Cogna Educação S.A.
and subsidiaries

Individual and consolidated financial statements for the year ended December 31, 2022

Contents

MANAGEMENT REPORT 2022

To the Shareholders,

In compliance with legal provisions, the Management of Cogna Educação S.A. – “Cogna” or “Company” – is pleased to present the Management Report and the Financial Statements of the Company for the fiscal year ended December 31, 2022, compared to 2021. The consolidated financial statements were prepared and are being presented as the accounting practices adopted in Brazil, including the pronouncements issued by Accounting Pronouncement Committee (CPC). Additionally, they were also prepared and are being presented according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

ABOUT COGNA EDUCAÇÃO

Cogna Educação is one of the largest private educational organizations in the world. In the market for more than 55 years, the Company operates in all Brazilian states and different education segments, with a full platform of services and content offered in different business models. At the end of 4Q22, Cogna had 896 thousand On-Campus and Digital Higher Education students in Kroton segment and 67 thousand Post-graduate students in the Platos segment, served through 112 own Higher Education units and over 3,000 accredited Digital Education hubs. In K12, Vasta ended the quarter with 2.0 million students provided by approximately 5.4 thousand member schools, using core and complementary content solutions.

NOTE

The Company's operating and financial information for 2022, unless otherwise indicated, is presented based on consolidated figures, including continued and discontinued operations, in reais, in accordance with the Brazilian corporate law and practices adopted in Brazil, already in compliance with the international accounting standards (IFRS), whose comparisons are based on the same period in 2021.

The Company presents its comparative financial results of 2021 considering the results of the segment own Saber Schools as a discontinued operation, considering that on October 29, 2021, the sale of the Schools to Eleva was completed, as disclosed in 2021.

MESSAGE FROM MANAGEMENT

FINANCIAL HIGHLIGHTS

Net Revenue: In the quarter, Net Revenue reached R$ 1,696.0 million (+13.2% versus 4Q21). In the YTD, Net Revenue reached R$ 5,092.2 million, with growth of 6.6% versus 2021, reinforcing that 2021 was the turning point, with Revenue growth in 2022;

Recurring EBITDA: In 4Q22, Recurring EBITDA grew 13.0% and reached R$ 471.5 million, the seventh consecutive quarter of growth. Year-to-date, Recurring EBITDA reached R$ 1,460.0 million, an increase of R$ 199.5 million or 15.8% compared to the same period of 2021;

Recurring EBITDA Margin: In the quarter, the Recurring EBITDA margin remained stable and reached 27.8%. Year-to-date, Recurring EBITDA margin improved 2.3 pp versus 2021 and totaled 28.7%, the highest margin in the last 3 years;

Operating Cash Generation (OCG) after Capex: Year-to-date, OCG after Capex grew 9.4% and reached R$ 540.3 million versus R$ 494.1 million in 2021, reinforcing the company's focus on improving cash generation, timely payments and profitability. The OCG in 4Q22 was impacted by the postponement in the receipt of part of the NBTP sales for the year 2022, which were paid in early 2023;

Net Debt/EBITDA 12M: Cogna ends 4Q22 with a Net Debt/Adjusted EBITDA ratio of 2.10x for the last 12 months. Despite the constant increase in the interest rate (Selic) throughout the year, the ratio remained healthy, at 2.15x levels throughout 2022.

COGNA

Seventh consecutive quarter of growth in operating result (EBITDA) and profitability (EBITDA Margin): consistency reflects soundness of strategy and performance ability.
The 4Q results confirm 2022 as the turning point in Cogna's value generation process, with the core businesses sharply improving their margins and growing revenue. We celebrate such results as important achievements, especially in the face of the difficult economic context experienced by Brazil.

We shared several times, in releases and Investor Days, our conviction that the strategies outlined in 2020 and implemented since then would take their toll throughout 2021, with a revenue drop and an increase in churn at Kroton and a strong cost restructuring at Vasta, but which would culminate in a new stage of growth from 2022, on a more structured and adequate basis for the new reality that the education sector imposed on us.

This new period of growth has already started and the company remains optimistic that the new fundamentals of the business will allow for profitability and growth in 2023 and beyond.

We are clear that this positive financial performance: (i) only makes sense if we were respecting and favoring society and; (ii) is only sustainable if we have the best talent motivated to deliver results both in our current core operations and in our innovation theses, as we remain confident that an ambidextrous company can generate more value in the short and long term. As a consequence of this vision, we prioritized and achieved expressive deliveries in the following pillars: ESG, as the leader in the analysis of ESG performance using the Corporate Sustainability Assessment (CSA) of S&P, in addition to conquering its space in three Sustainability Indexes of B3 – ISE, ICO2 and IGPTW; and in the Management and Culture pillar: winning the GPTW Seal and starting the first Internship program aimed at black women.

Growth: 2nd quarter of Net Revenue growth at Kroton and 10th quarter of Revenue growth at Vasta

Kroton achieves the second consecutive quarter of double-digit growth in Net Revenue (12.6%), confirming that the company completed the restructuring phase and is in the growth phase. Based on the message shared in past releases, the company's focus on obtaining growing intake Revenues, which is on track for the fourth consecutive cycle, generates positive compound effects on Kroton's Revenue. Such effects became evident in 3Q22, when they overlapped the reduction in PEP and FIES Revenue. This is a combination of: (i) the company's good position in relation to distance learning, through the expansion and maturity of hubs and new courses, resulting from the right decisions since 2020 that focused the expansion via distance learning; (ii) commercial strategy characterized by the effectiveness of the online media, stability of nominal intake prices and new sales channels and; (iii) the concentration of offers of high Lifetime Value ("LTV") courses in the on-campus courses segment, offering confidence in the continuity of the compound growth effect in the Company's intake Revenue.

In Vasta, the growth of 26.8% in Net Revenue in 4Q22 evidences the resumption of the accelerated pace of revenue growth of pre-pandemic years: reaching the guidance of R$ 1,230 million in ACV in the 2023 cycle implies a CAGR of 29% in ACV between 2021 and 2023 vs. 13% between 2019 and 2021. Thus, we reinforce the thesis of the company's high growth, which should follow the pace of expansion mainly through the penetration of complementary solutions (more participating schools and more solutions per school), market-share gain in learning systems, increased share of premium labels in the ACV mix and migration from PAR Revenue to subscription.

NBTP, the most representative business at Saber, generated a decrease of 18.9% in 2022 Revenue compared to 2021, due to the lower volume of books purchased by the Federal Government for public schools, a scenario already expected for 2023 due to the natural seasonality of the program. The expectation is that revenue will grow again in 2023 and 2024, according to historical seasonality, as the NBTP provides for purchases for school grades with the highest number of students. Despite this momentary reduction in revenue in Saber, the strong growth in Kroton and Vasta, more than offset the seasonality of NBTP and allowed Cogna's total revenue to grow 13.2% in the quarter and 6.6% year-to-date 2022.

Effectiveness: Increased margins at Cogna and Liability Management actions generate growth in Operating Cash Generation

In 2022, Cogna presented an expansion of 2.3 pp in Recurrent EBITDA margin. This result mainly reflects the operational restructuring of Kroton and Vasta.

At Kroton, the 1.6 pp increase in Recurring EBITDA margin in 2022 is mainly explained by: (i) continuous improvement in the Revenue quality, with a reduction in default and, consequently, lower levels of PDA in relation to Revenue; (ii) efficiency gains in Client Acquisition Cost ("CAC"); (iii) growth in Kroton Med's market share in the company's Statement of Income; (iv) good average price management with nominal caption stability and IPCA+ transfer on re-enrollment and; (v) expansion in higher LTV courses in the On-Campus segment. These drivers of increased profitability at Kroton more than offset the costs and expenses arising from the resumption of on-campus operations after the loosening and suspension of isolation measures on campuses. The gains in operational leverage from the Distance Learning operation will have an increasing impact on Kroton's profitability, with the prospect of sustaining expansion in gross margins and Recurring EBITDA. Furthermore, despite not having an impact on recurring EBITDA, the rationalization of campuses, which resulted in a reduction of more than 35% in units (from 176 at the end of 2019 to 112 at the end of 2022), generated strong growth in cash revenue generation, as it allowed the reduction of expenses with rents and maintenance Capex.

Finally, we highlight the 10.2 pp increase in Recurring EBITDA Margin in 2022 compared to 2021 in Vasta, reaching an unprecedented margin of 27.3% in the year, above the pre-Covid-19 level, and evidencing the success of the cost restructuring carried out in 2021. In addition to the efficiency gain, the business still offers room for increasing the Recurring EBITDA margin by means of: (i) Revenue growth in more profitable products (subscription, premium labels and complementary solutions) and; (ii) operational scalability, with greater dilution of expenses. The company reached an increase of R$ 183.0 million in Recurrent EBITDA, totaling R$ 344.9 million in the year, an amount that was negatively impacted by R$ 15.0 million from the provision of 100% of receivables related to Vasta products in inventories of retail companies undergoing judicial recovery.

Post-CAPEX Operating Cash Generation (OCG) grew 9.4% in 2022, reaching R$ 540 million. This evolution demonstrates the strength of the cash generation growth of Kroton and Vasta, as they allowed an increase of R$ 46.2 million in Cogna compared to: 2022, despite two important factors that reduced the generation for the year: (i) 18.9% decrease in Saber Revenue due to a smaller NBTP program in 2022 and; (ii) the late receipt (only in 2023) of part of the 2022 NBTP billing, which was expected to have been paid in the year.

With good cash generation results and the increase in the Selic rate, the company focused its efforts on deleveraging and reducing financial expenses, through Liability Management actions. In 4Q22, the company renegotiated R$ 500 million of Debt, which resulted in a spread reduction of 80 bps, with an increase in duration. The company ended 2022 with approximately R$ 2.1 billion in cash and cash equivalents and an amortization of R$ 1.8 billion in debentures in August of this year. The OCG for the year, up to the amortization date, plus cash and cash equivalents and the funding raised in January 2023 of R$ 500 million (CDI + 2.15%), allow amortization to be made while maintaining a secure cash position. Finally, between January and March 2023, more than R$ 1.0 billion of the R$ 1.8 billion due in August 2022 were repurchased, generating a financial gain of approximately R$ 10.0 million for the year. As a result, Cogna ended 2022 with a Net Debt/Adjusted EBITDA ratio of 2.10x for the last 12 months, a ratio that remained stable at the same level of 2.1-2.2x throughout the year, despite of the constant increase in the interest rate (Selic).

Experience: Obsession with the experience (NPS) of our students

Providing an amazing experience for our students is one of our strategic priorities. Through active listening to constant feedback from our students and continuous improvement in our processes, we seek to consistently improve the student journey. In 2022 we reached the NPS quality zone and presented the best performance of on campus model ever.

One of the major developments occurred in customer service, where we made great progress in key indicators, which significantly impact the student experience. Recalls dropped 4 percentage points in the call center and 10 percentage points in the other channels, while resolution of requests within the deadline rose by 21 percentage points. Our WhatsApp, which allows students to automatically obtain a second copy of bank slips, school records, enrollment certificates, among others, increased student retention by 32 percentage points. Moreover, we continue to expand our channels, and, in May 2022, we launched the video call service, allowing the student to have a specialized service for more complex and sensitive issues. In the *Reclame Aqui* website, all our brands showed performance increases, closing the year with average grades above 7 and the nomination of two brands to compete for the “The best companies in Reclame Aqui” award.

Even with so many major advances, our cost reduction strategy was maintained and we managed to reduce the cost per service by 32.7%.

People and Culture: Outstanding team, guided by the "Cogna Way" and seeking more and more diversity

The year 2022 was a very important year on the People and Culture front within Cogna. That year we received the "Great Place to Work" seal, which shows that we are on the right path to be admired as an employer brand and effectively providing our employees with an engaging and motivating context. We believe that a diverse, talented and aligned team in terms of strategy and culture is essential to continue transforming our organization and throughout the year we launched "Cogna Way", which represents our corporate culture, the way we approach challenges and how we are guided by the Company's five values: Delivery of Results, Teamwork Sense, Direct Relationship, Focus on Client and Diversity. With the company's future and diversity in mind, we launched Cogna's first Trainee program, which will be aimed exclusively at black women (black and brown), and whose purpose is to prepare them to hold leadership positions.

Innovation: Cogna continues to be a benchmark in innovation in Brazil and the main company in the Education market

The year 2022 marked the launch of our Corporate Venture Building program through Cogna's innovation hub created to support the ideation, exploration and validation of theses by new startups focused on education and employability within the Cogna ecosystem. Throughout the year, we had several initiatives, as mentioned in our Investor Day 2022, such as: Voomp Creators, Chatty and T.EX. Furthermore, we continue investing and supporting startups outside our ecosystem, as we understand that Cogna must be involved in initiatives that may change the industry's scenario in the coming years. We believe that the ability to be an ambidextrous company, capable of evolving in core business and seeking innovation through new business theses is the recipe for making our offer of education products and services increasingly complete, sustaining our long-term growth.

ESG: Inclusion agenda on the rise, prioritizing public school students, people with low income and minorities

Cogna was the first Brazilian education company to launch public commitments on the ESG area. Overall, there are 14 Cogna commitments for a better world, in line with UN Global commitments. Focused on these comprehensive actions, we were recognized nationally and internationally in the main ratings and industry ratios, such as Sustainalitics and S&P Global.

Macroeconomic environment

Historically, three macroeconomic indicators have the greatest influence on Cogna's results: (i) inflation; (ii) unemployment and; (iii) GDP change. Such economic vectors have this behavior on Cogna mainly due to their influence on the Kroton business unit, the Graduate B2C vertical. As a result of the pandemic, the level of health restrictions started to have a strong influence on Cogna's results over the last 3 years for all the company's business verticals (Kroton, Vasta and Saber).

Considering the points described above, the Brazilian economic scenario in 2022 was challenging for Cogna. Despite further loosening of COVID-19 health restrictions in 2022 compared to 2021, favoring the resumption of normality in most of the productive economy, the contractionary monetary policy, with a 450 bps increase in the basic interest rate, acted as a new demand and credit constraint, thus pressuring the financial expenses of leveraged agents. Moreover, inflation persisted for the second consecutive year above the ceiling established by the Federal Government, with an accumulated IPCA result of 5.79% for 2022, deteriorating the consumer power of the broad market. On the other hand, GDP grew 2.9% in 2022, with the services sector being a positive highlight in the breakdown of this result and unemployment continued to fall for the second consecutive year, with an annual average of 9.3%, compared to 13.2% in 2021.

In Kroton, despite the lifting of restrictions on campus classes, the number of students enrolled in Distance Learning at Kroton grew 16.4% in 2022, up from 14.2% in 2021, indicating continuity of demand for this learning modality and the Kroton's good positioning in the market. In addition, despite the 7.8% growth in the number of defaulting Brazilians in 2022, Kroton recorded a reduction in defaults in the same period.

In Vasta, which is a B2B vertical in Cogna, and whose revenue mostly comes from the sale of Learning Systems and books for schools, the substantial return of basic education students: (i) to classrooms and; (ii) to private education after leaving public education in 2021, positively influenced the resumption of ACV and company's profitability in 2022.

Operating performance

Kroton

The double-digit Revenue growth at Kroton in 3Q22 and 4Q22, which adds to the previously established profitability gain, reflects the execution consistency demonstrated quarter after quarter: (i) intake Revenue in the last 3 cycles, despite stricter commercial policies and the extinction of the PEP; (ii) stability in dropout rates, despite a greater mix of freshmen in digital courses and greater rigidity in renegotiations with defaulting students; (iii) improvement in the quality of Revenue, which has already been reflected in the lower need for provisioning and; (iv) much more efficient Marketing, with an emphasis on digital channels. Such results demonstrate the success of building and disseminating a clear vision at Kroton, focusing on growth via Distance Learning ("EAD"), expanding the portfolio of EAD courses, the number of Hubs and intake channels, while at the same time we reduced our campus operation, offering greater operational efficiency, higher conversion of EBITDA into cash and higher return on capital held in property, plant and equipment.

With a growth of 3.6% in Net Revenue for the year, the company confirms that it has completed the restructuring phase and is in the growth stage. Based on the message shared in past releases, the company's focus on obtaining growing intake Revenues, which is on track for the fourth consecutive cycle, generates positive compound effects on Kroton's Revenue. Such effects became evident in 3Q22, when they overlapped the reduction in PEP and FIES Revenue. This is a combination of: (i) the company's good position in relation to distance learning, through the expansion and maturity of hubs and new courses, resulting from the right decisions since 2020 that focused the expansion via distance learning; (ii) commercial strategy characterized by the effectiveness of the online media, stability of nominal intake prices and new sales channels and; (iii) the concentration of offers of high Lifetime Value ("LTV") courses in the on-campus courses segment, offering confidence in the continuity of the compound growth effect in the Company's intake Revenue.

Morover, Kroton presents an increase of 1.6 pp in Recurring EBITDA margin in 2022, mainly driven by: (i) continuous improvement in the Revenue quality, with a reduction in default and, consequently, lower levels of PDA in relation to Revenue; (ii) efficiency gains in Client Acquisition Cost ("CAC"); (iii) growth in Kroton Med's market share in the company's Statement of Income; (iv) good average price management with nominal caption stability and IPCA+ transfer on re-enrollment and; (v) expansion in higher LTV courses in the On-Campus segment. These drivers of increased profitability at Kroton more than offset the costs and expenses arising from the resumption of on-campus operations after the loosening and suspension of isolation measures on campuses. The gains in operational leverage from the Distance Learning operation will have an increasing impact on Kroton's profitability, with the prospect of sustaining expansion in gross margins and Recurring EBITDA. Furthermore, despite not having an impact on recurring EBITDA, the rationalization of campuses, which resulted in a reduction of more than 35% in units (from 176 at the end of 2019 to 112 at the end of 2022), generated strong growth in cash revenue generation, as it allowed the reduction of expenses with rents and maintenance Capex.

Student Base and Movement:

	Graduate Total			High On-Site Attendance			Low On-Site Attendance		
	4Q22	4Q21	HA%	4Q22	4Q21	HA%	4Q22	4Q21	HA%
Initial Base	984,664	881,554	11.7%	352,561	323,833	8.9%	632,103	557,721	13.3%
Graduations	0	0	-	0	0	-	0	0	-
Dropout	(88,170)	(77,410)	13.9%	(27,775)	(24,203)	14.8%	(60,395)	(53,207)	13.5%
Dropout Rate	**9.0%**	**8.8%**	**0.2 p.p.**	**7.9%**	**7.5%**	**0.4pp**	**9.6%**	**9.5%**	**0.0pp**
Re-enrollment	896,495	804,145	11.5%	324,786	299,630	8.4%	571,709	504,515	13.3%
Intake	0	0	-	0	0	-	0	0	-
Final Base	**896,495**	**804,145**	**11.5%**	**324,786**	**299,630**	**8.4%**	**571,709**	**504,515**	**13.3%**

The Kroton student base reached 896,500 students at the end of 4Q22, accounting for an increase of 11.5% compared to the number of students in 4Q21, the 3rd consecutive semester of growth in the student base at Kroton. This growth occurs in both modalities: High On-Site Attendance (+8.4%) and Low On-Site Attendance (+13.3%). In line with the company's strategy of focusing on digital courses, Low On-Site Attendance shows even more expressive growth rates than the High On-Site Attendance segment.

The stability in total dropout (+0.2%) adds to the cycles of increasing intake to achieve the growth in the student base described above.

	Graduate Total		
	4Q22	4Q21	HA%
Initial Base	62,314	54,852	13.6%
Graduations	(23,078)	(16,608)	39.0%
Dropout	(790)	(769)	2.7%
Dropout Rate	**2.0%**	**2.0%**	**0.0pp**
Re-enrollment	38,446	37,475	2.6%
Intake	28,959	18,925	53.0%
Final Base	**67,405**	**56,400**	**19.5%**

The graduate student base grew 19.5% in the fourth quarter of 2022 compared to the same period of 2021. With such growth, we ended 4Q22 with 67.4 thousand graduate students, with graduate dropout rates stable at 2.0% in the quarter.

Average price

Kroton managed to achieve Revenue and Profitability growth, even in a challenging economic scenario and a highly competitive market. To achieve these results, as shared in Releases from previous quarters, the company adopted a strategy focused on increasing Revenue cycles and taking advantage of the low variable cost offered by the digitalization of courses.

Price (P) Freshmen ↓ x Quantity (Q) Freshmen ↑↑ = Revenue (R) ↑ - Variable Cost (digitization) ↓ = Profitability ↑

This is due to: (i) commercial focus on higher LTV courses for the "On-Campus" segment; (ii) successful transfer of inflation to veterans and; (iii) maintenance of nominal prices for the same courses, the average price of paying High On-Site Attendance students grew 12.1% in the second half of 2022 compared to the second half of 2021. This growth occurs despite the increased share of students in the sub-segment with the lowest average price ("EAD Premium"), within the High On-Site Attendance segment. Paying High On-Site Attendance students Revenue grew 24.2% between 2H22 and 2H21, due to the combination of average price growth (+12.1%) and an increase in the number of active students (+10.8%) in the period.

The total High On-Site Attendance segment average price grew less than the paying High On-Site Attendance students price for the same cycle (+6.5%), due to the continuous reduction in the number of FIES (-26.7%) and PEP (-38.7%), which have higher average prices. The impact of said reduction of FIES and PEP students on the average High On-Site Attendance price becomes less relevant as the share of these students in the total High On-Site Attendance student base decreases. At the end of 2022, FIES and PEP accounted for 6.4% of High On-Site Attendance students versus 10.1% at the end of 2021. Total High On-Site Attendance Revenue grew 10.0% between 2H22 and 2H21.

The average price of the Low On-Site Attendance segment decreased 8.6% in the second half of 2022 compared to the second half of 2021. This change reflects: (i) the growth in student share in the sub-segment with the lowest price ("100% Online") and; (ii) high competitiveness in the segment, with competitors adopting aggressive pricing practices for intake. The growth in the number of active students in Low On-Site Attendance between the second half of 2022 and the second half of 2021 (+15.4%) more than offset the decrease in the segment's average price, and resulted in a Revenue growth of 5.5% for the period.

	Price (P) Average monthly price = (R/Q/6)			Quantity (Q) Active Students ('000)			Revenue (R) Invoicing[2] (R$ billion)		
	2H22	2H21	HA%	2H22	2H21	HA%	2H22	2H21	HA%
High On-Site Attendance	786	755	▲ 4.1%	288.7	273.2	▲ 5.7%	1,361.4	1,237.4	10.0%
Out-of-Pocket	695	620	▲ 12.1%	272.0	245.5	▲ 10.8%	1,133.7	912.8	▲ 24.2%
FIES	*2,618*	*2,454*	*6.6%*	*6.0*	*8.9*	*-32.7%*	*94.5*	*131.7*	*-28.3%*
PEP	*2,091*	*1,716*	*21.8%*	*10.6*	*18.7*	*-43.3%*	*133.3*	*192.9*	*-30.9%*
Low On-Site Attendance	194	212	▼ -8.6%	556.5	482.0	▲ 15.4%	646.2	612.4	▲ 5.5%

Vasta

In 2022, Vasta's results proved the resilience, attractiveness and scalability of its business model by: (i) exceeding the ACV of R$ 1.0 billion expected for the 2022 cycle and; (ii) delivering a result in 4Q22 that offers confidence in achieving the guidance for the 2023 cycle. Such results reflect strategic consistency and operational excellence: (i) organic market-share gain in core education system; (ii) accelerated penetration expansion of complementary solutions in the base of partner schools; (iii) migration of clients from non-subscription to subscription products, offering greater loyalty, profitability and predictability of results and; (iv) up-selling to premium education systems, within the base of partner schools.

Finally, we highlight the 10.2 pp increase in Recurring EBITDA Margin in 2022 compared to 2021 in Vasta, reaching an unprecedented margin of 27.3% in the year, above the pre-Covid-19 level, and evidencing the success of the cost restructuring carried out in 2021. In addition to the efficiency gain, the business still offers room for increasing the Recurring EBITDA margin by means of: (i) Revenue growth in more profitable products (subscription, premium labels and complementary solutions) and; (ii) operational scalability, with greater dilution of expenses. The company reached an increase of R$ 183.0 million in Recurrent EBITDA, totaling R$ 344.9 million in the year, an amount that was negatively impacted by R$ 15.0 million from the provision of 100% of receivables related to Vasta products in inventories of retail companies undergoing judicial recovery.

Financial Performance

Unless otherwise indicated, the financial data used to prepare the following analyses reflect Cogna's consolidated results for 2022, when compared to the corporate results for 2021.

- Gross and Net Revenue – Cogna’s gross revenue for fiscal year 2022 fiscal was R$ 6,701.6 million, up 5.9% year-on-year, due to the revenue growth at Kroton and Vasta. Net revenue for 2022 totaled R$ 5,092.2 million, a growth of 6.6% compared to 2021, following the trend shown in gross revenue.

- Costs of Products Sold and Services Rendered – the Company's costs totaled R$ 1,864.9 million, equivalent to 36.6% of net revenue, a decrease of 3.2 p.p. compared to 2021.

- Gross Income and Gross Margin – the gross profit for 2022 reached R$ 3,227.3 million, with a gross margin of 63.4%, a growth of 12.3% and an increase of 3.2 p.p., respectively, compared to 2021.

- Operating Expenses – operating expenses reached R$ 2,924.0 million in 2022, representing 57.4% of net revenue for the period against 58.5% of net revenue in 2021. Operating expenses are broken down into three broad lines:

    - General and administrative expenses: are derived from the business segments and mainly include expenses with administrative personnel, consulting, travel and third-party services. These expenses amounted to R$ 1,709.2 million in 2022, or 33.6% of net revenue, a decrease of 1.2 p.p. compared to 2021.

    - Sales expenses: are expenses with commercial, advertising and marketing team. In 2022, this group of expenses totaled R$ 548.7 million, 10.8% of net revenue, a reduction of 1.2 p.p. in the annual comparison.

    - Allowance for doubtful accounts (PCLD): in 2022, this group totaled R$ 435.0 million, 8.5% of net revenue, a reduction of 2.7 p.p. compared to 2021, due to the continued improvement in the performance at Kroton

    - Asset impairment losses totaled R$ 215.4 million in 2022 and zero in 2021.

    - Other Operating Revenues/Expenses/Equity Pick-Up: the result of these lines was negative R$ 15.8 million in 2022, or 0.3% of net revenue for the period, against negative R$ 25.5 million in 2021.

- EBITDA – in 2022, the Company's EBITDA (after deducting non-recurring expenses) was R$ 1,459.9 million, 15.8% higher than in 2021 and representing 28.7% of the net revenue for the period, due to the aforementioned factors, mainly the improvement in the results achieved in Kroton and Vasta.

- Indebtedness – Cogna closed the year 2022 with a net debt of R$ 3,332.8 million, an increase of 7.5% over the previous year.

- Financial income (loss) – the financial income (loss) was negative R$ 895.4 million against negative R$ 583.8 million recorded in 2021. The worsening of the income (loss) is due to the increase in interest rate during the year.

- Income Tax and Social Contribution – Income Tax and Social Contribution totaled positive R$ 51.1 million, 1.0% of net revenue, an increase of 0.1 p.p. in the annual comparison.

- Net Result – the net loss for 2022 totaled negative R$ 541.0 million, with a margin of -10.6% compared to a net loss of negative R$ 513.0 million and net margin of -10.7 % in 2021, reflecting the worsening financial result and recognition of impairment loss on assets and offset by the operational improvement in the results of Kroton and Vasta.

- Investments – In the comparative view of the accumulated results for the years, Capex and investment in expansion grew 11.5%, from R$ 396.1 million in 2021 to R$ 441.6 million in 2022. In line with the company's strategic focus of adopting an asset light model, with the reduction in the number of campuses in Kroton and the sale of the Saber school operations in 2021, the company managed to increase the share of Capex in technology while reducing Capex in works and improvements. The successful implementation of this strategy can be evidenced by the increase in "Content development and Systems and Software Licenses" (+R$ 55.3 million) and "Computer equipment and library" (+R$ 8.6 million), while there is a decrease of R$ 21.6 million in the "Expansion – works and improvements" in the comparison between 2022 and 2021. It becomes clear when we analyze the reduction in Capex as a percentage of revenue, both in the quarter and in the year, that the company is focused on its strategy of becoming increasingly asset light.

We present below the table for reconciliation of Ebitda to Adjusted Ebitda:

		Consolidated
	12/31/2022	**12/31/2021**
Loss for the period	**(540,998)**	**(512,985)**
Income tax and social contribution - Note 25.1	51,125	43,845
Financial income (loss) - Note 31	(895,428)	(583,772)
Depreciation - Note 30	(924,384)	(953,161)
(-) Discontinued operations	**-**	**(160,968)**
Income tax and social contribution	-	(5,484)
Financial income (loss)	-	(63,564)
Depreciation	-	(91,920)
Accounting EBITDA	**1,227,689**	**1,141,071**
(+) Interest and arrears on monthly tuition - Note 31	92,039	140,686
(+) Discontinued operations	**-**	**585**
(+) Interest and arrears on monthly payments	-	585
Management EBITDA	**1,319,728**	**1,282,341**
(-) Non-recurring items (i)	(335,636)	(298,708)
Reversal of contingencies - BA	65,160	226,393
Adjusted EBITDA	**1,590,204**	**1,354,656**

Corporate Governance, Investors Relations and Awards

The Company's shares - "COGN3" - are listed on B3's Novo Mercado, a segment with the best Corporate Governance practices, thus reiterating its commitment to the financial community and to all the shareholders.

Regarding the Board of Directors, the Company continues to have a high level of experience in the educational market, which is an outstanding feature of the company. Currently, the Board of Directors has 5 members, 2 of which are independent in accordance with the applicable legislation, increasing corporate governance standards in line with the best market practices.

Additionally, the Advisory Committees established in 2019 remained active, as follows: “Audit and Risk”, “People and ESG”, “Finance and M&A”, and “Strategy and Innovation”. The main role of the committees is to provide the Board of Directors with the elements and information necessary for the decision-making process and to support the Executive Board in the policies approved by the Board of Directors.

Cogna also has a Fiscal Council with 4 members responsible for, among other duties, inspecting Management's activities, reviewing the Company's financial statements and reporting its conclusions to the shareholders. Finally, Cogna also has a Control, Audit and Compliance Department whose main purposes are (a) to map and manage the risks to which the Company is exposed, (b) to carry out independent audits in the business areas, (c) to apply all compliance practices through policies, rules and procedures, (d) to manage and investigate reports made by through the whistleblower channel and (e) to monitor strategic risks related to Information Security with the Internal Audit area and the Security Committee of Information and Risks. These instruments establish the basic operation guidelines expressed by Top Management in compliance with the integrity standards and values.

Always ensuring transparency and diligence in communicating with the financial community and disclosing Cogna’s results and strategy, the Investors Relations (IR) area attended more than 30 events with analysts and investors in 2022, including conferences and virtual non-deal roadshows in Brazil and abroad, in addition to presentations for analysts and investors and our own events, such as our Investor Day. Additionally, hundreds of meetings and conference calls have been held.

In recognition of this work, the Company won the FILASA Award (The Finance and Law Summit and Awards) 2022 as the Best Legal Department in the Education Sector in Brazil. It was the first company in the field of education to be included in the list of the 2022 Transparency Trophy in the category net revenue below R$ 5 million, 1st place in the Valor Inovação Prize in the Service sector, 1st place in Education in the Open Corps Award – TOP5 Education Service, 151st position in the Best Companies of Dinheiro Magazine Ranking, being the first in the sector of education in the list, 1st place in Estadão Empresas Mais, Época Negócios. Cogna reached 148th place in the general ranking and 2nd place in the Ranking Challenges in the Education sector Cogna in the ESG Governance category, 4th place for Innovation, 5th place for Vision of the Future and People, Londrina Unopar Top Brands Award - 1st place, in the Teva Index Ranking – Women in Leadership, Cogna ranked 4th in the category of representation of women on Boards of Directors, and 12th overall on the female representation in leadership. SOMOS Educação and Cogna were recognized by the 2022 Racial Equality Seal of the City of São Paulo, Bloomberg Linea Personality of the Year, Roberto Valério Integrates the list of 500 most influential people in Latin America, Melhor RH do Brasil Award, of Melhor RH – Fabio Lacerda is on the 2022 list and entered the regional list as Best Southeast HR and the national list as Best HR in Brazil within the Education category and 1st place in the Revelo Plus category of the Revelo Awards.

Capital Market

SHAREHOLDING STRUCTURE

In February 2022, the company announced a share buyback plan, effective until February 2023, and monthly discloses the number of shares repurchased through the Traded and Held Securities form (CVM 358). Subject to the days it could operate and the buyback policy rules, 7.8 million shares were repurchased by the end of 4Q22 and 14.8 million by February 10, when the Cogna share buyback program ended.

Due to the increase of 4.0 p.p. in the basic interest rate (Selic) since the buyback plan was announced (9.25% to 13.75%), alternatives of greater financial attractiveness emerged and were used, such as the buyback of R$ 1,389 million in debt being renegotiated below par, reducing the cash availability for share buyback.

At the same time, treasury shares were transferred to executives, in accordance with the stock option plan in effect. Thus, the combination of these factors resulted in a reduction in the number of the company's treasury shares, which has a Free Float of 99.9%.

Cogna Ownership Structure*	Quantity	%
Treasury	1,913,841	0.10%
Free Float	1,874,692,369	99.90%
Total	**1,876,606,210**	**100.00%**

* Position on 12/31/2022.

PERFORMANCE OF SHARES

Cogna's shares (COGN3) are part of several indices, with highlight to the Ibovespa, the Differentiated Corporate Governance Index (IGC), the Differentiated Tag Along Stock Index (ITAG), the Consumption Index (ICON) and MSCI Brazil. In addition to composing three new B3 Sustainability Indexes in 2022: ISE, ICO2 and IGPTW.

In 4Q22, the Company's shares were traded in 100% of the trading sessions, totaling a trading volume of R$ 6.6 billion, resulting in an average daily trading volume of R$ 105.2 million, making it the most liquid educational stock traded on Ibovespa. Currently, Cogna shares are monitored by 15 different local and international (research) brokerage firms. As of December 31, 2022, Cogna's market value was R$ 3.98 billion.

In the fourth quarter of 2022, Cogna's share depreciated 28.6%, while the Ibovespa depreciated 5.3%, ITAG depreciated 1.74%, the IGC appreciated 9% and the ICON depreciated 0.88% in the same period.

Cogna Stock Performance (R$)	4Q22
Average Daily Trading Volume (mm)	105,241,913
Start price	2.97
High	*3.31*
Low	*1.97*
Average	*2.55*
End price	2.12
Price change during period	**-28.6%**

Shareholders' remuneration

Cogna's Bylaws provide for the distribution of mandatory dividends of 25% of net income, adjusted by deductions and additions provided for in art. 202, II and III of the Brazilian Corporation Law. Due to the net loss, dividends were not distributed in 2022.

ESG | ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The fourth quarter was marked by important achievements that reinforce the Company's ESG (Environmental, Social and Corporate Governance) strategy and its commitments to sustainability, including the challenges posed by the UN's Global Compact and the Sustainable Development Goals (SDGs).

Check out below the main highlights:

- The Company is now part of the three B3's Sustainability Indexes – ISE, ICO2 and IGPTW;
    - Entry into the ISE (Corporate Sustainability Index), being the only education company to make up the portfolio. The objective of the ISE B3 is to be an indicator of the average performance of the asset prices of companies selected for their recognized commitment to corporate sustainability;
    - Entry into the GPTW Index, being the first company in the sector to be part of the Portfolio. The purpose of the IGPTW B3 is to be an indicator of the average performance of the asset prices of companies admitted to trading on the B3 and which were certified by the GPTW as the best environments to work;
    - Entry into the Carbon Efficient Index - ICO B3 - which aims to be an instrument that induces discussions on climate change in Brazil. Companies' adherence to the ICO2 demonstrates their commitment to the transparency of their emissions and anticipates their vision of how they are preparing for a low-carbon economy;
- Low-risk assessment in Sustainalytics, advancing two positions. The Company now ranks 2nd globally in the Consumer Services Industry category, 1st among global peers, 1st among peers in Brazil;
- Leadership in ESG performance analysis by S&P's Corporate Sustainability Assessment (CSA), achieving 2nd global position in the segment and 1st place among education companies in Brazil. Cogna is now part of the 2023 Yearbook, a document that scores the top 10% of global companies, being recognized in the Industry Mover category.
- Obtaining the Seal of Racial Equity granted by the city of São Paulo, also being a pioneer in the Sector. The purpose of the Seal is to encourage the adoption of affirmative policies through quotas in the workplace, the promotion of ethnic-racial equality and historical redress for the black population, the mitigation and gradual elimination of discriminatory acts and the material equality of opportunities.

Independent audit

In fulfillment of CVM Instruction 162/22, we inform that KPMG Auditores Independentes Ltda. was engaged to provide the following services in 2022: (i) audit of financial statements in accordance with accounting practices adopted in Brazil and International Financial Reporting (“IFRS”) standards; and (ii) review of quarterly interim financial information in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively).

The engagement of independent auditors is based on the principles that safeguard the auditor’s independence, which consist of the following: (a) the auditor should not audit his own work; (b) cannot exercise management functions; and (c) shall not provide any services that may be deemed prohibited by current regulations. Additionally, Management obtains, from the independent auditors, a statement that the special services provided do not affect their professional independence.

Arbitration clause

Cogna adopts arbitration to resolve corporate conflicts, through the Market Arbitration Chamber, pursuant to art. 39 of the Company's Bylaws.

Declaration of the Executive Board

Cogna's Executive Board declares that, pursuant to CVM Instruction 59, dated December 21, 2021, it has reviewed, discussed and agreed (i) with the content and opinions expressed in the report of KPMG Auditores Independentes Ltda., issued on March 23, 2023; and (ii) with the accounting financial statements for the fiscal year ended December 31, 2022.

Acknowledgment

Cogna's Management appreciates all the trust and support of all its Higher Education and Basic Education students, teaching institutions and partner schools, government agencies, suppliers, investors and employees, who daily help us to embark on a new era, with growth opportunities while maintaining the purpose of transforming people's lives through quality education.

For details of the analysis of our 2022 income (loss), please visit our website:
ri.cogna.com.br
THE MANAGEMENT

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Independent auditors' report on the individual and consolidated financial statements

To

Board of Directors and Shareholders of

Cogna Educação S.A.

Belo Horizonte – MG

Opinion

We have audited the individual and consolidated financial statements of Cogna Educação S.A. ("Company"), identified as Parent Company and Consolidated, respectively, comprising the balance sheet as of December 31, 2022 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the corresponding notes, comprising the significant accounting policies and other explanatory information.

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

Basis for opinion

We conducted our audit in accordance with Brazilian and international standards on auditing. Our responsibilities, under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries, in accordance with the ethical requirements provided for in the Accountant's Code of Professional Ethics and in professional standards issued by the Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were the most significant in our audit of current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of cash generating units that contain goodwill for expected future profitability

See Notes 2.13 and 16 to the individual and consolidated financial statements.

Key audit matter	How our audit addressed this matter
As of December 31, 2022, the Company presents, in its consolidated financial statements, significant amounts of goodwill based on expected future profitability arising from business combinations, which must be tested at least annually to identify the need to recognize impairment, according to the applicable accounting standard. The determination of the value in use of the cash-generating units (CGU) is based on estimated future cash flows, discounted at present value, which involve significant assumptions, such as: (i) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) margin; (ii) growth rate in perpetuity; and (iii) discount rate. Due to the uncertainties and judgments related to the main assumptions used to estimate the future cash flows of the cash-generating units, which, if changed, could result in amounts substantially different from those used in the preparation of the consolidated financial statements, as well as their related disclosures, we considered this matter to be significant in our audit.	Our audit procedures included, but were not limited to: – analysis, with the assistance of our corporate finance experts, of the main assumptions used by the Company to project future cash flows, comparing them with available market information, historical performance and previous forecasts. – recalculation, with the assistance of our corporate finance experts, of the present value of the cash flows projected by the Company for each cash-generating unit; – comparison of value in use with the value of goodwill based on expected future profitability of each cash-generating unit; and – evaluation whether the disclosures in the consolidated financial statements include all relevant information. Based on evidence obtained through above-summarized procedures, we considered the recoverable value of cash generating units containing goodwill by future yield estimate as acceptable, as well as related disclosures, in the context of the consolidated financial statements taken as a whole.

Measurement of the provision for expected credit losses on accounts receivable from Kroton segment

See Notes 2.8 and 8 to the individual and consolidated financial statements.

Key audit matter	How our audit addressed this matter
As of December 31, 2022, the Company presents, in its consolidated financial statements, significant balances of accounts receivable generated by the sale of Kroton segment. The measurement of the provision for expected credit losses on accounts receivable from this segment (higher education) that comes from students with and without private installment payments, requires a significant judgment by the Company in determining the main assumptions, which include: (i) determination of the student's risk profile; (ii) default rates for dropouts and graduates; (iii) expected dropout of active students; and (iv) expected cash inflows for agreements with renegotiated securities. Due to the complexity and level of judgment used in determining the main assumptions for measuring the provision for expected credit losses on accounts receivable from Kroton segment, as well as the impact that any changes in these assumptions could have on the Company's consolidated financial statements, we considered this matter to be significant in our audit.	Our audit procedures included, but were not limited to: – reconciliation of the databases of the main assumptions with the accounting balances and ancillary financial reports; – documentary tests, on a sample basis, on the data supporting the main assumptions used to measure the provision for expected losses; – recalculation of the models implemented by the Company to measure the provision for expected credit losses for students with and without private installment payments and comparison with the amounts recognized in the financial statements; and – evaluation whether the disclosures in the individual and consolidated financial statements include relevant information. During our audit, we identified adjustments that, although immaterial, affected the measurement of the provision for expected credit losses for students with private installment payments and without private installment payments, which were not recorded and disclosed by the Company as they were considered immaterial. Based on the evidences obtained through the procedures summarized above, we consider it acceptable to measure the provision for expected credit losses on accounts receivable from Kroton segment, as well as the related disclosures, in the context of the audit of the consolidated financial statements, taken as a whole.

Other matters

Statements of added value

Individual and consolidated statements of added value (DVA) for the year ended December 31, 2022, prepared under responsibility of Company's Management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures carried out together with the audit of Company's financial statements. To form our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in CPC 09 Technical Pronouncement - Statement of Added Value. In our opinion, these statements of added value were prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying individual and consolidated financial statements and the auditors' report

Management is responsible for other information comprising Management Report.

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

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

Responsibilities of Management and Tjose Charged with Governance for the individual and consolidated financial statements

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

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

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

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance means a high level of assurance, but not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards always detects any existing material misstatements. Misstatements can arise from fraud or error and are considered material when, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain our professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters.

We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 23, 2023

KPMG Auditores Independentes Ltda.
CRC 2SP-014428/O-6

(Original report in Portuguese signed by)
Flavio Gozzoli Gonçalves
Accountant CRC 1SP290557/O-2

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
BALANCE SHEETS
Year ended December 31, 2022 and 2021
In thousands of reais

		Parent company		Consolidated	
ASSETS	**Note**	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Current assets					
Cash and cash equivalents	6	19	369,527	121,772	1,601,468
Trading securities	7	757,304	116,530	2,007,061	2,425,201
Accounts receivable	8	-	-	2,011,108	2,025,689
Inventories	9	-	-	426,322	366,280
Advances		814	1,217	93,278	124,467
Recoverable taxes	10	-	-	53,442	79,815
Recoverable income tax and social contribution	11	29,721	19,557	205,231	134,043
Accounts receivable from sale of subsidiaries	12	-	-	12,190	76,292
Other receivables	13	617	365	129,323	134,687
Debentures receivable from related parties	29	105,530	278,609	-	-
Related parties – other	29	438,593	2,986,929	-	-
Total current assets		**1,332,598**	**3,772,734**	**5,059,727**	**6,967,942**
Non-current assets					
Long-term assets					
Trading securities	7	-	-	52,012	14,237
Accounts receivable	8	-	-	289,734	251,587
Derivative financial instruments	5.2	4,978	-	4,978	-
Recoverable taxes	10	23,758	-	88,118	109,328
Recoverable income tax and social contribution	11	94,735	38,105	175,751	98,556
Accounts receivable from sale of subsidiaries	12	-	-	16,309	133,138
Other receivables	13	-	-	35,004	43,671
Guarantee to tax, labor and civil losses	25	33,283	33,380	144,920	154,805
Judicial deposits	25	1,445	418	52,387	57,013
Deferred income tax and social contribution	26	-	-	1,174,673	904,160
Debentures receivable from related parties	29	1,200,218	851,103	-	-
Investments	14	13,819,896	14,441,961	83,739	1,211
Other investments	14(e)	-	-	8,271	-
Property, plant and equipment	15	-	-	4,058,943	4,201,251
Intangible assets	16	515,812	15,677	15,152,185	15,575,954
Total non-current assets		**15,694,125**	**15,380,644**	**21,337,024**	**21,544,911**
Total assets		**17,026,723**	**19,153,378**	**26,396,751**	**28,512,853**

See the accompanying notes to the individual and consolidated financial statements.

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
BALANCE SHEETS
Year ended December 31, 2022 and 2021
In thousands of reais

		Parent company		Consolidated	
LIABILITIES	**Note**	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Current liabilities					
Loans and financing	17	-	-	-	237
Debentures	18	1,932,853	2,092,743	2,038,312	2,120,340
Right-of-use lease	19	-	-	146,503	137,922
Suppliers		697	2,649	664,375	654,064
Suppliers - drawee risk	20	-	-	313,442	310,157
Labor obligations	21	10,356	-	387,031	387,082
Income tax and social contribution payable		-	-	22,536	28,488
Taxes payable	22	788	6,198	96,514	107,335
Advances from clients		-	-	192,768	176,130
Accounts payable - acquisitions	23	-	-	168,061	117,554
Other accounts payable		53	44	39,736	48,690
Related parties – other	29	186,490	148,728	-	-
		2,131,237	**2,250,362**	**4,069,278**	**4,087,999**
Loans and financing	17	-	-	-	651
Debentures	18	1,992,880	3,532,647	3,152,882	4,745,154
Right-of-use lease	19	-	-	2,866,626	2,889,449
Derivative financial instruments	5.2	23,032	-	23,032	-
Accounts payable - acquisitions	23	-	-	84,368	144,990
Provision for tax, labor and civil losses	24	34,669	35,023	720,653	568,130
Liabilities assumed in the business combination	24	-	-	1,227,287	1,510,445
Deferred income tax and social contribution	26	668,343	608,756	907,160	669,258
Other accounts payable		-	-	104,077	126,113
		2,718,924	**4,176,426**	**9,086,085**	**10,654,190**
Total liabilities		**4,850,161**	**6,426,788**	**13,155,363**	**14,742,189**
Shareholders' equity					
Capital	27	7,667,615	7,667,615	7,667,615	7,667,615
Capital reserves		4,517,204	5,116,787	4,517,204	5,116,787
Treasury shares		(8,257)	(57,812)	(8,257)	(57,812)
		12,176,562	**12,726,590**	**12,176,562**	**12,726,590**
Non-controlling interest		-	-	1,064,826	1,044,074
Total shareholders' equity		**12,176,562**	**12,726,590**	**13,241,388**	**13,770,664**
Total liabilities and shareholders' equity		**17,026,723**	**19,153,378**	**26,396,751**	**28,512,853**

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
STATEMENT OF INCOME
Year ended December 31, 2022 and 2021
In thousands of reais

		Parent company		Consolidated	
	Note	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Net revenue from sales and services	**31**	-	-	**5,092,202**	**4,778,057**
Cost of sales and services					
Cost of services rendered	32	-	-	(1,436,307)	(1,408,676)
Cost of goods sold	32	-	-	(428,576)	(495,034)
		-	**-**	**(1,864,883)**	**(1,903,710)**
Gross profit		**-**	**-**	**3,227,319**	**2,874,347**
Operating revenues (expenses)					
From sales	32	-	-	(548,718)	(570,753)
General and administrative	32	(8,163)	(407)	(1,709,188)	(1,662,087)
Provision for expected loss	32	-	-	(434,972)	(537,596)
Asset impairment loss	15	-	-	(215,434)	-
Other operating revenues	32	-	-	14,920	6,028
Other operating expenses	32	-	-	(28,736)	(33,092)
Equity in net income of subsidiaries	14	(406,551)	(389,506)	(1,887)	1,557
Operating income (loss) before financial income (loss) and taxes		**(414,714)**	**(389,913)**	**303,304**	**78,404**
Financial income (loss)					
Financial revenues	33	534,042	323,541	509,905	309,826
Financial expenses	33	(684,928)	(383,514)	(1,405,332)	(893,598)
		(150,886)	**(59,973)**	**(895,427)**	**(583,772)**
Operating loss before taxes		**(565,600)**	**(449,886)**	**(592,123)**	**(505,368)**
Income tax and social contribution					
Current	26.1	-	-	19,718	(2,392)
Deferred	26.1	36,670	12,223	31,407	46,237
		36,670	**12,223**	**51,125**	**43,845**
Loss from continued operations		**(528,930)**	**(437,663)**	**(540,998)**	**(461,523)**
Income (loss) from discontinued operations		-	(51,462)	-	(51,462)
Loss for the year		**(528,930)**	**(489,125)**	**(540,998)**	**(512,985)**
Allocated to:					
Controlling shareholders		(528,930)	(489,125)	(528,930)	(489,125)
Non-controlling shareholders		-	-	(12,068)	(23,860)
Basic loss per common share - R$ - continued operations	34	-	-	(0.29)	(0.25)
Diluted losses per common share - R$ - continued operations	34	-	-	(0.29)	(0.25)
Basic loss per common share - R$ - Consolidated	34	-	-	(0.29)	(0.27)
Diluted loss per common share - R$ - Consolidated	34	-	-	(0.29)	(0.27)

STATEMENT OF COMPREHENSIVE INCOME
Year ended December 31, 2022 and 2021
In thousands of reais

	Parent company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Loss for the year	**(528,930)**	**(489,125)**	**(540,998)**	**(512,985)**
Other comprehensive income	-	-	-	-
Comprehensive income for the year	**(528,930)**	**(489,125)**	**(540,998)**	**(512,985)**
Allocated to:				
Controlling shareholders	(528,930)	(489,125)	(528,930)	(489,125)
Non-controlling shareholders	-	-	(12,068)	(23,860)

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Year ended December 31, 2022 and 2021
In thousands of reais

					Parent company		Consolidated
	Capital	**Capital reserves**	**Treasury shares**	**Retained earnings (losses)**	**Total shareholders' equity**	**Non-controlling interest**	**Total shareholders' equity**
Balances at January 01, 2021	**7,667,615**	**5,640,562**	**(99,095)**	**-**	**13,209,082**	**1,076,081**	**14,285,163**
Comprehensive income for the year							
Loss for the year	-	-	-	(489,125)	(489,125)	(23,860)	(512,985)
Total comprehensive income for the year	-	-	-	(489,125)	(489,125)	(23,860)	(512,985)
Contribution from shareholders and distribution to shareholders							
Recognized options granted	-	11,698	-	-	11,698	-	11,698
Disposal of treasury shares	-	(46,348)	41,283	-	(5,065)	-	(5,065)
Minority interest	-	-	-	-	-	(8,147)	(8,147)
Allocation of income (loss) for the year							
Consumption of capital reserves	-	(489,125)	-	489,125	-	-	-
Total contributions from shareholders and distribution to shareholders	-	(523,775)	41,283	489,125	6,633	(8,147)	(1,514)
Balances at December 31, 2021	**7,667,615**	**5,116,787**	**(57,812)**	**-**	**12,726,590**	**1,044,074**	**13,770,664**
Comprehensive income for the year							
Loss for the year	-	-	-	(528,930)	(528,930)	(12,068)	(540,998)
Total comprehensive income for the year	-	-	-	(528,930)	(528,930)	(12,068)	(540,998)
Contribution from shareholders and distribution to shareholders							
Recognized options granted	-	29,892	-	-	29,892	4,297	34,189
Disposal of treasury shares (Note 27.1)	-	(72,022)	68,397	-	(3,625)	-	(3,625)
Repurchase of treasury shares (Note 27.1)	-	-	(18,842)	-	(18,842)	-	(18,842)
Loss of minority interest (Note 27.3)	-	(28,523)	-	-	(28,523)	28,523	-
Allocation of income (loss) for the year							
Consumption of capital reserves	-	(528,930)	-	528,930	-	-	-
Total contributions from shareholders and distribution to shareholders	-	(599,583)	49,555	528,930	(21,098)	32,820	11,722
Balances at December 31, 2022	**7,667,615**	**4,517,204**	**(8,257)**	**-**	**12,176,562**	**1,064,826**	**13,241,388**

See the accompanying notes to the individual and consolidated financial statements.

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS - INDIRECT METHOD
Year ended December 31, 2022 and 2021
In thousands of reais

		Parent company		Consolidated	
	Note	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cash flow from operating activities					
Operating loss before taxes		(565,600)	(449,886)	(592,123)	(505,368)
Adjustments for reconciliation with income (loss):					
Depreciation and amortization	32	294	339	451,858	488,986
Depreciation IFRS-16	32	-	-	211,654	188,641
Amortization of surplus of allocated goodwill	32	-	-	260,871	275,534
Amortization of inventory surplus		-	-	2,107	1,486
Amortization of digital book	32	-	-	6,182	-
Editorial costs	32	-	-	93,949	117,487
Provision for expected loss	8	-	-	434,972	537,596
Adjustment to present value – Accounts receivable	8	-	-	(6,627)	(6,519)
Inflation adjustment on assignment of amounts to subsidiaries	29	(279,411)	(230,770)	-	-
Reversal to tax, labor and civil losses	23	(55)	(34)	(64,773)	(242,343)
Provision for inventory losses	9	-	-	29,382	18,284
Inflation adjustment of accounts receivable from sale of subsidiaries	33	-	-	(10,170)	(2,032)
Financial charges		480,070	370,728	1,252,799	831,128
Granting of stock options		-	1,420	34,189	11,698
Income (loss) from sale or write-off of assets and other investments		-	-	14,105	31
Asset impairment loss	32	-	-	215,434	-
Income from interest earning bank deposits and securities	33	(80,287)	(2,226)	(335,508)	(126,329)
Equity in net income of subsidiaries	14	406,551	389,506	1,887	(1,557)
Gains on derivative transactions	33	18,054	-	18,054	-
		(20,384)	**79,077**	**2,018,242**	**1,586,723**
Changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable		-	-	(451,715)	(467,488)
(Increase) decrease in inventories		-	-	(202,385)	(135,407)
(Increase) decrease in advances		403	(1,096)	31,189	(61,156)
(Increase) decrease in recoverable taxes		(90,552)	(22,678)	(63,969)	37,323
(Increase) decrease in judicial deposits		(1,027)	176	4,414	17,042
(Increase) decrease in related party transactions		5,130	(28,576)	-	-
(Increase) decrease in other receivables		(252)	18,889	14,031	(6,372)
(Decrease) increase in suppliers		(1,952)	2,413	15,866	115,548
(Decrease) increase in suppliers - drawee risk		-	-	3,285	25,349
(Decrease) increase in labor obligations		10,356	-	(81)	69,579
(Decrease) increase in taxes payable		90,847	4,644	(53,235)	88,964
(Decrease) increase in advance from clients		-	-	16,638	(20,744)
(Decrease) increase in taxes and contributions in installments		-	-	(12)	(7,502)
Payment of tax, labor and civil contingencies		(202)	(34)	(108,231)	(153,222)
(Decrease) increase in other accounts payable		(280)	338	(34,165)	(4,170)
Cash flows (invested in) generated by operations		**(7,912)**	**53,153**	**1,189,872**	**1,084,467**
Income tax and social contribution paid		-	(1,028)	(36,825)	(44,534)
Right-of-use lease interest paid	19	-	-	(295,966)	(292,347)
Interest from loans and debentures paid	17|18	(581,203)	(236,573)	(739,734)	(243,985)
Net cash (invested in) from operating activities		**(589,115)**	**(184,448)**	**117,347**	**503,601**
Cash flow from investing activities					
(Redemption) Investment in securities		(560,487)	(113,581)	715,873	(321,647)
Additions to property, plant and equipment		-	-	(148,079)	(133,277)
Additions to intangible assets		-	-	(293,490)	(248,440)
Acquired cash in business combination		-	-	379	-
Payments for acquisition of subsidiaries	23	-	-	(29,241)	(183,099)
Capital decrease in subsidiaries		(294,543)	-	-	-
Receipt for sale of subsidiaries	12	-	-	191,102	183,094
Receipt of amounts assigned in cash	29	2,860,379	1,374,910	-	309,767
Receipt of interest on own capital of subsidiaries		11,285	-	-	-
Dividends received		-	-	3,236	-
Receipt of private debentures		381,766	394,336	-	-
Private acquisition of debentures		(400,000)	-	-	-
Net cash generated by (used in) investment activities		**1,998,400**	**1,655,665**	**439,780**	**(393,602)**
Cash flow from financing activities					
Repurchase of treasury shares	26	(18,842)	-	(18,842)	-
Disposals (acquisitions) of treasury shares		(3,625)	(5,065)	(3,625)	(5,065)
Non-controlling interest		-	-	-	(8,147)
Repurchase of debentures	18	(377,689)	-	(377,689)	-
Issuance of debentures	18	500,000	900,000	500,000	1,900,000
Issue costs of debentures	18	(19,911)	(51,479)	(19,911)	(62,633)
Right-of-use lease payment	19	-	-	(140,950)	(121,565)
Payment of loans, financing and debentures	17|18	(1,859,524)	(2,355,964)	(1,859,524)	(2,356,130)
Installments paid in companies' acquisitions	23	-	-	(116,282)	(60,337)
Net cash used in investing activities		**(1,778,793)**	**(1,512,508)**	**(2,036,823)**	**(713,877)**
Increase in cash and cash equivalents		**(369,508)**	**(41,291)**	**(1,479,696)**	**(603,878)**
Cash and cash equivalents at the beginning of the year	6	369,527	410,818	1,601,468	2,205,346
Cash and cash equivalents at the end of the year	6	19	369,527	121,772	1,601,468
Increase in cash and cash equivalents		**(369,508)**	**(41,291)**	**(1,479,696)**	**(603,878)**

See the accompanying notes to the individual and consolidated financial statements.

In thousands of reais

	Parent company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021[(i)]**
Revenue from sales and services	-	-	5,092,202	5,282,731
Other revenues	-	-	14,920	729,671
Provision for expected loss	-	-	(434,972)	(545,742)
	-	**-**	**4,672,150**	**5,466,660**
Inputs acquired from third parties				
Cost of goods sold	-	-	(428,576)	(493,547)
Materials, energy, outsourced services and other	8,240	(51,509)	(539,428)	(1,243,811)
Asset impairment loss	-	-	(215,434)	-
Gross added value	**8,240**	**(51,509)**	**3,488,712**	**3,729,302**
Retentions				
Depreciation and amortization	(294)	(339)	(669,694)	(751,555)
Amortization of surplus of allocated goodwill	-	-	(260,871)	(293,526)
Amortization of inventory surplus	-	-	-	(1,486)
Net added value	**7,946**	**(51,848)**	**2,558,147**	**2,682,735**
Added value received as transfer				
Equity in net income of subsidiaries	(406,551)	(389,506)	(1,887)	1,557
Financial revenues	534,042	323,541	509,905	321,273
Total added value payable	**135,437**	**(117,813)**	**3,066,165**	**3,005,565**
Distribution of added value				
Personnel:				
Direct remuneration	13,143	-	1,123,315	1,314,943
Benefits	215	-	127,181	128,903
Social charges	2,719	-	385,609	416,116
Taxes, duties and contributions:				
Federal	(36,641)	(12,220)	(13,633)	14,796
State	-	17	942	2,113
Municipal	3	1	(11,549)	1,720
Third-party capital remuneration:				
Financial expenses	684,928	383,514	1,405,332	968,609
Rentals	-	-	485,521	565,610
Copyright	-	-	104,445	105,740
Remuneration of own capital:				
Retained losses for the year	(528,930)	(489,125)	(540,998)	(512,985)
Distributed added value	**135,437**	**(117,813)**	**3,066,165**	**3,005,565**

(i) The amounts disclosed for the year ended December 31, 2021 consider the amounts related to continued and discontinued operations.

1. Operations

Cogna Educação S.A., hereinafter referred to as "Company", "Parent Company" or "Cogna", headquartered at Rua Claudio Manoel, 36, in the city of Belo Horizonte – MG, and its subsidiaries (jointly, the "Group") are mainly engaged in providing in-class and distance-learning higher education and graduate program courses; editing, marketing and distribution of teaching books, educational materials and workbooks, especially with educational, literary and informative content and education systems; offering, by means of their schools, basic education, pre-university preparatory courses, language courses for children and adolescents; educational solutions for technical and higher education, among other complementary activities, such as education technology development for services to complement management and training; the administration of kindergarten, elementary and high school activities; advising and/or enabling the possibility of direct and indirect financing of students in relation to their respective school modalities and the development of software for adaptive teaching and optimization of academic management.

The Group has 56 companies, including the Parent Company, and is made up of 12 sponsors of a higher education institution, 143 units of Higher Education, present in 21 states and 120 Brazilian cities, in addition to 3,091 Distance Learning Graduation Centers accredited by the Ministry of Education (MEC), located in all Brazilian states and the Federal District. The Company also has, in Basic Education, 114 Red Balloon units, and 5,274 associated schools throughout the Brazilian territory.

Cogna carries out its activities through its direct subsidiaries: Editora e Distribuidora Educacional S.A. ("EDE"), Anhanguera Educacional Participações S.A. ("AESAPAR"), *Vasta Platform Limited* ("Vasta") and Saber Serviços Educacionais Ltda. ("Saber"). Furthermore, as of December 31, 2022, and following the Group's corporate reorganization processes to better allocate its businesses, the indirect subsidiary Pitágoras Sistema de Educação Superior Sociedade S.A. ("PSES"), previously with an interest held by EDE, will have 100% of its interest directly held by Cogna. Currently, PSES's is mainly engaged in offering Higher Education courses for in-person and distance learning education mainly linked to the health and medicine areas.

The Company is listed on B3 - Brasil, Bolsa, Balcão, in the special segment referred to as Novo Mercado, under code COGN3 through which it trades its common shares and its subsidiary Vasta has a public capital at the North-American stock exchange NASDAQ under the VSTA code.

The individual and consolidated financial statements were approved to be issued by the Board of Directors' Meeting on March 23, 2023.

1.1. ASG ("ESG")

Cogna's purpose is to impact people through education for a better world. This occurs not only through the implementation of better governance practices within the Company, but mainly by offering quality education throughout Brazil, empowering people so that they can be agents of transformation of their future. Therefore, it is necessary for companies to consider the environmental and social impacts of their activities, assess possibilities for reducing such impacts, and disclose them in a timely manner, if they add value for their shareholders and investors. In this context, and recognizing the sustainability topic as part of its strategy, operation and non-negotiable values, the Company launched a set of targets and commitments with ESG topics during 2021, which directly impact its businesses, and result in optimization of costs directly linked to such commitments, of which we highlight the main ones below:

In thousands of reais, unless otherwise indicated

ODS[(i)]	Description	Environmental goals	Completion year
7	Affordable and clean energy	Electricity Have 90% of the energy consumed on the grid coming from renewable sources by 2025.	2025
12	Responsible consumption and production	Environmental education Impact 1.8 million people with environmental education content by 2025.	2025
13	Action against global climate change	Climate Changes Measure the impact of GHG emissions on the Company's operations, setting targets and commitments for mitigation and compensation.	2022

ODS[(i)]	Description	Social goals	Completion year
3	Health and well-being	Social impact Benefit 5 million people through community outreach and social projects by our teaching units and partners by 2025.	2025
4	Quality education	Benefit 150,000 public education teachers with educational products and services by 2025.	2025
8	Decent work and economic growth	Train 150,000 people in business and entrepreneurial skills to encourage entrepreneurship in the country by 2025.	2025
3	Health and well-being	Health and safety Train 100% of the company's employees in Health and Safety by 2022.	2022
5	Gender equality	Diversity Offer equity (50%) in leadership positions (≥ managers) held by men and women by 2025.	2025
10	Reduction of inequalities	Increase the number of positions held by black people (black and brown people) to 40% by 2025.	2025
10	Reduction of inequalities	Increase the number of leadership positions held by black people (black and brown people) to 40% by 2025.	2025
10	Reduction of inequalities	Maintain LGBTQIA+ audience favorability equal to or greater than 93 in the Engagement Survey by 2025.	2025
10	Reduction of inequalities	Train 100% of the company's leadership in the contents of the Corporate University's diversity program by 2025.	2025

ODS[(i)]	Description	Governance goals	Completion year
16	Peace, justice and effective institutions	Governance Integrate ESG targets into variable compensation policies for 100% of senior leadership.	2023
10	Reduction of inequalities	Diversity Have representation of at least 1/3 of women, black people, LGBTQIA+ on the Board of Directors.	2022

(i) Sustainable development objectives.

1.2. Conflict between Russia and Ukraine

The Company continues monitoring possible impacts of the war between Russia and Ukraine that may directly or indirectly affect its business, mainly due to the increase in inflation of products accompanying the price of oil, food, energy shortages in the European market and disruption in the supply of inputs. Although the Company understands that it is difficult to adequately measure the impacts of the war in the long term, and that conditions, forecasts and analyzes constantly change as new events occur in world geopolitics, no impacts to be recognized or disclosed have been verified by the Company so far.

2. Significant accounting practices

The significant accounting practices applied in the preparation of these individual and consolidated financial statements are presented and summarized as follows or in the notes of the respective caption and were consistently applied in the years presented.

2.1. Preparation basis

The Company's individual and consolidated financial statements were prepared according to the accounting practices adopted in Brazil, including the pronouncements issued by Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and evidence all information of financial statements, and only them, which are consistent with those used by Management in its administration.

The financial statements were prepared considering the historical cost as value basis, which, in case of certain financial assets, other financial assets and liabilities is adjusted to reflect the measurement at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Company's management to exercise its judgment in the process of applying the Group's accounting policies. Those areas requiring the highest level of judgment and having the highest complexity, and the areas where assumptions and estimates are significant for the financial statements are disclosed in Note 3.

2.2 Consolidation

The Company consolidates all entities in which they retain control, i.e., is exposed to or is entitled to variable returns from its involvement in an investee and has the capacity to direct activities related of the investee. The subsidiaries included in the consolidation are described in the Note below.

a) Subsidiaries

Subsidiaries are all entities in which the Group retains control, i.e., is exposed to or is entitled to variable returns from its involvement in an investee and has the capacity to direct activities related of the investee. The subsidiaries are fully consolidated as of the date control is transferred to the Group. Consolidation is interrupted beginning as of the date in which the Group no longer holds control.

Investments in subsidiaries are determined under the equity method, whose investment is initially recognized at acquisition cost and subsequently adjusted by changes in the investees' net assets. Investments in jointly-controlled operations (when applicable) are recognized proportionately in relation to the interest in the joint operation.

In thousands of reais, unless otherwise indicated

Identifiable assets acquired and liabilities assumed for the acquisition of subsidiaries in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes the interest of the non-parent company in that acquiree both by is fair value as well as by its proportional part in the non-controlling interest in the fair value of the net assets of that acquired. Measurement of the non-parent company interest is determined in each acquisition made. Costs related to acquisition are accounted for in income for the year, as incurred.

Transactions, balances and unrealized gains from transactions among the Group's companies are eliminated. Unrealized losses are also eliminated, unless the transaction shall provide impairment evidence of the asset transferred. The accounting policies of new subsidiaries are changed when required in order to assure the consistency with the policies adopted by the Group.

Below is a list of the companies controlled by the Company for the years ended December 31, 2022 and 2021:

	Interest %	
Consolidated companies	**12/31/2022**	**12/31/2021**
Direct subsidiary:		
AESAPAR - Anhanguera Educacional Participações S.A. (iv)	84.55	85.56
Indirect subsidiaries AESAPAR:		
AESAPRO - Clínica Médica Anhanguera Ltda.	99.99	99.99
Juspodivm - Instituto Excelência Ltda.	99.99	99.99
Edufor - Edufor serviços educacionais Ltda. – ME	99.99	99.99
ICF - Sociedade Piauiense de ensino superior Ltda.	99.99	99.99
Fateci Cursos Técnicos S/S.	99.99	99.99
PSES Serviços Educacionais Ltda.	99.99	99.99
Sociedade Educacional da Paraíba Ltda.	99.99	99.99
Bacabal Mearim Sistemas de Ensino Ltda. (vii)	0.00	99.99
Platos Soluções Educacionais S.A	31.93	31.93
Saraiva Educação S.A.	0.45	0.45
Ampli Educacional S.A. (iii)	99.99	0.00
CSP Serviços de Pagamento Ltda. (iii)	99.99	0.00
CSP Participações Ltda. (iii)	99.99	0.00
Indirect subsidiary CSP Participações:		
Voomp Bank Instituição de Pagamento Ltda. (iii)	99.99	0.00
Direct subsidiary:		
EDE - Editora e Distribuidora Educacional	99.99	99.99
Indirect subsidiaries EDE:		
Orme - Orme Serviços Educacionais	99.99	99.99
Projecta - Projecta Educacional	99.99	99.99
Cepar - Centro De Ensino Superior De Parauapebas Ltda	99.99	99.99
Cemar - Centro De Ensino Superior De Maraba Ltda.	99.99	99.99
Cesupar - Centro De Ensino Superior De Paragominas Ltda.	99.99	99.99
União - União de Ensino Unopar	99.99	99.99
Unic Educacional	99.99	99.99
PSES - Pitágoras Sistema de Ensino Sociedade (v)	0.00	99.99
Platos Soluções Educacionais S.A.	68.07	68.07
Eduquer Serviços Educacionais Ltda.	99.99	99.99
AESAPAR - Anhanguera Educacional Participações S.A. (iv)	15.45	14.44
Saber - Saber Serviços Educacionais S.A.	37.96	37.96
Indirect subsidiary Unic Educacional:		
Unime Salvador - Iuni Educacional	99.99	99.99
Direct subsidiary:		
Saber - Saber Serviços Educacionais S.A.	62.04	62.04
Indirect subsidiaries Saber:		
Somos Idiomas S.A.	99.99	99.99
Editora Scipione S.A.	84.17	84.17
Editora Ática S.A.	70.28	70.28

In thousands of reais, unless otherwise indicated

	Interest %	
Consolidated companies	12/31/2022	12/31/2021
Somos Educação S.A.	99.99	99.99
Saraiva Educação S.A.	81.48	81.48
Saraiva Soluções Educacionais S.A.	70.28	70.28
SGE Comércio de Material Didático Ltda.	0.09	0.09
Indirect subsidiaries Editora Atica:		
SB Sistemas	99.70	99.70
SGE Comércio de Material Didático Ltda.	99.91	99.91
Indirect subsidiaries Saraiva Educação:		
Editora Pigmento Ltda.	99.99	99.99
Editora Joaquim Ltda.	99.99	99.99
Editora Todas as Letras Ltda.	99.99	99.99
Saraiva Gestão de Marcas Ltda.	50.00	50.00
Indirect subsidiaries Somos Educação:		
Saraiva Soluções Educacionais S.A.	29.72	29.72
Editora Ática S.A.	29.72	29.72
Maxiprint Editora Ltda.	99.99	99.99
Stood Sistemas e Treinamento à Distância Ltda.	99.99	99.99
Sinvisa Investimentos Ltda.	99.99	99.99
Editora Scipione S.A.	15.83	15.83
Saraiva Educação S.A.	18.07	18.07
Indirect subsidiaries Stood Sistemas:		
Eligis Tecnologia E Inovação Ltda	99.99	99.99
Indirect subsidiaries - Sinvisa Investimentos:		
Educação Inovação e Tecnologia S.A ("AppProva")	99.99	99.99
Nice Participações S.A.	99.99	99.99
Direct subsidiary:		
SB Sistemas de Ensino	0.30	0.30
Direct subsidiary:		
PSES - Pitágoras Sistema de Ensino Sociedade (v)	99.99	0.00
Direct subsidiary:		
Vasta Platform (vi)	77.00	77.62
Indirect subsidiaries Vasta Platform:		
Somos Sistemas de Ensino S.A.	99.99	99.99
Indirect subsidiaries Somos Sistemas:		
Livraria Livro Fácil Ltda.	99.99	99.99
Colégio Anglo São Paulo Ltda	99.99	99.99
A & R Comercio e Serviços de Informática Ltda.(“Pluri”)	99.99	99.99
Mind Makers Editora Educacional (ii)	0.00	99.99
Meritt Informação Educacional Ltda – ME (ii)	0.00	99.99
Sociedade Educacional da Lagoa ("SEL")	99.99	99.99
Nota 1000 Serviços Educacionais Ltda. (“Redação Nota 1000”) (ii)	0.00	99.99
Emme - Produções de Materiais em Multimídia Ltda.	99.99	99.99
Editora Gouges S.A. (ii)	0.00	99.99
Phidelis Tecnologia Desenvolvimento de Sistemas Ltda. (i)	99.99	0.00
MVP Consultoria e Sistemas Ltda. (i)	99.99	0.00

(i) During 2022, the Company acquired the total ownership interest in the companies “Phidelis” and “MVP” through its indirect subsidiary Somos Sistemas. Further details on these acquisitions are mentioned in note 4.

(ii) During the year 2022, the company, through its indirect subsidiary Somos Sistemas, merged the companies “Mind Makers”, “Meritt”, “Redação Nota 1000” and “Editora Gouges S.A.”.

(iii) In 2022, the company opened and subsequently included in its corporate structure the companies “Ampli”, “CSP Serviços”, “CSP Participações” and “Voomp Bank”, which, through its indirect subsidiary “AESAPAR” own a 99.99% shareholding.

(iv) As of December 1, 2022, the parent company “Cogna”, reduced its equity interest percentage in its direct subsidiary “AESAPAR” and, consequently, its direct subsidiary “EDE” obtained an equity interest increase to 15.45%.

(v) As of December 31, 2022, the Company paid in 100% of the equity interest in the company “PSES – Pitágoras Sistema de Ensino Sociedade”, which previously belonged to another entity controlled by Cogna.

(vi) In December 2022, there was a reduction in the percentage of equity interest in the indirect subsidiary “Vasta Platform”, as mentioned in Note 27.3.

(vii) In June 2022, the direct subsidiary ““PSES – Pitágoras Sistema de Ensino Sociedade” merged the company “Bacabal” in continuation of the corporate reorganization processes of the Cogna Group.

In thousands of reais, unless otherwise indicated

b) Associated companies

Associated companies are the entities in which the Group has, directly or indirectly, significant influence but does not control or jointly-control on financial and operating policies.

Investments in associated companies are accounted under the equity method. Such investments are initially recognized by the cost, which includes expenditures with transactions. After initial recognition, consolidated financial statements include the Group's interest in investee's income or losses for the year and other comprehensive income up to the date in which there is an influence.

As of December 31, 2022 and 2021, Company's financial statements include the following associated company:

	Interest %	
Indirect associated companies	12/31/2022	12/31/2021
Educbank Gestão de Pagamentos Educacionais S.A.	45.00	0.00
Minha Biblioteca Ltda.	20.00	20.00

c) Non-controlling interest

The Group regards transactions with non-parent company interests as transactions with the owners of Group's assets. For purchases of non-controlling ownership shareholders, the difference between any considerations paid and the acquired portion of the book value of the subsidiary is recorded in shareholders' equity. Gains or losses on disposals for non-controlling interest are also directly recorded in net assets "Equity valuation adjustments".

d) Business combinations

In accordance with the provisions of CPC 15 - Business combinations, the acquisitions are recorded under the acquisition method when the set of activities of an entity meets the definition of a business and the control is transferred to the Company. The consideration transferred is usually measured at fair value, as well as the identifiable net assets acquired. Any contingent consideration payable is measured at fair value on the acquisition date and remeasured at each reporting date, and subsequent changes at fair value are recorded in the result for the year. Any goodwill arising from the transaction is annually tested for evaluation of impairment. The business combinations carried out during the year are described in further detail in Note 4.

e) Operating segments

The information by operating segment is presented in a manner consistent with the internal report submitted to the Executive Board, which is the main operational decision maker, in addition to being responsible for allocating resources, evaluating performance and making strategic decisions in the Company.

Until December 31, 2021, the Company analyzed its business in 5 operating segments, i.e. (i) Kroton, (ii) Platos, (iii) Vasta, (iv) Saber, and (v) Other. As of January 1, 2022, and aiming at optimizing its disclosures, the Company's management decided to consolidate some business units and present their information in only 3 segments, which consider: a) unification of Kroton and Platos, and b) consolidation of the Others business unit within Saber. Considering these changes, the Company's segmentation structure remained divided as follows:

(i) **Kroton:** B2C (Business to Consumer) Vertical of Higher Education that operates in the in-person and distance (EAD) learning modalities and the B2C (Business to Business to Consumer) vertical of Higher Education which offers Continuing Education products and services, both in person and Distance Learning are considered. Operating results are regularly analyzed by the main manager of this segment, considering all the registered businesses, even for in-person and distance learning modalities. Although the revenue from these two modalities have different origins, the costs are fully shared, considering that even for in-person courses there are already more than 30% of subjects being taken by the student in the distance distance modality, in addition, the in-person units are used as distance hubs and share managers and administrative teams;

(ii) **Vasta:** Composed of the vertical that serves the B2B (Business to Business) market of Basic Education, comprising the services platform for schools, which offers a range of educational products and solutions, including digital services that support the school management process. Revenue has a subscription model concept with long-term agreements;

(iii) **Saber:** Composed of Educational Solutions for Technical and Higher Education ("SETS") products, preparatory studies for exams and OAB (Brazilian Bar Association) and language teaching offered during the undergraduate course, in addition to the operation that provides services to Public Basic Education B2Gov (Business to Government), and participating in the Brazilian Book and Teaching Material Program (PNLD). Additionally, it includes the services provided by the Group's language schools ("Red Balloon").

f) Cash generating units – ("CGU")

For impairment valuation purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Unit - "CGU"). For testing purposes, goodwill is allocated to CGUs or to groups of cash generating units that will benefit from the business combination from which the goodwill was generated. In this context, the Company identifies its operations through the following CGU's: (i) Kroton, segregated into Kroton Med and Kroton Ex-Med; (ii) Vasta, segregated into Content and Digital, and; (iii) Saber segregated into PNLD, Idiomas and Sets. Further information on asset and goodwill impairment test are presented in Note 16.

2.3 Functional and presentation currency

The items included in the financial statements of each of the Group's companies are measured using the main currency of the economic environment where it operates (the "functional currency"). The individual and consolidated financial statements are being presented in Brazilian reais, functional currency of the Company and also, the presentation currency of the Group. All balances have been rounded to the nearest value, unless otherwise indicated.

2.4 Statement of comprehensive income

Other comprehensive income includes revenue and expense items (including reclassification adjustments, when applicable) that, in accordance with the procedures, are not recognized in the statement of income as required or permitted under the Pronouncements, Interpretations and Guidance issued by CPC, when applicable. In the years ended December 31, 2022 and 2021, the Group did not present items other than the results for the years presented in the individual and consolidated statements of income.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash, available bank deposits and other short-term, highly liquid investments that are readily convertible into known amounts of cash subject to an insignificant risk of changes in value.

2.6 Financial assets and liabilities

All financial assets and liabilities are initially recognized when the Company becomes a party to the instrument's contractual provisions.

Financial assets

Upon initial recognition, a financial asset is classified as measured: at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for the management financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. They comprise cash and cash equivalents, securities, derivative financial instruments, trade accounts receivable, accounts receivable from the sale of subsidiaries and debentures receivable from related parties.

A financial asset is measured at amortized cost if it meets both conditions below and is not designated as measured at fair value through profit or loss:

- It is held within a business model whose purpose is to maintain financial assets to receive contractual cash flows, and;

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal value.

A financial asset is measured at fair value through other comprehensive income if it meets both conditions below and is not designated as measured at fair value through profit or loss:

- It is maintained within a business model whose purpose is achieved by both the receipt of contractual cash flows and the sale of financial assets, and;

- Its contractual terms generate, on specific dates, cash flows which are only payments of principal and interest on outstanding principal value.

All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income, as described above, are classified at fair value through profit or loss.

Company’s investments are initially recognized at fair value plus transaction cost for all financial assets not classified at fair value through profit or loss. Financial assets classified at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to income (loss). Financial assets are written off when rights to receive cash flows have been expired or transferred; in the latter case, as long as the Group has transferred virtually all ownership risks and benefits. Financial assets measured at fair value through profit or loss are subsequently recorded at fair value.

Gains or losses resulting from fluctuations in their fair value of financial assets measured at fair value through profit or loss are presented in statement of income under “Financial revenues” caption for the period in which they occur.

Considering their respective nature, as of December 31, 2022, the Company's financial assets are classified as measured at amortized cost, except for securities and derivative financial instruments, which are measured at fair value through profit or loss.

Financial liabilities

Are measured at amortized cost using the effective interest rate method. They comprise loans and debentures, in addition to balances payable to suppliers and risk of anticipation of drawee risk, accounts payable for acquisitions of companies and amounts payable to related parties.

The Group fails to recognize a financial liability when its contractual obligations are discharged or canceled or expire. The Group also derecognizes a financial liability when terms are modified, and the cash flows of the modified liability are substantially different if a new financial liability based on the terms changed is recognized at fair value.

Financial assets and liabilities are offset and their net amounts in the balance sheet only when there is a legal right to offset the amounts recognized and there is an intent to settle them on net bases, or realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Group assesses, on a prospective basis, the expected credit losses associated with debt securities recorded at amortization cost and at fair value through the result. Applied methodology depends on whether significant increase in credit risk occurred or not.

For trade accounts receivable, the Group recognizes expected losses from the initial recognition of receivables and according to the maturity ranges of the securities and rollover between these ranges, as described in note 8 (c).

2.7 Derivative financial instruments

Derivative financial instruments are recognized at fair value on the date the derivative agreement is entered into, and are subsequently remeasured at their fair value through profit or loss. The respective gains or losses incurred are recorded under financial income (loss) in the statement of income. The accounting balances and risks linked to this operation are presented in further details in Note 5.2 (a).

2.8 Trade accounts receivable

Correspond to trade accounts receivable for the sale of goods or provision of services by the Group.

Revenue is recognized when the control of a good or service is transferred to a client for an amount equal to the estimated transaction price.

Trade accounts receivable are initially recognized at fair value and, subsequently, measured at amortized cost using the effective interest rate method less provision for impairment. The provision for losses is established since billing based on the performances presented by the different business lines and respective expected collections up to 365 days from the maturity. Specifically for Vasta and Saber ("SETS") business unit, the period of 540 days from the maturity is considered.

The Company sets up the provision for expected loss monthly by analyzing the amounts of receivables recorded each month (in the period of 12 months for the Kroton segment and 18 months for the Vasta and Saber segment) and the respective openings by delay ranges, calculating their recovery performance. In this methodology, for each delay range, a percentage of probability of estimated loss is assigned considering current and historical information of default for each product. The Company considers the expected cash inflow for its agreements on renegotiated securities with a maturity date over 360 days, and additionally, the calculation of the provision for expected losses considers an expectation of recovery of the renegotiated securities, based on the historical average of the cash event of the renegotiation with the student. Furthermore, for the cases of large customers who present a high risk of non-payment, provisions are fully recorded.

For PEP – Private Student Installment Payment – the Company recognizes provision for expected losses on receivables, using the percentage of 58.8% of the respective net revenue, which reflects management's best estimate of future default. This percentage mainly takes into account: a) the future expected loss for students with installment payments, which is higher than the average of paying students; and b) the percentage of historical dropout of students. This percentage is revalued based on outstanding securities on the accounts receivable base date, as mentioned in note 8. Additionally, the Company no longer offers this product to new students since 2021.

Regarding PMT – Installment Payment of Late Enrollment, the Company follows a process similar to the one mentioned above in relation to PEP, and additionally charges the student's current bank slips. Thus, the formation of provision for expected losses on receivables is recognized considering the percentage of 66% of the respective net revenue.

2.9 Inventories

Inventories are stated at cost or net realizable value, whichever is lower. The inventory valuation method is the average cost method. The cost of finished products and work in progress comprises editorial costs (such as design, direct labor, other direct costs and production overheads), raw materials, direct labor, other direct costs and the respective direct production expenses.

The Company makes a provision for losses for slow moving finished products and raw materials and they are periodically assessed and evaluated as to the realization expectation of these inventories. Management periodically assesses the need to send such products for destruction. Additionally, amounts are recognized at present value.

2.10 Assets and liabilities held for sale and discontinued operations

Non-current assets held for sale are classified as "held for sale" if it is highly probable that they will be primarily recovered through sales instead of the continuous use. Assets held for sale are generally stated at the lowest value between their book value and the fair value less selling expenses. Impairment losses determined in the initial classification as held for sale and gains and losses from subsequent measurements, are recognized in income (loss). Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any investment measured under the equity method is no longer subject to the application of the method.

In thousands of reais, unless otherwise indicated

The classification as a discontinued operation is made upon its disposal or when the operation fails to meet the criteria for being held for sale, if this occurs before. When an operation is classified as a discontinued operation, the comparative statements of income and the statement of comprehensive income are reissued as if the operation had been discontinued since the beginning of the comparative period.

2.11 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes acquisition, formation or construction cost. Historical cost also includes financing costs related to the acquisition of qualified assets.

Subsequently incurred costs are added to the asset's book value or are recognized as a separate asset, as applicable, only when it is likely that associated future economic benefits will flow and that the item's cost can be reliably measured. The book value of replaced items and parts is written off. All other maintenance and repair costs are recorded as a contra entry to income (loss) for the year, when incurred.

Lands are not depreciated. Depreciation of other assets is calculated using the straight-line method, with the costs of other assets being allocated to their residual values over the estimated useful life, as follows:

	Useful life (years)	
	2022	2021
IT equipment	3	5
Furniture, equipment and fixtures	11	10
Library	8	10
Buildings and improvements[1]	25	25

(i) The buildings and improvements have a defined useful life in accordance with the maturity of the lease agreement.

Residual values and the useful lives of material assets are reviewed and adjusted, if adequate, at the end of each year.

The Company reviewed the useful life of its assets and concluded that the depreciation rates used are consistent with its operations as of December 31, 2022 and 2021.

The asset's book value will be immediately written off to its recoverable value if the asset's book value is greater than its estimated recoverable amount. Gains and losses from divestitures are determined by the comparison of results with the book value and are recognized under “Other operating expenses (revenues)” in the statement of income.

2.12 Intangible assets

Intangible assets are stated at acquisition costs, less accumulated amortization and impairment losses, and are comprised of rights and concessions that mainly include software, related to computer program licenses, trademarks, operating licenses, in addition to the goodwill based on expected future profitability (goodwill), resulting from a business combination, as well as relationships with clients, whether contractual or not. A review of the recoverability of intangible assets with indeterminate useful lives and goodwill is performed annually.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally-generated goodwill and trademarks and patents, are recognized in the income (loss) as incurred.

Below is a more detailed description of each of them:

a) Goodwill

Goodwill is represented by the difference between the amount transferred and the fair value of identifiable net assets, and liabilities assumed in a business combination.

b) Software and content production

Licenses acquired for computer programs are capitalized based at the costs incurred to acquire the software and prepare them for use. These costs are amortized over the estimated useful life of the respective software, up to 5 years.

The directly attributable costs, which are capitalized as part of the software product or project, include costs on employees allocated to the development and an adequate portion of direct expenses and are amortized under the straight-line method throughout its useful lives.

Development costs that do not meet the capitalization criteria are recognized as expenses as incurred. Development costs previously expensed are not recognized as asset in a subsequent period.

c) Trademarks

Separately acquired trademarks and licenses are initially stated at historical cost. Trademarks and licenses acquired within a business combination are recognized at fair value on the acquisition date. Subsequently, trademarks and licenses with defined useful life are recorded at the cost less accumulated amortization. Amortization is calculated under the straight-line method to allocate cost of trademarks and licenses over their estimated useful life from 19 to 30 years.

d) Pole operation license and partner network

The hub is a local operational unit that can be either its own or belong to third parties (partners) and is responsible for providing the structure to the student in audiovisual, library and computer resources, so as to support the distance learning. Amortization is calculated under the straight-line method over the estimated period of use of the license, in up to 25 years.

e) Contractual relationships with clients (“client portfolio”)

Client portfolios acquired in a business combination are recognized at fair value on the acquisition date. Contractual relationships with customers have a defined useful life and are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected useful life of the client relationship, up to 12 years.

f) Non-contractual relationships with clients ("non-compete agreement")

The non-contractual relationship with clients or student portfolio represents a key intangible asset that is separable from and has a different value than the tangible assets acquired and goodwill. Non-contractual relationships with clients have a defined useful life of 3 to 14 years and are stated at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected useful life of the client relationship.

2.13 Impairment of non-financial assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortization and are tested every year to identify any possible need of impairment. Goodwill impairment reviews are conducted annually or more often if events or changes in the circumstances indicate possible impairment.

Assets subject to amortization are reviewed to confirm their impairment whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognized when the book value of the asset exceeds its recoverable value which reflects the higher value between the fair value of the asset minus the costs of disposal and its value in use.

As mentioned in Note 2.2, assets are grouped into the smallest cash-generating unit for which there are separately identifiable cash flows. For the purposes of this test, the Company identifies its operations by the following CGU's: (i) Kroton, segregated into Kroton Med and Kroton Ex-Med; (ii) Vasta, segregated into Content and Digital, and; (iii) Saber segregated into PNLD, Idiomas and Sets.

Non-financial assets, except goodwill, that suffered impairment are then reviewed for an analysis of a possible reversal of impairment on the balance sheet date. Further information about the impairment test of goodwill intangible assets is described in Note 16(b).

2.14 Suppliers and suppliers - drawee risk

Trade accounts payable are obligations due for assets or services acquired from suppliers in the normal course of businesses. They are initially recognized at fair value and, subsequently, measured at amortized cost using the effective interest rate method.

Some domestic suppliers have the option to assign the Company's receivables, without recourse to financial institutions. Through these operations, suppliers can anticipate their receipts with reduced financial costs since the financial institutions consider the credit risk of the Company. The operation does not change the terms, prices and conditions formerly agreed with the suppliers. The Company classifies these operations in a specific caption "Suppliers – drawee risk". In the cash flow statements, these amounts are allocated as operating activity, since such transaction has a similar nature as accounts payable to suppliers. Furthermore, the Company, pursuant to technical pronouncement CPC 12, adjusts the liability assumed with suppliers to present value by segregating the interest included in each negotiation and appropriating it to its financial income (loss), under financial expenses.

2.15 Loans and debentures

They are initially recognized at fair value, net of costs incurred in the transaction and are subsequently stated at amortized cost. Any difference between the amounts raised (net of transaction costs) and the redemption amount is recognized in the income statement during the period while the loans are in progress, under the effective interest rate method.

They are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet dates.

2.16 Rights-of-use lease

The Company has adopted CPC 06 (R2) / IFRS 16 – Leases and recognizes the liabilities for future payments and the right-of-use leased assets for almost all commercial lease agreements, including operating leases. Agreements valid for less than 12 months, or with low value, do not fit into this context.

The recognition of right-of-use assets and lease liabilities in the balance sheet is initially carried out considering the measurement at present value of future minimum lease payments. Additionally, in the Company's Statements of Cash Flow, the total amount of cash paid in these operations is separated from the total amount: (i) principal amount (presented within financing activities) and; (ii) interest amount (presented in operating activities).

2.17 Provision to tax, labor and civil losses

Allowances for losses on labor, tax and civil lawsuits and administrative proceedings are recognized when: (i) the Group has a legal present or not formalized obligation resulting from past events; (ii) it is likely that an outflow of funds will be required to settle the obligation; and (iii) the amount can be estimated on reliable basis.

The provisions are measured at the present value of the expenditures that shall be necessary to settle the obligation, using a pre-tax rate which reflects the current market evaluations as to the value of the cash over time and the specific risks of the liability. The increase in the obligation over time is recognized as a financial expense.

2.18 Liabilities assumed in the business combination

Under CPC 15 - Business combination - the Company, based on the reports of its legal and financial advisors, recognizes provisions for the liabilities assumed in the business combination. They are recognized when the Company finds potential noncompliance in relation to past practices of the subsidiaries acquired by the Company regarding compliance with labor, civil and tax legislation, and related to the period when they belonged to the former owners of the acquired companies.

The Company recognizes, in accounting terms, the potential obligations resulting from past events whose fair value can be reasonably measured, even if it depends on the occurrence of future events to materialize in contingencies.

2.19 Current and deferred income tax and social contribution

The taxable income for the year comprises the Corporate Income Tax - IRPJ and the Social Contribution on Net Income - current and deferred CSLL, calculated on income before taxes and recognized in the Statement of Income.

The IRPJ and CSLL are calculated at the rates of 25% and 9% respectively, adjusted to taxable income by the additions and exclusions provided for in the legislation. Deferred income tax and social contribution are calculated on tax losses, social contribution tax loss carryforwards and other temporary differences in the balances of assets and liabilities for tax purposes and in the financial statements. Deferred income tax and social contribution assets and liabilities are fully recorded in the financial statements, except, in the case of assets, when it is not probable that future taxable profits will be realized, in this scenario, there is a limit to the amount of the deferred asset to be recognized.

Deferred income tax and social contribution assets and liabilities are offset when there is an exercisable legal right to offset current tax assets against current tax liabilities and when deferred income and social contribution tax assets and liabilities are related to the income tax and social contribution is levied by the same tax authority and on the taxable entity or different taxable entity when there is an intent of settling the balances on a net basis.

The higher education institutions controlled by the Company are included in the *Universidade para Todos* Program - ProUni, which establishes, through Law 11096, of January 13, 2005, exemption from certain federal taxes (PIS, COFINS, IRPJ and CSLL) to higher education institutions that grant full and partial scholarships to low-income students enrolled in traditional undergraduate courses and technological graduation courses. The regulation is valid until 2024, renewable for another 10 years.

As permitted by the tax legislation, certain subsidiaries whose annual revenue for the previous year was less than R$78,000 opted for the presumed profit regime. For these companies, the calculation basis of income tax is calculated at the rate of 8% and that of social contribution at the rate of 12% on gross revenues (32% when the revenue arises from service provision and 100% from financial revenues), to which the regular income tax and social contribution rates are applied.

As described in the accounting interpretation ICPC22 / IFRIC 23, liabilities related to uncertain tax positions are recognized only when Management determines, based on the opinion of its internal and external legal advisors, that the tax authority is unlikely to accept the tax treatment adopted by the Company.

2.20 Losses per basic and diluted share

Basic losses per share are calculated by dividing profit attributable to Company's shareholders by the weighted average number of common shares issued during the year, less the common shares purchased by the Company and held as treasury shares.

Diluted losses per share are calculated by adjusting to weighted average quantity of outstanding common shares, assuming conversion of all common shares that would possibly provoke dilution. The Company has stock options with potential dilutive effects.

2.21 Employee benefits

2.21.01 Short-term benefits

Obligations for short-term employee benefits are recognized as personnel expenses as the related service is provided. The liability is recognized at the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

The Company also provides its commercial team with commissions based on existing sales and revenue targets, which are periodically reviewed. These amounts are provisioned under “labor liabilities” on a monthly basis according to the achievement of such targets, with payments being made at certain periods of the year.

2.21.02 Share-based payment

a) Stock option program

The Group offers the stock option plan to strategic board members and employees. The fair value of stock options granted is recognized as an expense over the period in which the stock option vests, which represents the period that specific vesting conditions must be met. The contra-entry is recorded as a credit in capital reserves - granting of stock options in the shareholders' equity. On the balance sheet dates, the Company revises its estimate of the number of options that will vest based on the established conditions. The impact of the review of the initial estimates, if any, is recognized in the Statement of Income, prospectively.

b) Restricted stock option plans

At the Extraordinary General Meeting held on September 3, 2018, the Company’s shareholders approved the creation of a Restricted Stock Award Plan as a way of encouraging the increase in performance and permanence of the Company’s administrators and/or employees or other companies under its direct or indirect control. The fair value of the restricted shares granted is measured at the market price of the Company’s shares on the grant date and the restricted shares will be granted on a non-interest-bearing basis to the participants, through the transfer of shares held in treasury.

On July 31, 2020, Cogna Educação S.A., a shareholder of Vasta Platform Limited, approved the creation of the Restricted Share Plan of its subsidiary Vasta aiming to increase the involvement of eligible beneficiaries in the creation of value and profitability of the subsidiary, as well as encourage them to make significant contributions to the performance and growth of Vasta Platform Limited in the long term, and the fair value of the restricted shares granted is measured at the market price of the shares of the subsidiary Vasta on the grant date and the restricted shares will be granted free of charge to the participants, through the transfer of treasury shares.

c) Performance Shares Plan

On April 28, 2021, the Company's shareholders approved the creation of the Stock Option Plan ("Share Performance Plan"), which aims to allow the grantees to receive options that will entitle them to, subject to certain performance conditions, acquire and subscribe for Shares with a view to: (a) stimulate the expansion, success, and achievement of the Company’s social objectives and results, aligning the financial benefit to be obtained by the Grantee regarding the Annual Targets as applicable; (b) align the interests of the Grantees to the Company’s shareholders; (c) enable the Company to maintain the beneficiaries of the Plan linked to it or to the Subsidiaries, Grantees; and (d) encourage the creation of long-term value to the Company.

Options can be granted, including those arising from migration, up to a maximum limit of 2% of the Company’s total capital on the date of approval of the Plan. The managers and employees of the Company or its Subsidiaries who are considered key executives may be elected as grantees, being subject to the approval by the Committee.

2.22 Capital

Company's common shares are classified in the shareholders' equity. Incremental costs directly attributable to issue of new shares or option are shown in shareholders’ equity as a deduction of the amount obtained, net of taxes.

When any Company’s subsidiary buys shares of the Company (treasury shares), the amount paid, including any additional directly attributable costs (net of income tax), is deducted from the capital attributable to the Company's shareholders until the shares are cancelled or reissued. When those shares are subsequently reissued, any amount received, net of any additional directly attributable transaction costs, and of respective effects of IRPJ and CSLL, is included in the capital attributable to the Company's shareholders.

2.23 Treasury shares

Own equity instruments that are repurchased (treasury shares) and recognized at acquisition cost and deducted from shareholders’ equity. No gain or loss is recognized in the income statement on the purchase, sale, issuance or cancellation of the Company’s equity instruments.

2.24 Revenue from sale of products and services

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the Group's normal course of activities. Revenue is presented net of taxes, returns, rebates and discounts and adjusted to present value, and after elimination of sales between Group companies.

CPC 47/IFRS 15 establishes a five-step model applicable to revenue earned from a client contract, regardless of the type of revenue transaction or industry: (i) When the parties to the contract approve the contract and are committed to fulfilling their respective obligations; (ii) When the Entity can identify the rights of each party related to the goods or services transferred; (iii) When the entity can identify the payment terms for the goods or services to be transferred; (iv) When the agreement has commercial substance, and; (v) When it is probable that the Entity will receive the consideration to which it will be entitled in exchange for the goods or services which will be transferred to the client.

Below we present the policies adopted for revenues from sales of products (books, publications, content of subscriptions), and also from sales of services (in-person higher education courses, distance higher education, and basic education):

a) Sale of products

Revenue from the sale of products is recognized when (or as) it satisfies the performance obligation by transferring the promised good to the client, and its recognition may be at a specific time or over the agreement period. The Company adopts the policy of recognizing revenue on the date the product is delivered to the purchaser.

Advance receipts from the sale of teaching collections are recorded under “Advances from clients” and recognized upon delivery of the material.

b) Sale of services

The Company's revenue consists mainly of the provision of higher education (undergraduate) courses and is recognized based on the services performed until the balance sheet date. The following conditions are observed when revenue from student agreements is recognized, according to the form of payment for the service: (i) the existence of a valid and signed agreement; (ii) the value of the services is easily identifiable and, (iii) it is probable that the entity will receive consideration for the services provided.

The monthly fees of the courses and respective discounts vary according to the course, unit or academic term. Six monthly fees are charged each semester, the first being usually considered as enrollment fee. The students' bond always takes place in semesters and the renewal by the students depend on the fulfillment of academic and contractual obligations, at the end of the academic semester.

FIES (Student Financing Program) students, whose agreements are financed under this government program, need to carry out the validation and amendment of the agreement with the FNDE (National Fund for the Development of Education). The Company carries out additional validation and verification procedures, including, without limitation, the monitoring of the status of the students' agreement amendment process in the SisFies (FIES Computerized System), to ensure the receipt of the installments on normal and recurring basis. Additionally, the student signs an agreement for provision of educational services with the Educational Institution (university or college) and, in case of default, the institution can directly charge the student.

For the monthly fees of distance education courses – EAD, a percentage between 30% and 36% is transferred to the partner hub that gives the in-person classes, which varies according to the size of the classes and has specific rules that may change according to each hub. The agreement between the subsidiaries and the hub is a joint operation and establishes the rights of the parties to the respective revenues and the obligations for the respective expenses, thus, revenue is recognized only on the portion referring to the interest of the Company and its subsidiaries. Upon receipt of the student's monthly fee, accounts payable are created for the partner hubs.

Revenue from services and basic education consists of language courses and preparatory courses. They are recognized over their duration.

The hub is a local operational unit that can be either its own or belong to third parties (partners) and is responsible for providing the structure to the student in audiovisual, library and computer resources, so as to support the distance learning.

c) Revenue from royalties

Revenue from royalties is recognized on accrual basis in conformity with the essence of applicable agreements.

In the Group, this revenue refers mainly to the franchise contracts maintained by the subsidiary Red Balloon with its franchise network.

2.25 Financial revenues and expenses

The financial revenues and expenses of the Company mainly comprise the following:

- Interest revenue on students' monthly fees;

- Interest expense from loans and debentures;
- Gains/losses, net of financial assets measured at fair value through profit or loss;
- Interest on loan agreement receivable of subsidiaries;
- Update of liabilities for acquisition of subsidiaries;
- Expenses of inflation adjustment for contingencies and liabilities assumed in the business combination;

Revenues are recognized as the Company becomes party to the contractual provisions of the instrument. Additionally, they are recognized under the effective interest method.

2.26 Measurement of fair value

Fair value is the price that would be received upon the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date, on the primary market or, in the absence thereof, on the most advantageous market to which the Company has access on such date. The fair value of a liability reflects its risk of non-performance, which includes, among others, the credit risk of the business itself.

If there is no price quoted on an active market, the Company uses valuation techniques that maximize the use of relevant observable data and minimize the use of non-observable data. The valuation technique chosen incorporates all the factors that market participants would consider when setting the price for a transaction. If an asset or liability measured at fair value has a purchase and sale price, the Group measures the assets based on purchase prices and the liabilities based on sale prices. A market is considered as active if the transactions for the asset or liability take place with sufficient frequency and volume to provide information on prices on an ongoing basis.

The best evidence of the fair value of a financial instrument upon initial recognition is usually the transaction price – i.e., the fair value of the consideration given or received. If the Business determines that the fair value at initial recognition differs from the transaction price and the fair value is not evidenced by a price quoted in an active market for an identical asset or liability or by a valuation technique for any unobservable value. As the data are considered insignificant in relation to the measurement, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. This difference is subsequently recognized in the statement of comprehensive result on an appropriate basis over the useful life of the instrument, or until its assessment is fully supported by observable market data or the transaction is closed, whichever occurs first.

To provide an indication of the reliability of the data used in measuring the fair value, the Company classified its financial instruments in accordance with judgments and estimates of observable data, as far as possible. The fair value hierarchy is based on the degree to which the observable fair value is used in valuation techniques as follows:

- Level 1: Fair value measurements are those derived from prices quoted (unadjusted) in active markets for identical assets or liabilities;

- Level 2: Fair value measurements are those derived from inputs other than the quoted prices included in Level 1 that are observable for the asset or liability, directly or indirectly; and

- Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.27 New standards, amendments and interpretations issued but not yet applicable

The following standards will come into force in an year subsequent to the issue of Financial Statements:

2.27.01 CPC 50/ IFRS 17 – Insurance Contracts

This pronouncement will replace the current CPC 11 / IFRS 4, after the review of the international standard by the IASB. The purpose of CPC 50 – Insurance agreements is to ensure that an entity provides relevant information that faithfully represents the essence of these agreements, through a consistent accounting model.

This pronouncement is applicable to annual reporting years beginning on or after January 1, 2023.

Management is evaluating possible impacts, and there has been no indication of the need for any recognition or disclosure so far.

2.27.02 Amendments to CPC 32 / IAS 12 – Deferred tax related to assets and liabilities

The amendments introduce another exception to the initial recognition exemption. According to the amendments, an entity does not apply the initial recognition exemption to transactions that result in equal taxable and deductible temporary differences. Depending on the applicable tax legislation, taxable and deductible temporary differences may arise on the initial recognition of an asset and liability in a transaction that is not a business combination and does not affect the accounting profit or the taxable income. For example, this may arise upon the recognition of a lease liability and the corresponding right-of-use asset by applying CPC 06 (R2) / IFRS 16 - Leases on the date of beginning of a lease.

In line with the amendments to CPC 32/IAS 12, an entity is required to recognize the respective deferred assets and liabilities, and the recognition of deferred tax assets is subject to the recoverability criteria of CPC 32/IAS 12. This pronouncement is applicable to annual reporting years beginning on or after January 1, 2023.

Management is evaluating possible impacts, and there has been no indication of the need for any recognition or disclosure so far.

3. Estimates and critical accounting judgments

In the preparation of the financial statements, the Company adopts accounting estimates and judgments, which are continuously evaluated and based on historical experience and on other factors, including forward-looking statements considered reasonable and relevant under the circumstances. Based on these assumptions, the Group makes estimates regarding forward-looking statements that may differ from the respective actual results. The estimates and assumptions which present a significant risk, likelihood of causing an important adjustment to the book value of assets and liabilities for the coming year are shown below.

3.1. Judgments

a) Determining the lease period

The Company's subsidiaries have lease agreements whereby they act as lessees of the properties that are used for in-person classes (related to Higher Education operations). In Basic Education, the Company's subsidiaries have lease agreements to act as lessees in the warehouses where the products are located, in addition to lease agreements for computing equipment used in teaching systems and in educational solutions ("chromebooks"). When determining the lease term, Management considers all the facts and circumstances that create an economic incentive to exercise an extension option. Extension options (or periods after the termination options) are only included in the lease term when it is reasonably certain that the option will be exercised (or that the agreement will not be terminated). For the leases of buildings, warehouses, equipment or even computers used in educational solutions, the following factors are usually the most relevant:

d) If there are significant penalties for termination (or non-extension), the Company is reasonably certain to extend (or not terminate) the lease.

e) If there are lease improvements with significant residual balances, the Company is reasonably certain to extend (or not terminate) the lease.

f) In addition, the Company considers other factors, including historical practices related to the use of specific categories of assets (own or leased), as well as the historical duration of the leases and the costs required to replace the leased asset.

3.2. Estimates

a) Assessment of the existence of impairment losses on goodwill

Annually, the Group tests possible losses ("impairment") on goodwill, in accordance with the accounting policy mentioned in note 2.12 and 16(b). Recoverable amounts of CGUs were determined based on the value in use calculations, which were, in turn, based on estimates.

The Company reviewed its assumptions of the long-term model used in the calculation of the impairment test for the year 2022. The new criteria adopted were analyzed and approved by Management, as well as the rates used. The calculations and the impairment test were prepared by management, in accordance with the accounting standards.

b) Deferred income tax and social contribution

The liability method (according to the concept described in IAS 12 - "Liability Method") of accounting for deferred income tax and social contribution is used for temporary differences between the book value of assets and liabilities and their respective tax values. The amount of deferred income tax and social contribution assets is reviewed at each balance sheet date and reduced to the amount that is no longer realizable through future taxable income. Deferred tax assets and liabilities are calculated using the tax rates applicable to taxable income in the years in which these temporary differences are expected to be realized. Future taxable income may be higher or lower than the estimates considered to determine deferred tax assets. Further details are presented in Note 26.

c) Provision to tax, labor and civil losses

The Group is a party to several legal and administrative proceedings and recognizes a provision for all legal proceedings for which the probability of loss is considered probable. The assessment of the probability of loss includes the assessment of available evidence, including the opinion of the internal and external legal advisors of the Group and its subsidiaries, in addition to the history of provision for lawsuits closed in the last 12 months (“Average ticket”) for civil lawsuits. Additionally, the Group also recognizes provision for lawsuits with risk of possible loss arising from business combinations, as described in Notes 2.17 and 25.5. Management believes that this provision is sufficient and it is properly presented in the financial statements.

d) Provision for expected loss in accounts receivable

As described in note 2.8, the Company analyzes the accounts receivable from monthly fees and other operations, considering the risks involved, and recognizes provision to cover potential losses on their realization, as mentioned in note 8 (c).

e) Determination of the adjustment to present value of certain assets and liabilities

For certain assets and liabilities that are part of the Company's operations, Management evaluates and recognizes the effects of adjustment to present value, considering the time value of money and the uncertainties associated with them.

f) Inventories - Provision for obsolescence of inventory

The Group adopts the aging of production by type of product and label as a criterion for provisioning for inventory obsolescence, and additionally considers the collection or labels that were discontinued as it understands that this criterion is more consistent with its business model. Under this concept, a provision for inventory loss due to obsolescence is recognized the older the production date is in relation to the base date. The Company considers the editorial renewal calendar of its products to determine the number of periods in which the products may suffer obsolescence, which usually occurs between the third and fifth year. The accounting balances recorded due to this policy are presented in further detail in note 9.

g) Revenue recognition

To determine when the five criteria for revenue recognition described in note 2.23 are met, Management exercises its judgment mainly for securities referring to students with financing such as PEP and FIES.

Additionally, for the monthly fees of distance education courses – EAD, the Company recognizes revenue only on the portion related to its share.

h) Allocation of acquisition price - Business combination and accounting treatment of commitments assumed for acquisition of remaining interest from non-controlling shareholders

During the process of allocation of the acquisition price in a business combination, Management uses assumptions (growth rate, projections, discount rate, useful life, among others) which involve a significant level of estimates and judgments.

In thousands of reais, unless otherwise indicated

4. Business combination and acquisition of ownership interest

4.1. Business combination

4.1.1. Held in 2022

The Company, through its indirect subsidiary Somos Sistemas de Ensino S.A. (“Somos”) acquired 100% of the equity interest in companies Phidelis Tecnologia Desenvolvimento de Sistemas Ltda. and MVP Consultoria e Sistemas Ltda., (“Phidelis”), on January 17, 2022. Phidelis is an academic management platform that offers software development and licensing in addition to messaging, student retention, enrollment, and delinquency management. The Company will pay a fixed amount of R$ 16,492, of which R$ 8,854 will be paid in cash on the acquisition date and the remaining amount of R$ 7,638 will be paid in 2 years, with a variable payment of R$ 5,474 in 3 installments restated by the IPCA rate, linked to the achievement of performance targets between 2022 and 2025.We present below a summary of the main groups of balance sheet accounts on the date of this acquisition:

			Consolidated
	MVP	**Phidelis**	**Total combinations**
Current assets			
Cash and cash equivalents	217	162	379
Accounts receivable	131	65	196
Recoverable taxes	5	1	6
Total current assets	**353**	**228**	**581**
Non-current assets			
Property, plant and equipment	72	-	72
Intangible assets	5,014	2,044	7,058
Software license	2,702	523	3,225
Client portfolio	2,312	1,521	3,833
Total non-current assets	**5,086**	**2,044**	**7,130**
Total assets	**5,439**	**2,272**	**7,711**
Current liabilities			
Labor obligations	6	24	30
Tax liabilities	90	34	124
Other accounts payable	10	2	12
Total current liabilities	**106**	**60**	**166**
Non-current liabilities			
Provision for tax, labor and civil losses	2,504	-	2,504
Total current liabilities	**2,504**	**-**	**2,504**
Total liabilities	**2,610**	**60**	**2,670**
Shareholders' equity	2,829	2,212	5,041
Acquisition price	18,366	3,600	21,966
Goodwill	**15,537**	**1,388**	**16,925**

4.1.2. Held in 2021

During the year ended December 31, 2021, the Company, through its indirect subsidiary Somos Sistemas de Ensino S.A., acquired all the quotas representing 100% of the capital of the companies: (i) Sociedade Educacional da Lagoa Ltda. (“SEL”), on March 2, 2021, for the total amount of R$ 65,000, of which R$ 38,124 is paid in cash, and the remaining balance in 4 equal installments, corrected by the positive change of 100% of the CDI, (ii) Nota 1000 Serviços Educacionais S.A. (“Redação Nota 1000”), on May 24, 2021, for the total amount

of R$ 11,387, of which R$ 4,093 was paid in cash and the remainder in installments with final maturity in 2026, adjusted by the positive change of 100% of the CDI, (iii) EMME - Produções de Materiais em Multimídia ("EMME"), on August 1, 2021, for the total amount of R$ 15,316, of which R$ 3,063 were paid in cash, and the remaining balance of R$ 12,253 will be paid in installments with final maturity in 2026, and adjusted by the positive change of the IPCA, and (iv) Editora De Gouges S.A. ("Eleva"), in October 2021. The total amount of the transaction was R$ 611,554, of which R$ 160,000 was paid in cash at the time of closing of the transaction, and the remainder will be paid in three equal and annual installments of R$ 150,518, each installment being adjusted by the positive variation of 100% of the CDI.
More information about the book balances impacted by these acquisitions is included in the Individual and Consolidated Financial Statements for the year ended December 31, 2021.

4.2. Acquisition of minority ownership interest

The Company, through its indirect subsidiary Somos Sistemas de Ensino S.A. ("Somos"), concluded on July 19, 2022, the acquisition of a minority interest in Educbank Gestão de Pagamentos Educacionais S.A. ("Educbank"). The total investment was R$ 87,651, for a 45% interest in Educbank, of which R$ 12,085 was paid in cash on the acquisition date, R$ 35,151 was paid in installments over 2 years and R$ 40,415 was recorded at fair value, and is conditioned to the growth of students served by Educbank. In the year ended December 31, 2022, R$ 63,157 was paid referring to the obligations assumed in the business combination. Somos does not control this entity, but it does have significant influence. Educbank is the first financial ecosystem dedicated to elementary and high schools, with the purpose of expanding access to quality education in Brazil, through the management of services and financial support to educational institutions by guaranteeing the payment of school fees. This investment will allow Somos to raise a great potential of value in the coming years, taking advantage of the K-12 monthly payment methods, whose total payment volume (TPV) exceeds R$ 70 billion per annum. Educbank's services complement Somos's digital services platform, which provides access to data, management tools and currently working capital management, freeing up time for school partners to focus on education delivery. The amount of investment linked to this acquisition is presented in further details in Note 14(d).

Still during 2022, the Company, through its subsidiary Somos Sistemas de Ensino S.A. ("Somos"), concluded the acquisition of a minority interest in Flex Flix Limited ("Flex Flix") on July 05, 2022, not exercising control or significant influence. The total investment was R$ 8,271 for a 10% interest in Flex Flix, fully paid in cash on the closing date of the transaction. Flex Flix is an education and educational entertainment company over the internet, operating a video streaming service in three languages (Spanish, English and Portuguese). The products on this platform cover high-resolution, big data and artificial intelligence solutions. The amount of investment linked to this acquisition is presented in further details in Note 14(e).

5. Financial risk management

5.1. Sundry considerations and policies

Risk management and financial instrument management are carried out through policies, strategy definitions, and implementation of control systems, which are defined by the Company's Board of Directors. The adherence of treasury positions to financial instruments is presented and evaluated monthly by the Company's Treasury Committee and subsequently submitted to the Audit and Executive Committees and the Board of Directors. The market value of the Company's financial assets and liabilities were calculated based on available market information and appropriate valuation methodologies for each scenario. However, considerable judgment was required in the interpretation of the market data to estimate the most adequate realization value. Consequently, the estimates presented here do not necessarily indicate the values that could be realized in the current exchange market. Using different market information and/or evaluation methodologies may have a material effect on market value amount. We present below the fair values of the Company's financial instruments as of December 31, 2022:

In thousands of reais, unless otherwise indicated

	Fair value hierarchy	Parent company		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
Assets – Amortized cost					
Cash and cash equivalents		19	369,527	121,772	1,601,468
Accounts receivable		-	-	2,300,842	2,277,276
Accounts receivable from sale of subsidiaries		-	-	28,499	209,430
Other receivables		617	365	164,327	178,358
Debentures receivable from related parties		1,305,748	1,129,712	-	-
Related parties – other		438,593	2,986,929	-	-
		1,744,977	**4,486,533**	**2,615,440**	**4,266,532**
Assets - Fair value through profit or loss					
Trading securities	1	757,304	116,530	2,059,073	2,439,438
Derivative financial instruments	2	4,978	-	4,978	-
		762,282	**116,530**	**2,064,051**	**2,439,438**
Liabilities – Amortized cost					
Loans		-	-	-	888
Debentures		3,925,733	5,625,390	5,191,194	6,865,494
Suppliers		697	2,649	664,375	654,064
Suppliers - drawee risk		-	-	313,442	310,157
Accounts payable - acquisitions		-	-	252,429	262,544
Other accounts payable		53	44	143,812	174,803
Related parties – other		186,490	148,728	-	-
		4,116,846	**5,776,811**	**6,565,252**	**8,267,950**
Liabilities - Fair value through profit or loss					
Derivative financial instruments	2	23,032	-	23,032	-
		23,032	**-**	**23,032**	**-**

The Company's financial assets and liabilities are recorded in the balance sheet accounts at amounts compatible with those practiced in the market.

5.2. 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 in line with the goals in capital management:

a) Policy for use of derivative financial instruments

In thousands of reais, unless otherwise indicated

As mentioned in Note 2.7, derivative financial instruments are recognized at fair value on the date the derivative agreement is entered into, and are subsequently remeasured at their fair value through profit or loss. Changes occurred (gains or losses) are recorded under financial revenues or expenses, in the statement of income. The Company carries out transactions with derivative financial instruments, without speculative purposes, with the purpose of hedging its exposure to changes in interest rates linked to the debentures contracted and updated by the IPCA rate, related to the issues “COGNA BTG”, 2nd and 3rd series, and “ COGNA 2nd issue debentures”, 3rd series. These derivative financial instruments are specifically represented by swap contracts and measured at fair value through profit or loss.

Derivative transactions have the following conditions and amounts for the year ended December 31, 2022:

Interest rates contracted - Consolidated

								Consolidated
Swap transaction	**Purpose of the derivative**	**Remuneration of assets**	**Remuneration of liabilities**	**Notional value (R$)**	**Maturity**	**Long position (R$)**	**Short position (R$)**	**Gain (loss) (R$)**
COGNA BTG - 1st issue of 2nd Series debentures	Debenture protection	IPCA + 7.9273%	CDI + 2.1900%	333,414	07/16/2029	373,353	381,242	(7,889)
COGNA BTG - 1st issue of 3rd Series debentures	Debenture protection	IPCA + 8.0031%	CDI + 2.5900%	102,751	07/15/2032	119,129	122,220	(3,091)
COGNA 2nd issue of 3rd series debentures	Debenture protection	IPCA + 6.7234%	CDI + 2.1000%	134,813	08/15/2025	139,533	146,607	(7,074)
Total				**570,978**		**632,015**	**650,069**	**(18,054)**
Non-current assets								4,978
Non-current liabilities								(23,032)
								(18,054)

b) Market risk - cash flow risk associated with interest rates

This risk arises from the possibility that the Group may incur losses due to fluctuations in interest rates that increase financial expenses related to loans and debentures raised in the market, in addition to operations with derivatives (swap) which aim at hedging these debentures contracted and also accounts payable to third parties for installment acquisitions. The Company continuously monitors market interest rates, to manage the cash balance and financial liabilities related to these rates.

The Company’s financial instruments with exposure to the risk of fluctuations in interest rates pegged to the CDI and IPCA rates, as well as the contracted interest rates, are presented below:

			Consolidated
	12/31/2022	**12/31/2021**	**Interest rate**
Loans	-	888	9.41% p.a.
Debentures pegged to the CDI rate	4,620,155	6,735,331	100% of CDI + interest from 0.65% to 2.95% p.a.
Derivative financial instruments (i)	570,978	-	CDI + interest from 2.10% to 2.59% p.a.
Accounts payable for acquisitions	110,138	118,335	CDI
Total	**5,301,271**	**6,854,554**	

			Consolidated
	12/31/2022	**12/31/2021**	**Interest rate**
Debentures linked to the IPCA rate	571,039	130,163	IPCA + Interest from 6.72% to 8.00% p.a.
Derivative financial instruments (i)	(570,978)	-	IPCA + Interest from 6.72% to 8.00% p.a.
Accounts payable for acquisitions	142,291	144,209	IPCA
Total	**142,352**	**274,372**	

(i) Relative to the amount contracted by the Company to hedge against fluctuations in the interest rates of debentures linked to the IPCA rate ("notional value", as presented in Note 5.2'a').

c) Credit risk

It is the risk of a business counterpart not complying with obligations provided in a financial instrument or contract with client, resulting in financial loss. The Company is exposed to credit risk during their operating and financing (related to FIES, PEP and PMT) activities (mainly in relation to accounts receivable), including deposits in banks, securities, in addition to other financial instruments. The Company maintains appropriate provisions in the balance sheet to cover these risks:

Accounts receivable - Higher Education (Kroton)

The Group's sales policy follows the risk inherent to its segment and is limited by the rules of the Federal Government (Law 9870/99, which provides for the total amount of school fees). The legislation allows student enrollment not to be renewed in case of default for the following semester, causing them to negotiate their debts with the institution. The diversification of its portfolio of receivables, and the monitoring of terms are procedures adopted to minimize potential defaults in accounts receivable. We present below the policy applied to the products offered:

FIES: For students contemplated by the Student Financing Fund (FIES), the Company has a substantial part of the credits guaranteed by FGEDUC. For the portion of the credit not guaranteed by the program, the Company estimates the potential for default and sets up the respective provision.

PEP: As of 2015, the Company offered students a Private Student Installment (PEP) product for the main purpose of offering a payment alternative to students who did not obtain FIES. The product aims to finance part of the course, from 70% to 50% of the monthly fee, updated with the Brazilian Extended Consumer Price Index (IPCA), to be paid within the same term of the chosen course, after its completion. As of 2018, for new entrants (except at Faculdade Anhanguera), the Company changed the maturity of the financed installments, establishing that the payment term of the installment portion of the first semester in which the student opted for this product would be transferred to the subsequent semester. Thus, in the second semester, students would pay the installments financed in the first semester and new revenues with maturities in the following semesters, recognized as private installment revenues. The long-term accounts receivable from students benefited by PEP are adjusted to present value. Furthermore, as of the 2021 cycle, the Company decided to no longer offer the PEP product to new entrants.

PMT: As of the second semester of 2016, the Company offered students a Late Enrollment Installment (PMT) product - with the main purpose of attracting freshmen with late enrollment. This concept was applied to students who had not yet completed their enrollment, as they entered after the beginning of classes, but with sufficient time to complete the minimum workload for the semester. Initially, the plan offered the student the condition of paying these initial semester installments in the months following graduation. In the second half of 2021, the Company changed the offer of this product, considering that in new student enrollments the postponed tuition fees will be diluted throughout the course and no longer paid only after graduation.

Trade accounts receivable are mainly comprised of individual clients, linked to the provision of undergraduate services and debt negotiations. The risk of this group is managed according to the aging of debt securities' maturity of each student.

In thousands of reais, unless otherwise indicated

Accounts receivable – Basic education (Vasta)

Trade accounts receivable in this group consist of book distributors, schools, franchisees, and individuals linked to the sale of books and education systems for the provision of basic education services. The risk of this group is managed according to the periodic credit analysis of each corporate client (schools and book distributors) and individual, in addition to the aging of the maturity of the securities and the segregation between segments of services provided and products sold.

Accounts receivable – Basic education (Saber)

Similar to higher education, the pricing and enrollment policy is governed by specific regulations and allows for non-renewal at the end of the school term in case of default. Basically, the amount of accounts receivable is made up of individuals (parents of students). The risk of this group is managed according to the aging of the maturity of the securities.

The credit quality of financial assets can be evaluated by reference to external credit ratings (if any) or according to historical information about counterparty default indexes:

	Consolidated	
	12/31/2022	12/31/2021
Trade accounts receivable (Note 8)		
Kroton	4,937,514	5,092,685
Vasta	708,417	551,000
Saber	136,864	97,652
Credit card	16,999	54,358
Gross accounts receivable	**5,798,794**	**5,795,695**

Financial instruments and cash deposits

The Company and its subsidiaries restrict its exposure to credit risks associated with financial instruments and deposits with banks and interest earning bank deposits by investing in top-tier financial institutions and in accordance with previously established limits in Company's policy.

	Consolidated	
Cash and cash equivalents (Note 6)	12/31/2022	12/31/2021
AAA (i)	86,243	1,492,256
AA (ii)	35,529	109,124
Not applicable	-	88
	121,772	**1,601,468**
Securities (Note 7)		
AAA (i)	1,850,847	641,662
AA (ii)	208,226	1,797,776
	2,059,073	**2,439,438**

(i) Since Santander Brasil is not evaluated by Fitch, the rating of the Standard & Poor's agency was used to classify the investments issued by the financial institution in the amount of R$ 593,721, of which R$ 50,881 were allocated in cash and cash equivalents and R$ 542,840 allocated to securities.

(ii) Investments in National Treasury securities are classified by the Brazil rating considering the global scale, which is BB-, and in rating correspondence on a global and local scale, this classification is allocated in AA.

In thousands of reais, unless otherwise indicated

d) Liquidity risk

It consists of the eventuality of the Company not having sufficient financial resources to honor their commitments on account of the different settlement terms of their rights and obligations.

The cash flow of the Company and its subsidiaries is carried out centrally by the Group's finance department, which monitors the forecasts of the entities' liquidity requirements to ensure that they have sufficient cash to meet their operational needs. The Group also constantly monitors the cash balance and the level of indebtedness of the companies and implements measures so that the companies receive eventual capital contributions and/or access the capital market when necessary, and so that they remain within the existing credit limits. This forecast takes into consideration the debt financing plans, compliance with clauses, attainment of the internal goals of liquidity indicators of the balance sheet and, if applicable, regulatory requirements. The cash surplus held by the entities, in addition to the balance required for the management of working capital, is also centrally managed by the Group. The treasury department invests the cash surplus in time deposits, short-term deposits, and securities, choosing instruments with appropriate maturities or sufficient liquidity, to maintain the Company with an appropriate volume of resources to maintain its operations.The Company's main financial liabilities refer to debentures, trade accounts payable, drawee risk, accounts payable for acquisitions and related parties. The main purpose of such financial liabilities is obtaining funds for the Group's operations. The following table shows the Company's financial liabilities, by maturity, corresponding to the remaining period of the security or liability.

Financial liabilities by maturity bracket

				Consolidated
	≤1 year	**1–2 years**	**≥2 years**	**Total**
December 31, 2022				
Debentures	2,038,312	1,196,856	1,956,026	5,191,194
Suppliers	664,375	-	-	664,375
Suppliers - Drawee Risk	313,442	-	-	313,442
Derivative financial instruments	-	-	23,032	23,032
Accounts payable for acquisitions	168,061	32,192	52,176	252,429
	3,184,190	**1,229,048**	**2,031,234**	**6,444,472**

In thousands of reais, unless otherwise indicated

Financial liabilities by maturity bracket - Projected (i)

				Consolidated
	≤1 year	1–2 years	≥2 years	Total
December 31, 2022				
Debentures	2,291,677	1,345,626	2,199,162	5,836,465
Suppliers	664,375	-	-	664,375
Suppliers - Drawee Risk	340,917	-	-	340,917
Derivative financial instruments	-	-	25,895	25,895
Accounts payable - acquisitions	188,951	36,194	58,661	283,806
	3,485,920	**1,381,820**	**2,283,718**	**7,151,458**

(ii) It considers the most likely base scenario over a 12-month horizon. Projected rates: CDI – 12.43% and IPCA – 5.78% p.a.

5.3. Capital management

The main purposes of the Company's capital management are to safeguard its ability to continue operating, to offer good returns to shareholders and reliability to other interested parties, in addition to maintaining an ideal capital structure with a focus on reducing financial costs, maximizing shareholder's return.

In order to keep or adjust the capital structure, the Company may review the dividend payment and capital return to shareholders' policy or even issue or repurchase shares.

As of December 31, 2022 and 2021, the Company has a capital structure designed to make the growth strategy feasible, whether organically or through acquisitions. Investment decisions consider the expected return potential.

The financial leverage ratios are shown below:

		Consolidated
	12/31/2022	12/31/2021
Debentures, accounts payable for acquisitions and derivative financial instruments	(5,461,677)	(7,128,926)
Cash and cash equivalents and securities	2,180,845	4,040,906
Net debt	**(3,280,832)**	**(3,088,020)**
Shareholders' equity	12,176,562	12,726,590
Leverage ratio	**26.94%**	**24.26%**

5.4. Sensitivity analysis

The following is a table showing the sensitivity analysis of financial instruments, which shows the risks that could generate material losses to the Company, according to the assessment made by Management, considering, for a period as the most probable base scenario in a 12-month horizon, the projected rates: CDI – 12.43% and IPCA – 5.78% p.a. Additionally, we show scenarios with 25% and 50% deterioration in the risk variable considered, respectively.

In thousands of reais, unless otherwise indicated

					Consolidated
	Exposure	**Risk**	**Probable scenario**	**Possible scenario -25%**	**Remote scenario -50%**
Cash and cash equivalents, securities	2,180,845	CDI increase	271,081	338,852	406,622
Debentures and Accounts payable linked to the CDI	(5,301,271)	CDI increase	(658,953)	(823,692)	(988,430)
Debentures and Accounts payable linked to the IPCA	(142,352)	IPCA increase	(8,235)	(10,293)	(12,352)
	(3,262,778)		**(396,107)**	**(495,133)**	**(594,160)**

Source: IPCA of the Focus report of the Central Bank of Brazil - BACEN, and CDI according to reference rates B3 S.A., both available on the websites of the respective institutions.

6. Cash and cash equivalents

	Parent company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Cash				
Current account	19	113	21,392	30,724
	19	**113**	**21,392**	**30,724**
Interest earning bank deposits				
OPCM - Repurchase and resale agreement (i)	-	268,428	461	542,778
CDB - Bank Deposit Certificate	-	100,986	99,919	1,027,966
	-	**369,414**	**100,380**	**1,570,744**
Total	**19**	**369,527**	**121,772**	**1,601,468**

(i) Overnight National Treasury notes and repo operations are daily interest earning bank deposits with private banks backed by public securities without risk of loss of profitability when redeemed and with immediate liquidity.

The Company has short-term Interest earning bank deposits with high liquidity and an insignificant risk of change in value, mainly linked to the CDI or SELIC rate, a significant part of which is made from exclusive fixed-income investment funds, under the administration and management of large financial institutions. The purpose of these funds is to remunerate the Group's cash and cash equivalents without incurring medium and high-risk instruments or securities. Interest earning bank deposits have average gross profitability in the year ended December 31, 2022, of 104% of the CDI (99.3% of the CDI on December 31, 2021).

7. Securities

	Parent company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
LFT - Financial Treasury Bill	297,605	116,530	709,883	1,974,836
LF - Financial bills	-	-	429,314	54,246
LTN - National treasury bills	459,699	-	879,986	14,055
NTN - National Treasury Note	-	-	39,890	396,301
Total continued operations	**757,304**	**116,530**	**2,059,073**	**2,439,438**
Current	757,304	116,530	2,007,061	2,425,201
Non-current	-	-	52,012	14,237
	757,304	**116,530**	**2,059,073**	**2,439,438**

Securities have average gross profitability in the year ended December 31, 2022 of 104% of the CDI (99.3% of the CDI on December 31, 2021).

In thousands of reais, unless otherwise indicated

8. Accounts receivable

a) Breakdown

				Consolidated
				12/31/2022
	Accounts receivable	Expected loss	Adjustment to present value	Accounts receivable, net
Kroton	4,937,514	(3,339,316)	(81,067)	1,517,131
Private Installment Payment (PEP/PMT)	3,810,858	(2,689,881)	(80,867)	1,040,110
PEP	2,876,786	(1,888,983)	(69,158)	918,645
PMT	934,072	(800,898)	(11,709)	121,465
Kroton without private installment payment	1,126,656	(649,435)	(200)	477,021
Out-of-pocket	937,523	(511,419)	(200)	425,904
FIES	189,133	(138,016)	-	51,117
Vasta	708,417	(69,481)	-	638,936
Saber (ii)	136,864	(8,088)	-	128,776
Credit card (i)	15,999	-	-	15,999
Total	**5,798,794**	**(3,416,885)**	**(81,067)**	**2,300,842**
Total without private installment payment and credit card	1,971,937	(727,004)	(200)	1,244,733
Current assets				2,011,108
Non-current assets				289,734
				2,300,842

(i) Receivables arising from installment sales by credit card, arising from payments for services provided by the Company.

(ii) Related to accounts receivable from services provided by the language schools PNLD and SETS.

				Consolidated
				12/31/2021 (iii)
	Accounts receivable	Expected loss	Adjustment to present value	Accounts receivable, net
Kroton	5,092,685	(3,354,881)	(87,694)	1,650,110
Private Installment Payment (PEP/PMT)	3,787,296	(2,579,292)	(87,558)	1,120,446
PEP	2,824,671	(1,809,106)	(72,028)	943,537
PMT	962,625	(770,186)	(15,530)	176,909
Kroton without private installment payment	1,305,389	(775,589)	(136)	529,664
Out-of-pocket	1,071,303	(639,149)	(136)	432,018
FIES	234,086	(136,440)	-	97,646
Vasta	551,000	(46,500)	-	504,500
Saber (ii)	97,652	(29,344)	-	68,308
Credit card (i)	54,357	-	-	54,357
Total	**5,795,695**	**(3,430,725)**	**(87,694)**	**2,277,276**
Total without private installment payment and credit card	1,954,042	(851,433)	(136)	1,102,473
Current assets				2,025,689
Non-current assets				251,587
				2,277,276

(i) Receivables arising from installment sales by credit card, arising from payments for services provided by the Company.

(ii) Related to accounts receivable from services provided by the language schools PNLD and SETS.

(iii) Due to the consolidation of the operating segments described in Note 2.2 e), this Note for the year 2021 was reviewed in line with the current structure of the Company's segments.

In thousands of reais, unless otherwise indicated

b) Analysis of accounts receivable maturities (aging list)

	Consolidated	
	12/31/2022	**12/31/2021**
Amounts falling due	**2,497,759**	**2,446,454**
Overdue (days):		
01–30	174,175	199,745
31–60	160,470	103,887
61–90	125,279	169,704
91–180	344,112	424,139
181–365	529,764	687,133
>365	1,967,235	1,764,633
Total overdue	**3,301,035**	**3,349,241**
Provision for expected loss	(3,416,885)	(3,430,725)
Adjustment to present value	(81,067)	(87,694)
	2,300,842	**2,277,276**

Kroton – paying students

	Consolidated (ii)	
	12/31/2022	**12/31/2021**
Amounts falling due	**112,128**	**73,361**
Overdue (days):		
01–30	38,763	47,000
31–60	43,783	54,356
61–90	73,815	87,788
91–180	269,031	249,686
181–365	225,288	303,065
>365 (i)	174,515	255,911
Total overdue	**825,195**	**997,806**
Gross Accounts Receivable - Paying Student (-) AVP	**937,323**	**1,071,167**
(-) Balance of allowance for doubtful accounts	**511,419**	**639,149**
Net Accounts Receivable - Paying Student	**425,904**	**432,018**
Gross AFDA/AR Percentage	***54.6%***	***59.7%***

(i) It considers the student's accounts receivable with the longest delay (delinquency effect by the student's SSN). In other words, the sum of trade notes maturing in up to 365 days, but due to the fact of having any student trade note with a higher maturity date which has already been written-off as loss, now has an allowance for doubtful accounts fully provisioned.

(ii) Due to the consolidation of the operating segments described in Note 2.2 e), this Note for the year 2021 was reviewed in line with the current structure of the Company's segments.

In thousands of reais, unless otherwise indicated

c) Allowance for Doubtful Accounts (AFDA) and write-offs

The Company sets up the provision for expected loss monthly by analyzing the amounts of receivables recorded each month in the period of up to 12 months for the Kroton and Saber (PNLD) segments and 18 months for the Vasta and SABER segments (“SETS”) and the respective openings by delay ranges, calculating their recovery performance. In this methodology, for each delay range, a percentage of probability of estimated loss is assigned considering current and historical information of default for each product. We present below the assumptions applied to each segment:
Kroton: Payer The calculation methodology considers the probability of loss from the student's standpoint, considering all accounts receivable on their oldest due date, and which are provisioned according to the risk profile, defined by default history, academic and financial data, such as total debt, history of renegotiation, among others. The Company considers the cash inflow expected for its agreements on renegotiated securities.
Private Installment Payment: The expected loss for the PEP and PMT amounts receivable is calculated mainly based on the average between i) expected dropout rate and its default rate and ii) expected graduated and dropped students rate, and their default rate.

Vasta: The Company calculates the probability of loss on a monthly basis by analyzing the amounts of receivables recorded each month, and the respective openings by range of late payment, calculating the recovery performance. In this methodology, a percentage of probability of loss is assigned to each range of late payment, considering current and historical information on delinquency, which is updated monthly. It is worth emphasizing that the provision for losses is established since billing based on the performances presented by the business lines and respective expected collections up to 540 days from the maturity. Additionally, the calculation excludes sales to companies of Cogna group (intercompany sales), which do not present a risk of loss.

Saber: The Company calculates the probability of loss on a monthly basis by analyzing the monthly rollovers of receivables, overdue and falling due accounts receivable and the respective breakdowns by range of late payment, calculating the recovery performance. In this methodology, a percentage of probability of loss is assigned to each range of late payment. It is worth noting that the Company considers the expected cash inflow for its agreements on renegotiated bonds with maturity above 365 days for the PNLD business segment and 540 days for the SETS business segment.

Changes in expected losses

The changes in provisions for expected losses in the year ended December 31, 2022 and 2021, are shown below:

		Consolidated
	12/31/2022	**12/31/2021**
Opening balance	**(3,430,725)**	**(3,214,455)**
Write-off against accounts receivable	448,812	321,326
Formation	(434,972)	(537,596)
Closing balance	**(3,416,885)**	**(3,430,725)**

When the delay reaches a maturity bracket greater than 365 days (for the Kroton segment), and 540 days (for the Vasta and Saber segment), the security is written off. Even for the written-off securities, the collection efforts are maintained and the respective receipts and renegotiations are recognized directly in the income (loss) when realized.

In thousands of reais, unless otherwise indicated

d) Private Installment Payment (PEP/PMT)

The balance of accounts receivable from the Private Installment Payment (PEP/PMT) consists of the receivables from the installment products offered in Kroton's in-class education, which is segregated into two main products:

i) Private Student Installment Payment (PEP). This product aims to provide access to education for students who, despite depending on student funding, do not have access to it. In this modality, the student would pay about half of the tuition of the course after graduation, with the expectation of closing the payments in double the duration of the course. As of the 2021 cycle, the Company decided to no longer offer the PEP product to new entrants.

ii) Late Enrollment Installment Payment (PMT). This product is offered only in the semester of student enrollment and aims to facilitate payment for students who enroll in the middle of the semester cycle. Instead of charging the monthly fees accumulated from the first month of the semester to the month of the student's entry, initially, the student would pay only one monthly fee and the payment of the others would be postponed after graduation. In the second half of 2021, the Company changed the offer of this product where, for new entrants, the postponed tuition fees will be diluted throughout the course and no longer paid only after graduation.

Breakdown of balance

			12/31/2022			**12/31/2021**
	PEP	**PMT**	**Consolidated**	**PEP**	**PMT**	**Consolidated**
Gross accounts receivable	**2,876,786**	**934,072**	**3,810,858**	**2,824,671**	**962,625**	**3,787,296**
(-) Adjustment to present value	(69,158)	(11,709)	(80,867)	(72,027)	(15,530)	(87,557)
Gross accounts receivable after adjustment to present value	**2,807,628**	**922,363**	**3,729,991**	**2,752,644**	**947,095**	**3,699,739**
(-) Balance of allowance for doubtful accounts	(1,888,983)	(800,898)	(2,689,881)	(1,809,106)	(770,186)	(2,579,292)
Accounts receivable, net	**918,645**	**121,465**	**1,040,110**	**943,538**	**176,909**	**1,120,447**
Gross AFDA/AR percentage after APV	-67.3%	-86.8%	-72.1%	-65.7%	-81.3%	-69.7%
Amounts falling due	1,067,477	311,966	1,379,443	1,207,728	409,970	1,617,698
Overdue	1,809,309	622,106	2,431,415	1,616,943	552,655	2,169,598
Gross accounts receivable PEP / PMT	**2,876,786**	**934,072**	**3,810,858**	**2,824,671**	**962,625**	**3,787,296**

(i) For the PMT product, the amount of the provision made is equivalent to 100% of the balance of overdue securities of the dropped students, and the remaining balance of the provision for loss is equivalent to 59.5% of the balance due for active and graduated students. Similarly, for the PEP product, the representativeness of the balance in relation to accounts receivable falling due is 8% and 100% for the amounts of dropped and overdue students.

In thousands of reais, unless otherwise indicated

Expected PEP and PMT Recovery

The expected loss for the PEP and PMT amounts receivable is calculated mainly based on the average between i) expected dropout rate and its default rate and ii) expected graduated and dropped students rate, and their default rate. The projection of future losses calculated by the Company represents, on the measurement date, the management's best estimate of future default, considering historical receipt data for the dropped and graduated PEP and PMT classes, adjusted by the current market conditions, economics, and percentage of estimated future recovery.

9. Inventories

		Consolidated
	12/31/2022	**12/31/2021**
Finished goods	223,737	228,324
Work in progress	140,425	126,664
Raw materials	61,809	11,288
Imports in progress	351	4
	426,322	**366,280**

Changes in the provision for inventory losses are as follows:

		Consolidated
	12/31/2022	**12/31/2021**
Balance at December 31, 2021	**(97,388)**	**(113,538)**
Addition in the year	(29,382)	(18,284)
Inventory losses (i)	19,127	34,434
Other	(3,857)	-
Balance at December 31, 2022	**(111,500)**	**(97,388)**

(i) It mainly refers to the write-off due to the destruction of obsolete books.

10. Recoverable taxes

		Parent company		Consolidated
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Recoverable PIS, COFINS and ISS (i)	23,758	-	136,483	188,002
Recoverable INSS	-	-	3,019	-
Other recoverable taxes	-	-	2,058	1,141
	23,758	**-**	**141,560**	**189,143**
Current	-	-	53,442	79,815
Non-current	23,758	-	88,118	109,328
	23,758	**-**	**141,560**	**189,143**

(i) It refers to PIS and COFINS credits calculated and maintained in the book sale operation and which can be offset against other federal taxes, in addition to withholding taxes due to the issuance of invoices for the provision of services.

In thousands of reais, unless otherwise indicated

11. Recoverable income tax and social contribution

The Company has recoverable income tax and social contribution amounts related to prepayments, in addition to withholding taxes on interest earning bank deposits, and invoices from suppliers, which may be used to offset any federal tax administered by the Brazilian Federal Revenue Service.

As of December 31, 2022, the amounts related to recoverable income tax and social contribution was R$ 124,456 in the parent company (R$ 57,662 as of December 31, 2021), and R$ 380,982 in the consolidated (R$ 232,599 as of December 31, 2021).

12. Accounts receivable from sale of subsidiaries

	Consolidated	
	12/31/2022	**12/31/2021**
UNIASSELVI	-	67,386
FAC	-	3,756
FAIR	-	2,103
COLÉGIO ALPHAVILLE	8,865	7,869
Somos Operações Escolares (i)	11,390	120,507
JAFAR	8,244	7,809
	28,499	**209,430**
Current	12,190	76,292
Non-current	16,309	133,138
	28,499	**209,430**

(i) The balance receivable from the sale of schools operation, involved in transactions with Eleva. The amounts presented herein are already net of the respective balance payable for the acquisition of Sistema Eleva de Ensino, in the amount of R$ 458,366.

The changes in the accounts receivable from sale of subsidiaries caption are shown below:

	Consolidated	
	12/31/2022	**12/31/2021**
Opening balance	**209,430**	**71,922**
Addition	-	306,915
Interest adjustment	10,170	13,687
Receipts	(191,101)	(183,094)
Closing balance	**28,499**	**209,430**

The amounts are updated mainly by the variation of the CDI and IPCA in accordance with the respective sale contracts of subsidiaries. Below is the schedule of accounts receivable on the sale of subsidiaries:

		Consolidated			
		12/31/2022		**12/31/2021**	
	Maturity (years):	**Total**	**%**	**Total**	**%**
Total current assets	**≤1**	**12,190**	**42.8**	**76,292**	**36.5**
	01–02	4,593	16.1	695	0.3
	02–03	2,357	8.3	4,058	1.9
	03–04	2,357	8.3	4,059	1.9
	04–05	7,002	24.5	124,326	59.4
Total non-current assets		**16,309**	**57.2**	**133,138**	**63.5**
Total		**28,499**	**100.0**	**209,430**	**100.0**

In thousands of reais, unless otherwise indicated

13. Other receivables

	Parent company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Prepaid expenses (i)	346	359	26,855	30,795
Credit with former acquiree's owners (ii)	271	-	93,270	91,725
National Social Security Institute (INSS) Terminations (iii)	-	-	30,859	30,859
Sale of properties (iv)	-	-	8,997	10,301
Other	-	6	4,346	14,678
Total	**617**	**365**	**164,327**	**178,358**
Current	617	365	129,323	134,687
Non-current	-	-	35,004	43,671
	617	**365**	**164,327**	**178,358**

(i) Comprised of: R$ 8,224 related to the HGU contract of Kroton segment, R$ 5,520 related to insurance expenses of Vasta segment, R$ 5,933 related to the software license, R$ 4,740 due to revenue deferral in the leaseback capital gain, R$ 2,438 for minor diversified credits.

(ii) It is mainly broken down by: R$ 63,636 related to contractual reimbursement rights of the former owners of company Academia Paulista Anchieta Ltda. (APA) to subsidiary Anhanguera Educacional S.A., resulting from the balance of ISS to be paid in installments through the incentive installment payment program (PPI) of the City Council of São Paulo, R$ 15,247 relating to the acknowledgment of indebtedness of the Soce linhares unit that subsidiary EDE is entitled to receive, and R$ 14,386 relating to minor diversified credits.

(iii) It is composed mainly of recoverable INSS from positive judicial decisions on severance pay.

(iv) Comprised of: R$ 4,870 referring to the balance receivable from the sale of a CEAMA property in São Luiz do Maranhão, R$ 3,519 related to the sale of a property located in the city of Santo André, and R$ 608 from pulverized smaller values.

14. Investments

(a) Breakdown of investments in direct subsidiaries and associated companies

	Parent company	
	12/31/2022	**12/31/2021**
Editora e Distribuidora Educacional S.A. ("EDE")	2,485,126	2,717,065
Anhanguera Educacional Participações S.A. ("AESAPAR")	1,465,834	1,293,440
Vasta Platform Limited. ("VASTA")	3,564,853	3,621,136
Saber Serviços Educacionais Ltda. ("SABER")	320,520	1,165,773
Pitágoras Sistema de Educação Superior Sociedade S.A. ("PSES")	410,919	-
Goodwill allocated	5,572,644	5,644,547
Total	**13,819,896**	**14,441,961**

	Consolidated	
	12/31/2022	**12/31/2021**
Educbank Gestão de Pagamentos Educacionais S.A.	83,139	-
Minha Biblioteca Ltda.	600	1,211
Total	**83,739**	**1,211**

In thousands of reais, unless otherwise indicated

(b) Information on indirect subsidiaries

						12/31/2022
	Interest in the shareholders' equity	**Number of shares**	**Total assets**	**Total liabilities**	**Shareholders' equity**	**Income (loss) for the period**
EDE	99.99%	2,415,181,279	5,075,115	2,589,989	2,485,127	192,339
AESAPAR	84.55%	943,483,397	4,440,011	2,706,322	1,733,689	(620,372)
VASTA	77.00%	83,478,667	4,657,963	28,284	4,629,679	(54,572)
SB	0.03%	152,264	682	192	490	326
SABER	62.04%	3,725,569,249	1,435,201	918,566	516,635	51,823
PSES	99.99%	303,356,609	1,017,029	606,069	410,960	63,468
			16,626,000	**6,849,422**	**9,776,578**	**(366,988)**

						12/31/2021
	Interest in the shareholders' equity	**Number of shares**	**Total assets**	**Total liabilities**	**Shareholders' equity**	**Income (loss) for the year**
EDE	99.99%	2,849,615,508	6,262,373	3,545,307	2,717,066	(42,434)
AESAPAR	85.56%	687,212,691	5,685,365	4,173,631	1,511,734	(336,260)
VASTA	77.62%	83,011,584	4,689,869	24,660	4,665,209	(118,754)
SABER	62.04%	5,125,569,249	2,779,828	900,761	1,879,067	168,782
			19,417,435	**8,644,359**	**10,773,076**	**(328,666)**

(c) Changes in investments in direct subsidiaries

							Parent company
Investment	**EDE**	**AESAPAR**	**Vasta**	**Saber**	**PSES**	**Goodwill**	**Total**
Balance at December 31, 2021	2,717,065	1,293,440	3,621,136	1,165,773	-	5,644,547	14,441,961
Changes							
Equity in net income of subsidiaries	188,148	(524,525)	(42,499)	32,152	12,076	(71,903)	(406,551)
Loss of interest in subsidiary	4,218	12,692	(28,523)	-	(16,910)	-	(28,523)
Capital increase (decrease) with cash effect	50,000	1,016,828	-	(868,560)	96,275	-	294,543
Capital increase (decrease) in assets	(485,475)	(334,143)	-	-	319,478	-	(500,140)
RSU reflexes	11,170	1,542	14,739	2,441	-	-	29,892
Interest on own capital	-	-	-	(11,285)	-	-	(11,295)
Balance at December 31, 2022	**2,485,126**	**1,465,834**	**3,564,853**	**320,520**	**410,919**	**5,572,644**	**13,819,896**

(d) Changes in investments in associated companies

			Consolidated
Investment	**Educbank**	**Minha Biblioteca**	**Total**
Balance at December 31, 2021	-	1,211	1,211
Changes			
Acquisition of minority interest	87,651	-	87,651
Equity in net income of subsidiaries	(4,512)	2,625	(1,887)
Dividends received from subsidiaries	-	(3,236)	(3,236)
Balance at December 31, 2022	**83,139**	**600**	**83,739**
Investment over shareholders' equity	41,485	600	42,085
Goodwill	33,786	-	33,786
Surplus	7,868	-	7,868
Total	**83,139**	**600**	**83,739**

In thousands of reais, unless otherwise indicated

(e) Other investments

As mentioned in Note 3.2, the Company, through its subsidiary Somos Sistemas de Ensino S.A., has a minority interest (and without the respective control) in the company Flex Flix Limited. In the period ended December 31, 2022, the amount of this interest is R$ 8,271.

(f) Information on indirect subsidiaries

						12/31/2022
	Interest in the shareholders' equity	Number of quotas	Total assets	Total liabilities	Shareholders' equity	Income (loss) for the year
Clínica Médica Anhanguera Ltda.	99.99%	1,831,700	2,867	4,237	(1,370)	1,336
Instituto Excelência Ltda.	99.99%	17,940,579	3,606	112	3,494	306
Edufor serviços educacionais Ltda. – ME	99.99%	10,335,300	1,495	372	1,123	(887)
Sociedade Piauiense de Ensino Superior Ltda..	99.99%	27,941,750	7,057	9,100	(2,043)	(1,492)
Fateci Cursos Técnicos S/S	99.99%	5,927,000	707	634	73	(792)
Clauder Ciarlini Filho S/S.	99.99%	6,836,000	8,661	7,422	1,239	1,219
Sociedade Educacional da Paraíba Ltda..	99.99%	28,237,000	1,020	402	618	(205)
Bacabal Mearim Sistemas de Ensino Ltda..	99.99%	-	-	-	-	1,199
Centro de Ensino Superior de Marabá Ltda.	99.99%	12,729,511	35,123	20,805	14,318	1,307
Centro de Ensino Superior de Parauapebas Ltda.	99.99%	4,710,159	32,151	13,630	18,521	4,314
Centro de Ensino Superior de Paragominas Ltda.	99.99%	1,029,207	9,866	5,737	4,129	(624)
Orme Serviços Educacionais	99.99%	543,545,830	903,811	587,430	316,381	(21,452)
Projecta Educacional	99.99%	10,234,275	7,093	1,305	5,788	365
Pitágoras Sistema de Ensino Sociedade	99.99%	7,639,970,437	17,011,301	4,834,739	12,176,562	63,468
União de Ensino Unopar	99.99%	145,209,401	183,177	62,912	120,265	1,667
Unic Educacional	99.99%	210,684,858	355,300	114,898	240,402	(6,175)
Iuni Educacional - Unime Salvador	99.99%	15,916,973	101,076	101,860	(784)	(9,097)
Platos Soluções Educacionais S.A.	99.99%	45,587,162	23,292	6,510	16,782	(12,940)
SGE Comércio de Material Didático Ltda..	99.99%	24,640,673	19,159	10,662	8,497	(3,672)
SB Sistemas de Ensino Ltda..	99.99%	152,264	682	192	490	326
Somos Idiomas S.A.	99.99%	120,421,129	385,729	361,180	24,549	(11,162)
Editora Ática S.A.	99.99%	980,583,077	932,940	632,373	300,567	(19,532)
Editora Scipione S.A.	99.99%	175,673,857	174,407	61,450	112,957	10,839
Somos Educação S.A.	99.99%	454,337,330	383,811	18,463	365,348	6,929
Nice Participações S.A.	99.99%	23,516,962	468	4,156	(3,688)	(4,102)
Maxiprint Editora Ltda.	99.99%	15,557,885	27,006	20,710	6,296	2,645
Educação Inovação e Tecnologia S.A. (AppProva)	99.99%	7,445,415	8,112	1,782	6,330	(8,662)
Sinvisa Investimentos Ltda.	99.99%	116,522,080	62,481	22,531	39,950	(11,854)
Stoodi Ensino e Treinamento à Distância Ltda.	99.99%	72,138,000	38,521	7,979	30,542	(14,823)
Eligis Tecnologia e Inovação Ltda..	99.99%	98,200	60	(0)	60	(7)
Editora Joaquim Ltda.	99.99%	311,868	1,581	341	1,240	362
Editora Pigmento Ltda.	99.99%	347,000	1,383	256	1,127	293
Editora Todas as Letras Ltda.	99.99%	592,834	3,872	712	3,160	685
Saraiva Educação S.A.	99.99%	373,042,882	294,225	128,614	165,611	13,692
Colégio Anglo São Paulo	99.99%	-	0	1	(1)	-
Livro Fácil	99.99%	103,768,018	75,875	35,169	40,706	(21,580)
Saraiva Soluções Educacionais S.A	99.99%	500	3,373	1,121	2,252	857
Eduquer Serviços Educacionais Ltda.	99.99%	93,700	288	41	247	6
Pluri - A&R Comércio e Serviços de Informática Ltda.	99.99%	7,991,650	37,006	24,629	12,377	4,892
Mind Makers Editora Educacional Ltda.	0.00%	-	0	(0)	-	8,107
Merrit Informaçao Educacional Ltda.	0.00%	-	-	-	-	(267)
Somos Sistemas de Ensino S.A.	99.99%	5,441,121,711	7,523,866	2,869,697	4,654,169	(48,214)
Nota 1000 Serviços Educacionais Ltda	0.00%	-	-	-	-	(16)
Sociedade Educacional da Lagoa Ltda.	99.99%	6,080,000	14,630	1,852	12,778	6,080
Emme Produções de Materiais em Multimidia Ltda Epp.	99.99%	3,921,149	2,900	929	1,971	(2,719)
Editora de Gouges S.A.	99.99%	-	-	-	-	9,820
Phidelis tecnologia desenvolvimento de sistemas ltda.	99.99%	40,000	1,131	878	253	86
MVP consultoria e sistemas ltda.	99.99%	204,000	2,591	1,545	1,046	694
To extend the areas of performance	99.99%	500	1	-	1	-
CSP Serviços	99.99%	100	-	-	-	-
CSP Participações	99.99%	100	-	-	-	-

In thousands of reais, unless otherwise indicated

15. Property, plant and equipment

								Consolidated
	IT equipment	Furniture, equipment and fixtures	Library	Buildings and improvements	Construction in progress	Land	Right-of-use (IFRS 16)	Total
Balances at December 31, 2020	**72,382**	**337,386**	**89,601**	**1,066,723**	**35,228**	**118,553**	**2,624,301**	**4,344,174**
Additions	26,855	16,938	5,564	611	81,563	-	208,476	340,007
Additions due to business combination	1,184	721	-	135	-	-	-	2,040
Write-offs	(561)	(5,346)	(1,510)	(32,741)	(664)	-	(74,145)	(114,967)
Depreciation	(34,268)	(52,474)	(22,717)	(71,903)	-	-	(188,641)	(370,003)
Transfers	-	5,913	-	57,386	(57,386)	(5,913)	-	-
Balances at December 31, 2021	**65,592**	**303,138**	**70,938**	**1,020,211**	**58,741**	**112,640**	**2,569,991**	**4,201,251**
2021 annual average depreciation rate	21%	10%	12%	4%	0%	0%	5%	
Balances at December 31, 2021	**65,592**	**303,138**	**70,938**	**1,020,211**	**58,741**	**112,640**	**2,569,991**	**4,201,251**
Additions	38,643	6,304	17,826	929	78,586	-	359,291	501,579
Additions due to business combination	53	12	-	-	7	-	-	72
Write-offs	(408)	(4,767)	(557)	(54,168)	(616)	-	(196,350)	(256,866)
Depreciation	(38,385)	(48,005)	(20,826)	(68,223)	-	-	(211,654)	(387,093)
Transfers	-	-	-	42,965	(42,965)	-	-	-
Balances at December 31, 2022	**65,495**	**256,682**	**67,381**	**941,714**	**93,753**	**112,640**	**2,521,278**	**4,058,943**
2022 annual average depreciation rate	29%	9%	12%	5%	0%	0%	5%	
Balances at December 31, 2022								
Cost	241,169	588,415	199,502	1,423,773	93,753	112,640	3,327,606	5,986,858
Accumulated depreciation	(175,674)	(331,733)	(132,121)	(482,059)	-	-	(806,328)	(1,927,915)

In thousands of reais, unless otherwise indicated

16. Intangible assets

							Consolidated
	Software	Content production	Digital book	Operating permit	Goodwill and intangible assets allocated	Other intangible assets	Total
Balances at December 31, 2020	**614,831**	**119,144**	**-**	**7,863**	**14,175,640**	**100,823**	**15,018,301**
Additions	210,419	43,384	-	3,998	736,676	7	994,484
Assets held for sale	-	-	-	-	147,904	-	147,904
Write-offs	(122)	(10)	-	(1,102)	-	(343)	(1,577)
Amortizations	(204,308)	(86,925)	-	(4,893)	(275,534)	(11,498)	(583,158)
Balances at December 31, 2021	**620,820**	**75,593**	**-**	**5,866**	**14,784,686**	**88,989**	**15,575,954**
2021 annual average amortization rate	20%	42%	-	33%	6%	12%	
Balances at December 31, 2021	**620,820**	**75,593**	**-**	**5,866**	**14,784,686**	**88,989**	**15,575,954**
Additions	167,886	125,803	16,905	3,865	-	5	314,464
Additions due to business combination	3,225	-	-	-	17,590	-	20,815
Write-offs	(142)	-	-	-	-	-	(142)
Impairment of assets	(6,448)	-	-	-	(208,986)	-	(215,434)
Amortizations	(191,594)	(69,869)	(6,182)	(3,593)	(260,871)	(11,363)	(543,472)
Balances at December 31, 2022	**593,747**	**131,527**	**10,723**	**6,138**	**14,332,419**	**77,631**	**15,152,185**
2022 annual average amortization rate	20%	35%	36%	33%	6%	12%	
Balances at December 31, 2022							
Cost	1,443,059	423,757	16,905	19,525	15,254,424	118,188	17,275,858
Accumulated amortization	(849,312)	(292,230)	(6,182)	(13,387)	(922,005)	(40,557)	(2,123,673)

(i) The amounts of software additions for the year are mainly related to projects to optimize the control systems of Cogna and its subsidiaries.

(ii) The 2022 additions mainly refer to the acquisition of MVP and Phidelis, presented in further details in Note 4. Additionally, it considers the review of the balances of the acquisition of company EMME, which took place in 2021, in the amount of R$ 1,081.

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

In the Consolidated Financial Statements, the goodwill arising from the difference between the amount paid for the acquisition of investments in subsidiaries and the fair value of the assets and liabilities is classified as intangible assets. Part of the amount paid for the acquisition of the subsidiaries was allocated to identifiable intangible assets with a defined and indefinite useful life after analyzing the acquired assets.

		Consolidated
	12/31/2022	**12/31/2021**
Goodwill (i)	12,987,953	12,972,816
Brand (ii)	1,834,595	1,940,981
Pole operation license and partner network (iii)	670,816	679,717
Client portfolio (iv)	1,098,120	1,239,658
Non-competition agreement (iv)	345	1,938
	16,591,829	**16,835,110**
Asset impairment loss	(2,259,410)	(2,050,424)
	14,332,419	**14,784,686**

(i) It refers to the goodwill generated in the acquisitions of subsidiaries, classified as from expected future profitability. It has no defined useful life and is subject to annual impairment tests.

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

(iii) It refers to licenses for operating in-class and distance learning and the distance-learning pole partner network. It has no defined useful life and is subject to annual impairment tests.

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

b) Impairment tests for goodwill per modality

The Company assesses at least annually the recoverability of its assets, or when there is an indication of any impairment.

For the year ended December 31, 2022, the Company assessed events that occurred in its cash-generating units that could affect its expectation of recovery of non-financial assets, and, after this assessment, and due to the increase in interest rate, reflected in the discount rate applied (WACC) and strategic review of the long-term models of these businesses, a need to recognize the loss in the cash generating unit Saber was detected in the amount of R$ 215,434, comprised by the operations: (i) SETS, in the amount of R$ 120,296, of which R$ 113,847 relates to goodwill gains, and R$ 6,449 to other intangible assets, and (ii) Idiomas, in the amount of R$ 95,138.

The following growth assumptions were used in the calculations:

In thousands of reais, unless otherwise indicated

			SABER		
Assumption	**Kroton**	**Vasta**	**Idiomas**	**PNLD**	**SETS**
number of students - base, attraction and dropout	1. Perpetuity growth rate of 4.74% (previously 5.83%) and applied discount rate (WACC) of 13.41% (previously 12.30%).	1. Perpetuity growth rate at 4.74% (previously 5.83%) and applied discount rate (WACC) at 12.10% (previously 10.81%).	1. Perpetuity growth rate at 4.74% (previously 5.83%) and applied discount rate (WACC) at 12.22% (previously 10.98%).	1. Perpetuity growth rate at 4.74% (previously 5.83%) and applied discount rate (WACC) at 12.22% (previously 10.98%).	1. Perpetuity growth rate at 4.74% (previously 5.83%) and applied discount rate (WACC) at 12.22% (previously 10.98%).
	2. Growth in the average ticket of new in-person students in line with inflation expectations as of 2025 and half inflation in distance learning. The average ticket of veterans shows a growth above inflation, 3% (previously 5%) according to the adjustment already practiced.	2. Net Revenue grows at a CAGR of 14% from 2023 to 2030 (previously 14%), with growth based on teaching systems, complementary solutions and digital service.	2. Net Revenue grows at a CAGR of 11% from 2023 to 2030 (previously 10.8%), mainly due to the increase of students at English Solution B2B.	2. Net Revenue grows at a CAGR of 3% from 2023 to 2030 (previously 6.9%) following product seasonality	2. Net Revenue grows at a CAGR of 6% from 2023 to 2030 (previously 10.6%), mainly due to increased sales of digital books.
	3. Growth in distance learning with a CAGR of 7% between 2023 and 2026 (previously 10%) and in In-person with a CAGR of 3% between 2023 and 2026 (previously 2%).	3. Adjusted EBITDA with CAGR from 2023 to 2030 of 21% (previously 25%) and increase in EBITDA margin.	3. Adjusted EBITDA with CAGR from 2023 to 2030 of 17% (previously 18.4%), with efficiency gain due to the scalability of the business.	3. Adjusted EBITDA at a CAGR of 6% from 2023 to 2030 (previously 16.3%), with a change in the product mix.	3. Adjusted EBITDA with a CAGR of 21% from 2023 to 2030 (previously 31%), with reduction in direct costs related to the decrease of physical books replaced by digital books.

In thousands of reais, unless otherwise indicated

In addition, some indicators used in the test model are based on macroeconomic indicators that can already be obtained and recalculated, such as projections for growth in the country and changes in the rates that are the basis for the WACC. The Company believes that this procedure meets the normative requirement to perform an impairment test at least once a year or at any time when a clear indication of impairment is noticed. The following shows the allocation of goodwill and intangible assets allocated per cash-generating unit level:

		Consolidated (i)
	12/31/2022	**12/31/2021**
Kroton	8,681,844	8,799,253
Vasta	5,295,441	5,423,482
Saber	355,134	561,951
	14,332,419	**14,784,686**

(i) Due to the consolidation of the operating segments described in Note 2.2 e), this Note for the year 2021 was reviewed in line with the current structure of the Company's segments.

17. Loans

(a) Breakdown

				Consolidated
	Issue	**Maturity**	**12/31/2022**	**12/31/2021**
Loans and financing - Mind Makers	12/10/2018	05/07/2025	-	888
Total			**-**	**888**
Current liabilities			-	237
Non-current liabilities			-	651
			-	**888**

(b) Changes

		Consolidated
	12/31/2022	**12/31/2021**
Opening balance	888	1,046
Write-off	-	(50)
Interest appropriation	26	120
Interest payment	(116)	(62)
Payment of principal	(798)	(166)
Closing balance	**-**	**888**

In thousands of reais, unless otherwise indicated

18. Debentures

(a) Breakdown

				Parent company		Consolidated	
	Remuneration	Issue	Maturity	12/31/2022	12/31/2021	12/31/2022	12/31/2021
EDE SARAIVA 4th issue of single series debentures	CDI + 2.75% p.a.	08/27/2018	08/15/2026	-	-	231,984	225,632
COGNA 1st issue of single series debentures (iii)	CDI + 0.65% p.a.	04/15/2019	04/15/2024	202,610	210,010	202,610	210,010
COGNA 2nd issue of 2nd series debentures	CDI + 1.00% p.a.	08/15/2018	08/15/2023	1,827,126	3,770,126	1,827,126	3,770,126
COGNA 2nd issue of 3rd series debentures	IPCA + 6.7234% p.a.	08/15/2018	08/15/2025	137,741	130,163	137,741	130,163
COGNA 3rd and 4th issue of 1st, 2nd series and single series debentures	CDI + 0.90% p.a. and CDI + 1.70% p.a. + 1.15% p.a.	08/15/2018	08/15/2022	-	88,710	-	88,710
COGNA 6th issue of single series debentures	CDI + 2.15% p.a.	05/20/2020	09/20/2025	513,850	502,364	513,850	502,364
COGNA 7th issue of 1st and 2nd series debentures	CDI + 2.60% p.a. and CDI + 2.95% p.a.	08/20/2021	08/20/2024 and 08/20/2026	742,049	924,017	742,049	924,017
COGNA BTG - 1st issue of 1st Series debentures	CDI + 1.45% p.a.	08/02/2022	07/13/2027	69,059	-	69,059	-
COGNA BTG - 1st issue of 2nd Series debentures	IPCA + 7.9273% p.a.	08/02/2022	07/12/2029	329,949	-	329,949	-
COGNA BTG - 1st issue of 3rd Series debentures	IPCA + 8.0031% p.a.	08/02/2022	07/13/2032	103,349	-	103,349	-
AESAPAR 1st issue	CDI + 2.95% p.a.	11/25/2021	11/25/2026	-	-	503,832	499,715
VASTA 1st issue of single series debentures	CDI + 2.30% p.a.	08/10/2021	08/05/2024	-	-	529,645	514,757
Total				**3,925,733**	**5,625,390**	**5,191,194**	**6,865,494**
Current liabilities				1,932,853	2,092,743	2,038,312	2,120,340
Non-current liabilities				1,992,880	3,532,647	3,152,882	4,745,154
				3,925,733	**5,625,390**	**5,191,194**	**6,865,494**

In thousands of reais, unless otherwise indicated

The debentures, issued in book-entry form, without the issue of certificates and without the possibility of converting shares, have the following characteristics:

							Consolidated
Company	**Issue**	**Series**	**Quant.**	**Unit value**	**Issue amount**	**Payment of principal**	**Interest payment**
COGNA	1st	Single	80,000	10	800,000	Upon maturity	Semi-annual (Apr & Oct)
COGNA	2nd	2nd	426,434	10	4,264,340	Annual	Semi-annual (Feb & Aug)
COGNA	2nd	3rd	10,600	10	106,000	Annual	Semi-annual (Feb & Aug)
COGNA	3rd|4th	1st/2nd	800,000	1	800,000	Annual	Semi-annual (Feb & Aug)
COGNA	6th	Single	500,000	1	500,000	Upon maturity	Semi-annual (May & Nov)
COGNA	7th	1st|2nd	900,000	1	900,000	Upon maturity	Semi-annual (Feb & Aug)
EDE	4th	Single	2,200	100	220,000	Upon maturity	Semi-annual (Feb & Aug)
AESAPAR	6th	Single	500,000	1	500,000	Annual	Semi-annual (May & Nov)
VASTA	1st	Single	500,000	1	500,000	Upon maturity	Semi-annual (Feb & Aug)
COGNA	8th	1st	67,000	1	67,000	Upon maturity	Semiannual (Jan & July)
COGNA	8th	2nd	331,000	1	331,000	Annual	Semiannual (Jan & July)
COGNA	8th	3rd	102,000	1	102,000	Annual	Semiannual (Jan & July)

(b) Changes

	Parent company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Opening balance	5,625,390	6,998,677	6,865,494	7,220,165
Addition - Principal (i)	500,000	900,000	500,000	1,900,000
Issuance costs	(19,911)	(51,479)	(19,911)	(62,633)
Repurchase of debentures (ii)	(377,689)	-	(377,689)	-
Accrued interest (iii)	612,953	344,813	794,232	380,530
Appropriation of costs	24,919	25,916	27,412	27,319
Interest payment	(581,203)	(236,573)	(739,618)	(243,923)
Payment of principal	(1,858,726)	(2,355,964)	(1,858,726)	(2,355,964)
Closing balance	**3,925,733**	**5,625,390**	**5,191,194**	**6,865,494**

(i) On August 1, 2022, the Company carried out the 8th issue of simple and non-convertible debentures, of the unsecured type, in up to three series, in the total amount of R$ 500,000, with the first series remunerated at the CDI rate, and the other two series remunerated by the IPCA rate. The transaction was securitized through certificates of real estate receivables ("CRIs"). Concurrently, the Company contracted derivative financial instruments to hedge against fluctuations that may occur in the last two series, which are remunerated by the IPCA rate, converting them into interest corresponding to CDI+ 2.10% and CDI + 2.59% pa, respectively. The impacts resulting from the contracting of derivative financial instruments are presented in Note 4.2.

(ii) In the period ended December 31, 2022, the Company repurchased the 7th issue of debentures – 1st series – in the total amount of R$ 201,004, and the 2nd issue of debentures – 2nd series – in the amount of R$ 176,479.

(iii) It considers the financial gain resulting from the repurchase of debentures issued by the Company, recorded in the financial revenues item in the income (loss).

(c) Committed performance ratios

“Cogna”, “EDE” and “AESAPAR” issues (quarterly calculations)

The debentures issued by parent company Cogna and subsidiaries EDE and AESAPAR require the maintenance of financial ratios (“covenants”), which are calculated quarterly, based on the interim information and the consolidated statements of the Company. The calculation period comprises, where it is necessary for the calculation and as determined in the deed, the 12 months immediately prior to the end of each quarter and the calculation is the quotient of the division of the net debt by the adjusted EBITDA, and the resulting amount should not be greater than 3.00. This index cannot be exceeded in 2 consecutive quarters or in 3 alternating quarters within the term of the contract, which did not occur as of December 31, 2022. Debts raised after June 30, 2022 consider the financial indicator limit of 3.50, being certain that in the case of another debt issued by Cogna containing a lower financial ratio, either in relation to the level or the periodicity of measurement, the more restrictive financial ratio must be considered.

The concept of adjusted EBITDA means, based on the Company’s quarterly information (ITR) or consolidated financial statements, as the case may be, the result obtained in the twelve (12) months prior to the calculation date (last twelve months concept), less income tax and social contribution, depreciation and amortization, the financial income (loss) and the result of non-recurring items, plus operating financial revenue.

The financial ratio for the calculation of the division of net debt by adjusted EBITDA reached 2.10, within the conditions established in the aforementioned financial contractual clauses.

Regarding debenture deeds referred to as non-financial, the Company informs that all of them were met on December 31, 2022.

“Vasta” Issue (annual calculation)

The debentures issued by the indirect subsidiary Somos Sistemas require the maintenance of financial ratios (“covenants”), which are calculated on an yearly basis, based on the consolidated financial statements of the subsidiary. The calculation period comprises the 12 months immediately prior to the end of each year and the calculation is the quotient of the division of the net debt by the adjusted EBITDA, and the resulting amount should not be greater than:

(i) 4.25 times in the 1st year;
(ii) 4.00 times in the 2nd year;
(iii) 3.75 times in the 3rd year, and;
(iv) 3.50 times in the 4th year.

This ratio cannot be breached for two consecutive periods or for three alternate periods during the term of the Issue. For the year ended December 31, 2022, the financial ratio for the calculation of the division of net debt by adjusted EBITDA reached 2.79, within the conditions established in the aforementioned financial contractual clauses. This index was exceeded as of December 31, 2021, being the first year to have exceeded the index, but still in compliance with the aforementioned financial contractual clauses.

In thousands of reais, unless otherwise indicated

(d) Amortization schedule

					12/31/2022
		Parent company		Consolidated	
	Maturity (years):	**Total**	**%**	**Total**	**%**
	≤01	1,932,853	49.3	2,038,312	39.3
Total current liabilities		**1,932,853**	**49.3**	**2,038,312**	**39.3**
	01–02	644,115	16.4	1,196,856	23.1
	02–03	711,785	18.1	1,015,308	19.5
	03–04	143,169	3.6	446,907	8.6
	04–05	64,838	1.7	64,838	1.2
	≥05	428,973	10.9	428,973	8.3
Total non-current liabilities		**1,992,880**	**50.7**	**3,152,882**	**60.7**
		3,925,733	**100.0**	**5,191,194**	**100.0**

					12/31/2021
		Parent company		Consolidated	
	Maturity (years):	**Total**	**%**	**Total**	**%**
	≤01	2,092,743	37.2	2,120,340	30.9
Total current liabilities		**2,092,743**	**37.2**	**2,120,340**	**30.9**
	01–02	2,328,287	41.4	2,380,688	34.7
	02–03	843,514	15.0	1,396,358	20.3
	03–04	215,331	3.8	518,854	7.6
	04–05	145,515	2.6	449,254	6.5
Total non-current liabilities		**3,532,647**	**62.8**	**4,745,154**	**69.1**
		5,625,390	**100.0**	**6,865,494**	**100.0**

19. Rights-of-use lease

(a) Changes

		Consolidated
	12/31/2022	**12/31/2021**
Balances at December 31, 2021	**3,027,371**	**3,032,450**
Additions	2,321	111,126
Restatements	356,970	97,350
Cancellations	(242,903)	(55,251)
Write-off of Campus do Futuro (i)	-	(49,157)
Adjustment to present value (ii)	306,286	316,870
Payment of interest	(295,966)	(292,347)
Payment of principal	(140,950)	(121,565)
Discounts obtained - COVID-19	-	(12,105)
Balances at December 31, 2022	**3,013,129**	**3,027,371**
Current	146,503	137,922
Non-current	2,866,626	2,889,449
	3,013,129	**3,027,371**

In thousands of reais, unless otherwise indicated

(i) Related to the impacts resulting from the feasibility study and restructuring of the Kroton business units ("Turnaround Kroton"), which resulted in the renegotiation or termination of the contract in the leased properties during 2021.

(ii) The adjustment to present value related to right-of-use lease agreements is calculated individually per contract and applied to the useful life of the contract, considering its maturity. The fee is calculated at our cost of capital less the impact estimated by the guarantee on the fee.

In addition to the amounts presented above, some of the real estate leases in which the Company and its subsidiaries are lessees contain variable terms of payment that are linked to the performance of the use of the underlying asset, and therefore are not included in the measurement of the book balances.

In accordance with the debenture deeds, the Group's lease operations have no impact on the calculation of the financial ratios (covenants) of the debentures.

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

As provided for in CPC 06 (R2)/IFRS 16, short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), will continue to recognize their lease expenses on a straight-line basis in the income statements for the year and thus not be included in the lease liability. These effects for the year ended December 31, 2022 are as follows:

		Consolidated
	12/31/2022	**12/31/2021**
Fixed Payments	436,916	413,912
Variable Payments	19,812	9,647
Payments related to short-term and low-value contracts and other	19,137	60,171
Total Paid	**475,865**	**483,730**

(c) Future commitments

The lease balances payable related to "future commitments" for the year ended December 31, 2022, are shown below:

			Consolidated			Consolidated
In years:	**IFRS 16**	**(-) AVP**	**12/31/2022**	**IFRS 16**	**(-) AVP**	**12/31/2021**
≤01	444,307	(297,803)	146,504	434,780	(296,858)	137,922
01–05	2,199,814	(1,327,114)	872,700	2,129,030	(830,151)	1,298,879
≥05	3,487,434	(1,493,509)	1,993,925	3,731,067	(2,140,497)	1,590,570
	6,131,555	**(3,118,426)**	**3,013,129**	**6,294,877**	**(3,267,506)**	**3,027,371**

(d) Impacts on Company's income (loss)

		Consolidated
	12/31/2022	**12/31/2021**
Statement of income for the year		
Depreciation and amortization	(211,654)	(188,641)
Financial expenses	(306,286)	(316,870)
Financial revenues	711	139
Other gains and losses	43,310	6,467
	(473,919)	**(498,905)**
Deferred income tax and social contribution	16,221	30,779
	(457,698)	**(468,126)**
Lease amounts paid in the year	436,916	413,912
Impact on income (loss)	**(20,782)**	**(54,214)**

In thousands of reais, unless otherwise indicated

20. Suppliers – Drawee Risk

Some domestic suppliers have the option to assign the Company's receivables, without recourse to financial institutions. Through these operations, suppliers can anticipate their receipts with reduced financial costs since the financial institutions consider the credit risk of the Company.

As of December 31, 2022, the balance of drawee-risk suppliers was R$ 313,442 (R$ 310,157 on December 31, 2021), and the discount rates on assignment transactions carried out by our suppliers with financial institutions had a weighted average of 1.27% per month (on December 31, 2021, the weighted average was 1.06% per month) and maximum payment term of 360 days. The balance is initially recognized net of the adjustment to present value, which is subsequently recognized as a financial expense.

21. Labor obligations

	Parent company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Salaries payable	835	-	61,015	69,481
INSS payable	191	-	47,506	37,803
FGTS payable	-	-	3,008	9,840
IRRF (Withholding income tax) payable	425	-	29,458	41,118
Provision for vacation pay and 13th salary	157	-	53,371	50,286
Provision charges	74	-	19,770	15,656
Provision for profit sharing	8,674	-	114,952	117,467
Other (i)	-	-	57,951	45,431
	10,356	**-**	**387,031**	**387,082**

(i) Comprised mainly of commissions to employees.

22. Taxes payable

	Parent company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
ISS	-	-	20,207	57,457
PIS	76	1,184	11,663	558
COFINS	350	1,709	21,381	8,892
IRRF (withholding income tax) and CSLL (social contribution on net income)	362	3,305	32,622	26,717
INSS	-	-	6,377	10,962
Other	-	-	4,264	2,749
	788	**6,198**	**96,514**	**107,335**

In thousands of reais, unless otherwise indicated

23. Accounts payable - acquisitions

		Consolidated
	12/31/2022	12/31/2021
Editora de Gouges (i)	35,942	37,674
Uniabc	35,703	33,714
SEL	30,268	26,935
Other	29,950	39,480
EDUCBANK	24,494	-
Colégio Leonardo da Vinci	24,049	42,801
Metropolitana	18,579	23,408
Colégio Lato Sensu	17,321	31,697
PHIDELIS and MVP	15,391	-
Livraria Livro Fácil	10,515	14,055
EMME	10,217	12,780
Total	**252,429**	**262,544**
Current	168,061	117,554
Non-current	84,368	144,990
	252,429	**262,544**

(i) Refers to the balance payable to Eleva in transactions involving the purchase of the Education System, already discounted from the amounts receivable from the sale of schools, as mentioned in note 12. The amount presented herein refers to the net amount payable in the last three installments, which exceeds the balance receivable.

The changes in the accounts payable in acquisitions item are shown below:

		Consolidated
	12/31/2022	12/31/2021
Opening balance	**262,544**	**226,276**
Addition (i)	22,631	707,623
Acquisition of minority interest (ii)	95,922	-
Restatement of interest (iii)	15,561	16,998
Write-offs	(3,171)	(8,938)
Matching of Eleva's accounts	-	(420,000)
Adjustment to present value	4,465	3,093
Installment payments	(116,282)	(202,171)
Cash payments	(29,241)	(60,337)
Closing balance	**252,429**	**262,544**

(i) The additions that took place in 2022 are related to the acquisition of Phidelis and MVP, which are presented in greater detail in Note 4. Additionally, it considers the review of the balances of the acquisition of companies EMME and Meritt, which took place in 2021 and 2022, respectively in the amount of R$ 665.

(ii) Regarding the acquisition of minority interest in the companies Flex Flix Limited and Educbank Gestão de Pagamentos Educacionais S.A. The restated amounts of these investments are presented in Note 14 (e).

(iii) The amounts are updated mainly by the variation of the CDI and IPCA in accordance with the respective contracts.

Below is the amortization schedule for accounts payable for acquisitions:

In thousands of reais, unless otherwise indicated

					Consolidated
			12/31/2022		12/31/2021
	Maturity (years):	Total	%	Total	%
	≤01	**168,061**	**66.6**	**117,554**	**44.8**
Total current liabilities					
	01–02	32,192	12.7	79,317	30.2
	02–03	20,090	8.0	21,461	8.2
	03–04	29,896	11.8	12,861	4.9
	≥04	2,190	0.9	31,351	11.9
Total non-current liabilities		**84,368**	**33.4**	**144,990**	**55.2**
Total		**252,429**	**100.0**	**262,544**	**100.0**

24. Provision for tax, labor, and civil losses and liabilities assumed in the business combination

The Company is involved in certain legal matters arising from the normal course of its business related to tax, labor and civil claims, in addition to contingent liabilities acquired in business combinations, in accordance with technical pronouncement CPC 15 / IFRS 3.

As mentioned in Note 3.2c, the risk of loss is classified based on the opinion of the legal advisors. Moreover, the Company's Management understands that the provisions for tax, labor and civil risks are sufficient to cover possible losses in administrative and legal proceedings.

24.1. Balances and changes in lawsuits with expectation of probable loss

					Consolidated
	Tax	Civil	Labor	Liabilities assumed in business combinations (i)	Total
Balance at December 31, 2021	412,552	39,024	116,554	1,510,445	2,078,575
Additions due to business combination	-	-	-	2,504	2,504
Additions	18,950	104,085	103,537	-	226,572
Inflation adjustment	21,385	18,903	36,635	27,893	104,816
Reversals	(606)	(22,682)	(29,912)	(292,999)	(346,199)
Total impact on income (loss)	**39,729**	**100,306**	**110,260**	**(265,106)**	**(14,811)**
Payments	(1,332)	(48,105)	(58,794)	-	(108,231)
Former sponsor (with guarantee)	9,848	941	(330)	(20,556)	(10,097)
Balance at December 31, 2022	**460,797**	**92,166**	**167,690**	**1,227,287**	**1,947,940**

(i) The amounts presented herein are related to discussions of practices adopted in subsidiaries acquired by the Company in the tax, civil and labor levels in the periods in which these belonged to their former owners. The reversals that occurred for the year are due to the prescribed period and conclusion of the proceedings. The accounting balance of this item is composed of: (i) R$ 1,014,456 from tax lawsuits, R$ 23,281 from civil lawsuits and, (iii) R$ 189,550 from labor lawsuits. More information is included in note 24.2.

In thousands of reais, unless otherwise indicated

Reconciliation of effects impacts with Company's income (loss):

					Consolidated
	Tax	Civil	Labor	Liabilities assumed in business combinations (i)	Total
General and administrative expenses	14,088	81,404	73,625	(233,890)	(64,773)
Financial expenses	21,384	18,902	36,635	71,740	148,661
Financial revenues	-	-	-	(43,847)	(43,847)
Income tax and social contribution	4,257	-	-	(59,109)	(54,852)
	39,729	**100,306**	**110,260**	**(265,106)**	**(14,811)**

24.2. Main probable lawsuits by type

Below are the main lawsuits per nature classified as probable loss and which make up the outstanding balance on the date of the financial statements. Part of these contingencies are the responsibility of the former sponsors/owners:

Labor lawsuits

The Company has, on December 31, 2022, 810 labor lawsuits (768 as of December 31, 2021) which amount to R$ 167,690 (R$ 116,554 as of December 31, 2021). Labor lawsuits, in general, have a variety of claims, mainly related to the payment of severance pay, overtime, salary differences, among other labor costs and requests from outsourcing companies, in which the Company's responsibility is only joint.

Tax lawsuits

As of December 31, 2022, the Company has 42 administrative and judicial proceedings of a tax nature (50 as of December 31, 2021), whose balance is composed of the following claims:

- Tax assessment notice received by the subsidiary Somos Sistema de Ensino S.A., with the purpose of collecting the goodwill for the period from 2015 to 2017, in the amount of R$ 179,710;

- Tax enforcements filed by the Municipality of São Paulo charging the ISSQN of the former sponsors of Academia Paulista Anchieta, a company acquired by the company Anhanguera in the amount of R$ 103,373. In the case of loss, the Company has a contractual guarantee;

- The Company is also a defendant in 28 tax lawsuits of lesser relevance in individual amounts, which total R$ 177,714. These demands generally address various taxes.

Civil lawsuits

For civil claims considered common and similar in nature, provisions are recorded based on the historical average of lawsuits closed in the last 12 months. Claims that do not meet the above criteria are provisioned according to an individual assessment, and provisions are recorded based on the probable risk of loss, in law and case law, in accordance with the assessment of loss carried out by the legal advisors. The Company has, on December 31, 2022, 16,170 civil lawsuits (1,492 as of December 31, 2021) which amount to R$ 92,165 (R$ 39,024 as of December 31, 2021).

Liabilities assumed in business combination

The main lawsuits undertaken by the Company in business combination and classified by management as based on the opinion of its legal advisors, are as follows:

(i) Tax:

- The Tax Assessment Notice was filed against the subsidiary Somos Sistemas de Ensino S.A. and the companies Somos Educação S.A. and Ativic S.A. (linked to Grupo Abril S.A.) were held jointly and severally liable for the collection of federal taxes (IRPJ/CSLL) in the amount of R$ 351,266;

- The Company is also a party to two tax assessment notices drawn up by the Federal Revenue Service (SRF) related to the collection of debts related to the Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), which total R$ 92,793 and R$ 139,574, respectively, the latter being the responsibility of third parties, with the Company appearing as a joint and several debtor;

- Based on the history and risk analysis of assessments due to the use of goodwill in acquisitions made by Somos, with the consequent constitution of a tax credit by the tax authorities, we considered a potential obligation resulting from past events of R$ 170,984 and other tax procedures, including all acquirees that may be questioned by the tax authorities, totaling R$ 259,839.

(ii) Civil:

- Based on the history and risk analysis, the Company recognized a potential obligation arising from past events originated in contractual fines for the early termination of agreements, especially distribution agreements, totaling R$ 4,195 and other miscellaneous civil non-conformities totaling R$ 19,086.

(iii) Labor:

- Based on the history and risk analysis of past labor claims and, as a result of non-conformities in relation to past practices, a potential obligation was considered regarding repeated payments to service providers through Self-Employment Income Receipts (RPA) and legal entity invoices, in the amount of R$ 63,700, and other various non-conformities of a labor nature that total R$ 125,850.

In thousands of reais, unless otherwise indicated

24.3. Lawsuits with expectation of possible losses

The table below considers all possible contingencies of the Company, including the amounts of new contingencies of this classification that were generated in the period after the business combination:

				Consolidated
	12/31/2022	**12/31/2021**	**Quantity on 12/31/2022**	**Quantity on 12/31/2021**
Tax	1,073,387	926,892	382	375
Civil	229,701	469,045	660	14,487
Labor	149,711	183,286	724	1,011
Total	**1,452,799**	**1,579,223**	**1,766**	**15,873**

As of December 31, 2022, the Company and its parent companies had 1,766 legal and administrative claims classified by Management as possible loss risk based on the opinion of their legal advisors, with 168 lawsuits of partial and/or full liability of former sponsors/sellers of companies acquired by the Company. The decrease observed between the years is related to the change in the provisioning policy for civil contingencies (currently provisioned with the expectation of probable loss), which considers the historical average base of cases closed in the last 12 months, as mentioned in Note 24.2. Below we highlight the main ones:

(i) Tax:

- Tax Assessment Notice issued by the Brazilian Federal Revenue Service against the Company after an inspection procedure regarding the non-payment of taxes related to the stock award plans in the amount of R$ 161,347.

- Tax lawsuits filed by the Federal Government for the purpose of collecting an overdue tax liability arising from social security contributions of a company merged by the subsidiary Editora e Distribuidora Educacional S/A, in the period in which it belonged to a former owner. Tax lawsuits related to this object total R$ 140,119.

- Tax Assessment Notice drawn up by the Federal Revenue Service of Brazil against the subsidiary Editora e Distribuidora Educacional S/A (EDE) related to the social security contribution on the Profit sharing plan. The assessment totals R$ 85,061;

- Tax assessment notice issued by the Brazilian Federal Revenue Service against the company merged by the subsidiary Editora e Distribuidora Educacional related to the non-deductibility of the expense in the Corporate Income Tax of the Profit Sharing plan in the amount of R$ 78,256;

- Tax assessment issued by the Brazilian Federal Revenue Service against the Company, aiming to receive the social security contribution calculated on stock options, in the amount of R$ 50,021;

- The Company is still a party to 365 lawsuits totaling R$ 558,583. The demands are mainly related to sundry taxes.

In thousands of reais, unless otherwise indicated

(ii) Civil:

- Lawsuit filed against subsidiary Anhanguera Educacional, seeking the collection of rents coupled with the obligation to do and not to do, prohibiting the return of the Properties, having as object the Rental Agreement for Commercial Purposes entered into between the parties in 2011. The plaintiff is also claiming the condemnation for loss of profits and losses and damages, as well as indemnity for pain and suffering in the amount of R$ 39,678;

- The Company is a defendant in 659 lawsuits, with an average value of R$ 288, which total R$ 190,023. The demands are mainly related to requests of a consumer nature.

(iii) Labor:

- Labor claim against Somos Educação S.A. requesting indemnification of several labor amounts, totaling R$ 16,582;

- The Company is a defendant in 723 lawsuits, with an average amount of R$ 184, totaling R$ 133,130. The demands are mainly related to requests for severance pay, overtime, wage differences, among other labor costs.

25. Judicial deposits and guarantees for provision for tax, labor and civil losses

25.1. Judicial deposits

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Tax	-	-	40,228	36,444
Civil	3	-	-	428
Labor	1,442	418	12,159	20,141
Total	**1,445**	**418**	**52,387**	**57,013**

25.2. Guarantees of provision for tax, labor and civil losses (i)

	Consolidated			
	Tax	Civil	Labor	Total
Balance at December 31, 2021	**119,059**	**21,043**	**14,703**	**154,805**
Addition	-	451	3,183	3,634
Inflation adjustment	11,431	1,211	3	12,645
Reversals	(11,859)	(4,521)	(9,784)	(26,164)
Total, former Sponsor	**(428)**	**(2,859)**	**(6,598)**	**(9,885)**
Balance at December 31, 2022	**118,631**	**18,184**	**8,105**	**144,920**

(i) The guarantees provided because of the acquisitions, against the contingencies mentioned in note 24.1, are contractually provided for and comprise: a) retention of rents of properties leased by the Company's subsidiaries; b) retention of part of the purchase price; and c) mortgage on the property belonging to the sellers.

In thousands of reais, unless otherwise indicated

26. Income tax and social contribution - current and deferred

26.1. Income tax and social contribution on income

Income tax and social contribution recognized in the period differ from the theoretical value that would be obtained using the nominal tax rates defined by law, applicable to the profit of consolidated entities. Therefore, we present below the reconciliation of these main amounts of additions and/or exclusions performed in tax bases, as follows:

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Loss before income and social contribution taxes for the year	(565,600)	(449,886)	(592,123)	(505,368)
Combined nominal rate for income tax and social contribution - %	34%	34%	34%	34%
IRPJ and CSLL at nominal rates	**192,304**	**152,961**	**201,322**	**171,825**
Equity in net income of subsidiaries	(138,227)	(132,432)	(641)	529
Tax incentives in subsidiaries subject to the ProUni benefit	-	-	90,312	3,764
Net additions without recording deferred amounts.	12,297	44,698	16,340	673,614
Difference in the presumed income rate of subsidiary	-	-	3,617	-
Deferred IRPJ and CSLL not recorded on the loss for the year of subsidiaries	(22,057)	(53,004)	(343,894)	(755,929)
Deferred IRPJ and CSLL on contingencies	-	-	54,852	(34,941)
Deferred IRPJ and CSLL on goodwill	-	-	40,137	-
Write-off of income tax/social contribution from previous years	-	-	-	(12,266)
IRPJ and CSLL for other transactions	(7,647)	-	(10,920)	(2,751)
Total income tax and social contribution	**36,670**	**12,223**	**51,125**	**43,845**
Current corporate income tax and social contribution in income (loss)	-	-	19,718	(2,392)
Deferred income tax and social contribution in income (loss)	36,670	12,223	31,407	46,237
	36,670	**12,223**	**51,125**	**43,845**

26.2. Deferred income tax and social contribution

Changes in income tax and social contribution assets and liabilities are as follows:

				Parent company
	12/31/2021	Other adjustments	Effects in income (loss)	12/31/2022
In the liabilities				
Goodwill on business combination	(608,756)	(96,257)	36,670	(668,343)
Non-current liabilities, net	**(608,756)**	**(96,257)**	**36,670**	**(668,343)**

In thousands of reais, unless otherwise indicated

				Consolidated
	12/31/2021	Other adjustments	Effects in income (loss)	12/31/2022
Income tax / Social contribution:				
Tax losses / negative basis of social contribution on net income	598,943	-	128,175	727,118
Temporary Differences in Taxable Income				
Provision for expected loss	930,048	-	(6,276)	923,772
Adjustment to present value	5,568	-	(8,715)	(3,147)
Provision for contingencies	(45,140)	-	(33,432)	(78,572)
Loan depreciation and cost	(40,670)	-	(4,046)	(44,716)
Non-deductible provisions	58,285	1,204	(19,920)	39,569
Stock option plan	41,442	-	26,014	67,456
Right-of-use lease	164,509	-	16,221	180,730
Capital gain	8,875	-	7,184	16,059
Goodwill on business combination	(1,486,958)	-	(73,798)	(1,560,756)
Non-current assets (liabilities), net	**234,902**	**1,204**	**31,407**	**267,513**
Non-current assets	904,160			1,174,673
(–) Non-current liabilities	(669,258)			(907,160)
Total	**234,902**			**267,513**

Deferred income tax and social contribution liabilities are derived from intangible assets arising from acquisitions and deferred income tax and social contribution liabilities are derived from tax losses and balances from additions to previous and current Taxable Income.

26.3. Tax incentives

ProUni establishes through Law 11096, of January 13, 2005, an exemption from certain federal taxes to higher education institutions that grant full and partial scholarships to low-income students enrolled in traditional and technological undergraduate courses. The higher education entities controlled by the Company are included in that program.

The amount of tax benefits due to ProUni calculated in the year ended December 31, 2022, including PIS and COFINS, is R$ 217,292 (R$ 122,821 on December 31, 2021).

27. Shareholders' equity

27.1. Capital

As of December 31, 2022 and 2021, the subscribed and paid-up capital of the Company totaled R$ 7,667,615, corresponding to 1,876,606,210 nominative common shares.

Share position and capital value

Accordingly, the Company’s capital for the year ended December 31, 2022 and 2021, is broken down as follows:

		12/31/2022		12/31/2021
	Amount	Quantity	Amount	Quantity
Total shares - ex-treasury	7,659,358	1,874,692,369	7,609,803	1,873,745,608
Total treasury shares	8,257	1,913,841	57,812	2,860,602
Total shares	**7,667,615**	**1,876,606,210**	**7,667,615**	**1,876,606,210**

In thousands of reais, unless otherwise indicated

In addition, we present below the changes in treasury shares:

	12/31/2022		12/31/2021	
	Amount	**Quantity**	**Amount**	**Quantity**
Opening balance	57,812	2,860,602	99,095	7,638,405
Repurchase of treasury shares (i)	18,842	7,771,461	-	-
Disposal of shares	(68,397)	(8,718,222)	(41,283)	(4,777,803)
Closing balance	**8,257**	**1,913,841**	**57,812**	**2,860,602**

(i) According to the Material Fact disclosed to the market on February 10, 2022, the Board of Directors approved the creation of the share repurchase program for the shares issued by the Company, which will be held in treasury for subsequent disposal or cancellation. Its purpose is to generate value and maximize returns for shareholders, in addition to honoring the Company's commitments in share-based remuneration programs, among others. The deadline for these acquisitions is February 10, 2023, and the Company may acquire, in the context of the repurchase program, up to 102,880,658 shares.

27.2. Capital reserve and granted options

The Company grants share-based remuneration plans to the Group's executives and employees and considered the recognition of the amounts calculated as of the date that they started to dedicate themselves to the Group's operations in accordance with CPC 10/IFRS 2 - Share-Based Payment. Further details are presented in Note 28.

Equity instruments from business combination

On July 3, 2014, due to the merger of shares in the acquisition of subsidiary Anhanguera, 135,362,103 book-entry, registered common shares with no par value of the Company were issued. On the same date, the Company made a capital increase based on the book value of R$ 2,327,299, referring to Anhanguera's shareholders' equity on December 31, 2013. The difference between the total amount of the acquisition and the amount attributed to the capital of R$ 5,981,227 was recorded as a capital reserve (equity instruments arising from the business combination).

Equity gain on issuance of subsidiary's shares

On July 30, 2020, subsidiary Vasta Platform Ltda. ("Vasta") under the terms of the U.S. Securities Act of 1933 ("Offer"), carried out the initial public offering of the business fixed at the price of US$ 19.00 per class A share issued, totaling US$ 352,934,438.00, through the issuance of 18,275,492 new class "A" shares. In addition, the Offer coordinators were granted a 30-day call option of up to 2,786,323 class A shares at the Offer price, less the subscription discount. Considering the full exercise by the coordinators of the Offer of the option to acquire all the additional class A shares, the gross proceeds of the Offer would be US$ 405,874,485.00. Vasta's class A shares began to be traded on NASDAQ on July 31, 2020, and were settled on August 4, 2020, with the total amount received in cash by Vasta in this transaction as R$ 1,681,342, already net of issuance costs. Because of the subscription and full payment of new shares at the time of the offering, the Company recorded an equity adjustment of R$ 740,317 reflecting the equity appreciation that occurred at Vasta, reducing Cogna's interest in Vasta from 100% to 77.62%.

Considering the losses incurred in 2022 and 2021, the Company partially used the balances of this caption, in the total amount of R$ 528,930 as of December 31, 2022 (R$ 489,125 as of December 31, 2021).

Given these changes, the balance of all capital reserve accounts for the year ended December 31, 2022, is R$ 4,517,204 (R$ 5,116,787 as of December 31, 2021).

27.3. Non-controlling interest

As mentioned in Note 27.2, because of the IPO of the direct subsidiary Vasta Platform Ltda. ("Vasta") in July 2020, the Company reduced its interest in the shareholders' equity from 100% to 77.62%.

In the year ended December 31, 2022, there was a reduction in this percentage, from 77.62%, to 77%, due to the settlement of tranches of the share-based compensation plan (RSU-Vasta), which resulted in the issuance of Vasta shares for delivery to the beneficiaries who, therefore, became minority shareholders. Such event resulted in the loss of interest in the amount of R$ 28,523, recognized under non-controlling interests in shareholders' equity, with a contra entry to capital reserves in Cogna.

Based on this information, the amount related to the control of non-controlling shareholders as of December 31, 2022 totaled R$ 1,064,826 (R$ 1,044,074 as of December 31, 2021).

28. Share-based remuneration plans

28.1. Restricted stock option plans - RSU

During the year 2018, the Company's management approved the creation of a Restricted Stock Unit Plan as a way to encourage the performance and permanence of its managers or employees. In this plan, rights can be granted to receive a maximum number of restricted shares that does not exceed 19,416,233 (nineteen million, four hundred and sixteen thousand, two hundred and thirty-three) shares, a quantity that corresponded to 1.18% of the Company's total capital on the date of approval of the Plan, excluding shares that were held in treasury on the same date. The settlement of the contracts is subject to the continuation of the employment or administrator's relationship for a predetermined grace period in the granting contracts.

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

Also in 2018, the Company decided to establish a Restricted Stock Award Plan, where Restricted Shares could be granted to executives to promote the migration of stock options granted under the previous plan ("2015 Plan"), upon express acceptance by the respective beneficiaries and their waiver of stock options not yet exercised, in addition to the acceptance of terms and conditions set forth by the new plan.

In thousands of reais, unless otherwise indicated

Changes in restricted share plan for the year ended December 31, 2022 are as follows:

	Number of restricted shares		
PLANS	**12/31/2021**	**Restricted shares settled or canceled**	**12/31/2022**
KROT_2015 Plan - Migrated	18,874	-	18,874
KROT_2018 Plan - New	1,448,112	(857,696)	590,416
TOTAL	**1,466,986**	**(857,696)**	**609,290**

(i) The contracts in force on 04/30/2021 of the Cogna 2018 Restricted Shares Plan (RSU) of beneficiaries allocated in the business areas named Cogna, Platos or Kroton were partially migrated to the new Performance Shares Plan (PSU). The number of shares canceled in RSU and granted in PSU was calculated based on the remaining vesting period of each contract on the migration date of 05/01/2021. Shares not canceled and, therefore, not migrated to PSU will be settled on the expiration date of their original grace period under the RSU Plan.

The Company recognized expenses related to the granting of the Restricted Stock Plan in the amount of R$ 499 in the year ended December 31, 2022 (R$ 8,909 as of December 31, 2021) as a contra entry to capital reserves under shareholders' equity. In addition, the amount of R$ 57 in the period ended December 31, 2022 (R$ 898 as of December 31, 2021) was recognized as personnel expenses with charges and the updating of the accumulated balances of charges by the closing price of Cogna's share, with a balancing entry in the provision for charges in Liabilities.

28.2. Performance Shares Plan - PSU

In April 2021, the creation of the Stock option plan ("Performance Shares Plan") was approved. This plan allowed the Company to grant options, including those arising from migration up to a maximum limit of 2% of the Company's total capital on the date of approval of the plan. If any Option is terminated or canceled and was not fully exercised, Shares linked to such Options will again be available for future granting of Options.

The purpose of the Plan is to allow Grantees to receive Options that will give them the right, subject to certain performance conditions, to acquire and subscribe Shares with a view to: (a) stimulate the expansion, success, and achievement of the Company's social objectives and results, aligning the financial benefit to be obtained by the Grantee regarding the annual targets as applicable; (b) align the interests of the Grantees to the Company's shareholders; (c) enable the Company to maintain the beneficiaries of the Plan linked to it or to the subsidiaries, Grantees; and (d) encourage the creation of long-term value to the Company.

The managers and employees of the Company or its Subsidiaries who are considered key executives may be elected as grantees, being subject to the approval by the Committee.

The fair value of the restricted shares granted is measured at the market price of the Company's shares on the grant date and the Strike Price of the Options granted will be R$ 0.01 per Share. All the Options Granted in each contract are segregated in a period of four (4) years, being granted 25% per annum of the total Options, with a grace period of twelve (12) months in relation to each grant.

The Company may issue new Shares within the authorized capital limit or sell treasury shares to fulfill the exercise of the options granted.

In thousands of reais, unless otherwise indicated

The table below shows the changes made in the year ended December 31, 2022:

	Quantity of options				
Grants	12/31/2021	Options granted	Options settled	Options cancelled	12/31/2022
Contracts migrated from RSU to PSU (i)	1,554,019	-	(659,231)	(112,493)	782,295
New PSU Grants	21,700,536	5,383,827	(7,935,028)	(1,874,683)	17,274,652
TOTAL	**23,254,555**	**5,383,827**	**(8,594,259)**	**(1,987,176)**	**18,056,947**

(i) The contracts in force on 04/30/2021 of the Cogna 2018 Restricted Shares Plan (RSU) of beneficiaries allocated in the business areas named Cogna, Platos or Kroton will be partially migrated to the new Performance Shares Plan (PSU). The number of shares canceled in RSU and granted in PSU was calculated based on the remaining vesting period of each contract on the migration date of 05/01/2021.

The Company recognized expenses related to the granting of the Performance Share Plan in the amount of R$ 26,769 in the period ended December 31, 2022, as a contra entry to capital reserves under shareholders' equity (R$ 21,986 as of December 31, 2021). Additionally, the amount of R$ 3,254 was recognized as personnel expenses with charges in the year ended December 31, 2022 (R$ 150 as of December 31, 2021).

28.3. Stock options ("SOP")

The stock option plans issued by the Company were closed for new grants. The grace periods for plans that have grants not yet been exercised have all been completed and have the following characteristics:

Program	Grant date	Strike price (R$)	Grace period	Active options granted
AEDU_2013 Plan	09/18/2013–07/03/2014	9.94–11.20	3 lots with a term of 36 months, 48 months and 60 months	31,967
KROT_2013 Plan	11/26/2013–09/02/2015	5.67–13.01	4 lots with a term of 6 months, 18 months, 30 months and 42 months	4,050,000
KROT_2015 Plan	10/05/2015–02/01/2016	8.42–9.65	4 lots with a term of 6 months, 18 months, 30 months and 42 months	8,095,000
				12,176,967

The exercise price will be paid by the beneficiaries to the Company in cash, at the time of acquisition or subscription, or in the manner determined by the Board of Directors for each contract.

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

	Number of stock options				
PLANS	**12/31/2021**	**Options granted**	**Exercised options**	**Options cancelled**	**12/31/2022**
AEDU_2013 Plan	31,967	-	-	-	31,967
KROT_2013 Plan	4,050,000	-	-	-	4,050,000
KROT_2015 Plan	8,095,000	-	-	-	8,095,000
TOTAL	**12,176,967**	**-**	**-**	**-**	**12,176,967**

The fair value of the stock options granted is recognized as an expense. The balancing entry is recorded as a credit under the capital reserves item, in shareholders' equity. As of 2015, the Company started to use the Binominal model to calculate the fair value of the options of each grant. The Company did not modify the grants before 2015, in accordance with the rules established in the CPC 10 pronouncement, which were calculated using the Black & Scholes model.

In thousands of reais, unless otherwise indicated

The assumptions used to calculate the fair value of the grants of each of the current stock option plans are presented below:

	Plans		
	Kroton		AEDU
	2013 Plan	2015 Plan	2013 Plan
Share price	R$9.48–15.84	R$8.81–10.55	R$3.73
Risk-free rate	7.0–12.6%	15.3–16.5%	12.60%
Annual volatility expectation	24.7–37.3%	38.4–40.4%	31.10%
Volatility Calculation Model	standard deviation or EWMA	EWMA or Garch	standard deviation
Expected dividends	2.1–3.5%	3.50%	2.60%
Program duration in years	5–8	5–8	5
Fair value of option on grant date (R$/share)	R$2.44–5.64	R$3.27–5.38	R$5.55

As of December 31, 2022, all stock option plans had already been recognized. (As of December 31, 2021, R$ 4,035 of expense at the fair value of options was recognized).

28.4. Restricted stock option plans - VASTA

On July 31, 2020, Cogna Educação S.A., the sole shareholder of Vasta Platform Limited at the time, approved the creation of the Restricted Stock Plan of its subsidiary Vasta to increase the involvement of eligible beneficiaries in the creation of value and profitability of the subsidiary, as well as encouraging them to make significant contributions to the long-term performance and growth of Vasta Platform Limited.

Rights were granted to employees and executives to receive Vasta Platform's Class A shares limited to 3% of the total shares of Vasta, which correspond to 2,490,348 shares.

Vasta has granted restricted stock award contracts to the beneficiary allocated in up to five different annual tranches, the acquisition of which will be subject to the continued employment of the beneficiary in the Company or to an applicable member of the Company's Group. Each tranche will be settled according to the vesting schedule defined by the Board of Directors in the contracts awarded.

The fair value of the restricted shares granted is measured at the market price of subsidiary Vasta's shares on the grant date and the restricted shares will be granted on a non-interest-bearing basis to the participants, through the transfer of shares held in treasury or upon the issuance of new shares.

The table below shows the changes made in the year ended December 31, 2022:

	Number of restricted shares				
PLANS	**12/31/2021**	**Restricted shares granted**	**Restricted Shares Settled**	**Restricted shares canceled**	**12/31/2022**
Vasta Plan	1,080,672	265,766	(367,527)	(178,115)	800,796
TOTAL	**1,080,672**	**265,766**	**(367,527)**	**(178,115)**	**800,796**

In thousands of reais, unless otherwise indicated

The Company recognized the amount of R$ 22,404 related to expenses with grants under the Vasta's Restricted Stock Plan (R$ 23,971 as of December 31, 2021). In addition, the amount of R$ 4,403 was recognized as personnel expenses with charges and the updating of the accumulated balances of charges by the closing price of Vasta's share, with a balancing entry in the provision for charges in Liabilities (R$ 810 as of December 31, 2021), net of restatement for the closing price of Vasta's share.

29. Related parties

29.1. Related party transactions

The main transactions contracted by the Company and its subsidiaries with related parties for the year ended December 31, 2022 and 2021 are presented below:

Debentures receivable from related parties:

	Parent company	
	12/31/2022	**12/31/2021**
Debentures receivable Somos Sistemas (i)	313,350	315,584
Debentures receivable EDE (ii)	822,942	814,128
Debentures receivable Somos Idiomas (iii)	169,456	-
	1,305,748	**1,129,712**
Current assets	105,530	278,609
Non-current assets	1,200,218	851,103
	1,305,748	**1,129,712**

(i) Cogna is a creditor (debenture holder) of securities whose obligation is currently held by Somos Sistemas resulting from a spin-off with Saber, held on December 31, 2019. The amounts, maturity, payment dates, remuneration, forms of maturity, and other terms and conditions correspond to that described in each deed issued by Saber. Additionally, on September 28, 2022, the Company remitted funds to the subsidiary Somos Sistemas through the 9th issue of simple debentures, in the amount of R$ 250,000 with final maturity on September 28, 2025.

(ii) In April 2019, Cogna transferred the amounts that were raised through its first issuance of debentures, which took place on April 15, 2019, to subsidiary EDE. A counterparty to this transaction, EDE issued private debentures to Cogna, whose amounts and other obligations correspond to that described in the public issue made by the Parent Company.

(iii) On March 25, 2022, Cogna remitted funds to the subsidiary Somos Idiomas through the 1st issue of simple debentures, in the amount of R$ 150,000, considering a CDI rate + 3.57% p.a., and with final maturity on March 25, 2024.

In thousands of reais, unless otherwise indicated

Related parties – other (Assets):

	Parent company	
	12/31/2022	12/31/2021
Apportionment of corporate expenses (i)	8,180	8,330
Indemnity Agreement Saber (ii)	180,923	170,842
Amounts assigned to subsidiaries - loan (iii)	224,052	2,805,020
Interest on own capital receivable	13,459	-
Dividends receivable	9,241	-
Other	2,738	2,737
	438,593	**2,986,929**
Current assets	438,593	2,986,929
Non-current assets	-	-
	438,593	**2,986,929**

(i) Refers to balances receivable from the apportionment of corporate expenses, charged via debit note.

(ii) Refers to amounts receivable derived from the indemnity agreements between Cogna and Saber, in the amount of R$ 180,923 (R$ 170,842 as of December 31, 2021), which is linked to indemnity balances payable to the direct subsidiary Vasta.

(iii) In order to better allocate capital among the Group's subsidiaries, the Company made cash transfers to its subsidiaries against capital increases or loan agreements, depending on an analysis by each company. For this purpose, loan agreements maturing in July 2023 were entered into considering the remuneration of CDI+3.57% p.a. Tax on Financial Transactions (IOF) is not levied on these operations, because of Decree 10504/2020, approved by the Government, which defined a zero rate for the tax on credit operations. The balances receivable per subsidiary are shown below:

				Parent company
Subsidiary	**12/31/2021**	**Interest**	**Amortization**	**12/31/2022**
Pses	487,226	77,376	(524,906)	39,696
Unime Salvador	66,667	10,912	(38,615)	38,964
EDE	856,672	42,947	(754,227)	145,392
Aesapar	1,394,455	148,176	(1,542,631)	-
	2,805,020	**279,411**	**(2,860,379)**	**224,052**

Related parties – other (Liabilities):

(i) There were accounts payable resulting from indemnity contracts with Somos Sistemas in the amount of R$ 171,069 (R$ 148,728 as of December 31, 2021) and other operations in the amount of R$ 15,421.

Other operations:

(i) During 2021, a Donation Agreement with Charge was signed between Cogna Educação S.A. and Fundação Pitágoras, seeking to comply with the social and institutional purposes of the Foundation. The former Chairman of the Board of Directors and the Members of the Company's Board of Directors are part of the Foundation's Board of Trustees. The total amount paid was R$ 1,074, paid on 4 different dates during 2021.

(ii) On January 4, 2020, Anhanguera Educacional Participações S/A and Fundação Manoel de Barros entered into an Agreement for Technical, Scientific and Cultural Cooperation with a Donation with Charge, for a period of 2 years, seeking to comply with the social and institutional purposes of the Foundation. The

In thousands of reais, unless otherwise indicated

Members of the Board of Trustees, Board of Directors and Fiscal Council of Fundação Manoel de Barros are Executives of the Company. There was a disbursement of R$150 related to this agreement in 2022.

(iii) Lease agreements were signed for non-residential properties intended for university operations of the subsidiary EDE, leased from Vertia Empreendimentos Imobiliários Ltda., a company controlled by a shareholder and former member of the Company's Board of Directors and current member of the Company's Founders' Committee. On July 10, 2019, the Company renewed the lease term for an additional period of 10 years, starting on January 1, 2020. The amount paid monthly for these agreements totals R$ 2,636. The inflation adjustment index used is the IPCA.

(iv) Lease agreements were signed for non-residential properties intended for university operations of UNOPAR's University Campus, in the city of Londrina-PR, leased from Creare Administração de Bens Móveis e Imóveis Ltda., a company controlled by shareholders and former members of the Board of Directors. The agreements are valid for 20 years commencing on January 1, 2012. The amount paid monthly by the subsidiary EDE for these agreements totals R$ 1,480. The inflation adjustment index used is the IPCA.

(v) On November 12, 2021, we signed with Instituto Educa Mais Brasil Programas Educacional Ltda. ("Instituto Educar") a service agreement for the implementation and management of the scholarship program for students interested in higher education courses. The controlling shareholder of Instituto Educar has a first-degree family relationship with a member of the founders' committee and a second-degree family relationship with a management member. The agreement maintained with Instituto Educar consists in the provision of services, by Instituto Educar, in the identification, registration, selection and referral to our higher education institutions of candidates for courses offered by the institutions, being guaranteed to candidates approved in the selection process, scholarships in higher education courses. There is no remuneration paid by us for the services provided under this agreement. Instituto Educar is remunerated by the student according to a negotiation between them. The agreement is valid for 2 years, automatically renewable if there is no express manifestation of termination by the parties, and may be terminated and/or rescinded by either Party, at any time, at least 30 days in advance.

29.2. Remuneration of key management personnel

Key management personnel includes the members of the Board of Directors, president, the vice-presidents and statutory directors.

	12/31/2022	12/31/2021
Salaries	16,339	14,967
Benefits	661	305
Charges	6,178	6,702
Variable remuneration	14,549	15,924
Stock option plan and restricted shares	19,472	13,418
	57,199	**51,316**

In thousands of reais, unless otherwise indicated

30. Insurance coverage

The Company has a risk management program aiming to delimit risks, seeking coverage compatible with its size and operation in the market. Coverages were contracted at the amount indicated below, to cover possible claims, considering its activity nature, risks involved in its operations and the opinion of insurance advisors.

On December 31, 2022, the Company and its subsidiaries presented the following main insurance policies contracted from third parties:

		Consolidated
	12/31/2022	12/31/2021
Property, plant and equipment	338,000	338,000
General Civil Liability and Executives (i)	234,782	624,732
Vehicles	5,159	12,789
	577,941	**975,521**

(i) The decrease in insured amounts is mainly related to personal accident insurance contracts linked to the operation of schools that belonged to the Group until 2021.

31. Net revenue from sales and services

				12/31/2022
	Kroton	**Vasta**	**Saber**	**Consolidated**
Gross revenue	4,776,250	1,421,092	504,294	6,701,636
Deductions from gross revenue				
Taxes	(86,339)	(9,954)	(8,276)	(104,569)
ProUni	(823,667)	-	-	(823,667)
Discounts and returns	(519,564)	(146,858)	(14,776)	(681,198)
Net revenue	**3,346,680**	**1,264,280**	**481,242**	**5,092,202**

				12/31/2021 (i)
	Kroton	**Vasta**	**Saber**	**Consolidated**
Gross revenue	4,558,587	1,110,927	658,776	6,328,290
Deductions from gross revenue				
Taxes	(108,538)	(8,456)	(7,253)	(124,247)
ProUni	(719,026)	-	-	(719,026)
Discounts and returns	(501,737)	(155,052)	(50,171)	(706,960)
Net revenue	**3,229,286**	**947,419**	**601,352**	**4,778,057**

(i) Due to the consolidation of the operating segments described in Note 2.2 e), this Note for the year 2021 was reviewed in line with the current structure of the Company's segments.

In thousands of reais, unless otherwise indicated

32. Costs and expenses by type

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Salaries and social charges	(16,076)	-	(1,636,104)	(1,571,221)
Allowance for doubtful accounts	-	-	(434,972)	(537,596)
Depreciation and amortization	(294)	(339)	(451,858)	(488,987)
Advertising	(181)	(338)	(317,853)	(349,314)
Cost of goods sold	-	-	(47,584)	(56,860)
Costs of sales books	-	-	(103,326)	(125,362)
Costs of paper and printing	-	-	(175,429)	(157,847)
Amortization of surplus of allocated goodwill	-	-	(260,871)	(275,533)
Utilities, cleaning and security	(2,143)	(1,677)	(317,507)	(338,253)
Depreciation - IFRS 16	-	-	(211,654)	(188,641)
Consulting and advisory	(606)	(800)	(216,748)	(224,294)
Other revenues (expenses), net	11,185	2,528	(156,971)	(172,170)
Copyright	-	-	(104,445)	(105,629)
Rent and condominium	-	-	(48,605)	(76,987)
Editorial costs	-	-	(93,949)	(117,487)
Traveling	-	-	(47,957)	(21,046)
Amortization of digital book	-	-	(6,182)	-
Amortization of inventory surplus	-	-	(2,107)	(1,486)
Outsourced services	-	-	(2,229)	(4,659)
Contingencies	(48)	219	64,774	112,162
Asset impairment loss	-	-	(215,434)	-
	(8,163)	**(407)**	**(4,787,011)**	**(4,701,210)**
Cost of sales and services	-	-	(1,864,883)	(1,903,710)
Sales expenses	-	-	(548,718)	(570,753)
General and administrative expenses	(8,163)	(407)	(1,709,188)	(1,662,087)
Provision for expected loss	-	-	(434,972)	(537,596)
Asset impairment loss	-	-	(215,434)	-
Other operating revenues	-	-	14,920	6,028
Other operating expenses	-	-	(28,736)	(33,092)
	(8,163)	**(407)**	**(4,787,011)**	**(4,701,210)**

33. Financial income (loss)

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Financial revenues				
Interest on monthly payments	-	-	92,039	140,686
Income from interest earning bank deposits and securities	80,287	2,226	335,508	126,329
Discounts obtained	-	-	-	167
Gain with derivative financial instruments	4,978	-	4,978	-
Interest on accounts receivable from sale of subsidiaries	-	-	10,170	13,687
Interest assets	-	-	10,421	7,189
Interest on loan agreement receivable of subsidiaries (i)	279,411	230,770	-	-
Other financial revenues (ii)	169,366	90,545	56,789	21,768
	534,042	**323,541**	**509,905**	**309,826**
Financial expenses				
Lease interest (CPC 06 / IFRS 16)	-	-	(306,286)	(316,870)
Interest and costs of debentures	(637,871)	(370,729)	(821,670)	(407,970)
Loss with derivative financial instruments	(23,032)	-	(23,032)	-
Restatement of contingencies	(19,844)	(6,940)	(148,661)	(86,197)
Interest on drawee risk	-	-	(27,476)	(15,239)
Other financial expenses	(2,292)	(3,750)	(33,632)	(9,453)
Update of liabilities for acquisition of subsidiaries	-	-	(20,026)	(20,091)
Bank and collection fees	(1,806)	(1,961)	(20,592)	(21,012)
Commercial and tax interest and late-payment interest	(83)	(134)	(3,957)	(16,766)
	(684,928)	**(383,514)**	**(1,405,332)**	**(893,598)**
Financial income (loss)	**(150,886)**	**(59,973)**	**(895,427)**	**(583,772)**

(i) Related to interest on loan operations carried out by Cogna to its subsidiaries, further described in note 29.

(ii) Substantially composed of interest on internal debentures carried out with the subsidiaries EDE, Somos Sistemas and Red Balloon. More information is included in Note 29.

In thousands of reais, unless otherwise indicated

34. Loss per share

34.1. Basic

The basic loss per share is calculated by dividing the result attributable to the holders of common shares of the Company by the weighted average number of common shares held by shareholders (excluding those held in treasury) during the year.

	Loss for the year	
	12/31/2022	**12/31/2021**
Loss attributable to Company's shareholders	(540,998)	(461,523)
Weighted average number of outstanding common shares	1,876,606	1,870,662
Basic losses per common share	**(0.29)**	**(0.25)**

34.2. Diluted

For dilution purposes, the Company has a stock option plan granted to the beneficiaries, whereby the issue of shares is allowed at the time of the option period. The calculation of the dilution is as follows:

	Loss for the year	
	12/31/2022	**12/31/2021**
Loss attributable to Company's shareholders	(540,998)	(461,523)
Weighted average number of outstanding common shares	1,876,606	1,870,662
Potential increase in common shares	12,786	12,177
Diluted loss per common share	**(0.29)**	**(0.25)**

35. Segment reporting

As presented in note 2.2, the Company, during the first quarter of 2022, changed the management of its activities (previously indicated in 5 main segments) to 3 (three) main operating business segments aiming at a better presentation and differentiation of its products offered.

As detailed in CPC 22/IFRS 8 – Segment information, which defines in item 30 that the entity must disclose, in the year in which the change occurred, the segment information for the current period both on the old basis and on the new basis segmentation, we present below the results of these segmentations for the period ended December 31, 2022 and 2021, already considering the respective change, and in addition, Kroton includes Platos business and Saber other businesses as of 2022. Therefore, we present the previously disclosed explanatory table:

In thousands of reais, unless otherwise indicated

New presentation format:

					12/31/2022
	Kroton	Vasta	Saber	Elimination	Total
Net revenue	3,346,680	1,264,280	511,242	(30,000)	5,092,202
Cost of sales and services rendered	(1,103,456)	(474,586)	(316,841)	30,000	(1,864,883)
	2,243,224	**789,694**	**194,401**	**-**	**3,227,319**
Operating expenses:					
Sales expenses	(296,316)	(194,043)	(58,359)	-	(548,718)
General and administrative expenses (i)	(1,314,581)	(470,052)	75,445	-	(1,709,188)
Provision for expected loss (ii)	(407,461)	(45,904)	18,393	-	(434,972)
Asset impairment loss	-	-	(215,434)	-	(215,434)
Other expenses, net	(18,561)	989	3,756	-	(13,816)
Equity in net income of subsidiaries	-	(4,512)	2,625	-	(1,887)
Operating income and before financial income (loss)	**206,305**	**76,172**	**20,827**	**-**	**303,304**
Assets	16,029,771	7,513,331	2,853,649	-	26,396,751
Liabilities current and non-current	8,009,845	2,883,399	2,262,118	-	13,155,362

(i) The reversals that occurred in general and administrative expenses of the Saber segment are related to reversals of contingencies in business combinations.

(ii) The reversals that occurred under the item provision for expected loss of the Saber segment are related to the reversals that occurred in the CGU's: (i) SETS, during the second quarter and, (ii) PNLD, during the third quarter.

					12/31/2021
	Kroton	Vasta	Saber	Elimination	Total
Net revenue	3,229,286	947,419	630,341	(28,989)	4,778,057
Cost of sales and services rendered	(909,571)	(475,436)	(547,692)	28,989	(1,903,710)
	2,319,715	**471,983**	**82,649**	**-**	**2,874,347**
Operating expenses:					
Sales expenses	(355,581)	(164,439)	(50,733)	-	(570,753)
General and administrative expenses	(1,368,701)	(346,118)	52,732	-	(1,662,087)
Provision for expected loss	(500,973)	(32,726)	(3,897)	-	(537,596)
Other expenses, net	(2,486)	-	(24,578)	-	(27,064)
Equity in net income of subsidiaries	-	-	1,557	-	1,557
Operating income (loss) and before financial income (loss)	**91,974**	**(71,300)**	**57,730**	**-**	**78,404**
Assets	17,279,048	7,358,645	3,875,160	-	28,512,853
Liabilities current and non-current	10,043,177	2,684,499	2,014,513	-	14,742,189

In thousands of reais, unless otherwise indicated

Previous disclosure (comparative balances):

	New Kroton segment		New Saber segment				12/31/2021
	Kroton	Platos	Saber	Other	Vasta	Elimination	Total
Net revenue	3,132,558	96,728	46,480	583,861	947,419	(28,989)	4,778,057
Cost of sales and services rendered	(898,399)	(11,172)	(17,843)	(529,849)	(475,436)	28,989	(1,903,710)
	2,234,159	**85,556**	**28,637**	**54,012**	**471,983**	**-**	**2,874,347**
Operating expenses:							
Sales expenses	(329,293)	(26,288)	(223)	(50,510)	(164,439)	-	(570,753)
General and administrative expenses	(1,344,943)	(23,758)	(25,040)	77,772	(346,118)	-	(1,662,087)
Provision for expected loss	(466,139)	(34,834)	(415)	(3,482)	(32,726)	-	(537,596)
Other expenses, net	(2,486)	-	-	(24,578)	-	-	(27,064)
Equity in net income of subsidiaries	-	-	-	1,557	-	-	1,557
Operating income (loss) and before financial income (loss)	**91,298**	**676**	**2,959**	**54,771**	**(71,300)**	**-**	**78,404**
Assets	17,091,245	187,803	549,531	3,325,629	7,358,645	-	28,512,853
Liabilities current and non-current	10,029,123	14,054	172,901	1,841,612	2,684,499	-	14,742,189

36. Cash flow supplementary information

Statements of cash flows, by the indirect method, are prepared and presented in accordance with the accounting pronouncement CPC 03 (R2) / IAS 7 – Statement of Cash Flows. During the year, the Group carried out additions and cancellations of contracts in rights-of-use leases, in addition to changes in guarantees linked to operations with former sponsors and offsets of accounts receivable and payable in transactions made with other companies, all of them have no cash effect. The aforementioned impacts are as follows:

	Consolidated	
Adjustments for:	**12/31/2022**	**12/31/2021**
Property, plant and equipment		
Addition of financial leases (IFRS 16/CPC 06)	359,291	208,476
Write-off of financial leases (IFRS 16/CPC 06)	(196,350)	(74,145)
	162,941	**134,331**
Property, plant and equipment		
Addition of digital books	16,905	-
	16,905	**-**
Accounts payable for acquisitions		
Offset of balances in the transactions with Eleva	-	420,000
	-	**420,000**
Liabilities assumed in the business combination		
Former sponsor guarantees	10,097	12,067
	10,097	**12,067**
	189,943	**566,398**

37. Subsequent events

37.1 Acquisition of private debentures

On January 27, 2023, the Company carried out the 9th issue of simple and non-convertible debentures, of the unsecured type, in a single series, in the total amount of R$ 500,000, remunerated at the CDI+2.15 p.a., and maturing on January 20, 2026. The principal installment will be settled when the debt matures, and interest will be paid semi-annually in January and July.

The net proceeds raised through the Issuance will be used to extend the financial liabilities and reinforce the Company's working capital.

37.2 Repurchase of debentures

Following its financial planning, pursuant to the management of its cash, and the liability management strategy during January and February 2023, the Company carried out the repurchase of 199,403 debentures, all of its own issue, totaling R$ 1,041,805. The repurchase interest rate is CDI+1.24% p.a.

37.3 Repurchase of shares

The Company, following the share repurchase plan approved by Management as of February 10, 2022, repurchased 7,045,600 registered, book-entry common shares with no par value to be held in treasury in January and February 2023, considering an average amount of R$ 2.19, which totaled R$ 15,459.

With this change, the Company informs that it concluded its share buyback plan, which had a maturity of one year from its approval.

37.4 Acquisition of Anglo Start

The Company, through its indirect subsidiary Somos Sistemas de Ensino S.A. ("Somos"), acquired a 51% interest in the capital of Escola Start Ltda., ("Anglo Start") on March 3, 2023.

Start is a company engaged in providing bilingual education services for kindergarten, elementary and high school, and preparatory courses for entrance exams, including the sale of books, teaching materials, school uniforms and stationery.

The acquisition price of R$ 4,454 will be paid in two (2) installments, a fixed installment of R$ 4,100 in cash on the acquisition date and a variable installment of R$ 354, subject to price adjustment depending on the calculation of financial indicators provided for in the agreement and restated by 100% of the CDI rate, to be paid in May 2023.

On the same date, a purchase option agreement was entered into for the acquisition of the remaining shares issued by Anglo Start held by the minority shareholder, representing 49% of the capital, as of January 2028, through which the amount of R$ 11,700 may be paid.

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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 December 31, 2022 and 2021.

EBITDA represents the Company's operating cash generation, corresponding to the fact that the Company generates resources only in its operating activities, without considering 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.

	12/31/2022	12/31/2021
Net income	**(540,998)**	**(512,985)**
Income and social contribution tax – note 25.1	51,125	43,845
Financial result – note 31	(895,428)	(583,772)
Depreciation – note 30	(924,384)	(953,161)
(-) Discontinued operations	**-**	**(160,968)**
Income and social contribution tax	-	(5,484)
Financial result	-	(63,564)
Depreciation	-	(91,920)
Accounting EBITDA	**1,227,689**	**1,141,071**
(+) Interest and penalties on tuition – note 31	92,039	140,686
(+) Discontinued operations	**-**	**585**
(+) Interest and penalties on tuition	-	585
Management EBITDA	**1,319,728**	**1,282,341**
(-) Nonrecurring items (i)	(335,636)	(298,708)
Contingencies Reversals	65,160	226,393
Adjusted EBITDA	**1,590,204**	**1,354,656**

(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:

	12/31/2022	12/31/2021
Impairment (i)	215,434	200,121
Turnaround Kroton (ii)	19,033	161,139
Termination	60,391	58,406
M&A and Expansion	17,586	88,736
Assets write-off	23,192	5,552
Capital Gain – Sale of subsidiary (iii)	-	(215,246)
Total Nonrecurring items	**335,636**	**298,708**

(i) During 2022, the Company evaluated events occurred in its cash generating units that could affect its expectation of recovery of non-financial assets, and after this evaluation, and due to the increase in interest rates, reflected in the discount rate applied (WACC) and strategic review in the long-term models of these businesses, it was verified the need for recognition of loss in the cash generating unit Saber in the total amount of R$215,434, consisting of the operations of: (i) SETS, amounting to R$120,296, of which R$113,847 related to goodwill capital gains, and R$6,449 in other intangibles, and (ii) Languages, amounting to R$95,138.

(ii) Cogna completed the feasibility study of its units and initiated the calculation project ("Turnaround Kroton"), which resulted in the recognition of expenses linked mainly to negative impacts resulting from contractual fines for cancellation contracts, cancellations of improvements acquired in third-party properties, and write-offs of lease contracts that meet the criteria of IFRS 16.

(iii) Considering the closing of the Schools Transaction, described in greater detail in note 4 to the Financial Statements for the year ended December 31, 2021, the Company evaluated an estimated sale price, on December 31, 2021 of R$ 726,916. In addition to this movement, the recognition of the write-off of investments in the company Somos Operações Escolares, which controls the operation of the Group's schools, was recognized, in the updated amount of R$511,671. Therefore, the capital gain determined in this operation for the year ended December 31, 2021 was R$ 215,246.

Opinion of the Fiscal Council

The Fiscal Council of Cogna Educação SA (“Company”), in compliance with the laws and statutory documents, examined the Management Report, the Financial Statements related to the fiscal year ended on December 31, 2022, and proposal by the Management the profit destination for the year ended December 31, 2022. Based on the examinations carried out, the inquiries by the Company's Management and the Company's independent auditors and also considering the terms of the Independent Auditors' Report on the Financial Statements, opines that Management Report, the Financial Statements, and proposal by the Management the profit destination for the year ended in 2022 are in a position to be approved by the Company's shareholders at an ordinary general meeting

Belo Horizonte, March 23, 2023.

OPINION OF THE AUDIT AND RISK COMMITTEE

The members of the Audit Committee of Cogna Educação S / A ("Company"), in the exercise of their legal duties and responsibilities, as provided for in the Internal Regulations of the Audit and Risk Committee and based on the work carried out during the year 2022 , proceeded to the examination and analysis of the financial statements, accompanied by the opinion of the independent auditors and the annual report of the Management related to the fiscal year ended on December 31, 2022. Accordingly, and considering the information provided by the Company's Management and by the Company's independent auditors, as well as the proposal for the allocation of the results for the year ended December 31, 2022, the members of the Audit Committee unanimously believe that the financial statements, accompanied by the opinion of the independent auditors and the Management's annual report for the fiscal year ended December 31, 2022, adequately reflect, in all material respects, the equity and financial positions of the Company and its subsidiaries, and recommend approval of the documents by the Company's Board of Directors and their forwarding to the Annual Shareholders' Meeting of the Company, under the terms of the Brazilian Corporation Law.

Belo Horizonte, March 23, 2023.

Opinions and representations/Officers' representation on the accounting information

Pursuant to CVM Instruction 59, dated December 21, 2021, Cogna's Officers state that they have reviewed, discussed, and agreed with the individual and consolidated financial statements for the year ended December 31, 2022.

São Paulo, March 23, 2023.

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

Pursuant to CVM Instruction 59, dated December 21, 2021, Cogna's Officers state that they reviewed, discussed, and agreed with the content of the independent auditor's review report of KPMG Auditores Independentes, issued on this date.

São Paulo, March 23, 2023.