders	2,555,938	(68,734)	20,247	-	-	2,507,451	-	2,507,451
Balances as at June 30, 2020	**7,667,615**	**6,331,433**	**(101,181)**	**4,441,990**	**(493,860)**	**17,845,998**	**6,942**	**17,852,940**

The accompanying notes are an integral part of this interim financial information.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
STATEMENT OF CASH FLOWS – INDIRECT METHOD
For the three-month periods ended June 30, 2020 and 2019
(In thousands of Brazilian reais - R$)

	Note	Parent		Consolidated	
		06/30/2020	06/30/2019	06/30/2020	06/30/2019
Cash flows from operating activities					
Profit (loss) before income tax and social contribution		(506,081)	370,951	(635,630)	315,426
Reconciliation adjustments to profit or loss:					
Depreciation and amortization	13 and 14	36,191	3,830	270,552	256,087
IFRS 16 depreciation	29	-	-	135,953	151,895
Amortization of allocated goodwill	29	-	35,951	164,964	181,855
Amortization of inventory appreciation	8	-	-	7,837	4,797
Publishing costs	29	-	-	42,307	42,519
Allowance for expected losses	7	-	-	714,481	398,353
Present value adjustment to trade receivables	8	-	-	(25,928)	-
Reversal of tax, labor, and civil contingencies		(210)	(17,724)	(180,298)	(60,301)
Write-off of realization of former owners' escrow account		-	-	345,244	-
Allowance for (reversal of) inventory losses		-	-	15,079	13,581
Inflation adjustment to receivables from sale of subsidiaries		-	-	(1,546)	-
Inflation adjustment to escrow account		-	-	(10,126)	-
Finance charges on borrowings and debentures	15 and 16	184,034	9,702	189,029	284,504
Finance charges arising on acquisitions	21	-	-	12,441	14,030
Finance charges on leases – right of use	17	-	-	208,284	151,212
Finance charges on tax and labor provisions		-	-	32,857	-
Stock option granting		618	(16,750)	14,000	(3,352)
Gain on sale or disposal of assets and other investments		-	-	11,963	25,554
Income from short-term investments and securities	30	(28,638)	-	(40,253)	(49,908)
Share of profit (loss) of investees	12	361,250	(385,620)	899	594
		47,163	**340**	**1,272,109**	**1,726,846**
Changes in operating assets and liabilities:					
(Increase) decrease in trade receivables		-	20	(251,441)	(818,367)
(Increase) decrease in inventories		-	-	(71,022)	(100,909)
(Increase) decrease in advances		(225)	(76)	(3,642)	(20,836)
(Increase) decrease in recoverable taxes		(12,065)	(2,145)	36,175	(21,665)
(Increase) decrease in escrow deposits		(281)	(60)	15,030	(193)
(Increase) decrease in related parties		(98,885)	(29,368)	-	304
(Increase) decrease in other receivables		(1,035)	35	(77,927)	6,425
(Decrease) increase in trade payables		636	(127)	(270,961)	(114,245)
(Decrease) increase in trade payables purchaser's risk		-	-	(33,253)	(54,624)
(Decrease) increase leases – right of use		-	-	-	(203,248)
(Decrease) increase in payroll and related taxes		-	(2,970)	33,016	(8,640)
(Decrease) increase in taxes payable		3,167	506	(26,323)	(47,276)
(Decrease) increase in advances from customers		(13)	-	(62,740)	(41,062)
(Decrease) increase in taxes in installments		-	-	(5,544)	(5,679)
Payment of provision for tax, labor, and civil contingencies		(2)	170	(96,227)	(86,669)
(Decrease) increase in other payables		(40)	46,040	(24,937)	(3,598)
Cash generated by operating activities		**(61,581)**	**12,365**	**432,313**	**206,564**
Income tax and social contribution paid		-	-	(18,105)	(47,280)
Interest on lease for right of use paid		-	-	(202,497)	-
Interest on borrowings and debentures paid	15 and 16	(226,742)	-	(233,279)	(267,324)
Net cash generated by (used in) operating activities		**(288,323)**	**12,365**	**(21,568)**	**(108,040)**
Cash flows from investing activities					
(Investment in) redemption of securities		(531,712)	-	(695,499)	378,481
Additions to property, plant and equipment	13	-	-	(64,300)	(184,786)
Additions of intangible assets	14	-	-	(144,200)	(141,163)
Cash acquired in business combination		-	-	390	(62,653)
Payables for acquisition of subsidiaries		-	-	(81,409)	(76,600)
Increase in subsidiaries' capital		(24,572)	(178,700)	-	-
Proceeds from former owners' escrow account		-	-	235,735	-
Dividends received from subsidiaries		21,000	305,485	-	-
Acquisition of private debentures		-	(800,000)	-	-
Interest on private debentures		-	(9,628)	-	-
Net cash (used in) generated by investing activities		**(535,284)**	**(682,843)**	**(749,283)**	**(86,721)**
Cash flows from financing activities					
Capital increase		2,481,320	-	2,481,320	-
Sale (buyback) of treasury shares		12,131	14,515	12,131	14,515
Acquisition of noncontrolling interests		-	-	-	(1,712,766)
Issue of debentures		496,638	797,786	496,638	797,786
Borrowings		-	-	100	-
Payment of lease for right of use		-	-	(72,400)	-
Repayment of borrowings and financing, and debentures	15 and 16	-	-	(645)	(21,484)
Payment of dividends to shareholders		-	(133,535)	-	(133,535)
Net cash used in (generated by) financing activities		**2,990,089**	**678,766**	**2,917,144**	**(1,055,484)**
Increase (decrease) in cash and cash equivalents, net		**2,166,482**	**8,288**	**2,146,292**	**(1,250,245)**
Cash and cash equivalents at the beginning of the year	5	95	10,057	371,683	1,485,611
Cash and cash equivalents at the end of the year	5	2,166,577	18,345	2,517,975	235,366
Increase (decrease) in cash and cash equivalents, net		**2,166,482**	**8,288**	**2,146,292**	**(1,250,245)**

The accompanying notes are an integral part of this interim financial information.

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
STATEMENT OF VALUE ADDED
For the three-month periods ended June 30, 2020 and 2019
(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	06/30/2020	**06/30/2019**	**06/30/2020**	**06/30/2019**
Revenue from sales and services	-	-	2,999,988	3,581,462
Other income	-	-	3,504	70,198
Allowance for expected losses	-	-	(714,481)	(398,353)
	-	**-**	**2,289,011**	**3,253,307**
Inputs purchased from third parties				
Cost of sales and services	-	-	(195,594)	(143,348)
Supplies, power, outside services and other inputs	2,772	22,015	(446,982)	(371,001)
Gross value added	**2,772**	**22,015**	**1,646,435**	**2,738,958**
Withholdings				
Depreciation and amortization	(36,190)	(1,554)	(406,505)	(405,632)
Amortization of allocated goodwill	-	(35,951)	(164,964)	(181,855)
Amortization of inventory appreciation	-	-	(7,837)	-
Publishing costs	-	-	-	(42,519)
Net value added	**(33,418)**	**(15,490)**	**1,067,129**	**2,108,952**
Wealth received in transfer				
Share of profit (loss) of investees	(361,250)	385,620	899	(594)
Finance income	80,342	9,290	132,047	179,071
Total wealth for distribution	**(314,326)**	**379,420**	**1,200,075**	**2,287,429**
Wealth distributed				
Personnel:				
Direct compensation	4,036	(359)	655,704	761,172
Benefits	-	-	64,053	70,793
Payroll taxes	-	(1,107)	254,049	275,717
Taxes, fees and contributions:				
Federal	(12,225)	(12,223)	(127,229)	(58,160)
State	6	2	5,100	269
Municipal	-	14	1,401	4,640
Lenders and lessors:				
Finance costs	187,715	9,919	491,695	507,769
Rentals	-	-	302,239	286,868
Copyrights	-	-	42,841	48,374
Shareholders:				
Earnings retained in the year	(493,858)	383,174	(489,778)	389,987
Wealth distributed	**(314,326)**	**379,420**	**1,200,075**	**2,287,429**

The accompanying notes are an integral part of this interim financial information.

1. General information

Cogna Educação S.A. (formerly Kroton Educacional S.A.), hereinafter referred to as “Company”, “Parent”, or “Cogna”), with registered head office at Rua Santa Madalena Sofia, 25, Belo Horizonte, Minas Gerais, and its subsidiaries (collectively “Group”) is primarily engaged in offering in-class and distance learning undergraduate and graduate courses; publishing, selling and distributing textbooks, support materials, and workbooks, especially with educational, literary, and informative content, and teaching systems; offering, through its schools, K-12 education, pre-college preparatory courses, language courses for children and teenagers; providing educational solutions for professional and higher education, among other supplementary activities, such as developing education technology with management and further education services; the management of child, primary, and secondary education activities; advising and/or facilitating direct and indirect student loans according to the students school level; and developing software for adaptive teaching and optimizing academic management.

On December 9, 2019, the extraordinary general meeting approved the change of the Company’s corporate name to “Cogna Educação S.A.”, with the subsequent amendment to its Bylaws. The name Cogna derives from the term “cognition”, which comprises the ability of processing information and transforming such information into knowledge. A brand that clearly symbolizes the Company’s move into a new era full of innovation and growth opportunities that preserve the wish to transform people’s life through first-class education. This is Cogna Educação: knowledge that transforms.

The Group owns 79 companies, including the Parent, and consists of 18 sponsors of college education entities, 176 college education units, distributed among 24 Brazilian states and 132 Brazilian cities, as well as 1,536 distance learning (EAD) Graduation Centers accredited by the Ministry of Education (MEC), located in all Brazilian states and the Federal District. The Company also operates 52 own K-12 Education schools, 122 Red Balloon units, and 4,2 thousand associated schools nationwide.

The Company is listed on B3 – Brasil, Bolsa, Balcão (São Paulo stock exchange), in the special listing segment called Novo Mercado, under ticker symbol COGN3 where it trades its common shares.

Cogna conducts is activities through its direct subsidiaries: Editora e Distribuidora Educacional S.A. (“EDE”), Anhanguera Educacional Participações S.A. (“AESAPAR”), Somos Sistemas de Ensino Ltda. (“Somos Sistemas”), and Saber Serviços Educacionais Ltda. (“Saber).

This individual and consolidated interim financial information was approved by the Company’s Board of Directors and authorized for issue on August 20, 2020.

1.1. Context of the first half of 2020

After facing the biggest macroeconomic recession ever seen in the country, the COVID-19 pandemic presents one of the most challenging situation of the recent history, not only for the business environment but also for mankind. We listed below the main impacts observed during the first half of 2020:

KROTON

Year 2020 was already challenging for Kroton, due to the expected impact on revenue from the last major FIES student graduation ceremonies. According to the notice to the market during the follow-on in February, this effect would put pressure on the business operating margins and reduce the student base, which would only be partially mitigated by the then potential continuity of student enrollment revenue growth and the development of new units (greenfields). In addition to the effects from the FIES, this six-month period was also impacted by the COVID-19 pandemic upon (i) reduction in the student enrollment volume of the in-class education (partially offset by the recovery of freshman ticket) and (ii) increase in future default levels (even if the receipt of monthly tuitions has only been marginally impacted so far and taking into account our best estimate based on available information, we significantly increased the volume of the allowance for losses). It is important to observe that the cost and expense structure was not adjusted to mitigate these effects, which made Kroton's results of operations to be much lower than its recent history and potential. Some of the emergency measures adopted within the scope of our COVID-19 response plan have already shown savings in the second quarter, which must be added to the recognition of a major portion of the deferred revenue from FIES for the 1Q20.

PLATOS

Platos' non-degree (graduate course operation posted revenue growth and expansion of its margins in the first two quarters of the year, which adversely affected the enrollment of students and led to the postponed beginning of some classes (especially in the in-class category). The Company continues to fully develop its platform and already started to look for external customers (especially higher education institutions).

SABER

At Saber, which gathers own K-12 education schools and school management contracts, we posted a revenue decrease as a result of the new social distancing laws that had a significant impact the revenues from supplementary activities (after-school activities) and also a small drop in the student base (due to the cancellation of two management contracts). Despite the impacts referred to above, there was growth in Saber's operating margins and EBITDA, as a result of the emergency measures taken by the Company to respond to COVID-19.

VASTA

Vasta posted a 9% growth in revenues and it expects to meet the already announced 18% increase of the closed annual agreement by yearend. Even though the pandemic can have an adverse effect on future growth, the beginning of sales was advanced and the first indications are encouraging.

1.2. Actions and impacts caused by the Covid-19 pandemic

On March 11, 2020, the World Health Organization (WHO) raised the classification of the Coronavirus ("COVID-19") outbreak to global pandemic, changing the global and Brazilian market growth outlook and exposing companies to numerous risks that have never been experienced before and that, therefore, deserve special attention from officers and Management with respect to the scenarios and actions necessary to mitigate the risks posed by such new situation. This crisis has led governments from all over the world to impose a series of measures such as: social distancing, restrictions on travel and commuting at the cities, closing of non-essential businesses, among others, causing important disruptions at the financial and labor markets, consumption patterns, logistics chains, and noticeably impacting companies and people.

To face this situation, the Company has established a Crisis Committee and designed a work plan that contemplates a series of actions to firstly protect the physical and mental health of its students and employees and, then, to maintain the operational and financial capacity to face such period. Below are the main initiatives conducted by each Group business:

1) Protect the health of our employees and students by adopting measures such as the work from home and the health and safety measures recommended by government agencies;
2) Ensure the continuity of the educational services using digital platforms, without prejudice to students;
3) Ensure the Group's financial health, liquidity and cash;
4) Implement restructuring measures, mostly seeking the maintenance of jobs and the Company's survival;
5) Implement organizational changes for the post-COVID world;
6) Strategic Plan to seize opportunities created by the crisis;
7) Actions that contribute to mitigating the impacts from COVID-19 on society.

In relation to the continuity of the services, we stress that, even after the closing of our in-class units, we immediately continued to provide educational services using our online platforms obtaining excellent levels of adhesion and engagement from students. Consequently, we did not suspend the provision of the services contracted by our students in this semester.

The process of attracting new students and re-enrollment for the second semester is underway and is being performed remotely. We have been observing, compared to previous cycles: (a) students are increasingly electing courses on digital platforms; and (b) defaulting students are facing greater re-enrollment difficulties. The process, however, is still underway and our prospects for the second half already consider lower enrolment volumes compared to the first half of the year. Also, numerous reports and market projections point to a drop in the Brazilian GDP in 2020. Consequently, our revenue and profitability will surely be impacted in 2020 and, possibly, in the next years. We were able to identify some of these impacts on profit for the second quarter of 2020, which dropped as a result of several measures taken by the Company to respond to the COVID-19 pandemic.

Despite the uncertainty in terms of impacts on results of operations and profitability in 2020, it is difficult and complex to quantify the totality and extent of the impacts on the Company's operating and financial performance due to the dependence on future events, including the period of adoption of social distancing measures and the impact that such decisions will have on jobs and demand, potential impacts on the payment capacity of our students, as well as the magnitude and impact of potential governmental measures to boost the economy. Consequently, the financial impacts cannot be quantified or measured reliably in their entirety.

In light of the uncertainties and aiming at protecting the Company's financial capacity, numerous measures are being adopted since the beginning of the social distancing process:

Liquidity and indebtedness and cash flow management

In view of the possible scenarios of social distancing extension and subsequent extension of market liquidity restrictions, the Company believes that it has capacity to manage its cash so as to satisfy all its commitments. Additionally, it is worth mentioning the Company's strong cash position, considering the share issuance process (follow-on) completed in February 2020, in addition to the issue of debentures in May 2020 totaling R$500 million and also the receipt of part of the guarantee for legal proceedings with the former owners of Somos in June 2020 (around R$235 million), which allowed the Company to have a cash position and investments totaling approximately R$3.7 billion as at June 30, 2020. Also, the next repayments of debentures contracted at the balance sheet date will only be made at the end of 2020 (amounting to R$1.3 billion) and at the second half of 2021 (amounting to R$1.4 billion). Accordingly, the Company believes that it has a solid liquidity position to face the crisis.

Goodwill impairment testing per type

The information on the impairment test of goodwill intangible assets is described in note 14(b).

Trade receivables – allowance for expected losses

Based on the best information available, even without fully understanding of the final impacts, the Company expects some level of impact on the accounting estimates adopted in the assessment of the allowance for expected losses on trade receivables, as well as on the expected recovery of receivables already written off against losses, according to the Company's policy and, therefore, we increased the allowance for expected losses for the period. These assumptions are being continually reassessed and Management has preliminarily decided to increase the percentage rates of the allowance for expected losses on trade receivables related to students classified as "paying student" and "Private Student Loan Installment Plan" at the Kroton Segment, considering that an increase in default or drop in receivables collection is more likely.

Deferred tax assets and liabilities

Considering the same assumptions of sensitivity of the long-term models used in the goodwill impairment test, no indications of impairment were identified in the comparability of the amounts recorded in the financial statements as at December 31, 2019.

2. Significant accounting policies

The Company presents the individual and consolidated interim financial information in accordance with CPC 21 (R1) - Interim Financial Reporting, issued by the Accounting Pronouncements Committee (CPC), and with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as the standards established by the Brazilian Securities and Exchange Commission (CVM).

Based on Management's assessment on the main impacts of the information to be disclosed, the following notes are not being presented:

- Summary of significant accounting policies:
- Accounting estimates and judgments;
- Insurance coverage.

The notes to the interim financial information are presented in accordance with the full understanding of this interim financial information if read together with the information disclosed in the financial statements as at December 31, 2019.

The accounting policies adopted in the preparation of this interim financial information are consistent with the policies disclosed in note 2 to the financial statements for the year ended December 31, 2019, except for:

(i) Change in the presentation of operating segments, as shown in note 2.1.

2.1. Operating segment

The information per operating segment is presented consistently with the internal report provided to the Executive Committee, which is the key operating decision maker and is also responsible for allocating funds, evaluating performance and making strategic decisions.

Beginning January 1, 2020, and in accordance with the Group's new business perspective, the Executive Committee considers the business from the standpoint of the services provided to customers, with five main operating segments, as follows:

(i) **Kroton**: B2C (Business to consumer) vertical engaged in in-class and distance learning higher education (EAD). The results of operations are regularly analyzed by the key manager of this segment considering all businesses, even for the in-class and distance learning (EAD) segments. Although the revenue from these two segments has different sources, costs are fully shared, considering that, even for in-class courses, more than 20% of the classes are being taken by the student using the distance learning method; in addition, the in-class units are used as distance learning centers and shares managers and administrative teams;

(ii) **Platos**: B2B2C (Business to Business to Consumer) higher education vertical, currently offering Continuing Education products and services, at the in-class and EAD segments. The purpose of this segment is to become a full content and solution platform for any Higher Education institution in the country, by offering post-graduation services.

(iii) **Saber**: B2C (Business to Consumer) K-12 vertical, comprising all 54 own schools or schools with management agreements, operating in 11 states. When connecting such group of schools, it is possible to maximize the potential of each one of them, preserving their teaching method.

(iv) **Vasta**: Vertical that operates in the B2B (Business to Business) K-12 market, comprising the service platform offered to schools, which offers a range of educational products and solutions, including digital services that support the school management process. The revenue derives from an enrollment model with long-term agreements. Vasta's main trademarks are Somos Educação, Anglo, PH, Saraiva, etc.

(v) **Other**: Currently comprised of educational solution products for technical and higher education ("SETS"), preparatory classes for public service examinations and Brazilian Bar Association (OAB) tests and language courses offered during graduation, besides also comprising the provision of services to public K-12 education - B2Gov (Business to Government), and participating in the National Book and Teaching Material Program (PNLD).

(In thousands of Brazilian reais - R$, unless otherwise stated)

Cash-generating Units (CGUs)

With the change in the operating segments, for impairment testing purposes, these assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating Units - CGUs). For purposes of this test, goodwill is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that originated the goodwill, as follows: (i) Kroton; (ii) Platos; (iii) Saber; (iv) Vasta and; (v) other, segregated into SETS and (PNLD).

For more information on the impairment tests, see notes 1.2 and 14, together with the tables shown in note 32.

2.2. Adoption of new standards

There were no new standards, pronouncements and IFRICs for adoption beginning January 1, 2020 that introduced significant changes in the practices adopted by the Company.

3. Business combinations

3.1. Acquisitions made in 2020

A & R Comercio e Serviços de Informática Ltda. (“Pluri”) and Mind Makers Editora Educacional (“Mind Makers”)

On January 7, 2020, subsidiary Somos Sistemas has completed the acquisition of all shares representing 100% of the capital of A & R Comércio e Serviços de Informática Ltda. (“Pluri”) and the effects arising from its acquisition, and also any gain or loss, are disclosed in the Company’s financial statements as from 2020.

Additionally, subsidiary Somos Sistemas has completed, on February 13, 2020, the acquisition of all shares representing 100% of the capital of Mind Makers Editora Educacional Ltda. (“Mind Makers”).

The main purpose of these acquisitions is to follow the Company’s expansion plan in the B2B sector of the Company’s K-12 education segment. The table below summarizes the main balance sheet groups, at the date of acquisition:

	PLURI	**MIND MAKERS**	**Total combinations**
Total current assets	17,712	3,895	21,607
Total noncurrent assets	299	89	388
Total assets	**18,011**	**3,984**	**21,995**
Total current liabilities	11,267	503	11,770
Total noncurrent liabilities	364	998	1,362
Total liabilities	**11,631**	**1,501**	**13,132**
Equity	6,380	2,483	8,863
Total liabilities and equity	**18,011**	**3,984**	**21,995**
Net liabilities	(6,380)	(2,483)	(8,863)
Acquisition price	27,706	23,621	51,327
Excess acquisition price above the fair value	**21,326**	**21,138**	**42,464**
Goodwill allocation			
Goodwill	11,221	5,078	16,299
Customer portfolio	4,625	-	4,625
Trademark	-	16,060	16,060
Inventory appreciation	5,480	-	5,480

(In thousands of Brazilian reais - R$, unless otherwise stated)

PLURI	MIND MAKERS	Total combinations
21,326	**21,138**	**42,464**

4. Financial risk management

4.1. General considerations and policies

The risks and financial instruments are managed through policies, definition of strategies and implementation of control systems, defined by the Company's Board of Directors. The compliance with treasury positions in financial instruments is presented and assessed monthly by the Company's Treasury Committee and subsequently submitted to the analysis of the Audit and Executive Committees and the Board of Directors.

The fair values of financial assets and liabilities were calculated based on available market information and valuation techniques appropriate for each situation. However, considerable judgment was required to interpret market inputs and then develop the most appropriate fair value estimates. Accordingly, estimates presented herein are not necessarily indicative of the amounts that could be realized in the market. The use of different market inputs and/or valuation techniques may have a material impact on the estimated fair value.

The fair values of the Company's financial instruments as at June 30, 2020 are as follows:

	Fair value hierarchy	Parent		Consolidated	
		06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
Assets - amortized cost					
Cash and cash equivalents	-	2,166,577	95	2,517,975	371,683
Trade receivables	-	-	-	2,909,094	3,341,216
Receivables from sale of subsidiaries	-	-	-	391,239	389,693
Other receivables	-	1,163	217	362,155	195,551
		2,167,740	**312**	**6,180,463**	**4,298,143**
Assets - fair value through profit or loss					
Securities	1	564,453	4,103	1,209,348	471,390
		564,453	**4,103**	**1,209,348**	**471,390**
Liabilities - amortized cost					
Borrowings and financing	-	-	-	1,146	692
Debentures	-	8,313,914	7,859,984	8,536,260	8,083,873
Trade payables	-	1,083	447	278,891	537,430
Trade payables purchaser's risk	-	-	-	308,403	341,656
Payables - acquisitions	-	-	-	266,076	283,236
Other payables	-	156,600	175,561	124,998	147,794
		8,471,597	**8,035,992**	**9,515,774**	**9,394,681**

The Company's financial assets and financial liabilities are recognized in balance sheet accounts at amounts consistent with those prevailing in the market.

(In thousands of Brazilian reais - R$, unless otherwise stated)

4.2. Financial risk factors

The Company's activities are exposed to market, credit and liquidity financial risks. The Company's Management and the Board of Directors oversee the management of these risks aligned with the capital management goals:

a) Policy on the use of derivative financial instruments

The Company does not have any derivative transactions.

b) Market risk – interest rate-related cash flow risk

This risk arises from the possibility of the Group incurring losses due to interest rate fluctuations that increase finance costs related to borrowings and financing and debentures raised in the market and payables for acquisition of third parties in installments. The Company continuously monitors market interest rates to assess whether new transactions should be contracted to hedge against the volatility of interest rates.

Contract interest rates are shown below:

			Consolidated
	06/30/2020	**12/31/2019**	**Interest rate**
Borrowings and financing	1,146	692	9.41% p.a.
Debentures	8,422,985	7,971,068	100% CDI + interest of 0.75% to 1.7% p.a.
Debentures – SABER 1st issue, 3rd series	113,275	112,805	IPCA + 6.72% p.a.
Payables for acquisitions	136,658	154,062	CDI
Payables for acquisitions	105,636	102,743	IPCA
Payables for acquisitions	23,782	26,431	Other
Total	**8,803,482**	**8,367,801**	

c) Credit risk

It is the risk of a business counterparty not complying with an obligation set forth in a financial instrument or agreement with the customer, which would cause a financial loss. The Company is exposed to credit risk arising from its operating activities (mainly relating to trade receivables) and financing activities, including deposits in banks and financial institutions, and other financial instruments. The Company maintains appropriate provisions in the balance sheet to hedge against these risks:

Trade receivables – Higher Education (Kroton and Platos)

The Group's sales policy is in line with the risk inherent to its operating segment and is limited by the Federal government rules (Law 9,870/99, which provides for the total amount of school annual tuitions). The law allows the non-renewal of the student enrollment for the next semester in case of default, therefore, the student negotiates his/her debts with the institution. Possible default is minimized by diversifying the receivables portfolio and monitoring collection deadlines.

In the Kroton segment, for students included in the Higher Education Student Loan Program (FIES), a substantial portion of the Company's receivables is secured by the FGEDUC. For the portion not secured by the program, the Company estimates the potential default and recognizes the respective allowance.

(In thousands of Brazilian reais - R$, unless otherwise stated)

In 2015, the Company started to offer a new product exclusively to new students – the private student loan installment plan (PEP) – with the main purpose of offering a payment alternative for any student who was not eligible to the FIES. The purpose of this product is to finance part of a degree—70% to 50% of tuitions, adjusted using the Broad Consumer Price Index (IPCA), payable within the same period as the selected degree period, after graduation. Beginning 2018, the Company changed the due dates of the financed installments for new students by postponing the due date of the installments for first semester when a student elected this product to the following semester. As a result, in the second semester, a student pays the installments financed in the first semester and the due dates of new revenue are in the following semesters, recognized as revenue from private installment plan. Long-term receivables from students eligible to the PEP are adjusted to present value.

Such group's trade receivables consist mainly of receivables from individual customers, linked to the provision of undergraduate services and debt negotiations. This group's risk is managed based on the aging of the corresponding receivables and the segregation of the students per type of product and profile (for example, FIES students and PEP students).

Trade receivables – K-12 Education (Vasta)

Receivables from this group comprise book distributors, schools, franchisees and individuals linked to the sale of books and education systems for the provision of K-12 education services. This group's risk is managed based on the periodical credit rating analysis of each corporate customer, in addition to the aging of the corresponding receivables and the segregation into services provided and goods sold segments.

Trade receivables – K-12 Education (Saber)

Similar to the Higher education, the price and enrollment policy is governed by a specific regulation ad allows the non-renewal at the end of the school period in case of default. Basically, the amount of trade receivables is comprised of individuals (students' parents). This group's risk is managed according to the aging of receivables.

The credit quality of financial assets may be evaluated by reference to external credit ratings (if any) or historical information on default rates for counterparties:

	Consolidated	
	06/30/2020	**12/31/2019**
Trade receivables (note 7)		
Kroton	4,999,340	4,722,782
Platos	82,819	71,795
Saber	72,428	40,823
Vasta	344,260	494,853
Other	50,559	210,189
Credit card	47,642	20,767
Gross trade receivables	**5,597,048**	**5,561,209**

(In thousands of Brazilian reais - R$, unless otherwise stated)

Financial instruments and cash deposits

The Company mitigates its exposure to credit risks associated to financial instruments, deposits in banks and short-term investments by investing in prime financial institutions and in accordance with limits previously set in the Company's policy.

		Consolidated
Cash and cash equivalents (note 5)	**06/30/2020**	**12/31/2019**
AAA (i)	2,298,216	274,673
AA+	-	80,613
AA	12,916	11,039
A+	206,418	-
Not applicable	425	5,358
	2,517,975	**371,683**
Securities (note 6)		
AAA (i)	428,626	47,693
AA	-	6
A+	780,720	423,689
Not applicable	2	2
	1,209,348	**471,390**

(i) Since Santander Brasil is not rated by Fitch, the rating awarded by Standard & Poor's was used to rate the short-term investments held in this financial institution amounting to R$1,665,470, of which R$1,252,154 is allocated to cash and cash equivalents and R$413,316 is allocated to securities.

The changes in the balances' ratings between periods are attributed to changes in the ratings awarded by risk rating agency Fitch Ratings.

d) Liquidity risk

Consists of the possibility of the Company not having sufficient funds to honor its commitments in view of the different settlement terms of its assets and liabilities.

The Company's and its subsidiaries' cash flows are managed on a centralized basis by the Group's finance department, which monitors rolling forecasts of the entities' liquidity requirements to ensure they have sufficient cash to meet their operational requirements. The Group also continuously monitors the cash balance and the debt level of the companies and implements actions so that the companies receive capital contributions and/or access the capital market when required to keep within the existing credit limits. This forecast takes into consideration the debt financing plans, compliance with covenants, and compliance with internal balance sheet ratio goals and regulatory requirements, if applicable.

Cash surpluses held by Group companies, in addition to the balance required for working capital management, is also managed on a centralized basis by the Group. The treasury department invests cash surpluses in time deposits, short-term deposits, and securities by choosing instruments with appropriate maturities or sufficient liquidity to ensure that the Company has an adequate volume of funds for its operations.

The Company's main financial liabilities refer to borrowings and financing, debentures, trade payables, and payables for acquisitions. The main purpose of such financial liabilities is to raise funds to finance the Group's operations.

The table below analyses the Company's financial liabilities, by maturity, corresponding to the remaining period of the security or liability.

(In thousands of Brazilian reais - R$, unless otherwise stated)

Financial liabilities by maturity

				Consolidated
	Less than 1 year	**1-2 years**	**Over 2 years**	**Total**
As at June 30, 2020				
Trade payables	278,891	-	-	278,891
Trade payables - purchaser's risk	308,403	-	-	308,403
Borrowings and financing	245	167	734	1,146
Debentures	1,329,427	1,443,302	5,763,531	8,536,260
Payables for acquisitions	115,511	64,301	86,264	266,076
	2,032,477	**1,507,770**	**5,850,529**	**9,390,776**

Financial liabilities by maturity - Budgeted [(i)]

				Consolidated
	Less than 1 year	**1-2 years**	**Over 2 years**	**Total**
As at June 30, 2020				
Trade payables	278,891	-	-	278,891
Trade payables - purchaser's risk	308,403	-	-	308,403
Borrowings and financing	256	175	768	1,199
Debentures	1,390,622	1,509,739	6,028,832	8,929,193
Payables for acquisitions	120,828	67,261	90,235	278,324
	2,099,000	**1,577,175**	**6,119,835**	**9,796,010**

(i) Considers the most probable baseline scenario over a twelve-month horizon with the projected rates CDI (4.60% per year) and IPCA (2.13% per year)

4.3. Capital management

The main goals of the Company's capital management are to protect its ability to continue as a going concern, offer good returns to shareholders and reliability to its stakeholders, and maintain an optimal capital structure focused on reducing finance costs while maximizing shareholder return.

In order to maintain or adjust the capital structure, the Company may revise its dividend payment and capital return to shareholders policy, or even issue new shares or buy back shares.

As at June 30, 2020, the Company has an adequate capital structure to facilitate its growth strategy, either organically or through acquisitions. The investment decisions take into consideration the expected return potential.

The financial leverage ratios are as follows:

		Consolidated
	06/30/2020	**12/31/2019**
Borrowings and financing, debentures and payables for acquisitions	(8,803,482)	(8,367,801)
Cash and cash equivalents and securities	3,727,323	843,073
Net debt	**(5,076,159)**	**(7,524,728)**
Equity	17,852,940	15,835,269
Financial leverage ratio	**28.43%**	**47.52%**

(In thousands of Brazilian reais - R$, unless otherwise stated)

4.4. Sensitivity analysis

The table below shows the sensitivity analysis for financial instruments, describing the risks that may result in material losses for the Company, according to a Management assessment, using a most probable scenario for a twelve-month period and the following projected rates: CDI: 4.60% and IPCA: 2.13% per year. Additionally, two other scenarios are provided showing a 25% and 50% stress of the risk variable considered, respectively.

					Consolidated
	Exposure	**Risk**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
As at June 30, 2020					
Short-term investments and securities	3,727,323	CDI increase	171,572	214,466	257,359
CDI-indexed debentures and payables	(8,559,643)	CDI increase	(394,009)	(492,511)	(591,013)
IPCA-indexed debentures and payables	(220,057)	IPCA increase	(4,692)	(5,865)	(7,038)
	(5,052,377)		**(227,129)**	**(283,910)**	**(340,692)**

Source: IPCA (Broad Consumer Price Index) in the Focus report issued by the Central Bank of Brazil (BACEN) and CDI based on B3 S.A. benchmark rates, both available in these entities' websites.

5. Cash and cash equivalents

	Parent		Consolidated	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
Cash				
Checking account	106	95	13,838	63
	106	**95**	**13,838**	**63**
Short-term investments				
Fixed-income fund	-	-	-	76,579
Repurchase agreement (i)	655,540	-	718,977	195,927
National Treasury Notes (NTNO) (i)	-	-	105,430	84,518
Bank certificate of deposit (CDBs)	1,510,931	-	1,679,730	14,596
	2,166,471	**-**	**2,504,137**	**371,620**
	2,166,577	**95**	**2,517,975**	**371,683**

(i) Overnight National Treasury Notes and the Repurchase agreements are daily short-term investments with private banks backed by highly liquid government securities without risk of yield loss in the event of redemption.

The Company has highly liquid short-term investments, with insignificant risk of change in value, mainly indexed to the CDI or SELIC rate, a significant portion of which is made in exclusive fixed-income funds, managed and administered by major financial institutions. These funds are intended to offer return on the Group's cash and cash equivalents without incurring medium and high-risk instruments or securities.≤ The average gross yield of short-term investments is 99.57% of CDI (interbank deposits rate) as at June 30, 2020 (97.79% of CDI as at December 31, 2019).

(In thousands of Brazilian reais - R$, unless otherwise stated)

6. Securities

	Parent		Consolidated	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
National Treasury Bills (LTN)	-	-	14,738	15,482
Financial Bills (LF)	-	58	9,298	25,782
Financial Treasury Bills (LFT)	564,453	4,045	1,185,312	430,126
	564,453	**4,103**	**1,209,348**	**471,390**
Current	564,453	4,103	1,194,179	453,952
Noncurrent	-	-	15,169	17,438
	564,453	**4,103**	**1,209,348**	**471,390**

The average gross yield of securities is 99.57% of CDI as at June 30, 2020 (97.79% of CDI as at December 31, 2019).

7. Trade receivables

a) Breakdown

				06/30/2020
	Trade receivables	**Expected loss**	**Present value adjustment**	**Trade receivables, net**
Credit card	47,642	-	-	47,642
Kroton	4,999,340	(2,440,543)	(146,700)	2,412,097
Private installment plan (PEP/PMT)	3,364,589	(1,866,889)	(145,815)	1,351,885
Kroton private installment plan	1,634,751	(573,654)	(885)	1,060,212
Paying students	1,367,633	(440,626)	(885)	926,122
FIES (Public Installment Plan)	267,118	(133,028)	-	134,090
Platos	82,819	(22,952)	-	59,867
Saber	72,428	(14,657)	-	57,771
Vasta	344,260	(30,715)	-	313,545
Other	50,559	(32,387)	-	18,172
Total	**5,597,048**	**(2,541,254)**	**(146,700)**	**2,909,094**
Total without private installment plan and credit card	2,184,817	(674,365)	(885)	1,509,567

				12/31/2019
	Trade receivables	**Expected loss**	**Present value adjustment**	**Trade receivables, net**
Credit card	20,767	-	-	20,767
Kroton	4,722,782	(1,944,422)	(172,628)	2,605,732
Private installment plan (PEP/PMT)	3,161,275	(1,438,467)	(171,710)	1,551,098
Kroton private installment plan	1,561,507	(505,955)	(918)	1,054,634
Paying students	1,315,503	(374,831)	(918)	939,754
FIES (Public Installment Plan)	246,004	(131,124)	-	114,880
Platos	71,795	(16,990)	-	54,805
Saber	40,823	(10,293)	-	30,530
Vasta	494,853	(45,931)	-	448,922
Other	210,189	(29,729)	-	180,460
Total	**5,561,209**	**(2,047,365)**	**(172,628)**	**3,341,216**
Total without private installment plan and credit card	2,379,167	(608,898)	(918)	1,769,351

(In thousands of Brazilian reais - R$, unless otherwise stated)

b) Receivables aging list

	Consolidated	
	06/30/2020	**12/31/2019**
Current	**3,198,795**	**3,160,456**
Past due		
Up to 30 days	261,446	266,196
31 to 60 days	244,615	391,572
61 to 90 days	203,611	391,838
91 to 180 days	531,105	348,696
181 to 365 days	675,170	547,479
Over 365 days	482,306	454,972
Total past due	**2,398,253**	**2,400,753**
Allowance for expected losses	(2,541,254)	(2,047,365)
Present value adjustment	(146,700)	(172,628)
	2,909,094	**3,341,216**

The aging list of receivables is broken down below:

Kroton – paying students

	06/30/2020					
	Total balance	**%(i)**	**Agreement**	**%(i)**	**Monthly tuitions**	**%(i)**
Current (ii)	**337,284**	**25%**	**337,284**	**46%**	**-**	**0%**
Past due						
Up to 30 days	172,730	13%	43,506	6%	129,224	20%
31 to 60 days	149,302	11%	43,513	6%	105,789	17%
61 to 90 days	126,090	9%	36,791	5%	89,299	14%
91 to 180 days	203,630	15%	94,210	13%	109,420	17%
181 to 360 days	377,712	28%	173,213	24%	204,499	32%
Total past due	**1,029,464**	**75%**	**391,233**	**54%**	**638,231**	**100%**
Gross receivables – paying students	**1,366,748**	**100%**	**728,517**	**100%**	**638,231**	**100%**
(-) Balance of the allowance for expected losses (iii)	**440,626**					
Net receivables – paying students	**926,122**					
Percentage of allowance for expected losses/gross receivables (iv)	***32.2%***					

(i) Percentage on gross receivables – paying students
(ii) Net amounts of the present value adjustment
(iii) The balance of the allowance for expected losses is calculated considering future expectation of: a) recovery, through renegotiation, of receivables already written off with maturity over 360 days); and b) write-off for receivables that will reach 360 days in the next period.
(iv) Relating to the coverage ratio

(In thousands of Brazilian reais - R$, unless otherwise stated)

						12/31/2019
	Total balance	**%(i)**	**Agreement**	**%(i)**	**Monthly tuitions**	**%(i)**
Current (ii)	**252,247**	**19%**	**252,247**	**41%**	**-**	**0%**
Past due						
Up to 30 days	185,999	14%	47,813	8%	138,186	20%
31 to 60 days	148,214	11%	45,150	7%	103,064	15%
61 to 90 days	126,215	10%	41,435	7%	84,780	12%
91 to 180 days	208,869	16%	86,920	14%	121,949	17%
181 to 360 days	393,041	30%	141,674	23%	251,367	36%
Total past due	**1,062,338**	**81%**	**362,992**	**59%**	**699,346**	**100%**
Gross receivables – paying students	**1,314,585**	**100%**	**615,239**	**100%**	**699,346**	**100%**
(-) Balance of the allowance for expected losses (iii)	**374,831**					
Net receivables – paying students	**939,754**					
Percentage of allowance for expected losses/gross receivables (iv)	***28.5%***					

(i) Percentage on gross receivables – paying students
(ii) Net amounts of the present value adjustment
(iii) The balance of the allowance for expected losses is calculated considering future expectation of: a) recovery, through renegotiation, of receivables already written off with maturity over 360 days); and b) write-off for receivables that will reach 360 days in the next period.
(iv) Relating to the coverage ratio.

c) Allowance for expected losses and write-offs

Monthly tuitions

The Company has monthly recognized an allowance for expected losses by analyzing monthly receivables recognized each month (over a twelve-month period) and the corresponding breakdown by day in arrears and evaluating the recovery performance. Under this methodology, a likelihood of the estimated loss is attributed to each default bracket taking into consideration current and prospective information on macroeconomic factors that affect the customers' ability to settle claims, such as unemployment rate.

Variations in expected losses

Variations in the allowances for expected losses in the period ended June 30, 2020 are as follows:

	Consolidated
Balance as at December 31, 2018	(1,466,028)
Addition due to business combination	(1,949)
Write-off against trade receivables	149,013
Recognition	(398,353)
Balance as at June 30, 2019	**(1,717,317)**
Balance as at December 31, 2019	**(2,047,365)**
Addition due to business combination	(734)
Write-off against trade receivables	221,326
Recognition	(714,481)
Balance as at June 30, 2020	**(2,541,254)**

When the default period exceeds 365 days the receivable is written off. Even for written-off receivables, the collection efforts continue and the related collections and renegotiations are already recognized directly in profit or loss when collected.

(In thousands of Brazilian reais - R$, unless otherwise stated)

d) Private installment plan (PEP/PMT)

The balance of receivables from Private Installment Plans (PEP/PMT) is comprised of receivables from products paid in installments offered at Kroton's in-class education, which is segregated into two main products:

i) Private Student Loan Installment Plans (PEP). This product is intended to enable access to education by students who, despite depending on student loans, have no access to such loans. Under this regime, the student pays about half of the monthly tuitions after graduation, which payments are expected to end within a period twice as longer than the course period. The offer is limited with significant restriction on the granting of discounts, thus protecting the business profitability.

ii) Late Enrollment Installment Plans (PMT). This product is offered only in the semester of the student's enrollment and is intended to facilitate payment for students who enroll in the middle of the semester. Rather than charging monthly tuitions accumulated since the first month of the semester until the month of the student's enrollment, the student pays only one-monthly tuition and the other tuitions are postponed for payment after graduation.

Balance breakdown

			06/30/2020			12/31/2019
	PEP	**PMT**	**Consolidated**	**PEP**	**PMT**	**Consolidated**
Gross trade receivables	**2,456,162**	**908,427**	**3,364,589**	**2,311,763**	**849,512**	**3,161,275**
(-) Present value adjustment	(111,997)	(33,818)	(145,815)	(133,799)	(37,911)	(171,710)
Gross receivables after present value adjustment	2,344,165	874,609	3,218,774	2,177,964	811,601	2,989,565
(-) Balance of allowance for expected losses	(1,359,616)	(507,273)	(1,866,889)	(1,064,909)	(373,558)	(1,438,467)
Trade receivables, net	**984,549**	**367,336**	**1,351,885**	**1,113,055**	**438,043**	**1,551,098**
Percentage of allowance for expected losses/gross receivables	-58.0%	-58.0%	-58.0%	-48.9%	-46.0%	-48.1%
Current	1,512,597	712,857	2,225,454	1,567,906	637,483	2,205,389
Past due	943,565	195,570	1,139,135	743,857	212,029	955,886
Gross receivables - PEP / PMT	**2,456,162**	**908,427**	**3,364,589**	**2,311,763**	**849,512**	**3,161,275**

Profile of trade receivables and expected PEP recovery

Students comprising PEP receivables can be classified in three main categories: active, graduated and evaded, as shown below:

			06/30/2020			12/31/2019
	Total balance	**Current and up to 360 days past due (ii)**	**Over 360 days past due**	**Total balance**	**Current and up to 360 days past due (ii)**	**Over 360 days past due**
Gross receivables before write-offs (i)	**2,739,682**	**2,279,456**	**460,226**	**2,546,407**	**2,148,337**	**398,071**
Active students	1,191,321	1,191,321	-	1,183,515	1,181,667	1,848
Graduated students	168,499	160,146	8,353	239,865	234,027	5,838
Evaded students	1,379,862	927,989	451,873	1,123,028	732,642	390,386

(In thousands of Brazilian reais - R$, unless otherwise stated)

(i) The amount reported in these line items refers to the total amount recognized of trade receivables during the entire period we offer the PEP product to our students. The balances do not consider the receipts and write-offs made in numerous periods, in the amount of R$283,520 as at June 30, 2020 (R$234,644 as at December 31, 2019), in order to demonstrate the amounts deriving from each category of students, which is an important information for the calculation of future expected loss.

(ii) Gross write-off amounts due to recovery and receipt.

The expected loss on receivables from PEP and PMT is calculated based on the average between i) the expected evasion of each class and its default level and ii) the expectation of graduated students and its default level. The projected future losses calculated by the Company represents Management's best estimate of future default on the measurement date, considering historical receipt information for PEP and PMT classes already organized, adjusted by current market and economic conditions and the percentage of future recovery estimate.

The percentage rates calculated are as follows:

					Consolidated
	2Q20	**Initial estimate**	**Variation**	**Percentage of allowance for expected losses/gross receivables**	**Variation**
Effective expected loss with impairment	58.0%	50.0%	8.0 p.p.	58.0%	0.0 p.p.

8. Inventories

	Consolidated	
	06/30/2020	**12/31/2019**
Finished goods	393,038	410,665
Work in process	105,972	48,265
Raw materials	69,759	55,147
Imports in transit	4,413	1,271
Appreciation	943	14,236
Allowance for inventory losses	(145,868)	(122,464)
	428,257	**407,120**

Variations in the allowance for inventory losses are as follows:

	Consolidated
Balance as at December 31, 2018	**(147,134)**
Addition in the period	(53,867)
Reversal in the period	40,286
Inventory losses	14,296
Balance as at June 30, 2019	**(146,419)**
Balance as at December 31, 2019	**(122,464)**
Addition arising from acquirees	(375)
Addition in the period	(15,079)
Inventory losses	3,641
Inventory write-off	(11,591)
Balance as at June 30, 2020	**(145,868)**

(In thousands of Brazilian reais - R$, unless otherwise stated)

9. Recoverable taxes

	Parent		Consolidated	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
Income tax and social contribution (i)	23,852	11,787	217,107	223,599
PIS, COFINS and ISS (ii)	-	-	172,489	179,115
Social security tax (INSS)	-	-	28,603	34,076
Other recoverable taxes	-	-	41,069	39,800
	23,852	**11,787**	**459,268**	**476,590**
Current	23,852	11,787	331,799	346,162
Noncurrent	-	-	127,469	130,428
	23,852	**11,787**	**459,268**	**476,590**

(i) Refers to recoverable amounts of withholding income tax (IRRF) on short-term investments and invoices, income tax, social contribution, which can be offset against any federal tax managed by the Federal Revenue Service of Brazil.

(ii) Refers to PIS and COFINS credits claimed and retained on book sales and that can be offset against other federal taxes, as well as withholding taxes due to the issue of service invoices.

10. Receivables from sale of subsidiaries

	Consolidated	
	06/30/2020	**12/31/2019**
UNIASSELVI	358,335	350,172
FAC	19,794	19,175
FAIR	11,079	10,728
NOVATEC	-	4,319
Colégio Anchieta	-	3,015
UNIRONDON	2,031	2,014
FAUSB	-	270
	391,239	**389,693**
Current	137,074	139,162
Noncurrent	254,165	250,531
	391,239	**389,693**

The amounts are adjusted primarily using CDI and IPCA variance, depending on the related agreements. The aging list of receivables from the sale of subsidiaries is as follows:

		Consolidated			
		06/30/2020		**12/31/2019**	
	Maturity	**Total**	**%**	**Total**	**%**
Total current assets	**Up to one year**	**137,074**	**35.0**	**139,163**	**35.7**
	One to two years	120,933	30.9	118,922	30.5
	Two to three years	133,232	34.1	130,902	33.6
	Three to four years	-	-	706	0.2
Total noncurrent assets		**254,165**	**65.0**	**250,530**	**64.3**
Total		**391,239**	**100.0**	**389,693**	**100.0**

(In thousands of Brazilian reais - R$, unless otherwise stated)

11. Other receivables

	Parent		Consolidated	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
Prepaid expenses (i)	1,094	148	101,325	29,496
Receivables from former owners of acquirees (ii)	68	68	174,720	78,410
INSS on severance pay (iii)	-	-	30,859	30,859
Sale of properties (iv)	-	-	14,146	21,813
Other	1	1	41,105	34,973
Total	**1,163**	**217**	**362,155**	**195,551**
Current	1,163	217	270,102	96,764
Noncurrent	-	-	92,053	98,787
	1,163	**217**	**362,155**	**195,551**

(i) Consisting mainly of: R$24,175 in marketing expenses, R$41,049 relating to the expenses on feasibility study project for corporate reorganization processes not completed in 2020, R$16,700 relating to IPTU, R$5,587 in software license costs, R$2,003 in insurance contracts, and R$11,811 in diluted low-value receivables.

(ii) Consisting mainly of: (i) receivables from noncontrolling shareholders derived from the realization of the guarantee account arising from the acquisition of Somos in 2018, amounting to R$85,771, which was received in July 2020, (ii) contractual rights of reimbursement by the former owners of Academia Paulista Anchieta Ltda. (APA) to subsidiary Anhanguera Educacional S.A., in the adjusted amount of R$44,223, arising from the balance of service tax (ISS) in installments payable under the taxes in installments with incentives (PPI) of the City of São Paulo, (iii) R$2,200 in labor claims of Platos and Other segment; (iv) subsidiary Unime LF has R$1,496 receivable from the former owners relating to the Refis tax in installments, (v) subsidiary EDE has R$13,120 relating to the debt acknowledgement of unit Soce linhares, (vi) R$9,324 relating to the amounts receivable from Uniasselvi, in review with buyers, (vii) R$3,107 relating to lawsuits involving UNOPAR, (viii) R$4,266 relating to the contingency against outsourced service providers and their partners for collection of amounts/seizure of assets, and (ix) R$11,213 in diluted low-value receivables.

(iii) Consisting mainly of recoverable social security contribution (INSS) originating from favorable court rulings against the levy of INSS on severance pay.

(iv) Consisting mainly of: R$6,110 relating to the sale of a property in São Luiz do Maranhão (CEAMA), R$3,519 relating to the sale of property Rio Bravo, R$3,090 relating to the property located in the city of Santo André, and R$1,426 of diluted low-value amounts.

12. Investments

(a) Breakdown of investments in direct subsidiaries

		Parent
	06/30/2020	**12/31/2019**
Editora e Distribuidora Educacional S.A. (“EDE”)	5,762,160	5,956,227
Anhanguera Educacional Participações S.A. (“AESAPAR”)	2,913,231	3,004,598
Somos Sistemas de Ensino S.A.	3,074,815	3,116,657
Saber Serviços Educacionais Ltda.	2,414,987	2,431,953
Subtotal	**14,165,193**	**14,509,435**
Goodwill, including Anhanguera allocated goodwill	7,345,402	7,381,353
Total	**21,510,595**	**21,890,788**

(In thousands of Brazilian reais - R$, unless otherwise stated)

(b) Information on the direct subsidiaries

						06/30/2020
	Equity interest	Number of shares	Total assets	Total liabilities	Equity	Profit/loss for the period
EDE	100%	2,849,615,508	8,514,418	2,752,258	5,762,160	(138,375)
AESAPAR	74.46%	789,608,601	6,351,092	2,438,613	3,912,479	(156,507)
SOMOS SISTEMAS	100%	3,737,293,407	6,354,193	3,279,378	3,074,815	(31,934)
SABER (i)	62.00%	4,528,810,465	4,286,346	391,207	3,895,139	(120,004)
		11,905,327,981	**25,506,049**	**8,861,456**	**16,644,593**	**(446,820)**

(i) As at June 30, 2020, the Company revisited the equity interests held in Saber, deriving from the corporate restructuring process, which at the end of the process, made the Company to review and change its equity interest held in Saber to 62.00% (previously 60.75%).

						12/31/2019
	Equity interest	Number of shares	Total assets	Total liabilities	Equity	Profit/loss for the period
EDE	100%	2,849,615,508	8,692,789	2,736,562	5,956,227	188,899
AESAPAR	74.46%	756,608,601	6,500,798	2,465,614	4,035,184	231,355
SOMOS SISTEMAS	100%	3,737,293,407	6,140,295	3,023,638	3,116,657	(63,734)
SABER	60.75%	5,839,338,457	4,417,764	414,874	4,002,890	(251,848)
		13,182,855,973	**25,751,646**	**8,640,688**	**17,110,958**	**104,672**

(c) Variations in investment in direct subsidiaries:

						Parent
Investment	**EDE**	**AESAPAR**	**Somos Sistemas**	**Saber**	**Goodwill**	**Total**
Balance as at 12/31/2019	5,956,227	3,004,598	3,116,657	2,431,953	7,381,353	21,890,788
Variations						
Amortization of allocated goodwill	-	-	-	-	(35,951)	(35,951)
Share of profit (loss) of investees	(138,375)	(116,536)	(31,934)	(74,405)	-	(361,250)
Capital increase	-	24,572	-	-	-	24,572
Dividends distribution	(21,000)	-	-	-	-	(21,000)
RSU impacts	10,818	419	1,897	248	-	13,382
Other impacts	(45,510)	178	(11,805)	57,191	-	54
Balance as at 06/30/2020	**5,762,160**	**2,913,231**	**3,074,815**	**2,414,987**	**7,345,402**	**21,510,595**

(d) Information on the indirect subsidiaries

						06/30/2020
	Equity interest	Number of shares	Total assets	Total liabilities	Equity	Profit/loss for the period
Anhanguera Educacional Ltda. (i)	0.00%	-	-	-	-	1,228
Clínica Médica Anhanguera Ltda..	100.00%	911,700	1,047	31	1,015	(79)
Anhanguera Educacional Fundo de Investimento em Direitos Creditórios (ii)	0.00%	-	-	-	-	1,023
Instituto Excelência Ltda..	100.00%	17,935,579	3,512	315	3,197	9
Edufor serviços educacionais Ltda.. – ME	100.00%	6,009,300	(5,400)	1,486	(6,886)	(9,107)
Sociedade Piauiense de Ensino Superior Ltda..	100.00%	20,491,750	35,981	37,376	(1,396)	811
Fateci Cursos Técnicos S/S	100.00%	4,427,000	2,922	4,009	(1,087)	98
Clauder Ciarlini Filho S/S.	100.00%	4,826,000	16,141	22,509	(6,367)	3,192
Sociedade Educacional da Paraíba Ltda..	100.00%	25,007,000	7,478	7,240	238	(1,486)
Bacabal Mearim Sistemas de Ensino Ltda..	100.00%	1,570,000	28,298	21,579	6,719	1,197
Centro de Ensino Atenas Maranhense (i)	0.00%	-	-	-	-	(1,659)
Centro de Ensino Superior de Marabá Ltda.	99.99%	12,129,511	30,504	19,909	10,595	522
Centro de Ensino Superior de Parauapebas Ltda.	99.99%	4,675,159	17,265	8,878	8,387	1,792
Centro de Ensino Superior de Paragominas Ltda.	99.99%	974,207	8,419	5,578	2,841	201
Orme Serviços Educacionais	99.99%	203,844,196	115,967	48,563	67,404	(9,816)
Projecta Educacional	99.99%	10,234,275	5,579	318	5,261	44
Pitágoras Sistema de Ensino Sociedade	99.99%	384,011,229	1,226,970	656,749	570,221	(6,336)
União de Ensino Unopar	99.99%	132,730,051	240,348	95,622	144,726	(3,995)
Unic Educacional	99.99%	210,684,858	618,525	108,923	509,601	7,041
Iuni Educacional - Unime Salvador	99.99%	15,916,973	115,706	60,315	55,391	699
Colégio LS Cidade Nova Ltda.	100.00%	1,400,889	1,363	1,430	(67)	(304)
Colégio Manauara Cidade Nova Ltda.	100.00%	301,001	10,082	13,400	(3,318)	1,451
Nucleo Brasileiro De Estudos Avançados Ltda.	100.00%	3,148,980	4,141	2,437	1,704	418
Colegio Manaura Latu Sensu Ltda.	100.00%	8,601,283	154,071	204,414	(50,343)	29,850
Centro Educacional Leonardo Da Vinci S/S Ltda.(iii)	0.00%	-	-	-	-	2,155
Da Vinci Servicos Educacionais Ltda. (iii)	0.00%	-	-	-	-	2,405

(In thousands of Brazilian reais - R$, unless otherwise stated)

						06/30/2020
	Equity interest	Number of shares	Total assets	Total liabilities	Equity	Profit/loss for the period
SB Sistemas de Ensino Ltda..	100.00%	102,264	(153)	167	(320)	(407)
Somos Idiomas S.A.	100.00%	120,421,129	96,660	39,014	57,646	9,369
Editora Ática S.A.	100.00%	1,159,583,077	958,273	488,138	470,135	(3,250)
Editora Scipione S.A.	100.00%	245,673,857	184,577	34,277	150,300	3,038
Somos Educação S.A.	100.00%	992,035,022	938,074	24,916	913,158	7,140
Nice Participações S.A.	100.00%	22,816,962	(451)	498	(949)	(166)
Sistema PH de Ensino Ltda.	100.00%	56,852,441	181,095	135,608	45,487	(2,054)
Maxiprint Editora Ltda.	100.00%	5,257,885	18,789	21,847	(3,057)	293
SGE Comércio de Material Didático Ltda..	100.00%	24,240,673	15,938	5,631	10,307	1,746
Colégio Motivo Ltda.	100.00%	105,614,242	286,969	260,976	25,993	(6,505)
Acel – Administração de Cursos Educacionais Ltda.	100.00%	104,591,638	226,247	179,974	46,273	2,952
ECSA – Escola a Chave do Saber Ltda..	100.00%	5,025,000	12,944	8,876	4,069	76
Sociedade Educacional Doze de Outubro Ltda..	100.00%	21,724,535	44,208	38,429	5,778	(2,742)
Sociedade Educacional Paraná Ltda..	100.00%	160,000	20,619	14,984	5,635	1,178
Saraiva Educação S.A.	100.00%	570,430,891	494,706	118,218	376,488	(451)
Escola Mater Christi Ltda..	100.00%	13,223,700	17,354	9,732	7,622	(116)
Colégio Jaó Ltda..	100.00%	6,991,851	23,070	17,470	5,601	1,193
Somos Operações Escolares S.A.	100.00%	837,903,701	786,528	97,420	689,108	(20,497)
Educação Inovação e Tecnologia S.A.	100.00%	7,445,415	19,367	4,151	15,216	(4,897)
Somos Educação Investimentos S.A.	100.00%	99,222,080	76,223	23,342	52,880	(4,198)
Papelaria Brasiliana Ltda..	100.00%	1,000	2,298	1,271	1,027	486
Stoodi Ensino e Treinamento à Distância Ltda..	100.00%	32,888,002	39,273	11,547	27,726	539
Editora Joaquim Ltda.	100.00%	311,868	591	133	458	37
Editora Pigmento Ltda.	100.00%	347,000	766	192	574	24
Editora Todas as Letras Ltda.	100.00%	392,834	999	279	719	51
Sociedade Educacional de Rondonópolis Ltda..	100.00%	2,300,000	10,689	10,408	281	(244)
Sociedade Rondonopolitana de Educação Ltda.	100.00%	1,590,000	4,850	2,050	2,800	455
Sociedade Educacional Neodna Cuiabá Ltda.	100.00%	3,076,344	5,501	4,410	1,091	87
CEI - Centro de Educação Integrada Ltda.	51.00%	2,082,592	52,386	40,897	11,489	4,359
Salmo Noventa Centro Educacional eireli	51.00%	1,225,000	1,497	1,317	179	(258)
Escola Infantil Primeiros Passos eireli	51.00%	100,000	2,513	2,384	128	(1)
Escola Santo Inacio Ltda.	100.00%	629,000	25,578	23,759	1,818	1,286
Escola Riacho Doce Ltda.	100.00%	1,716,900	9,613	7,627	1,987	19
Curso e Colégio Coqueiro Ltda.	100.00%	3,036,450	6,876	4,791	2,085	(59)
Colégio Ambiental Ltda.	100.00%	2,073,013	8,426	5,635	2,791	89
Colégio Visão Ltda.	100.00%	1,280,382	3,247	2,357	890	(107)
Colégio Cidade Ltda. (Campinas)	100.00%	204,714	2,803	2,527	277	(34)
Colégio do Salvador Ltda..	100.00%	416,367	25,297	22,445	2,852	1,548
Eligis Tecnologia e Inovação Ltda..	100.00%	8,200	20	30	(10)	(4)
Livraria Livro Fácil Ltda.	100.00%	11,750,000	124,513	137,051	(12,538)	(12,493)
Sociedade Educacional Aphaville S.A.	51.00%	500	19,764	17,085	2,679	3,967
Colégio Anglo São Paulo	100.00%	1,000	1	-	1	-
Saraiva Soluções Educacionais S.A.	100.00%	500	1	-	1	-
Eduquer Serviços Educacionais Ltda.	100.00%	93,700	261	14	247	-
Pluri - A&R Comércio e Serviços de Informática Ltda.	100.00%	7,991,650	21,749	11,584	10,164	3,784
Mind Makers Editora Educacional Ltda.	100.00%	2,318,365	2,859	1,612	1,247	(1,236)

(i) Subsidiaries merged on 04/30/2020

(ii) Fund wound up on 04/30/2020

(iii) Subsidiaries merged on 06/01/2020

(In thousands of Brazilian reais - R$, unless otherwise stated)

13. Property, plant and equipment

Consolidated

	IT equipment	Furniture, equipment and fixtures	Library	Buildings and improvements	PP&E in progress	Land	Right of use (IFRS-16) (i)	Total
Balances as at January 1, 2019	**129,214**	**448,820**	**144,050**	**1,566,915**	**97,834**	**107,695**	**2,976,633**	**5,471,161**
Additions	19,418	46,551	8,645	2,403	79,528	33,100	72,839	262,484
Addition due to business combination	286	2,447	591	154	-	-	-	3,478
Write-offs	(4,203)	(6,453)	(529)	(70,598)	(1,217)	(18,517)	-	(101,517)
Depreciation	(25,180)	(31,746)	(13,557)	(43,855)	-	-	(151,895)	(266,233)
Transfers	-	-	-	61,670	(82,005)	-	20,335	-
Balances as at June 30, 2019	**119,535**	**459,619**	**139,200**	**1,516,689**	**94,140**	**122,278**	**2,917,912**	**5,369,373**
Balances as at December 31, 2019	**112,751**	**444,791**	**127,988**	**1,414,184**	**56,151**	**118,553**	**3,580,846**	**5,855,264**
Additions	8,945	13,664	4,964	1,643	35,413	-	349,542	414,171
Addition due to business combination	59	153	-	-	-	-	-	212
Write-offs	(704)	(4,915)	(108)	(26,551)	(229)	-	(110,644)	(143,151)
Depreciation	(22,395)	(32,419)	(13,754)	(52,577)	-	-	(135,953)	(257,098)
Balances as at June 30, 2020	**98,656**	**421,274**	**119,090**	**1,336,699**	**91,335**	**118,553**	**3,683,791**	**5,869,398**
Average annual depreciation rate	22%	9%	12%	4%	0%	0%	7%	
Balances as at June 30, 2020:								
Cost	405,077	926,170	341,101	1,821,961	91,335	118,553	4,614,699	8,318,896
Accumulated depreciation	(306,421)	(504,896)	(222,011)	(485,262)	-	-	(930,908)	(2,449,498)

(i) Balances relating to the Group’s lease transactions, which are significantly concentrated in the lease of properties for its operating units and administrative buildings, which provide for monthly payments. In general, the main contracts provide for average lease periods ranging from 20 to 25 years, which may be extended under contractual renewal options and the Tenant’s Act (Law 8245, of October 18, 1991). The Group assesses at the beginning of each lease if it is reasonably accurate that such extension options will be exercised and revisits the conclusion reached when a significant event or a change in circumstances within its control takes place.

(In thousands of Brazilian reais - R$, unless otherwise stated)

14. Intangible assets

						Consolidated
	Software	Content production	Operation License	Goodwill and allocated intangible assets	Other intangible assets	Total
Balances as at January 1, 2019	**556,241**	**184,182**	**11,969**	**20,078,152**	**126,321**	**20,956,865**
Additions	96,638	37,191	4,139	62,653	3,195	203,816
Write-offs	(134)	(1)	(1,600)	-	-	(1,735)
Amortization	(67,458)	(60,068)	(2,656)	(181,855)	(11,567)	(323,604)
Balances as at June 30, 2019	**585,287**	**161,304**	**11,852**	**19,958,950**	**117,949**	**20,835,342**
Balances as at December 31, 2019	**607,563**	**156,182**	**13,283**	**19,641,309**	**103,888**	**20,522,225**
Additions	102,458	37,115	2,241	37,217	4,008	183,039
Addition due to business combination	-	177	-	-	-	177
Write-offs	-	-	(153)	-	-	(153)
Amortization	(82,813)	(55,543)	(3,612)	(164,964)	(7,439)	(314,371)
Balances as at June 30, 2020	**627,208**	**137,931**	**11,759**	**19,513,562**	**100,457**	**20,390,917**
Average annual amortization rate	20%	41%	33%	6%	29%	
Balances as at June 30, 2020:						
Cost	1,206,735	660,599	23,001	21,168,311	203,414	23,262,060
Accumulated amortization	(579,527)	(522,668)	(11,242)	(1,654,749)	(102,957)	(2,871,143)

a) Goodwill arising on the acquisition of subsidiaries and intangible assets allocated in business combination

Goodwill arising on the difference between the amount paid upon the acquisition of investments in subsidiaries and the fair value of assets and liabilities is classified in intangible assets, in the consolidated financial statements. Part of the amount paid arising on the acquisition of subsidiaries was allocated to identifiable intangible assets with finite and indefinite useful lives, after an analysis of the acquired assets.

		Consolidated
	06/30/2020	12/31/2019
Goodwill (i)	14,678,369	14,662,070
Trademark (ii)	2,742,939	2,791,570
Operation license and center partner chain (iii)	693,068	697,519
Customer portfolio (iv)	1,397,362	1,488,030
Non-compete agreement	1,824	2,120
	19,513,562	**19,641,309**

(i) Refers to goodwill arising on acquisitions of subsidiaries, classified as arising on expected future earnings. Does not have a finite useful life and is subject to annual impairment tests.

(ii) Intangible asset with useful life estimated between 19 and 30 years.

(iii) Refers to the licenses to offer in-class and distance learning education and the partner chain of distance learning centers. Does not have a finite useful life and is subject to annual impairment tests.

(iv) Intangible asset with useful life estimated between 3 and 14 years.

(In thousands of Brazilian reais - R$, unless otherwise stated)

b) Goodwill impairment testing per type

The Company assessed the circumstances that could show any indication of impairment of its non-financial assets and conducted a sensitivity analysis in the long-term model and cash flows. This analysis considered simulations of the estimated impacts from Covid-19 on the Company. These effects or risks were mapped based on the information currently available and that can be different depending on all impacts that may arise in the next periods. The conclusion of these tests has not indicated so far any impairment loss on these assets. Additionally, some indicators used in the test model are based on macroeconomic indicators which can already be obtained and recalculated, such as Brazilian growth projections and changes in the rates used as a basis for the WACC. The Company believes that such procedure complies with the regulatory requirement of impairment testing at least annually or when a clear indication of impairment is observed, the latter being our current situation.

The main assumptions used in the calculations were: (i) growth rate in perpetuity at 5.48% in Kroton and Saber (6.11% as previously reported), 7.10% in Platos and Vasta (previously 6.11%), 6.05% in Other (previously 6.11%); and (ii) discount rate applied (WACC) at: 10.84% in Kroton (previously 10.61%), 10.12% in Platos (previously 10.12%), 10.08% in Saber (previously 9.76%), 10.12% in Vasta (previously 10.08%), and 10.10% in Other (previously 10.08%). The rates are presented based on the weighted average of the Company's business.

As mentioned in note 1.2, the abovementioned information must be read together with the financial statements as at December 31, 2019 and the changes in segment described in note 2.1.

The allocation of goodwill and intangible assets allocated per level of cash-generating unit are shown below:

		Consolidated
	06/30/2020	**12/31/2019**
Kroton	10,540,820	10,584,258
Platos	56,865	56,632
Saber	3,190,888	2,952,062
Vasta	4,861,809	5,072,246
Other	863,179	976,110
	19,513,562	**19,641,308**

15. Borrowings and financing

(a) Breakdown

					Consolidated
	Interest	**Issuance**	**Maturity**	**06/30/2020**	**12/31/2019**
Working capital (i)	9.41% p.a.	04/19/2012	04/19/2021	148	692
Borrowings - Mind Makers (ii)				998	-
Total				**1,146**	**692**
Current liabilities				245	531
Noncurrent liabilities				901	161
				1,146	**692**

(i) On April 19, 2012, indirect subsidiary Centro de Educação Integrada ("CEI") has borrowed money from Banco do Nordeste in the amount of R$3,859 to increase its working capital. Interest is fixed and monthly applied to the installments to be paid.

(ii) Addition deriving from business combination of Mind Makers, as shown in note 3.

(In thousands of Brazilian reais - R$, unless otherwise stated)

(b) Variations

	Consolidated	
	06/30/2020	12/31/2019
Opening balance	692	55,116
Addition due to business combination	998	-
Addition – principal	100	-
Reclassification of finance leases	-	(53,949)
Interest recognition	29	18
Interest payment	(28)	-
Principal repayment	(645)	(493)
Closing balance	**1,146**	**692**

(c) Repayment schedule

		Consolidated			
		06/30/2020		12/31/2019	
	Maturity	**Total**	**%**	**Total**	**%**
	Up to one year	245	21.4	531	76.7
Current liabilities		**245**	**21.4**	**531**	**76.7**
	One to two years	167	14.6	161	23.3
	Two to three years	166	14.5	-	0.0
	Three to four years	166	14.5	-	0.0
	Four to five years	166	14.5	-	0.0
	After five years	236	20.6	-	0.0
Noncurrent liabilities		**901**	**78.6**	**161**	**23.3**
		1,146	**100.0**	**692**	**100.0**

(In thousands of Brazilian reais - R$, unless otherwise stated)

16. Debentures

(a) Breakdown

				Parent		Consolidated	
	Interest	**Issuance**	**Maturity**	**06/30/2020**	**12/31/2019**	**06/30/2020**	**12/31/2019**
4th issue, single series EDE SARAIVA debentures	CDI + 1.00% p.a.	08/27/2018	08/15/2021	-	-	222,346	223,889
1st issue, single series COGNA debentures	CDI + 0.65% p.a.	04/15/2019	04/15/2024	804,043	807,164	804,043	807,164
2nd issue, 1st series COGNA debentures	CDI + 0.75% p.a.	08/15/2018	08/15/2021	1,144,193	1,152,229	1,144,193	1,152,229
2nd issue, 2nd series COGNA debentures	CDI + 1.00% p.a.	08/15/2018	08/15/2023	4,317,871	4,348,839	4,317,871	4,348,838
2nd issue, 3rd series COGNA debentures	IPCA + 6.7234% p.a.	08/15/2018	08/15/2025	113,275	112,805	113,275	112,805
3rd and 4th issue, 1st and 2nd series and single series COGNA debentures	CDI + 0.90% p.a. and CDI + 1.70% p.a. + 1.15% p.a.	08/15/2018	08/15/2022	1,315,741	1,322,675	1,315,741	1,322,675
5th issue, single series COGNA debentures	CDI + 1.00% p.a.	10/25/2017	10/25/2020	119,078	116,272	119,078	116,273
6th issue, single series COGNA debentures	CDI + 1.00% p.a.	05/20/2020	05/20/2023	499,713	-	499,713	-
Total				**8,313,914**	**7,859,984**	**8,536,260**	**8,083,873**
Current liabilities				1,327,047	574,873	1,329,427	578,998
Noncurrent liabilities				6,986,867	7,285,111	7,206,833	7,504,875
				8,313,914	**7,859,984**	**8,536,260**	**8,083,873**

(In thousands of Brazilian reais - R$, unless otherwise stated)

The debentures, issued as book-entry, registered nonconvertible debentures, without the issue of certificates, have the following features:

							Consolidated
Company	**Issuance**	**Series**	**Quantity**	**Par value**	**Issuance amount**	**Principal repayment**	**Interest payment**
COGNA	1st	Single	80,000	10	800,000	On maturity	Semiannual (Apr and Oct)
COGNA	2nd	1st	112,966	10	1,129,660	Annual	Semiannual (Feb and Aug)
COGNA	2nd	2nd	426,434	10	4,264,340	Annual	Semiannual (Feb and Aug)
COGNA	2nd	3rd	10,600	10	106,000	Annual	Semiannual (Feb and Aug)
COGNA	3rd	1st /2nd	800,000	1	800,000	Annual	Semiannual (Feb and Aug)
COGNA	4th	Single	800,000	1	800,000	On maturity	Semiannual (Mar and Sep)
COGNA	5th	Single	100,000	1	100,000	On maturity	On maturity
COGNA	6th	Single	500,000	1	500,000	On maturity	Semiannual (May and Nov)
EDE	1a	Single	2,200	100	220,000	On maturity	Semiannual (Feb and Aug)

(b) Variations

	Parent		Consolidated	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
Opening balance	7,859,984	-	8,083,873	7,628,506
Increase due to debt migration (i)	-	7,041,624	-	-
Increase – principal (ii)	500,000	800,000	500,000	800,000
Increase - issuance costs	(3,362)	(2,339)	(3,362)	(2,339)
Accrued interest	178,893	45,794	183,657	545,811
Cost allocation	5,141	563	5,343	10,659
Interest payment	(226,742)	(25,658)	(233,251)	(556,264)
Principal repayment	-	-	-	(342,500)
Closing balance	**8,313,914**	**7,859,984**	**8,536,260**	**8,083,873**

(i) Refers to debt securities assumed by the Parent in October 2019, which were initially in the name of subsidiary Saber, whose amounts, maturity date, payment dates, interest, payment methods and other terms and conditions will correspond to the information in each debenture indenture already issued. As a contra entry to this movement, subsidiary Saber issued private debentures to Cogna.

(ii) On April 15, 2019, the Parent Company held its first issue of simple debentures, in a single series. 80,000 debentures with face value of ten thousand Brazilian reais (R$10,000) were subscribed, totaling R$800,000. The debentures were issued as registered, book-entry, nonconvertible debentures, without the issue of certificates. Debentures do not contain a renegotiation clause. The debentures have a five-year effective period, with final maturity on April 15, 2024. Principal will be repaid in a lump sum and interest due, calculated up to the due dates, are paid semiannually (April and October). On May 20, 2020, the Company, through its parent company Cogna, issued new simple debentures in a single series. 500,000 debentures with face value of ten thousand Brazilian reais (R$1,000.00) were subscribed, totaling R$500,000,000.00. The debentures will have final maturity in 2023 and principal will be repaid only on this maturity, and the interest due calculated up to the date will be paid semiannually in May and November.

(In thousands of Brazilian reais - R$, unless otherwise stated)

(c) Performance ratios

Issuances "Cogna" and "EDE" (quarterly calculations)

The debentures issued by parent Cogna and by subsidiary EDE also include covenants that require the compliance with financial ratios calculated on a quarterly basis, based on the interim financial information and consolidated financial statements of the Company. The calculation period comprises, when necessary for the calculation and as determined in the indenture, the twelve months immediately prior to the end of each quarter to calculate the net debt-to-adjusted EBITDA ratio, and the resulting ratio cannot exceed 3.00. Such ratio cannot be exceeded during two consecutive quarters or three alternate quarters over the agreement term.

Adjusted EBTIDA is defined, based on the Company's consolidated interim financial information (ITR) or consolidated financial statements, as applicable, as the earnings for the twelve (12) months prior to the calculation date, before income tax and social contribution, depreciation and amortization, finance income (costs), and gains or losses from nonrecurring items, plus operating finance income.

As at June 30, 2020, the financial ratio relating to the net debt-to-adjusted EBITDA ratio reached 2.96, in compliance with the financial covenants mentioned above. The Company already exceeded the indicator once in a quarter, within the established limits. Additionally, the other non-financial covenants were met as at June 30, 2020.

(d) Repayment schedule

					06/30/2020
			Parent		Consolidated
	Maturity	**Total**	**%**	**Total**	**%**
	Up to one year	1,327,047	16.0	1,329,427	15.6
Current liabilities		**1,327,047**	**16.0**	**1,329,427**	**15.6**
	One to two years	1,223,336	14.7	1,443,302	16.9
	Two to three years	2,726,424	32.8	2,726,424	31.9
	Three to four years	2,131,190	25.6	2,131,190	25.0
	Four to five years	834,340	10.0	834,340	9.8
	Five to six years	71,577	0.9	71,577	0.8
Noncurrent liabilities		**6,986,867**	**84.0**	**7,206,833**	**84.4**
		8,313,914	**100.0**	**8,536,260**	**100.0**

(In thousands of Brazilian reais - R$, unless otherwise stated)

17. Lease – right of use

(a) Variations

	Consolidated
Balance as at December 31, 2018	-
Opening balance - IFRS 16	3,755,577
Balances as at January 1, 2019	**3,755,577**
Additions	107,261
Present value adjustment	151,212
Principal repayment	(256,560)
Balance as at June 30, 2019	**3,757,490**
Balances as at December 31, 2019	**4,021,474**
Additions	193,972
Adjustments	155,570
Cancellations	(120,836)
Interest payment	(202,497)
Present value adjustment [(i)]	208,284
Principal repayment	(72,400)
Discounts obtained [(ii)]	(10,505)
Balances as at June 30, 2020	**4,173,062**
Current	159,991
Noncurrent	4,013,071
	4,173,062

(i) The present value adjustment relating to the right-of-use lease contracts is individually calculated per contract and applied to the useful life of the contract, taking into consideration its maturity date. The rate is calculated at our capital cost less the estimated impact of the guarantee on the rate.

(ii) The Company has renegotiated its lease agreements due to the Coronavirus pandemic ("COVID-19"). Pursuant to CPC 06 (R2)/IFRS 16, as a result of this change it was necessary to revise and recalculate the metrics. The impact recognized for the period ended 30 June 2020 was R$10,505.

In addition to the amounts disclosed above, some leases of properties where the Company and its subsidiaries are the lessees are subject to variable lease payments linked to the performance obtained from the use of the leased assets and, therefore, are not included in the carrying amount measurement.

The Group lease transactions have no impact on the calculation of the debentures financial ratios (covenants).

(b) Items not applicable to the scope of CPC 06 (R2)/IFRS 16

As permitted by CPC 06 (R2)/IFRS 16, for short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company will elect to recognize the lease expenses on a straight-line basis in the statements of profit and loss for the year, therefore, will not be included in lease liabilities. The effects for the period ended June 30, 2020 are shown below:

	Consolidated
	06/30/2020
Fixed payments	274,896
Variable payments	867
Payments related to short-term and low-value contracts	20,336
Total paid	**296,099**

(In thousands of Brazilian reais - R$, unless otherwise stated)

(c) Future commitments

The balances of leases payable related to the "Future commitments" for the period ended June 30, 2020 are as follows:

			Consolidated
	IFRS 16	**(-) PVA**	**06/30/2020**
Up to one year	568,791	(408,800)	159,991
One year up to five years	2,775,366	(1,238,617)	1,536,749
Over five years	5,379,992	(2,903,670)	2,476,322
	8,724,149	**(4,551,087)**	**4,173,062**

(d) Impacts on the Company's profit or loss

		Consolidated
	06/30/2020	**06/30/2019**
Statement of profit and loss for the period		
Depreciation and amortization	(135,953)	(151,895)
Finance costs	(208,284)	(151,212)
Finance income	1,169	432
Other gains and losses	20,840	9,179
	(322,228)	**(293,496)**
Deferred income tax and social contribution	15,892	14,224
	(306,336)	**(279,272)**
Lease amounts paid in the period	274,896	256,560
Impact of this new policy on profit or loss	**(31,440)**	**(22,712)**

(e) Circular Letter/CVM/SNC/SEP 02/2019

Pursuant to Circular Letter/CVM/SNC/SEP/02/2019, the Company presents the comparative balances of the lease liability, right of use, finance costs and depreciation expenses, considering the effect arising from the projected future inflation on the flows of lease contracts, discounted by the statutory rate:

Description	**Balances recorded - IFRS 16/CPC 06 (R2) (*)**	**Flow with projected inflation**	**Variation in R$**	**Variation in R$**
Right of use, net	3,683,791	4,337,058	653,267	17.73%
Lease liabilities	4,173,062	4,816,651	643,589	15.42%
Finance costs, net	207,115	176,784	(30,331)	-14.64%
Depreciation expense	135,953	160,866	24,914	18.33%
Sublease receivables	32,991	35,315	2,324	7.05%

(*) According to the balance recorded in the interim financial information as at June 30, 2020.

The table below shows the potential recoverable PIS/COFINS embedded in the lease consideration, based on the expected payment periods:

		As at June 30, 2020
		Consolidated
Cash Flows	**Face value**	**Present value adjustment**
Consideration payable	8,724,148	4,173,062
Potential PIS/COFINS (3.65%)	(292,795)	(137,872)
	8,431,353	**4,035,190**

(In thousands of Brazilian reais - R$, unless otherwise stated)

18. Trade payables - purchaser's risk

Some domestic suppliers have the option of assigning Company receivables, without recourse, to prime financial institutions. Using these transactions, suppliers are able to anticipate their receivables with low financial costs, since the financial institutions take into consideration the Company's credit risk.

As at June 30, 2020, the balance of trade payables - purchaser's risk was R$308,403 (R$341,656 as at December 31, 2019), the weighted average discount rate of the assignment transactions conducted by our suppliers with financial institutions was 0.52% per month (the weighted average discount rate as at December 31, 2019 was 0.55% per month) and the maximum payment deadline was 360 days. The balance is initially recognized net of adjustments to present value, which are subsequently recognized as finance costs.

19. Payroll and related taxes

		Consolidated
	06/30/2020	**12/31/2019**
Payroll payable	89,263	87,322
INSS payable	121,095	70,352
Severance pay fund (FGTS) payable	11,291	16,009
Withholding income tax (IRRF) payable	24,820	36,194
Accrued vacation pay and 13th salary	151,031	79,288
Payroll taxes on accruals	48,725	23,568
Accrued profit sharing	18,722	111,142
Other	31,906	39,652
	496,853	**463,527**

20. Taxes payable

		Parent		**Consolidated**
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
Service tax (ISS)	-	-	64,704	60,603
Tax on revenue (PIS)	417	79	3,907	3,399
Tax on revenue (COFINS)	2,564	481	18,711	17,724
Withholding income tax (IRRF)	179	130	10,747	11,540
Social contribution (CSLL)	-	-	359	410
Other	794	96	2,874	8,116
	3,954	**786**	**100,902**	**101,792**

(In thousands of Brazilian reais - R$, unless otherwise stated)

21. Payables - acquisitions

	Consolidated	
	06/30/2020	12/31/2019
Colégio Lato Sensu	56,505	54,518
Colégio Leonardo da Vinci	50,748	69,816
Uniabc	29,887	29,595
Metropolitana	24,598	37,747
Livraria Livro Fácil	15,750	10,941
Colégio SANTI	15,092	19,767
Mind Makers	13,925	-
Pluri	12,692	-
ICF	11,824	11,442
Fateci	8,430	8,678
Febac	6,178	5,971
Iesville Educar / Intesc	5,819	5,719
Grupo Visão	3,853	7,548
IECAC (Sigma Águas Claras)	-	8,243
Other	10,775	13,251
Total	**266,076**	**283,236**
Current	115,511	117,976
Noncurrent	150,565	165,260
	266,076	**283,236**

The table below shows the variations in the payables for acquisitions line item:

	Consolidated	
	06/30/2020	12/31/2019
Opening balance	283,236	325,797
Addition (i)	51,808	55,903
Interest adjustment (ii)	9,790	16,792
Present value adjustment	2,651	4,717
Payments	(81,409)	(119,975)
Closing balance	**266,076**	**283,236**

(i) Balance comprise of the acquisition of Pluri and Mind Makers, pursuant to note 3(a) and also the acquisition of Eduquer for R$481.

(ii) The amounts are adjusted primarily using CDI and IPCA variance, depending on the related agreements.

Due dates of payables for acquisitions:

					Consolidated
		06/30/2020		12/31/2019	
	Maturity	Total	%	Total	%
	Up to one year	115,511	43.4	117,976	41.7
Total current liabilities		**115,511**	**43.4**	**117,976**	**41.7**
	2021	64,301	24.2	43,950	15.5
	2022	57,915	21.8	49,215	17.4
	2023	23,518	8.8	53,741	19.0
	2024 onwards	4,831	1.8	18,354	6.5
Total noncurrent liabilities		**150,565**	**56.6**	**165,260**	**58.3**
Total		**266,076**	**100.0**	**283,236**	**100.0**

(In thousands of Brazilian reais - R$, unless otherwise stated)

22. Provision for tax, labor and civil contingencies and liabilities assumed in business combination

The Company's Management, based on the opinion of its legal counsel, classifies the likelihood of loss in court and administrative proceedings filed against the Company.

22.1. Proceedings with a probable likelihood of loss and variations

The table below shows the variations in contingencies in the period ended June 30, 2020:

				Consolidated
	Tax	Civil	Labor	Total
Balance as at 12/31/2019	268,595	61,861	141,468	471,924
Reallocations between types	(43,923)	(3,653)	47,576	-
Additions	886	49,896	72,430	123,212
Inflation adjustment	1	179	564	744
Reversals	(1,552)	(19,545)	(39,105)	(60,202)
Total impact on profit or loss	**(665)**	**30,530**	**33,889**	**63,754**
Payments	(98)	(47,513)	(48,616)	(96,227)
Total payments	**(98)**	**(47,513)**	**(48,616)**	**(96,227)**
Addition - former sponsor	1,722	1,491	7,461	10,674
Inflation adjustment - former sponsor	1,622	46	159	1,827
Reversal - former sponsor	(20,946)	(873)	(33,313)	(55,132)
Total - former sponsor	**(17,602)**	**664**	**(25,693)**	**(42,631)**
Inflation adjustment - IFRIC 23	2,473	-	-	2,473
Additions - IFRIC 23 (i)	4,538	-	-	4,538
	7,011	**-**	**-**	**7,011**
Balance as at 06/30/2020	**213,318**	**41,889**	**148,624**	**403,831**

(i) Additions relating to potential contingencies relating to the discussion of tax proceedings in the allocation of goodwill arising on business combination, and also of labor proceedings, as disclosed in the financial statements for the year ended December 31, 2019

22.2. Main proceedings by nature

The main proceedings by nature assessed as probable loss and comprising the outstanding balance at the balance sheet date, part of which is the responsibility of the former sponsors/owners, are set out below:

Labor proceedings

- Class action filed by the ABC labor union in the greater São Paulo against our subsidiary Anhanguera. This proceeding consists of several claims relating to the compliance with the teachers collective labor agreement, such as: weekly paid rest difference on nightshift premium, five-year salary rises, hourly fee, and distance learning classes (EAD), teacher salary makeup (five-year salary rise, hourly fee, nightshift premium), entry-level teacher salary gap, meal ticket, fine for noncompliance with regulatory clause on entry-level teacher salary gap, and lawyers' fees, totaling R$6,622;

- Labor lawsuit filed against our subsidiary Anhanguera. This labor lawsuit claims the recognition of an employment relationship of a preparatory course teacher for public contest and the payment of all related benefits (vacation pay + 1/3 bonus, 13th salary, FGTS), overtime, undue decrease of class hourly fee, nightshift premium, severance pay, fine provided for by Articles 477 and 467 of the Brazilian Labor Code (CLT), pain and suffering due to violation of rights and image, payment for replay of recorded classes in online sales, fine for early termination, indirect termination of employment contract, registration in work papers, and lawyers' fees, totaling R$5,842;

- Labor lawsuit filed against our subsidiary Somos Sistemas de Ensino S.A. This labor lawsuit claims the payment of pain and suffering and severance fees, in the amount of R$4,645; and

- The Company is also a party to 1,154 labor lawsuits, with average individual amounts of R$114, totaling R$131,515. Of this total, 263 lawsuits, totaling approximately R$12,747, refer to claims by outsourced workers hired by labor outsourcing companies, attributing joint and several liability to the Company. Labor lawsuits in general have different claims, mainly related to the payment of severance fees.

Tax proceedings

- Tax collection lawsuits filed by the City of São Paulo charging 2007-2011 Service Tax (ISSQN), for which the former sponsors of Academia Paulista Anchieta, a company acquired by Anhanguera in September 2011, are fully liable, amounting to R$89,459. In the first months of the year, one of the lawsuits was dismissed, and the total contingency amount was reduced by approximately R$13,000 since December 2019. The Company is covered by a sufficient contractual guarantee in the event of an unfavorable outcome;

- Tax collection lawsuit filed by the City of Santo André against subsidiary Anhanguera Educacional Participações S/A, aiming collecting of the Service Tax (ISSQN) for 2002, amounting to R$1,525. The Company is covered by a sufficient contractual guarantee in the event of an unfavorable outcome;

- Other immaterial lawsuits totaling R$38,716 and R$83,618 relating to the contingency provided for in accordance with the adoption of standard IFRIC 23 during the last year. More information is available in addition to the financial statements as at December 31, 2019.

Civil proceedings

- Refers to an action seeking specific performance coupled with a compensation claim, where the claimant, former partner of Anhanguera, alleges that the subsidiary is not fully complying with the business partnership agreement entered into by the parties, the purpose of which is the satellite broadcast of preparatory courses for civil servant tests, in the amount of R$8,387; and

- The Company is also a party to 2,270 civil lawsuits, with individual amounts lower than the claims described above that on average amount to R$14.7. The claims involve mostly consumer complaints.

22.3. Main additions and reversals

The additions of civil lawsuits do not have material amounts to be individually reported separately and we reported the addition of 6,535 civil lawsuits, with higher addition in the amount of R$650.

(In thousands of Brazilian reais - R$, unless otherwise stated)

In terms of labor lawsuits, in subsidiary Anhanguera Educacional Participações S/A, there was the addition of $2,030 due to the settlement reached with the other party.

The reversals made in the second quarter of 2020 refer to variations that had an impact on the Company's profit or loss, the main ones being:

- In subsidiary Editora Scipione, reversal of tax nature in the amount of R$1,525 due to the dismissal of the lawsuit; Additionally, there were other sundry reversals totaling R$27;
- In subsidiary Anhanguera Educacional Participações S/A, reversal of civil nature amounting to R$1,022, as the individual reversal with the higher financial materiality. Additionally, there were other sundry reversals totaling R$18,523;
- In subsidiary Anhanguera Educacional Participações S/A, reversal of labor nature in the amount of R$2,082, as the individual reversal with the higher financial materiality. Additionally, there were other sundry reversals totaling R$37,023.

22.4. Proceedings with a possible likelihood of loss

The table below considers the Company's all possible contingencies, including the amounts of new contingencies that were generated in the period subsequent to business combination:

				Consolidated
	06/30/2020	12/31/2019	Number 06/30/2020	Number 12/31/2019
Tax	727,602	614,467	272	206
Civil	395,761	367,107	17,133	15,454
Labor	163,236	139,400	1,255	1,214
Total	**1,286,599**	**1,120,974**	**18,660**	**16,874**

As at June 30, 2020, the Company and its parent companies were parties to 18,660 court/administrative proceedings classified by Management with a possible likelihood of loss based on the opinion of its legal counsel, including 290 proceedings for which the former sponsors are fully or partially liable, the main ones being:

(i) Tax:

- Tax assessment notice issued by the Federal Revenue Service of Brazil against the Company after a tax audit for the nonpayment of taxes on the stock options granted by the Company in January 2014-October 2017, amounting to R$139,508. The Company is liable for this contingency;
- Tax lawsuits filed by the Federal Government claiming the collection of a tax debt consisting of unpaid social security contributions registered as enforceable debt during the period when subsidiary UNIC IUNI Educacional S/A (currently merged into subsidiary Editora e Distribuidora Educacional S/A) was owned by its former sponsor and was entitled to tax immunity as a nonprofit philanthropic entity. The tax proceedings related to this matter total R$147,870. The Company is liable for this contingency;
- Tax assessment notice issued by the Federal Revenue Service of Brazil against subsidiary Editora e Distribuidora Educacional S/A (EDE) to collect social security contributions on the amount paid by the Company to eligible employees in calendar years 2013-2016. The assessed principal and charges (fine and arrears interest) total R$73,551. The Company is liable for this contingency;

- The most significant variation is due to a tax assessment notice issued by the Federal Revenue Service of Brazil in Cuiabá against Editora e Distribuidora Educacional, successor to UNIC IUNI Educacional, related to the non-deductibility of the expense of the Profit Sharing plan in the period 2015-2017. The tax assessment notice was issued in the amount of R$66,000, of which R$46,000 refer to the non-deductibility of the expense and R$20,000 refer to a one-off fine by the monthly recalculation of the corporate income tax with the taxation of profit sharing.

(ii) Civil:

- Action to nullify a Contractual Amendment coupled with the collection of transfer differences and compensation for damages (property damages and loss of profits), filed by a Partner Center against UNOPAR due to alleged errors and inaccuracies in the transferred payments, and pressure to reduce the transfer percentage from 4% to 2%. The Company is liable for this contingency in the amount of R$9,439.

- Lawsuit filed against subsidiary EDE - Editora e Distribuidora Educacional S/A regarding the works performed in the units located in São Luis, Maranhão and other units, where the plaintiff claims to have completed about 80% of the contracted works and had not received the full amount corresponding to the services delivered. The Company is liable for this contingency in the amount of R$6,208.

(iii) Labor:

- Labor lawsuit claiming the recognition of the employment relationship of a teacher of public competition preparatory courses for s and the payment of all related benefits (vacation pay + 1/3 bonus, 13^{th} salary, FGTS), overtime, nightshift premium, severance pay, registration in work papers, and lawyers' fees. The Company is liable for this lawsuit, which in the amount of R$7,000; and

- This lawsuit claims the recognition of an employment relationship of a teacher of public competition preparatory courses and the payment of all related benefits, namely: (i) nightshift premium; (ii) fine for early termination; (iii) pain and suffering; (iv) vacation pay; (v) FGTS; (vi) 13^{th} salary; (vii) payment for replay of recorded classes; salary gap - other, plus proportional benefits; and (viii) lawyers' fees. The Company is liable in this lawsuit in the amount of R$5,113.

22.5. Provision for liabilities assumed in business combinations

As required by CPC 15 *Business Combinations*, the Company, based on the reports of its legal counsel and financial advisors, recognized in liabilities potential noncompliance of past practices used by entities acquired by the Company with labor, civil, and tax laws and regulations during the period they were owned by the acquirees' sellers.

The Company recognized in accounting the potential obligation resulting from past events whose fair value can be reasonably measured, even if the materialization of contingencies depends on certain future events to occur.

(In thousands of Brazilian reais - R$, unless otherwise stated)

The balance of the liabilities assumed in business combinations with acquirees is as follows:

				Consolidated
	Tax	**Civil**	**Labor**	**Total**
Balance as at 12/31/2019	**1,633,675**	**144,328**	**853,540**	**2,631,543**
Inflation adjustment	25,114	624	3,902	29,640
Reversals	(111,769)	(30,240)	(106,137)	(248,146)
Total impact on profit or loss	**(86,655)**	**(29,616)**	**(102,235)**	**(218,506)**
Inflation adjustment - former sponsor	1,181	7	375	1,563
Reversals - former sponsor	(7,726)	(193)	(10,119)	(18,038)
Total former sponsor (guarantee)	**(6,545)**	**(186)**	**(9,744)**	**(16,475)**
Balance as at 06/30/2020	**1,540,475**	**114,526**	**741,561**	**2,396,562**
SOMOS	1,292,434	97,075	619,493	2,009,002
LATO SENSU	131,269	-	39,437	170,706
CELV / DA VINCI	69,230	1,149	63,448	133,827
ICF	8,713	5,121	10,807	24,641
FATECI / CLAUDER	9,771	11,118	2,917	23,806
CEMAR/CEPAR/CESUPAR	16,778	-	1,342	18,120
FEBAC	12,280	63	4,117	16,460
Balance as at 06/30/2020	**1,540,475**	**114,526**	**741,561**	**2,396,562**

The main Company court/administrative proceedings, classified by Management with a possible likelihood of loss based on the opinion of its legal counsel, are as follows:

(i) Tax:

- Tax assessment notice collecting IRPJ and CSLL, plus aggravated fine of 75% due to the disallowance of amortized goodwill and nondeductible expenses, plus one-off fine (for the alleged underpayment of estimated taxes), for calendar years 2011-2014. The tax assessment notice, amounting to R$320,561, was issued against Somos Sistemas de Ensino S.A., and includes as jointly and severally liable the companies Somos Educação S.A. and Ativic S.A. (linked to the Abril Group), pursuant to Article 124, I, of the National Tax Code. The Company is liable for this lawsuit, related to this tax assessment notice;

- Tax assessment notice issued by the Federal Revenue Service for the nonpayment of corporate income tax (IRPJ) and social contribution on net income (CSLL), as well as the imposition of aggravated automatic fine of 75% and one-off fine on monthly estimated IRPJ/CSLL, regarding calendar years 2013-2015. The tax assessment notice was issued against Central de Produções GWUP S.A. (not controlled by the Company) and Somos (which was the assessed entity's subsidiary at the time) as jointly and severally liable. The IRPJ and CSLL are being collected due to the disallowance of finance costs, considered nondeductible by the tax auditors, and the disallowance of goodwill. As a result of the adjustments made by the tax auditors, the tax authority also imposed an one-off fine for the alleged nonpayment of monthly estimated IRPJ and CSLL, amounting to R$124,420. The Company is liable for this proceeding.

- Tax assessment notice collecting alleged corporate income tax debts and related increase in other amounts (taxes on revenue, social contribution, and one-off fine) for the years 2000, 2001 and 2002. This tax assessment notice refers to seven infractions and currently only the issue involving goodwill, amounting to R$79,088 is still pending. The Company is liable for this lawsuit.

(In thousands of Brazilian reais - R$, unless otherwise stated)

- Tax assessment notice issued by the City of Vitória due to the nonpayment of ISSQN amounting to R$32,359. The former sponsor is liable for this proceeding and the Company is covered by a sufficient contractual guarantee in the event of an unfavorable outcome;

- Based on the history and risk analyses of tax assessments issued due to the utilization of goodwill arising on acquisitions made Somos and the corresponding recognition of tax claim by the tax authority, we took into consideration a potential obligation resulting from past events of R$415,821 and other tax proceedings, including all acquirees, that might be challenged by the tax authority that total R$568,226.

(ii) Labor:

- Based on the history and analyses of risks of past labor claims and as a result of the noncompliance of past labor practices, a potential obligation with respect to payments made to service providers under Self-employed Worker Receipts (RPAs) and corporate invoices was considered, amounting to R$132,952 and other sundry cases of noncompliance with labor laws and regulations totaling R$608,610.

(iii) Civil:

- Based on the history and risk analyses, the Company recognized a potential obligation resulting from past events deriving from fines on the early contract terminations, particularly property lease contracts, which total R$31,150, and other sundry cases of noncompliance with civil laws and regulations totaling R$83,376.

22.6. Reconciliation of the effects on profit and loss and applicable to the cash flow

The main impacts applicable to the Company's cash flow arising from the effects on profit or loss are as follows for the period ended June 30, 2020:

		Impact on profit or loss (adjustment to profit in cash flows)				Impact on cash flows	
		Addition (reversal) of provision	**Reversal of escrow account**	**Accrued interest**	**Total**	**Payments (operating activities)**	**Receipts (investing activities)**
Provision for tax, labor, and civil contingencies	Additions	123,212	-	-	123,212	-	-
	Adjustment	-	-	744	744	-	-
	Adjustment - IFRIC 23	-	-	2,473	2,473	-	-
	Reversal	(60,202)	-	-	(60,202)	-	-
	Payments	-	-	-	-	(96,227)	-
	Impact on profit or loss	**63,010**	**-**	**3,217**	**66,227**	**(96,227)**	**-**
Liabilities assumed in business combination	Adjustment	-	-	29,640	29,640	-	-
	Reversal	(248,146)	-	-	(248,146)	-	-
	Impact on profit or loss	**(248,146)**	**-**	**29,640**	**(218,506)**	**-**	**-**
Escrow account	Adjustment	-	-	(10,126)	(10,126)	-	-
	Reversal	4,838	345,244	-	350,082	-	235,735
	Impact on profit or loss	**4,838**	**345,244**	**(10,126)**	**339,956**	**-**	**235,735**
	Total impact	**(180,298)**	**345,244**	**22,731**	**187,677**	**(96,227)**	**235,735**

(In thousands of Brazilian reais - R$, unless otherwise stated)

23. Escrow deposits and guarantees of provision for tax, labor, and civil contingencies

23.1. Escrow deposits

	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Tax	-	-	28,250	26,014
Civil	-	17	5,365	17,361
Labor	643	345	47,082	52,296
Total	**643**	**362**	**80,697**	**95,671**

23.2. Negotiation involving the escrow account

The Company and certain investment funds managed by Tarpon Gestora de Recursos S.A., sellers of Somos' control, entered into an amendment to the Agreement for the Purchase and Sale of Equity Interest and Other Covenants on June 10, 2020, in which they renegotiate the indemnification obligations of the sellers to Saber, a subsidiary of the Company. Under the terms of the amendment, the Sellers are no longer liable for indemnifying Saber or Somos for contingencies, lawsuits or claims filed by third parties against Somos and its subsidiaries and for possible violations of obligations other than those still remaining in CCV Somos, as amended.

As a result of the execution of the Amendment, the amounts of the retained portion deposited in the restricted account to guarantee the payment of such indemnity obligations were fully released from the escrow account. Part was released to Saber and part to third parties as disclosed in the Material Event Notice published by the Company on June 11, 2020 and made available at the Brazilian Securities and Exchange Commission and on the Company's website.

As a result of the agreed renegotiation laid down in the Amendment to the Purchase and Sale Agreement of Somos, the sellers and former noncontrolling shareholders of Somos are no longer liable for indemnifying Saber or Somos for contingencies, processes or claims of Somos and its subsidiaries.

	Consolidated
Balance as at December 31, 2019	656,624
Inflation adjustment	10,126
Write-off with an impact on the profit or loss	(345,244)
Derecognition due to receipt	(235,735)
Early derecognition – amount receivable[(i)]	(85,771)
Balance as at June 30, 2020	**-**

(i) As stated in note 11, refers to amounts receivable from Somos' noncontrolling shareholders for legal proceedings arising from the acquisition in 2018 with former sponsors, amounting to R$85,771, expected to be received in July 2020.

(In thousands of Brazilian reais - R$, unless otherwise stated)

23.3. Guarantees of provision for tax, labor, and civil contingencies (i)

				Consolidated
	Tax	Civil	Labor	Total
Balance as at December 31, 2019	**227,769**	**106,268**	**139,358**	**473,395**
Additions	1,722	1,491	7,461	10,674
Inflation adjustment	2,803	53	534	3,390
Reversals	(28,670)	(1,068)	(43,488)	(73,226)
Total - former sponsor	**(24,145)**	**476**	**(35,493)**	**(59,162)**
Reversals	-	-	(4,838)	(4,838)
Total impact on profit or loss	**-**	**-**	**(4,838)**	**(4,838)**
Balance as at June 30, 2020	**203,624**	**106,744**	**99,027**	**409,395**

(i) The guarantees recognized as a result of the acquisitions made, as a contra entry to the contingencies disclosed in note 22.2, are contractually provided for and consist of: a) retention of the rentals of properties leased by Company subsidiaries; b) retention of part of the acquisition price; and c) mortgage on the property owned by the sellers. The amounts recognized as provision for contingencies and their contra entry in the form of a guarantee from sellers representing the amounts determined to date, based on the information available in the study prepared by the Company's outside advisors and which might be revised within up to one year from the date of acquisition, as prescribed by CPC 15 *Business Combinations*.

(In thousands of Brazilian reais - R$, unless otherwise stated)

24. Current and deferred income tax and social contribution

24.1. Income tax and social contribution in profit or loss

Income tax and social contribution accrued in the year differ from the hypothetical amount that would be obtained with the use of the statutory income tax and social contribution tax rates levied on the profit of the consolidated entities. The table below shows the reconciliation of these main amounts of additions and/or deductions made in the tax bases:

				Parent				**Consolidated**
	04/01 to 06/30/2020	**06/30/2020**	**04/01 to 06/30/2019**	**06/30/2019**	**04/01 to 06/30/2020**	**06/30/2020**	**04/01 to 06/30/2019**	**06/30/2019**
Profit before income tax and social contribution	(460,849)	(506,081)	138,137	370,951	(624,433)	(635,631)	58,940	315,426
Combined income tax and social contribution rate - %	34%	34%	34%	34%	34%	34%	34%	34%
IRPJ and CSLL at statutory tax rates	**156,689**	**172,068**	**(46,967)**	**(126,123)**	**212,307**	**216,115**	**(20,040)**	**(107,245)**
Share of profit (loss) of investees	(135,136)	(122,825)	52,264	131,111	469	306	(398)	(202)
Tax incentive in subsidiaries subject to ProUni benefit	-	-	-	-	680	3,972	84,031	159,682
Additions (deductions), net	(3,433)	(4,296)	15,575	21,305	(6,329)	(9,323)	35,530	43,203
Deferred IRPJ and CSLL not recognized on the subsidiaries' loss for the period	(12,009)	(32,724)	(13,967)	(13,967)	(12,831)	(41,537)	(14,247)	(18,567)
Other changes in IRPJ and CSLL	-	-	(109)	(102)	(21,835)	(23,681)	(3,978)	(2,310)
Total IRPJ and CSLL	**6,111**	**12,223**	**6,796**	**12,223**	**172,461**	**145,852**	**80,898**	**74,561**
Current IRPJ and CSLL in profit or loss	-	-	685	-	(14,885)	(59,892)	4,851	(48,389)
Deferred IRPJ and CSLL in profit or loss	6,111	12,223	6,111	12,223	187,346	205,744	76,047	122,950
	6,111	**12,223**	**6,796**	**12,223**	**172,461**	**145,852**	**80,898**	**74,561**

(In thousands of Brazilian reais - R$, unless otherwise stated)

24.2. Deferred income tax and social contribution

Variations in deferred income tax and social contribution assets and liabilities, are recognized as follows:

			Parent
	12/31/2019	Impacts on profit or loss	06/30/2020
In liabilities			
Goodwill on business combination	(645,426)	12,223	(633,202)
Noncurrent liabilities, net	**(645,426)**	**12,223**	**(633,202)**

				Consolidated
	12/31/2019	Other adjustments to equity	Impacts on profit or loss	06/30/2020
Income tax/social contribution:				
Tax loss carryforwards	432,774	-	89,915	522,689
Temporary differences in taxable income				
Allowance for expected losses	456,807	-	137,245	594,052
Present value adjustment	44,921	-	(8,758)	36,163
Provision for contingencies	44,442	-	27,051	71,493
Depreciation and borrowing costs	(22,055)	-	(4,041)	(26,096)
Nondeductible provisions	35,258	-	10,812	46,070
Profit sharing	14,233	-	1,381	15,614
Stock option plan	15,630	-	2,728	18,358
Lease – right of use	119,561	-	15,892	135,453
Capital gain	(35,032)	-	-	(35,032)
Goodwill on business combination	(1,127,486)	-	(70,031)	(1,197,517)
Other adjustments	10,733	6,390	3,550	20,673
Noncurrent liabilities, net	**(10,214)**	**6,390**	**205,744**	**201,920**
Noncurrent assets	776,733			968,235
(-) Noncurrent liabilities	(786,947)			(766,315)
Total	**(10,214)**			**201,920**

Deferred income tax and social contribution liabilities primarily arise on intangible assets from acquisitions while deferred income tax and social contribution assets arise from tax loss carryforwards and balances of add-backs to prior and current years' taxable income. The table below shows the expected realization of deferred income tax and social contribution per year:

		Consolidated
Realization year	Total	%
Up to one year	29,047	3.0%
	29,047	**3.0%**
One to two years	48,412	5.0%
Two to three years	145,235	15.0%
Three years and thereafter	745,541	77.0%
	939,188	**97.0%**
	968,235	**100%**

(In thousands of Brazilian reais - R$, unless otherwise stated)

24.3. Tax incentives

The University for All Program (ProUni) grants, under Law 11096 of January 13, 2005, exemption from certain federal taxes to higher education entities that grant partial and full scholarships to low-income students enrolled in traditional and technology degrees. The higher education entities that are Company subsidiaries are included in this Program.

The amount of the tax benefits under the ProUni determined for the period ended June 30, 2020, including PIS and COFINS, is R$91,503 (R$258,551 as at June 30, 2019).

25. Equity

25.1. Capital

As at June 30, 2020, the Company's subscribed and paid-in capital totals R$7,667,615, corresponding to 1,876,606,210 registered common shares. For the year ended December 31, 2019, the balance was R$5,111,677 and 1,644,248,206 shares.

Follow on

On January 31, 2020, according to the Material Event Notice disclosed to the market, the Company conducted a public offering of primary shares, for the initial amount of 172,117,040 new common shares, aiming at: (i) acquisition of companies operating in the higher education segment, and (ii) optimization of the Company's capital structure.

On February 11, 2020, on the transaction date, the Company issued a new Material Event Notice informing to the market and shareholders that the meeting of the Board of Directors approved the price per share of R$11.00, with effective capital increase, within the authorized limit, at the total amount of R$2,555,938,044.00, corresponding to the issuance of 232,258,004 new Company's shares (including additional shares), as well as its approval, within the scope of the public offering of registered common shares, without par value.

Distribution costs

As disclosed in the Material Event Notice on February 11, 2020, primary share distribution costs, such as commissions, in addition to expenses on independent auditors, attorneys, consultants, fees, translations and advertising related to the Offering, will be borne by the Company. The sum of all costs totaled R$74,618 and is allocated in line item "Capital reserves", as prescribed by CPC 08(R1).

Stock position and capital amount

Accordingly, the Company's capital for the period ended June 30, 2020 and year ended December 31, 2019 is broken down as follows:

	06/30/2020		12/31/2019	
	Amount	**Number**	**Amount**	**Number**
Total ex-treasury shares	7,566,434	1,868,807,021	4,990,250	1,635,134,374
Total treasury shares	101,181	7,799,189	121,427	9,113,832
Total shares	**7,667,615**	**1,876,606,210**	**5,111,677**	**1,644,248,206**

(In thousands of Brazilian reais - R$, unless otherwise stated)

Also, the table below shows the variations on the amount and number of treasury shares:

	06/30/2020		12/31/2019	
	Amount	Number	Amount	Number
Opening balance	121,427	9,113,832	190,280	14,642,717
Buyback of treasury shares	-	-	-	-
Shares sold	(20,246)	(1,314,643)	(68,853)	(5,528,885)
Closing balance	**101,181**	**7,799,189**	**121,427**	**9,113,832**

25.2. Capital reserve and granted stock options

The Company grants share-based plans to Group executives and employees, and considered the allocation of the amounts calculated as from the date the executives and employees joined the Group pursuant to CPC 10/IFRS 2 *Share-based Payment*. See note 26 for further details.

Equity instruments arising on business combinations

The balance of the reserve of equity instruments arises mainly on the merger of Anhanguera shares on July 3, 2014, with the issue of 135,362,103 Company book-entry, registered common shares, without par value.

On the same date, the Company made a capital increase based on the carrying amount of R$2,327,299 corresponding to the equity of Anhanguera as at December 31, 2013. The difference between the total acquisition price and the amount attributed to the issued capital of R$5,981,227 was recognized as capital reserve (equity instruments arising from the business combination).

The balance of all capital reserve accounts in the period ended June 30, 2020 is R$6,331,433 (R$6,400,167 as at December 31, 2019).

26. Stock option plan

26.1. Restricted stock option plan

At the Extraordinary Shareholders' Meeting held on September 3, 2018, the Company's shareholders approved the creation of a Restricted Stock Option Plan as an incentive to increase the performance and retention of officers and/or employees of the Company and its direct or indirect subsidiaries.

The Company may grant rights to receive a maximum number of restricted stock that those not exceed nineteen million, four hundred sixteen thousand, two hundred and thirty-three (19,416,233) shares, a number corresponding to 1.18% of the Company's total share capital on the date the Plan was approved, less treasury shares also on this date.

The Company's obligation to transfer restricted stock under the Plan within ten (10) days from the end of the vesting period, is contingent to the continuity of the employment relationship of the employee and/or officer.

The fair value of restricted shares granted is measured at the market price of the Company's shares on the grant date and the granting of restricted shares will be made on non-onerous basis to participants, through the transfer of treasury shares.

(In thousands of Brazilian reais - R$, unless otherwise stated)

In 2018, the Company decided to establish a Stock Option Plan, where Restricted Shares could be granted to executives to promote the migration of stock options granted under the 2015 Plan, upon express acceptance of the respective beneficiaries and their waiver of the stock options not yet exercised. The following terms and conditions were established: a) beneficiaries whose agreement had a vesting period of the last lot ending in 2020, 2021 or 2022 would be eligible; b) the vesting periods of the original agreements would be maintained and the original gains expected by the beneficiaries would be preserved in the calculation of the exchange ratio. The fair value of the equity instruments on the change date was separately recalculated for the allotments of each grant.

The table below shows the variations in the period ended June 30, 2020:

	Number of restricted shares					
PLANS	**12/31/2019**	**Restricted shares granted**	**Restricted shares settled**	**Restricted shares cancelled**	**06/30/2020**	**Average strike price**
2015 Plan - Migrated	795,380	-	(148,575)	(136,081)	510,724	R$10.26
2018 - New	9,803,371	607,335	-	(721,618)	9,689,088	-
TOTAL	**10,598,751**	**607,335**	**(148,575)**	**(857,699)**	**10,199,812**	

The Company recognized the expenses incurred on the Restricted Stock Option Plan grants amounting to R$13,755 for the period ended June 30, 2020 (R$14,515 for the period ended June 30, 2019) as a contra entry to capital reserves in equity. The Company also recognized as personnel expenses charges amounting to R$3,292 (R$4,936 as at June 30, 2019) as a contra entry to the provisions for charges, in liabilities.

26.2. Stock option plans

The stock option plans for the shares issued by the Company were closed for new grants. The vesting periods related to the plans that have grants not yet exercised were all met and have the following features:

Program	**Grant date**	**Strike price**	**Vesting period**	**Active options granted**
2010 Plan	07/03/2014	R$11.20	3 allotments with 36-, 48- and 60-month vesting periods	85,655
2013 Plan	06/18/2013 to 07/03/2014	R$9.94 to R$11.20	3 allotments with 36-, 48- and 60-month vesting periods	233,891
2009 Plan	02/08/2010 to 05/01/2013	R$2.18 to R$5.78	5 allotments with 12-, 24-, 36-, 48- and 60-month vesting periods; or 4 allotments with 6-, 18-, 30- and 42-month vesting periods	586,667
2013 Plan	11/26/2013 to 06/02/2015	R$5.67 to R$13.01	4 allotments with 6-, 18-, 30-, and 42-month vesting periods	6,890,000
2015 Plan	10/05/2015 to 02/01/2016	R$8.42 to R$9.65	4 allotments with 6-, 18-, 30-, and 42-month vesting periods	18,416,500
				26,212,713

The strike price will be paid by the beneficiaries to the Company at sight, upon the acquisition or subscription or as determined by the Board of Directors for each agreement.

(In thousands of Brazilian reais - R$, unless otherwise stated)

The changes in the number of outstanding stock options and their related weighted-average prices, considering the stock split retrospectively, are shown below:

	Number of stock options					
PLANS	**12/31/2019**	**Options granted**	**Options exercised (i)**	**Options cancelled/ forfeited**	**06/30/2020**	**Average strike price**
2010 Plan	85,655	-	-	-	85,655	R$6.20
2013 Plan	233,891	-	-	-	233,891	R$9.65
2009 Plan	1,524,666	-	(937,999)	-	586,667	R$2.93
2013 Plan	6,930,000	-	(40,000)	-	6,890,000	R$7.20
2015 Plan	18,645,425	-	(228,925)	-	18,416,500	R$8.85
TOTAL	**27,419,637**	**-**	**(1,206,924)**	**-**	**26,212,713**	

(i) In the period ended June 30, 2020, 1,206,924 options were exercised as a contra entry to the sale of treasury shares and, in the period ended June 30, 2019, 3,853,228 options were exercised.

26.3. Fair value calculation and expense in profit or loss

The fair value of the stock options granted is recognized as an expense. The contra entry is recognized under line item capital reserve, in equity.

Beginning 2015, the Company started to use the Binominal model to calculate the fair value of each stock option granted.

The Company did not change the method for the previously granted stock options, pursuant to CPC 10 rules, which are still calculated using the Black & Scholes model.

The assumptions used to calculate the fair value of the stock options granted under each Stock Option Plan in place are as follows:

	Plans				
	Kroton			AEDU	
	2009 Plan	**2013 Plan**	**2015 Plan**	**2010 Plan**	**2013 Plan**
Stock price	R$2.31 to R$3.83	R$9.48 to R$15.84	R$8.81 to R$10.55	R$3.73	R$3.73
Risk-free rate	6.0% to 9.0%	7.0% to 12.6%	15.3% to 16.5%	12.60%	12.60%
Expected annual volatility	31.4 % to 35.0%	24.7% to 37.3%	38.4% to 40.8%	31.10%	31.10%
Volatility calculation model	Standard deviation	Standard deviation or EWMA	EWMA or Garch	Standard deviation	Standard deviation
Expected dividends	0% to 3.4%	2.1% to 3.5%	3.50%	2.60%	2.60%
Plan duration in years	6 to 10	5 to 8	5 to 8	6	5
Stock option's fair value on grant date (R$/share)	R$0.75 to R$1.08	R$2.44 to R$5.64	R$3.27 to R$5.38	R$2.73	R$5.55

As at June 30, 2020, R$4,035 were recognized as stock option fair value expenses (R$1,995 recognized as at June 30, 2019).

27. Related parties

27.1. Related-party transactions

The transactions between the Company and its subsidiaries and related parties in the period ended June 30, 2020 are summarized below: For purposes of better understanding, this note must be read together with the information included in the Company's individual and consolidated annual financial statements for the year ended December 31, 2019:

Related parties - assets:

(i) Cogna is the creditor (debenture holder) of securities which obligation is currently held by Somos Sistemas deriving from a spin-off with Saber, conducted on December 31, 2019. The amounts, maturity date, payment dates, maturity methods and other terms and conditions correspond to the information disclosed in the private issuance indenture of Saber. The adjusted amount as at June 30, 2020 is R$1,590,249, regarding which Somos systems is liable for R$1,561,571 and Saber is liable for R$28,678.

(ii) In April 2019, Cogna transferred the proceeds from its first issuance of debentures carried out on April 15, 2019, to subsidiary EDE. As a contra entry to this movement, EDE issued private debentures to Cogna, which amounts and other obligations corresponded to those set out in the public issuance carried out by the Parent. The adjusted amount as at June 30, 2020 is R$805,430.

(iii) There were amounts receivable deriving from the apportionment of corporate expenses between subsidiaries, through debit note, in the amount of R$17,343. Additionally, there were receivables derived from indemnity contracts between the subsidiaries in the amount of R$149,358, and other operations between the Group’s subsidiaries which resulted in an amount receivable of R$51,183.

Related parties - liabilities:

(i) There were obligations deriving from the apportionment of corporate expenses between subsidiaries, through debit note, in the amount of R$4,375. Additionally, there were obligations derived from indemnity contracts with Somos Sistemas amounting to R$152,212.

Other:

(i) In 2020 an Onerous Donation Agreement was entered into by Cogna Educação S/A. with Fundação Pitágoras to ensure that the Foundation meets its corporate and institution purposes. The Chairman and members of the Company’s Board of Directors participate in the Foundation’s advisor council. The total amount paid was R$927, paid on two different dates during 2020.

(ii) On January 4, 2020, an onerous technical, scientific and cultural cooperation agreement was entered into among Anhanguera Educacional Participações S/A and Fundação Manoel de Barros effective for two years, to ensure that the Foundation meets its corporate and institution purposes. The members of the Advisory Council, Board of Directors and Supervisory Board of Fundação Manoel de Barros are the Company’s executive officers. There was a disbursement of R$150 relating to this agreement in 2020.

(In thousands of Brazilian reais - R$, unless otherwise stated)

27.2. Compensation of key management personnel

Key management personnel include the members of the Board of Directors and the Supervisory Council, the CEO, the vice presidents, and the statutory officers.

	06/30/2020	06/30/2019
Payroll	6,196	6,537
Benefits	204	213
Charges	1,239	1,356
Variable compensation (i)	-	4,407
Restricted stock option plan and restricted stock	7,090	8,357
	14,729	**20,870**

(i) Variable compensation set forth in an agreement with the statutory officers.

28. Net revenue from sales and services

						06/30/2020
	Kroton	**Platos**	**Saber**	**Vasta**	**Other**	**Consolidated**
Gross revenue	2,665,876	46,962	448,627	556,548	146,077	3,864,090
Deductions from gross revenue						
Taxes	(70,312)	(2,756)	(27,885)	(3,658)	(1,031)	(105,642)
ProUni	(457,105)	-	-	-	-	(457,105)
Discounts and returns	(203,902)	(417)	(48,894)	(40,239)	(7,903)	(301,355)
Net revenue	**1,934,557**	**43,789**	**371,848**	**512,651**	**137,143**	**2,999,988**

						06/30/2019
	Kroton	**Platos**	**Saber**	**Vasta**	**Other**	**Consolidated**
Gross revenue	3,323,519	44,066	463,447	555,863	122,797	4,509,692
Deductions from gross revenue						
Taxes	(77,163)	(2,884)	(31,370)	(4,129)	(695)	(116,241)
ProUni	(508,702)	-	-	-	-	(508,702)
Discounts and returns	(158,135)	(2,115)	(53,054)	(82,587)	(7,396)	(303,287)
Net revenue	**2,579,519**	**39,067**	**379,023**	**469,147**	**114,706**	**3,581,462**

(In thousands of Brazilian reais - R$, unless otherwise stated)

29. Costs and expenses by nature

				Parent				Consolidated
	04/01 to 06/30/2020	06/30/2020	04/01 to 06/30/2019	06/30/2019	04/01 to 06/30/2020	06/30/2020	04/01 to 06/30/2019	06/30/2019
Payroll and related taxes	(4,025)	(4,036)	(240)	1,466	(480,771)	(973,807)	(588,963)	(1,107,682)
Allowance for expected losses	-	-	-	-	(500,541)	(714,481)	(187,481)	(398,353)
Cost of sales	-	-	-	-	(17,029)	(153,287)	(19,115)	(136,201)
Publicity and advertising	(120)	(120)	(214)	(218)	(85,524)	(233,184)	(76,361)	(223,702)
Depreciation and amortization	(18,096)	(36,191)	(783)	(3,830)	(134,605)	(270,552)	(90,277)	(256,087)
Utilities, cleaning, and security	(305)	(424)	(283)	(365)	(64,093)	(158,781)	(84,310)	(154,319)
Amortization of allocated goodwill	-	-	(17,976)	(35,951)	(82,384)	(164,964)	(163,879)	(181,855)
Depreciation - IFRS 16	-	-	-	-	(68,710)	(135,953)	(94,717)	(151,895)
Consulting and advisory	(246)	(495)	(519)	(876)	(45,157)	(86,101)	(39,684)	(83,262)
Publishing costs	-	-	-	-	(11,029)	(42,307)	(20,552)	(42,519)
Copyrights	-	-	-	-	(9,970)	(42,841)	(14,477)	(48,374)
Other income (expenses), net	3,305	3,608	4,513	8,196	(37,396)	(57,256)	(106,267)	(126,993)
Rental and common area maintenance fees (i)	-	-	-	-	(10,238)	(27,343)	(13,872)	(30,308)
Travel	-	(1)	-	-	(3,356)	(14,371)	(13,338)	(24,737)
Fees and contributions	(3)	(6)	(15)	(16)	(14,248)	(25,125)	(4,295)	(21,275)
Amortization of inventory appreciation	-	-	-	-	(4,537)	(7,837)	(1,325)	(4,797)
Outside services	-	(5)	-	-	(1,336)	(3,733)	(2,571)	(4,686)
Contingencies (ii)	5	210	600	17,554	104,427	180,298	30,795	60,301
Write-off of escrow account	-	-	-	-	(345,244)	(345,244)	-	-
	(19,485)	**(37,460)**	**(14,917)**	**(14,040)**	**(1,811,741)**	**(3,276,869)**	**(1,490,689)**	**(2,936,744)**
Cost of sales and services	-	-	-	-	(488,377)	(1,141,617)	(638,378)	(1,320,617)
Selling expenses	-	-	-	-	(633,233)	(1,051,234)	(357,827)	(708,864)
General and administrative expenses	(19,485)	(37,460)	(14,917)	(14,040)	(341,743)	(734,568)	(475,585)	(890,826)
Other operating income (expenses), net	-	-	-	-	(348,388)	(349,450)	(18,899)	(16,437)
	(19,485)	**(37,460)**	**(14,917)**	**(14,040)**	**(1,811,741)**	**(3,276,869)**	**(1,490,689)**	**(2,936,744)**

(i) Since the adoption of IFRS 16 *Leases*, only rentals and common area maintenance fees relating to variable lease payments or linked to short-term or low-value contracts are recognized as expenses in this group.

(ii) Consists of (provisions for) reversals of civil, tax and labor lawsuits, and additionally the write-off of the guarantee for escrow account occurred in June 2020.

(In thousands of Brazilian reais - R$, unless otherwise stated)

30. Finance income (costs)

	Parent				Consolidated			
	04/01 to 06/30/2020	**06/30/2020**	**04/01 to 06/30/2019**	**06/30/2019**	**04/01 to 06/30/2020**	**06/30/2020**	**04/01 to 06/30/2019**	**06/30/2019**
Finance income								
Interest on monthly tuitions	-	-	-	-	8,125	61,999	28,490	94,693
Income from short-term investments	17,897	28,638	127	269	22,878	40,253	18,997	49,908
Discounts obtained	-	-	-	-	275	668	438	889
Sublease interest	-	-	-	-	507	1,169	236	432
Interest receivable	-	-	-	-	538	9,559	8,949	15,149
Other finance income	22,014	51,706	9,021	9,021	10,437	18,399	13,749	18,000
	39,911	**80,344**	**9,148**	**9,290**	**42,760**	**132,047**	**70,859**	**179,071**
Finance costs								
Interest and costs of debentures	(80,742)	(184,033)	(9,702)	(9,702)	(82,933)	(189,029)	(153,634)	(290,267)
Acquisitions of subsidiaries	-	-	-	-	(1,501)	(12,441)	(4,629)	(10,444)
Banking and collection fees	(5)	(10)	(7)	(12)	(4,975)	(9,588)	(5,033)	(11,693)
Interest and fines on late payments	-	-	-	-	(7,126)	(7,641)	(1,196)	(3,979)
Interest and adjustment on liabilities	(15)	(15)	-	-	4,473	(786)	(9,258)	(17,351)
Adjustment to contingencies	-	-	-	-	(12,570)	(32,857)	-	-
Lease interest	-	-	-	-	(104,783)	(208,284)	(75,388)	(151,212)
Other finance costs	(3,053)	(3,657)	(104)	(205)	(19,933)	(31,069)	(13,276)	(22,823)
	(83,815)	**(187,715)**	**(9,813)**	**(9,919)**	**(229,348)**	**(491,695)**	**(262,414)**	**(507,769)**
Finance income (costs)	**(43,904)**	**(107,371)**	**(665)**	**(629)**	**(186,588)**	**(359,648)**	**(191,555)**	**(328,698)**

(In thousands of Brazilian reais - R$, unless otherwise stated)

31. Earnings (loss) per share

31.1. Basic

Basic earnings (loss) per share are calculated by dividing profit (loss) attributable to the holders of Company common shares by the weight average number of common shares held by the shareholders (less treasury shares) during the period.

	06/30/2020	06/30/2019
(Loss) profit attributable to owners of the Company	(493,858)	389,987
Weighted average number of outstanding common shares (in numbers)	1,830,031	1,630,596
Basic (loss) earnings per common share	**(0.27)**	**0.24**

31.2. Diluted

For dilution purposes, the Company has a stock option plan offered to beneficiaries, which permits the issuance of shares when a stock option becomes vested. As at June 30, 2020, there are shares with dilution potential since their average strike price in the period is lower than the average price of the Company’s shares in the market. The table below shows the calculation of the dilution:

	06/30/2020	06/30/2019
(Loss) profit attributable to owners of the Company	(493,858)	389,987
Weighted average number of outstanding common shares (in numbers)	1,830,031	1,630,596
Potential increase in common shares	26,213	29,004
Diluted (loss) earnings per share	**(0.27)**	**0.23**

32. Segment reporting

As show in note 2.1, the Company uses five main operating segments to differentiate its products. The tables below show the results of these segments for the years ended June 30, 2020 and 2019, together with the related balance sheet positions:

							06/30/2020
	Kroton	**Platos**	**Saber**	**Vasta**	**Other**	**Elimination**	**Total**
Net revenue	1,934,557	43,789	371,848	512,651	164,765	(27,622)	2,999,988
Cost of sales and services	(596,624)	(5,686)	(195,217)	(215,755)	(155,945)	27,610	(1,141,617)
	1,337,933	**38,103**	**176,631**	**296,896**	**8,820**	**(12)**	**1,858,371**
Operating expenses:							
Selling expenses	(917,586)	(14,482)	(8,304)	(92,179)	(18,683)	-	(1,051,234)
General and administrative expenses	(637,715)	(5,852)	(117,230)	(182,294)	219,885	(11,362)	(734,568)
Other expenses, net and share of results of investees	-	-	-	1,988	(350,539)	-	(348,551)
Operating profit (loss) before finance income (costs)	**(217,368)**	**17,769**	**51,097**	**24,411**	**(140,517)**	**(11,374)**	**(275,982)**
Assets	22,349,671	261,186	4,595,943	6,401,575	1,720,282	757,910	36,086,567
Current and noncurrent liabilities	11,914,275	5,278	2,325,219	3,311,544	611,957	65,354	18,233,627

(In thousands of Brazilian reais - R$, unless otherwise stated)

							06/30/2019
	Kroton	**Platos**	**Saber**	**Vasta**	**Other**	**Elimination**	**Total**
Net revenue	2,579,519	39,067	379,023	469,147	117,523	(2,817)	3,581,462
Cost of sales and services	(690,871)	(4,807)	(216,910)	(241,180)	(169,666)	2,817	(1,320,617)
	1,888,648	**34,260**	**162,113**	**227,967**	**(52,143)**	**-**	**2,260,845**
Operating expenses:							
Selling expenses	(591,871)	(11,334)	(10,659)	(57,093)	(37,907)	-	(708,864)
General and administrative expenses	(821,771)	(9,058)	(136,823)	(93,491)	182,385	(12,068)	(890,826)
Other expenses, net and share of results of investees	-	-	-	-	(17,031)	-	(17,031)
Operating profit (loss) before finance income (costs)	**475,006**	**13,868**	**14,631**	**77,383**	**75,304**	**(12,068)**	**644,124**
Assets	20,109,852	265,770	5,308,033	6,268,327	2,166,464	-	34,118,446
Current and noncurrent liabilities	11,855,354	8,136	2,988,680	3,138,808	292,199	-	18,283,177

33. Supplemental cash flow information

The statements of cash flows are prepared using the indirect method and are presented in accordance with accounting pronouncement CPC 03 (R2)/IAS 7 *Statement of Cash Flows*. During the period ended June 30, 2020, the Group acquired property, plant and equipment items and made additions to intangible assets, transfer of debt instruments (debentures), and adopted new accounting standards and cancellations in right-of-use leases, all with no cash effect. The effects are as follows:

		06/30/2020
Adjustments to:	**Parent**	**Consolidated**
Property, plant and equipment		
Addition of finance leases (IFRS 16 / CPC 06)	-	349,542
Write-off of finance leases (IFRS 16 / CPC 06)	-	(110,644)
	-	**238,898**
Liabilities assumed in business combination		
Guarantees from former sponsor	603	144,933
	603	**144,933**
	603	**383,831**

34. Events after the reporting period

34.1. Initial Public Offering (IPO) of subsidiary

On July 6, 2020, as disclosed in a Material Fact Notice issued to the market, the Company launched in the United States of America an initial public offering of 18,575,492 class A shares (IPO), through its subsidiary Vasta Platform Limited (“Vasta”), duly incorporated and existing under the laws of the Cayman Islands, which will consolidate the Group's activities relating to educational and digital solutions for private schools operating in the K-12 Education segment. Additionally, the Offer underwriters have been granted a call option on up to 2,786,324 of these shares.

The indicative sales price range for the class A shares issued by Vasta was US$15.50 to US$17.50 per class A share, with the final price being set after analyzing the outcomes bookbuilding procedure conducted exclusively abroad, pursuant to the applicable regulations.

In addition to the above information, and through the Material Fact Notice issued on July 30, 2020, the Company informed the market about the price of US$19.00 per Vasta Platform Limited ("Vasta") class A share, in accordance with the procedures set forth in the Securities Act of 1933 ("Offer"), totaling US$352,934,438, through the issue of 18,275,492 new class A shares. In addition, the Offer underwriters were granted a 30-day call option of up to 2,786,323 class A shares at the Offer price, less the subscription discount. Should the Offer underwriters fully exercise by the call option to acquire all the overallotment class A shares, the gross proceeds of the Offer would be US$405,874,485.00.

Vasta's class A shares began trading on NASDAQ on July 31, 2020 and were settled on August 4, 2020 and the total amount received in cash in this transaction was R$1,727,396.

Further, the Company approved at a Board of Directors' meeting that Vasta and Cogna enter into a Contribution Agreement formalizing the contribution of one hundred percent (100%) of the shares issued by Somos Sistemas de Ensino SA ("Somos Sistemas") held by Cogna to Vasta's capital stock (the "Contribution") until the Offer pricing date. After the Contribution, Somos Sistemas became a wholly-owned subsidiary of Vasta, which, in turn, continued to be a wholly-owned subsidiary of Cogna.

34.2. Resignation of statutory director

On July 30, 2020, the Board of Directors received the resignation of Mr. Mario Ghio Júnior from the position of statutory officer without portfolio of the Company. As of this date, Mr. Mario Ghio will work exclusively as CEO and member of the Board of Directors of Company subsidiary, Vasta Platform Limited.

* * * * *

Belo Horizonte, August 20, 2020, Cogna Educação S.A. (B3: COGN3; OTCQX: COGNY) – "Cogna" or "Company" releases on the date hereof the earnings for the second quarter of 2020 (2Q20). The Company's financial information is presented based on the consolidated figures, in Brazilian Reais, in accordance with the Brazilian Corporate Law and the accounting practices adopted in Brazil (BRGAAP), in compliance with the International Financial Reporting Standards (IFRS), except as provided otherwise.

MESSAGE FROM MANAGEMENT

FACING THE STORM

During the first half of 2020, we made progress in implementing our response plan to Covid-19 and implemented actions to (i) preserve the health of our employees and students during the most acute phase of the pandemic, and (ii) guarantee the continuity of our services through the successful migration of our face-to-face services to digital platforms. In particular, we highlight the increased engagement of on-campus postsecondary education students when compared to previous semesters, and the expressive reach of the Plurall platform, which registered record accesses on the internet, currently allowing 1 out of 4 students in the Brazilian private K-12 education network to continue with their studies from home. As announced to the market, during the quarter we took emergency actions to preserve our results, such as the temporary suspension of employment contracts and the temporary reduction of working hours, as allowed by provisional decree 936; a significant reduction in the variable remuneration of employees; and the renegotiation of several contracts with suppliers. Despite such measures, we had earnings much below our initial expectations, due to the strength of the pandemic's impact (in a year that would already be challenging). We also started to adopt more restrictive reenrollment measures, preventing old debts from being renewed. In the short term, this measure leads to an increase in dropouts and therefore generates an increase in PDA, since the items are not renewed, and after 360 days they are written-off to loss (although we continue with collection efforts), but we understand that the remaining base is healthier and allows for more sustainable results in the long term, and for this reason, we made that decision. We note, however, that we had positive cash generation in the quarter, keeping a solid cash position and elongated debt profile, which will support us in coming quarters to face this highly challenging business environment while advancing in the digitalization of postsecondary education.

Analyzing the recurring performance of Cogna in the first semester of 2020, in the proforma view, we notice that Kroton posted a significant drop in revenue and EBITDA, particularly concentrated in the segment of on-site undergraduate. The other 3 companies of the group (Vasta, Saber and Platos), however, delivered growth in EBITDA, even considering the impacts of the pandemic.

DIGITAL TRANSFORMATION OF POSTSECONDARY EDUCATION

The Company's digital transformation process, which started in 2017, has already completed two important cycles: (i) the cultural change in the Company's management, and (ii) the digitization of K-12 education, which resulted in in the IPO of Vasta. The third stage to be implemented is the digitization of postsecondary education. We clearly notice a migration in demand of new students from on-campus education to digital education, and this trend was strongly accelerated by the pandemic. We understand that the behavior changes from the quarantine will not be circumstantial, but structural. We overcome the cultural barrier of the digitalization of education, and students began to see the value, quality and benefits of the lower cost and flexibility that digital education can provide. That perception leads us to start a new, relevant journey of transformation within the Company, evaluating new potential segments in postsecondary education, respecting contexts with different opportunities, and which demand different focus and actions.

1 – **Postsecondary Education Digital Platform**: contemplates all offers of digital (distance learning) courses for end consumers, with or without an on-site component, using third-party centers or Kroton's own units, in addition to content and technology solutions for other postsecondary

education institutions. This platform already provides for high operating margins, strong cash generation, low use of fixed assets and a perspective of high growth due to Brazil's new moment in digital education. **The focus here is growth**.

2 – **Kroton On-campus**: Kroton's on-campus operations will undergo a broad restructuring process to adapt to the new market reality. The scope of such restructuring provides for a reduction in the size of the operation, a reduction in the number of units, rearranging of the portfolio focusing on premium courses, and rebranding in some locations, focusing on premium products. **Our expectation is to have a company with increased margins and cash generation**. Additional details about the project will be provided in a timely fashion.

The adjustment in postsecondary education is a result of the change in context caused by the pandemic. Before the pandemic, the greenfields were on a positive growth trend, moving from cash consumption to neutral, with the prospect of positive generation in 2021. Small on-campus units suffered from the reduction of FIES students, but the trend from 2021 onwards was also positive. The pandemic completely changed such dynamics. Students that used to be resistant to digital education now prefer an equivalent hybrid course, as they realized that this course could deliver quality at a lower cost. We are taking advantage of this moment to make the biggest and most impacting change in the postsecondary education segment ever conducted by the Company, preparing it for these new times.

The eventual segregation of postsecondary education operations between "Digital Platform" and "Kroton On-Campus" at this time will allow for a greater focus on the objectives of these two business units which are completely different: in the Digital Platform, growing is the name of the game; in Kroton On-Campus, the moment requires a resizing with turnaround. But some basic premises must be preserved: a) there will be no loss of synergies; b) we will maintain the capacity to operate under the omnichannel concept, in which the client experience is not impacted, regardless of the channel through which he is served. All Kroton campuses will continue to operate as centers for the Digital Platform.

THE END OF PEP

The Private Special Installment Plan (PEP) was created in 2015, aiming at offering students the option to pay in installments considering the prospect of a lower offer of public student financing (FIES). PEP was, therefore, critical for a transition from a market with a high share of public funding and high demand for on-campus courses to current days. With the evolving market dynamics and commercial processes, PEP has become less relevant, and in this second half of 2020, the expectation is that it will meet only 6% of on-campus enrollments. When it was created, PEP was virtually the only way to offer on-campus education without significant price reductions. Nowadays, virtually the entire portfolio is also offered through digital education, and it makes more sense to migrate the demand to these courses. For students, lower monthly fees which fit their budgets without the need for paying in installments. For the postsecondary education institution, despite the lower ticket, this movement leads to higher margins, greater cash conversion and a significant reduction in accounts receivable. In view of this scenario, management decided to end the PEP offer in the enrollment processes as of 2021. Students currently benefiting from the program will continue to be offered the product until graduation.

VASTA, THE DIGITAL TRANSFORMATION OF THE BRAZILIAN SCHOOL

At the beginning of August, we successfully concluded Vasta's IPO on Nasdaq, the largest IPO ever made by a Brazilian education company, raising approximately R$ 2 billion (US$ 405 million), and assigning the Company market value of R$ 8.4 billion. The offer was well received in the market, with requests from more than 280 investors, which generated total demand of more than 15 times the number of shares offered, even with the price per share at US$19, higher than the initial range from US$15.50 to US$17.50. Vasta is a unique combination of high growth with recurring revenue, high operating margins and cash generation. We believe that the post-pandemic world will result in the need to create hybrid schools, and Vasta is very well positioned to support the transition of Brazilian schools to this new world. The IPO provides resources and autonomy for Vasta to further improve its service platform and consolidate the content market for K-12 schools.

OPERATIONAL PERFORMANCE

KROTON

Student Base

The undergraduate student base remained stable in 2Q20, with the resumption of growth in digital education (+12%) being offset by a lower number of students in on-campus education (-17%).

On-Campus Education – Student Base Evolution

In on-campus education, the 17% drop in student base results, to a large extent, from the movement in the student base that occurred in 1Q20: decrease in enrollment (influenced by the temporary closure of units and withdrawal of end-of-cycle campaigns) combined with increased dropout at the turn of the semester. In 2Q20, the dropout rate increased by 1.3 percentage points, basically due to the effects of the temporary closure of the units. We understand that the rapid migration of on-campus activities to our digital platforms was critical to avoid further deterioration in this index.

Digital Education – Student Base Evolution

The digital education student base maintained a 12% growth in 2Q20, consolidating the change in Kroton's growth level in this segment, and should continue on an upward trend in the coming years. In particular, we highlight the rise of only 0.3 percentage points in the dropout rate, a very satisfactory result considering (i) the adverse effects of the pandemic on students' ability to pay, and (ii) the growing participation of the 100% online model in the student base.

PLATOS

Student Base

The student base remained stable in 2Q20, but with different behaviors between the on-campus product (down 9%) and the digital product (up 5%), reinforcing the perception that the digitalization movement is taking place throughout postsecondary education, both in undergraduate and graduate programs.

The drop in the on-campus graduate student base reflects the 46% fall in enrollments, due to the temporary closure of units and the Company's decision to focus on digital products, partially offset by lower graduation and dropout rates. The 23% growth in student enrollment in digital graduate programs shows acceleration in relation to the 15% growth recorded in 1Q20, even given the pandemic, and reflects the marketing and commercial teams' efforts, more effective commercial campaigns, different digital marketing strategies that boosted our e-commerce and the evolution of the platform of affiliates (Master Indicates).

SABER

Student Base

The student base decreased 12% in 1Q20, due to the termination of two management contracts and higher student dropout, in particular early childhood education and the early years of elementary school. This last effect is demonstrated by the 4% reduction as compared to the immediately previous quarter. The Red Balloon student base fell at the same rate, also affected by the effects of the pandemic.

VASTA

Student Base from subscription model

As compared to 2Q19, Vasta added 767 schools to its portfolio of core content customers, an increase of 23%, supported both by traditional teaching systems and PAR - textbook-based learning system. The volume of students from partner schools followed the same trend and grew 11%, also with an increase in both lines. Regarding complementary content, 219 new schools became customers, growth of 53%, or 59%, if we consider the number of students, which confirms the high potential of this segment. Here, it is worth stressing that, in the 2020 commercial activity, Vasta had only two complementary activity solutions on its platform, as compared to a total of five that are currently available, which tends to further accelerate the performance of this segment in the coming years. It is also worth noting that there is a natural seasonality in the business as compared to the previous quarter, mainly due to the number of students, with adjustments in orders and returns made by partner schools. Such returns were within the average for the past years, even in a period of crisis (which reinforces the resilience of our business).

FINANCIAL PERFORMANCE

Net Revenue

In 2Q20, net revenue came to R$1,372.5 million, down 21.2% on the same quarter last year, reflecting (i) the lower student base (mainly FIES) and the lower average ticket from the Kroton vertical; (ii) the cancellation of school management contracts and revenue reversal related to the anticipation of orders for teaching material in one of the schools of the Saber network, in addition to the impact from Covid-19 on revenue from the counter-shift and Red Balloon activities; (iii) different seasonality in revenue recognition from the Vasta vertical, combined with the lower volume of orders received from our partner schools (due to higher student dropouts), which generated a lower revenue than expected given the annual contract value (ACV) signed for 2020; and (iv) different seasonality of PNLD revenues in the Other Business vertical. These effects were partially offset by the growth of the digital education student base in the Kroton vertical and the positive performance of the Platos vertical, which in turn was supported by the increase in the average ticket and in the acquisition of digital education students. In 1H20, net revenue totaled R$3.0 billion, a reduction of 16.2% in the annual comparison..

Costs

Cost of goods and services sold was R$488.4 million, corresponding to 35.6% of net revenue, a decrease of 1.1 p.p. from 2Q19, reflecting the higher profitability at the Saber vertical, in addition to the adoption of greater digital content for Kroton vertical, combined with the postponement of some classroom activities. These effects were partially offset by the reclassification of publishing expenses to cost of goods sold, which in 2019 were classified as publishing capex. In 1H20, the cost of goods and services reached R $ 1,141.6 million, or 38.1% of net revenue for the semester, 1.2 p.p. above 1H19.

Gross Income

Gross income was R$884.1 million, with gross margin of 64.4%, which represent a reduction of 19.9% but a gain of 1.1 p.p. on the prior-year period, due to the impacts described above. In 1H20, gross income was R$ 1,858.4 million with a 61.9% margin, down 17.8% and 1.2 p.p., respectively.

Operating Expenses

Selling Expenses

Selling expenses include expenses with the sales team, advertising and marketing, copyrights and Provision for Doubtful Accounts (PDA). In 2Q20, this group of expenses corresponded to 46.1% of net revenue, increasing 25.6 p.p. on the year-ago quarter, mainly due to: (i) the worse performance in late payments in the Kroton vertical, which led to the need for a disproportionate increase in the out-of-pocket students' PDA to cover the aging of the receivables (the older the overdue tuition, the greater the need for loss coverage); (ii) an increase in the PDA for PEP student, since the worse performance in late payments for out-of-pocket students and the increase in dropout rates, coupled with the prospect of a more gradual and delayed macroeconomic recovery in the post-pandemic scenario, led us to review the assumptions of our coverage model for PEP and PMT, anticipating higher participation of revenue from dropout students in the base, as well as a relevant deterioration in recovery from students who have dropped out; (iii) the seasonality of marketing expenses of the vertical Platos; and (iv) the increase in marketing expenses and in PDA at Vasta. These effects were partially offset by the savings in marketing expenses in the Kroton vertical. Year-to-date, selling expenses registered 35.0% of net revenue, an increase of 15.2 p.p. in the annual comparison.

General and Administrative Expenses

General and administrative expenses, which include expenses with administrative personnel, consulting firms, travel and third-party services, among others, corresponded to 24.9% of net revenue in 2Q20, down 2.4 p.p. on the prior-year quarter, reflecting emergency actions to deal with the pandemic. In 1H20, general and administrative expenses represented 24.5% of net revenue for the period, a decrease of 0.4 p.p. when compared to 1H19.

Other Operating Income (Expenses)

Other operating expenses were R$348.4 million in 2Q20, compared to other operating expenses of R$18.9 million in 2Q19, reflecting the impacts of the settlement of the escrow account in June. In 1H20, other operating expenses were R$349.5 million, compared to other operating expenses of R$16.4 million in the previous year.

Financial Results

In 2Q20, the net financial result was negative by R$ 195 million, an improvement of 11% as compared to 2Q19, and 14% as compared to 1Q20, reflecting reduced interest expenses (arising from a lower basic interest rate), the interest income on the follow-on funds raised in February, and reduced expenses with the adjustment of contingencies.

Net Profit

The drop in adjusted net income and adjusted net margin in 2Q20 reflects the reduction in operating result, partially offset by the reduction in net financial expenses and the greater volume of contingency reversals in the period. Regarding the latter, we noted that there was an anticipation in reversals in 1H20 and that for 2020 our expectation is for an annual aggregate volume even lower than that achieved in 2019. Disregarding adjustments related to the amortization of intangible assets and inventory surplus, Cogna recorded net losses of R$ 454 million in 2Q20.

Capex and Expansion Investments

Cogna invested R$89.4 million in 2Q20, distributed as follows:

- Information technology and library equipament: R$0.8 million (1%);
- Content and systems development and software licenses: R$61.3 million (69%);
- Laboratory and related equipament: R$ 1.3 million (1%);
- Expansions: R$ 7.4 million (8%);
- Investiments in expansion: R$18.6 million (21%).

Total investments reached 6.5% of the net revenues for the period, a reduction of 3.4 p.p. year-over-year, as the Company concluded its project of opening new units. In this sense, expansion investments recorded R$ 18.6 million in 2Q20, equal to 1.4% of net revenues, and 65% less than the amount invested in 2Q19. Most of the capex was used to develop content, systems and software licenses, which accounted for 69% of the total investments. These investments reflect the expansion and maturation of the portfolio in Postsecondary Education over recent years, mainly in the areas of Engineering and Healthcare, and in the new Premium distance learning programs, in addition to the renewal of content in the K-12 Education segment and initiatives relating to digital transformation, which are especially vital considering the current scenario and the importance of digital teaching platforms.

Net Debt

At the end of the quarter, cash and financial investments amounted to R$ 3.7 billion, a level 27% higher than the end of the immediately previous quarter, as a result of the issuance of debentures in the amount of R$ 500 million carried out in May, and receipt of approximately R$ 236 million from a total of R$320 million related to the sale of the escrow account (as per the material fact dated June 11, 2020). The latter led to a 5% fall in net debt, to R$ 4.8 billion in 2Q20 (or R$ 5.1 billion, including other obligations relating to the payment of acquisitions and payments in installments of taxes), representing just under 3.0x the net debt of the last 12 months. It is important to highlight the elongated profile of our indebtedness: short-term debt maturities represent only 15% of the total, with the next significant payment of principal in August 2021.

Cash Generation

Operating cash generation before capex was positive by R$ 235 million in 2Q20, slightly lower than 2Q19, despite all the pressures verified in the Company's results. The consumption of working capital was 33% lower, with the variation of ex-FIES receivables tending towards neutrality, as compared to a consumption of R$ 371 million in 2Q19. Additionally, in 2Q20, R$ 88 million was received in connection with the 2020 PNLD.

Due to a 48% reduction of combined capex and expansion investments, the generation of operational cash after capex grew 65%, to R$ 145 million. By eliminating the receipt of R$ 88 million from the 2020 PNLD, the generation of operational cash after capex was R$ 57 million, despite the significant fall in EBITDA. In the aggregate first half, by eliminating 2020 PNLD receipts, consumption was R$ 236 million, R$49 million higher than the amount consumed in 1H19, however substantially lower than the EBITDA decline in absolute terms. The Company's free cash flow was positive by R$ 803 million, reflecting the issuance of debentures and the sale of the escrow account, as mentioned in the net debt section.

CAPITAL MARKET AND SUBSEQUENT EVENTS

STOCK PERFORMANCE

Cogna's shares (COGN3) are part of several indices, especially Ibovespa, the Differentiated Corporate Governance Index (IGC), the Differentiated Tag Along Stock Index (ITAG), the Consumer Index (ICON) and MSCI Brazil.

In 2Q20, the Company's shares were traded on 100% of the trading sessions, amounting to a traded volume of R$ 19.4 billion in 3,413,811 trades, resulting in an average daily traded volume of R$ 318.1 million. Currently, Cogna's shares are monitored by 13 different local and international research brokers. Onf June 30, 2020, Cogna's market value was R$ 12.4 billion.

In the second quarter of 2020, Cogna's shares grew 65.3%, while the Ibovespa appreciated 30.2%. In the same period, IGC, ITAG and ICON rose 32.7%, 31.6% and 39.4%, respectively.

RATINGS

Cogna is currently rated as triple A (brAAA) by Standard & Poor's and AA+(bra) by Fitch Ratings.

DIVIDENDS

Due to the net loss verified in the period and the circumstances imposed by the Covid-19 pandemic, dividends will not be distributed in this quarter.

ABOUT COGNA EDUCAÇÃO

Cogna Educação is one of the world's largest private educational organizations. Operating for over 70 years, the Company is present in all Brazilian states and in several educational segments, with a complete platform of services and content offered in different business models. At the end of 2Q20, Cogna had 844,000 on-campus and digital undergraduate students in the Kroton vertical, and 44,000 graduate students in the Platos vertical, served by 176 own Postsecondary Education units and 1,536 accredited Digital Education centers. Regarding K-12 Education, the Saber vertical had 31,000 students distributed in 52 own schools/managed through contracts, and 22,000 students distributed in 122 Red Balloon units, while the Vasta vertical ended the quarter with 1.5 million students served by approximately 4,200 associated schools using core and complementary content solutions.

1. DISCLOSURE OF EBITDA

According to CVM Instruction 527/12, the Company adhered to the disclosure of the non-accounting information as additional aggregate information in its quarterly information, presenting the EBITDA – Earnings Before Interest, Taxes on Income including Social Contribution on Profit (Loss) Net, Depreciation and Amortization, for period ended June 30, 2020 and 2019.

EBITDA represents the Company's operating cash generation, corresponding to the fact that the Company generates resources only in its operating activities, without taking into account the financial and tax effects. It should be noted that this does not represent cash flow for the period presented, and should not be considered obligatorily as a basis for dividend distribution, alternative to net income, or still as an indicator of liquidity.

		Consolidated
	06/30/2020	**06/30/2019**
Net income	**(489,778)**	**383,174**
Income and social contribution tax	(145,852)	(74,561)
Financial result - note 30	359,648	328,698
Depreciation - note 29	579,306	637,153
Accounting EBITDA	**303,324**	**1,274,464**
(+) Interest and penalties on tuition - note 30	62,000	94,693
Management EBITDA	**365,324**	**1,369,157**
(-) Nonrecurring items (i)	(439,138)	(124,786)
Adjusted EBITDA	**804,462**	**1,493,943**

(i) Pursuant to article 4 of CVM Instruction 527/12, the Company may disclose adjusted EBITDA excluding items contribute to gross cash generation potential. We show in the table below the total value of non-recurring items:

		Consolidated
	06/30/2020	**06/30/2019**
Termination	35,321	52,728
M&A and expansion	30,249	72,058
Other projects	373,568	-
Total Nonrecurring items	**439,138**	**124,786**

Highlights include the line of Terminations, especially the job restructuring reviews, the acquisition of Somos and the reduction of workload generated through initiatives to increase efficiency; M&A and Expansion, which includes expenses related to expansion projects and extraordinary expenses related to the implementation of new units, in addition to the write-offs of improvements and expenses with consultancy and other contracts contracted for projects for expansion and integration of assets, and; others projects, substantially related to the sale of the Escrow account to Somos sellers and other write-offs.

Opinions and representations/Officers' representation on the accounting information

Pursuant to CVM Instruction 480, dated December 7, 2009, Kroton's Officers state that they have reviewed, discussed, and agreed with the intermediary financial information for the period ended June 30, 2020.

Opinions and representations / Officers' statement on the independent auditor's review report

Pursuant to CVM Instruction 480, dated December 7, 2009, Kroton's Officers state that they reviewed, discussed, and agreed with the content of the independent auditor's review report of DELOITTE TOUCHE TOHMATSU Auditores Independentes.