



1Q22 Results

May 2022



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Message from the CEO



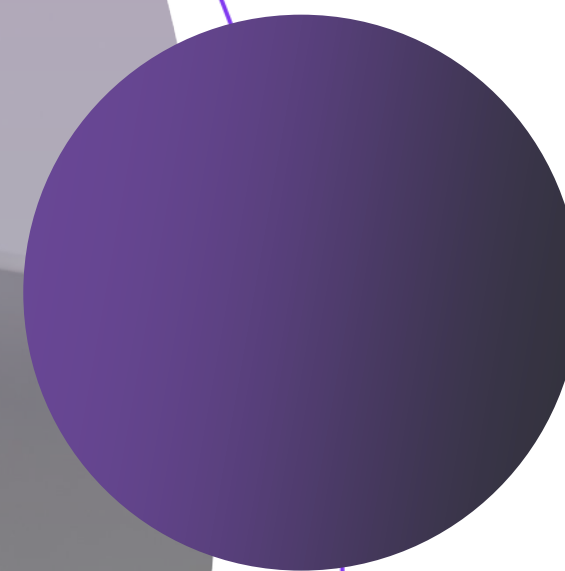
- Getting closer to the **turning point of revenue**
- The Enrollment cycle confirms **the demand for hybrid courses** and the consistency in operation excellence, cycle after cycle
- Successful Enrollment and Renewal cycles take Kroton back to the level of **1 million students**
- **Increase in profitability** despite revenue and cost pressure
- **KrotonMed matches expectations** for the quarter and reinforces the business unit's thesis



- **Net revenue beat the R\$ 370 guidance** for the quarter;
- **More than 2/3 of the 2022 ACV recognized** in the first half of the 2022 cycle
- Cost restructuring, scalability of the business and good business cycle increase profitability of the year;
- Vasta issues its **first sustainability report**

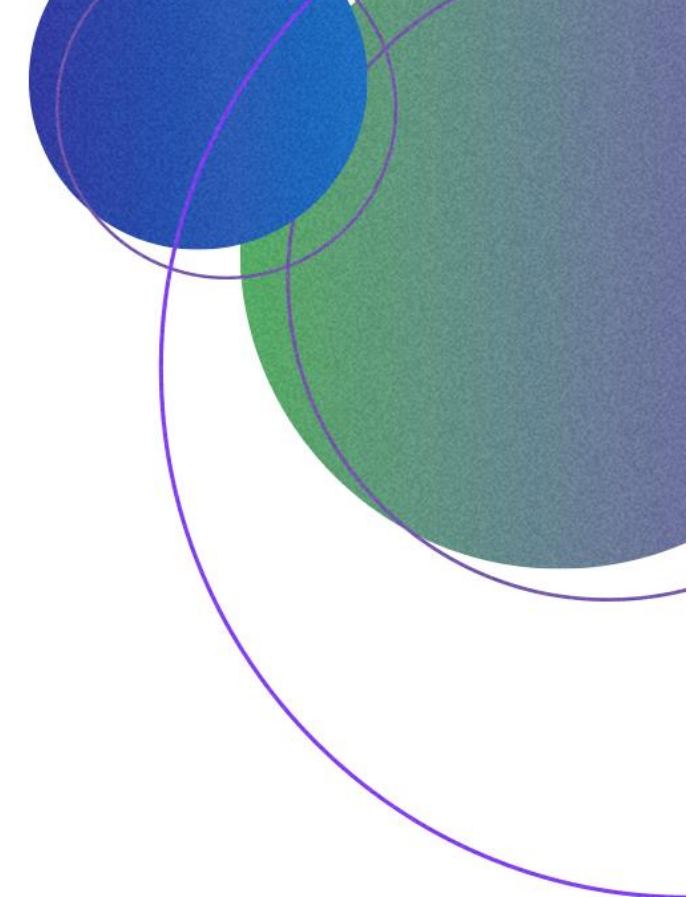


- Trajectory of value generation: we achieved **revenue growth** in addition to the **profitability increase** established;
- The company turned into a **reference in OGC**: consistency of good and increasing results
- **Stock Buyback** is feasible due to consistent OCG and justified by the **certainty that our stocks are trading lower than the fair value**
- **Leverage at health and stable level**, keeping a safe distance to covenants;
- In addition to the resumption of the core business, we continue **to create optionality for the long term**



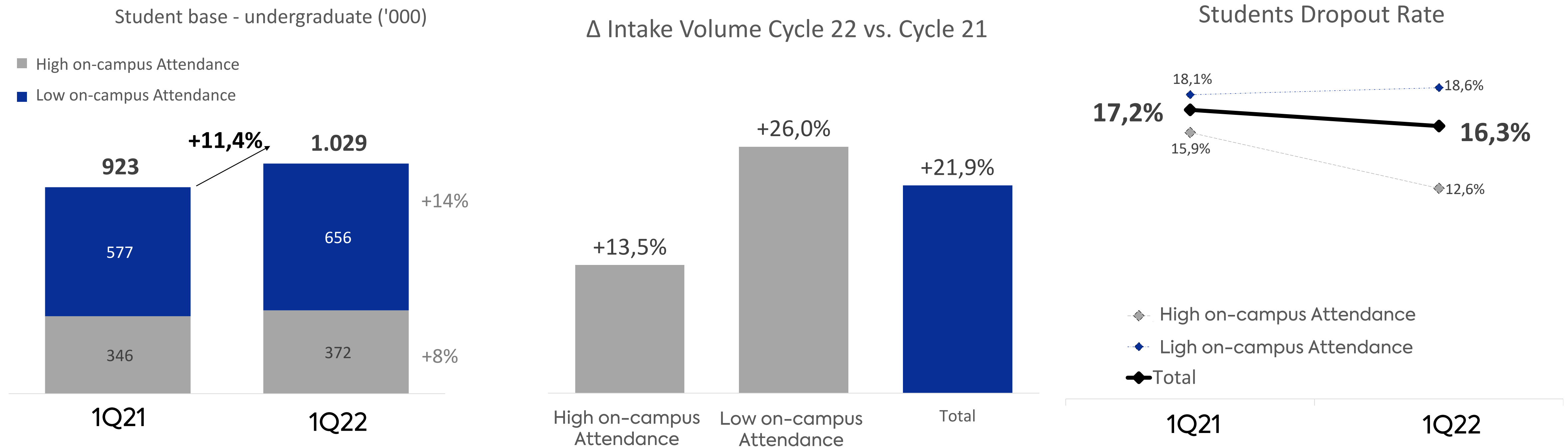
Kroton

May 2022



Kroton – undergraduate student base, enrollments and dropout

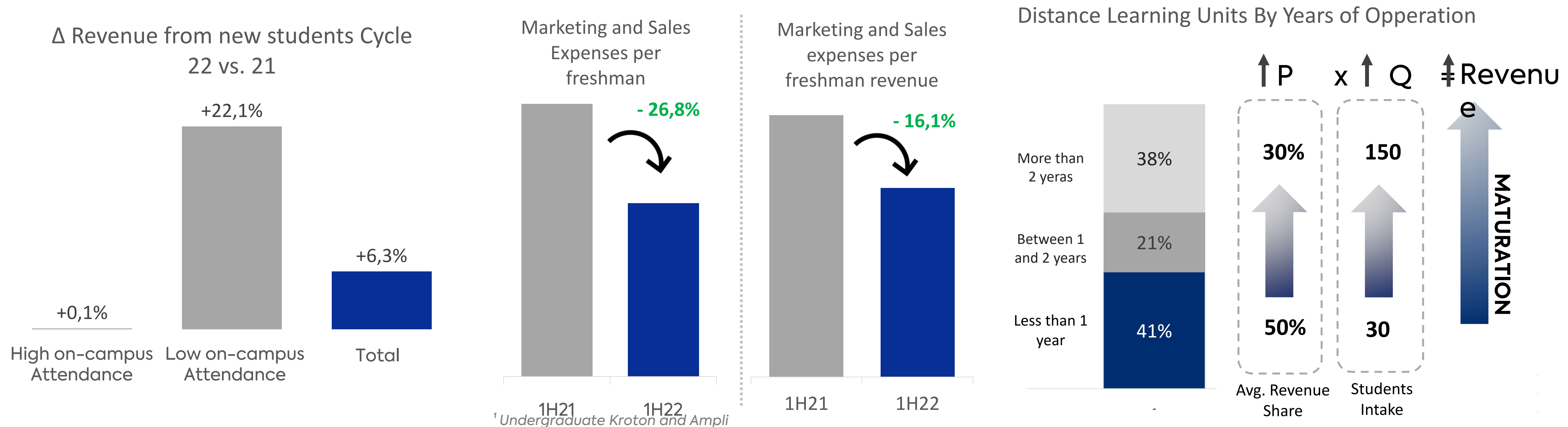
- **Student base exceeds 1 million students, an 11.4% growth** with 105.5 thousand new students.
- Student base growth **due to improvements in student intake and reduction in dropout**:
 - **Student's intake grew 21.9%**: (i) high on-campus attendance (HOA) with recovery after relaxation of restrictive measures due to Covid; (ii) low on-campus attendance (LOA) driven by more than 1,000 new DL centers;
 - **Overall evasion reduced 0.9 p.p.** due to significant improvement of 3.3 p.p. in AP and investments on the student journey. Stable/marginally worse BP evasion given high volume in previous intake cycles.



Kroton student base grew 11.4% due to increased in student's intake and reduction in dropout in both high and low on-campus attendance

Kroton – Revenue, CAC e DL Centers

- **Revenue from freshman increased 6.3%** in 1S22, with emphasis on the 22.1% growth in revenue raised in low on-site attendance
- Change of mix towards greater digitalization occurs in HOA and LOA and allows for increased margins
- **Acquisition cost per student and revenue acquisition cost ratio reduce by 26,8% and 16,1% respectively** and support a more eficiente and attractive operation.
- **Revenue raise should grow even more as Distance Learning Units (hubs) mature**
 - 41% of the hubs are currently operating for less than a year due to the growth of +1,000 hubs in 2021
 - Maturity of hubs should foster more revenue raise due to: (i) increase in the intake of student per hub and; (ii) reduction in the average onlending line.



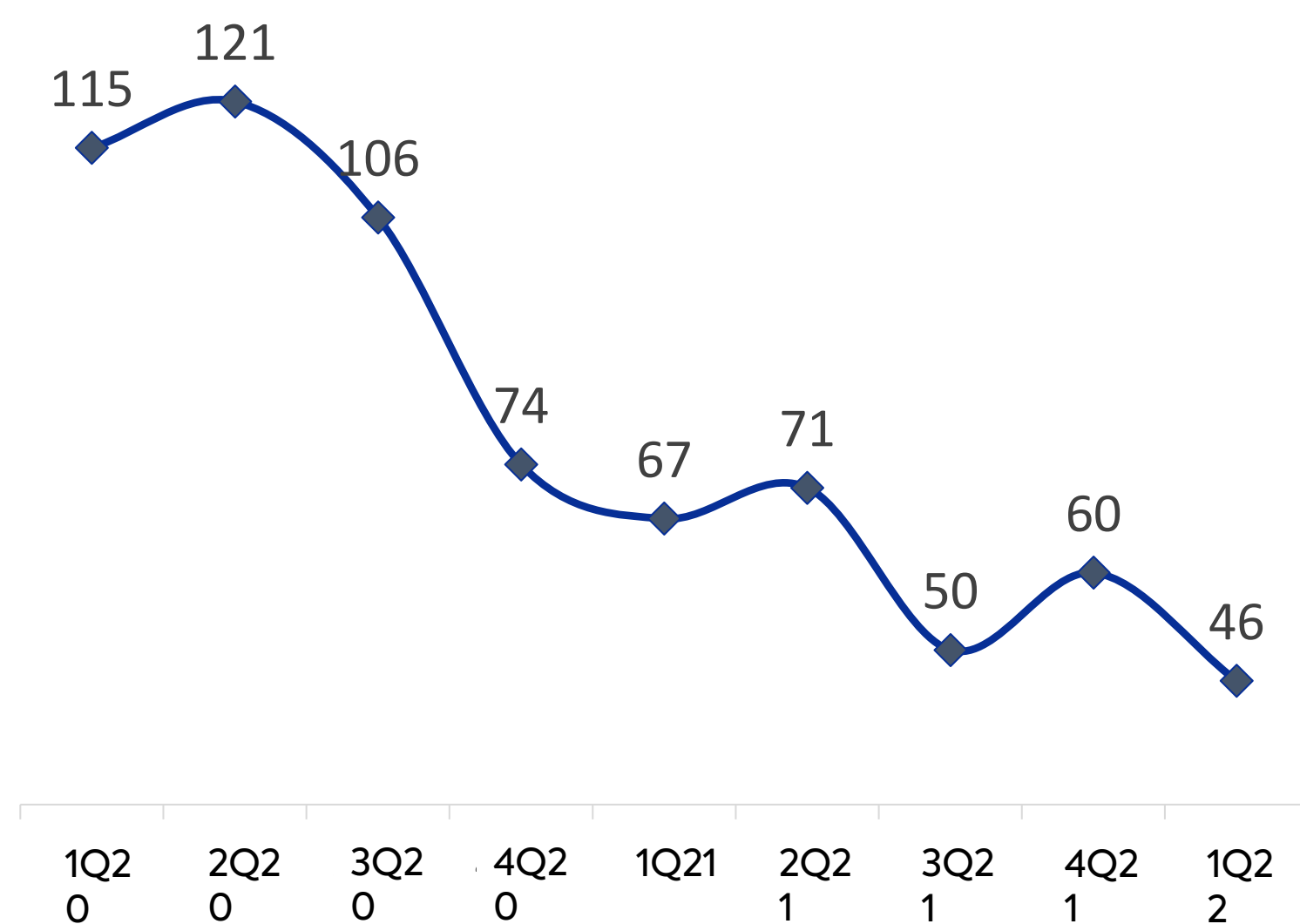
Kroton starts to benefit from strategic decisions to expand the Distance Learning Units, and digitization of student base and marketing

Kroton –accounts receivable scenario

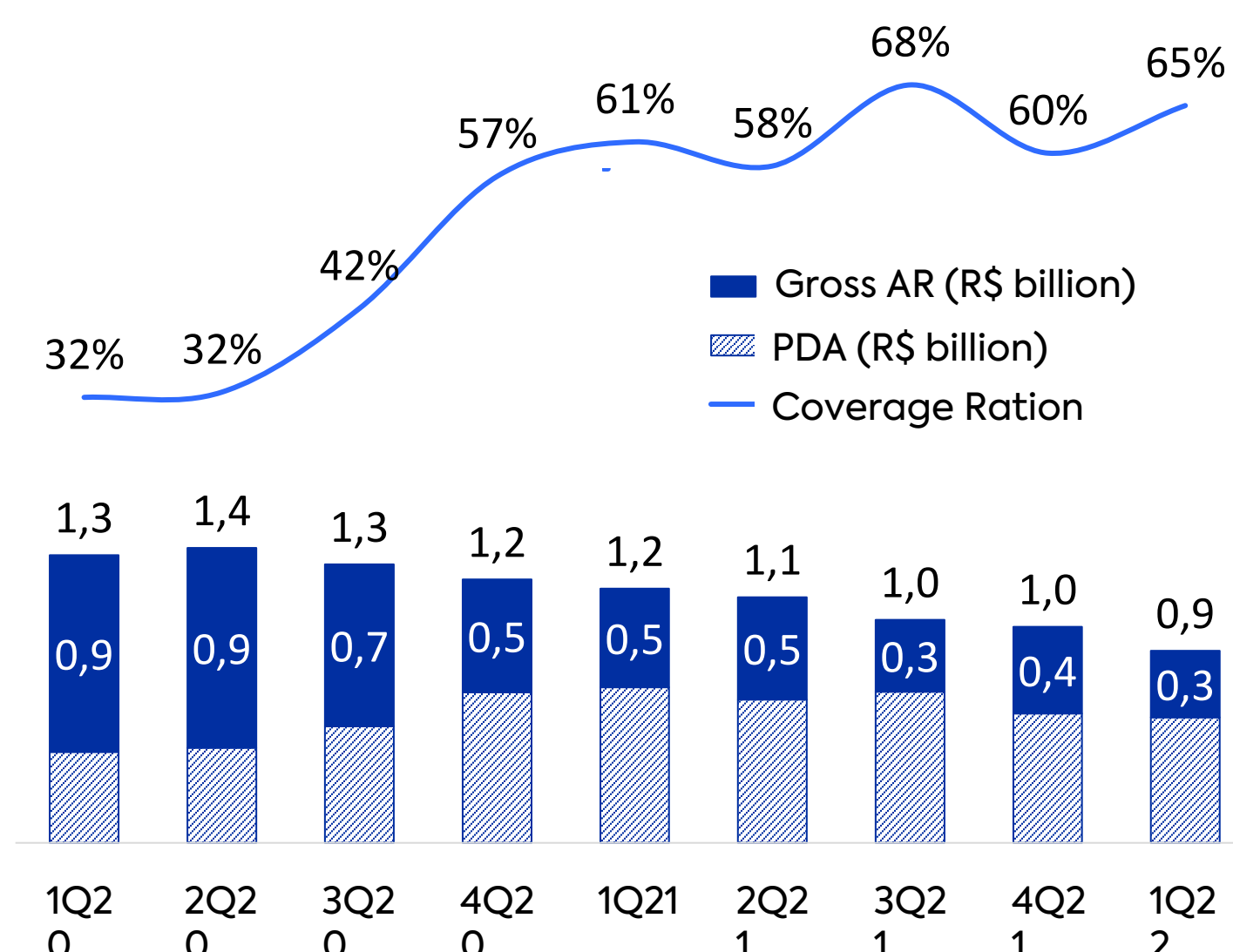
Another quarter with results that show improvement in the quality of Kroton's accounts receivable and attest to the effectiveness of the measures taken to this end:

- Kroton reaches in Q1 2022 the **lowest average collection period**: 46 days;;
- Value represents a **reduction of 14 days and 21 days** vs Q4 2021 and Q1 2021, respectively;
- **Kroton's coverage ratio** remains at healthy levels (60-70%);
- Paying CAR (gross and net) continues to reduce steadily over the last few quarters.

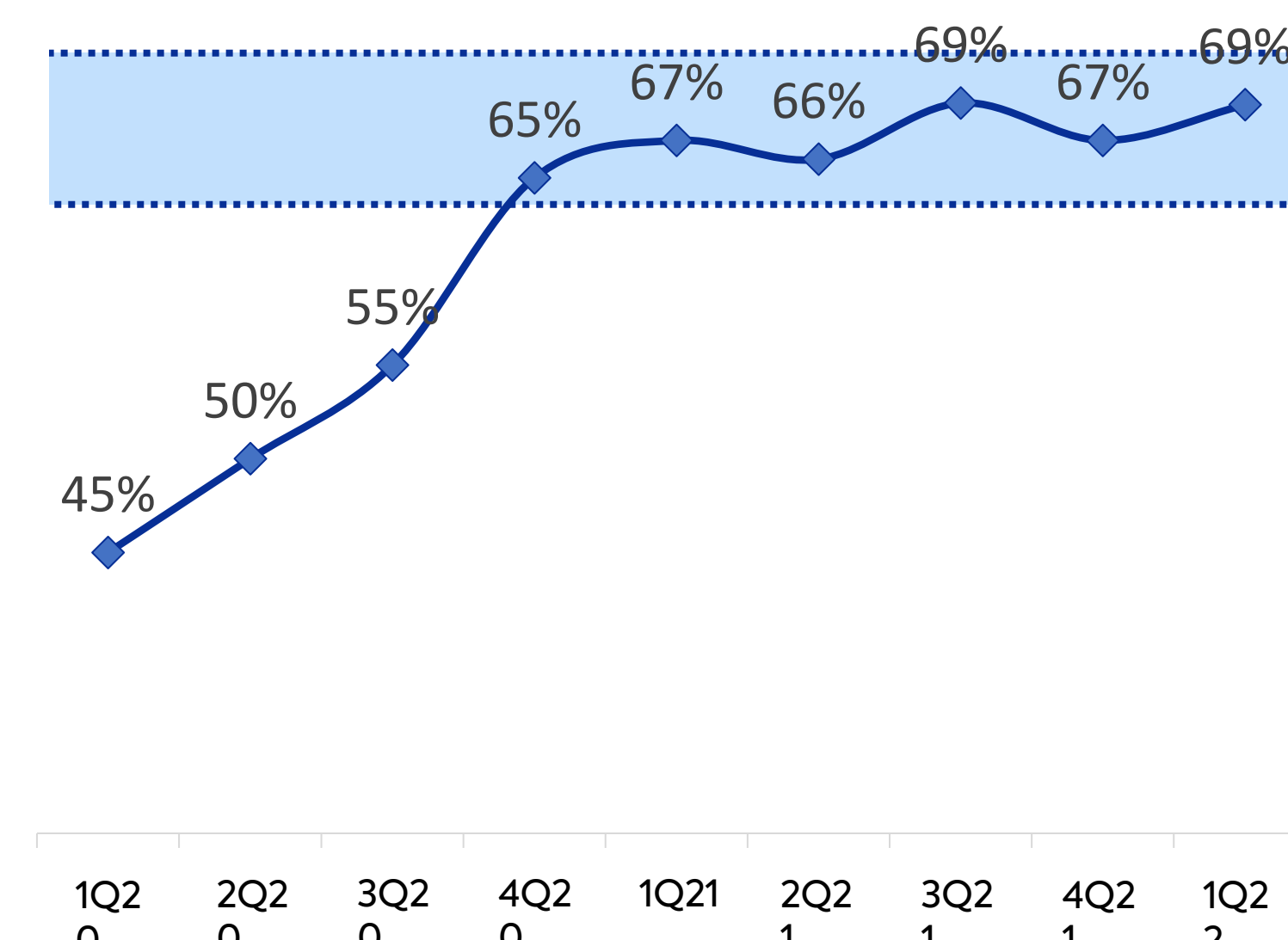
Average Collection Period
(Out-of-pocket - # days)



Accounts Receivable (AR) (R\$ milhões)



Coverage Ratio



Kroton remains consistent in its commitment to the financial health of receivables: (i) adequate provisioning of the PDA; (ii) constant improvement of collection practices and; (iii) increasing quality of the base by reducing PMT and PEP

Kroton – Release 2021: Volume and Revenue

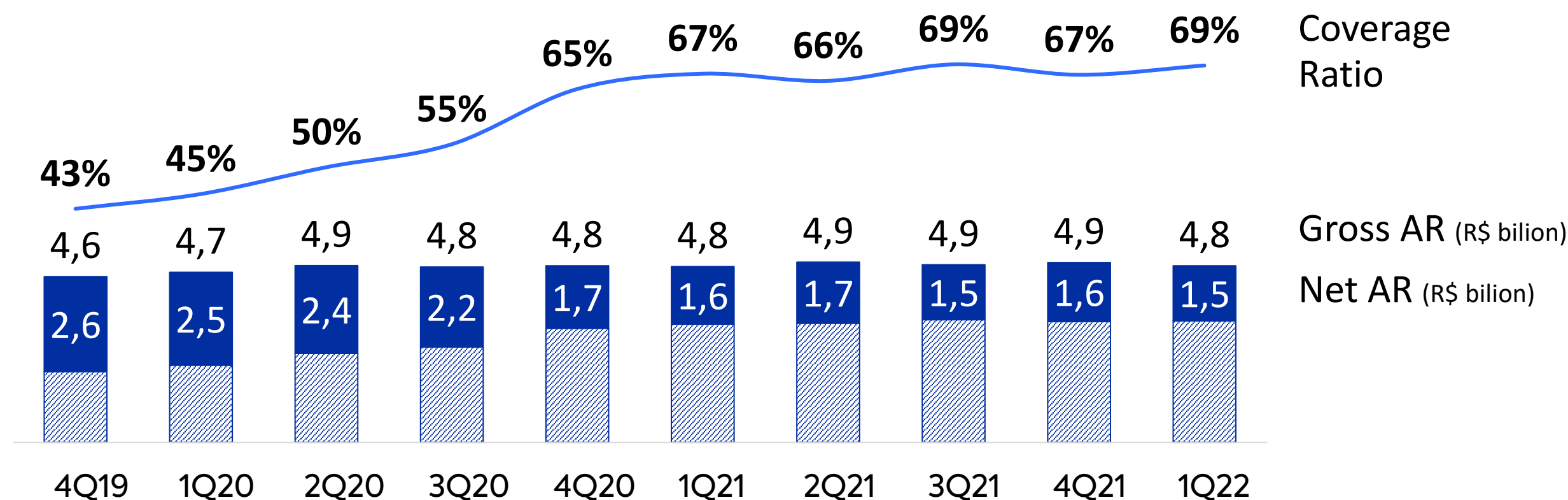
Category	Volume	Revenue	Revenue ex-PMT	Category		Volume	Revenue	Revenue ex-PMT
High On-site Attendance (HOA)	+13.5%	+0.1%	+8.8%	100% On-ite	Presencial	+9.4%	+0.1%	+9.7%
				Premium DL	Digital			
Low On-site Attendance (LOA)	+26.0%	+22.1%	-	100% Online			+24,0%	+16.1%
				Semi-presential				
Total	+21.9%	+6.3%	+12,9%	Total		+21.9%	+6.3%	+12,9%

- During 2021, we improved the model for late enrollment program (“PMT”) for on-campus students;
- Analyzing the volume of revenue on a comparable basis, excluding the effect of the PMT for the 1H21, we would present an increase in revenue from HOA of 8.8% and from On-campus of 9.7%;
- The PMT started to offer an installment payment of the net ticket throughout the academic period and no longer the gross amount at the end of the course, reducing revenue momentarily and increasing timely payment and cash conversion on a permanent basis.

The company reinforces its commitment to operating cash generation (OCG)

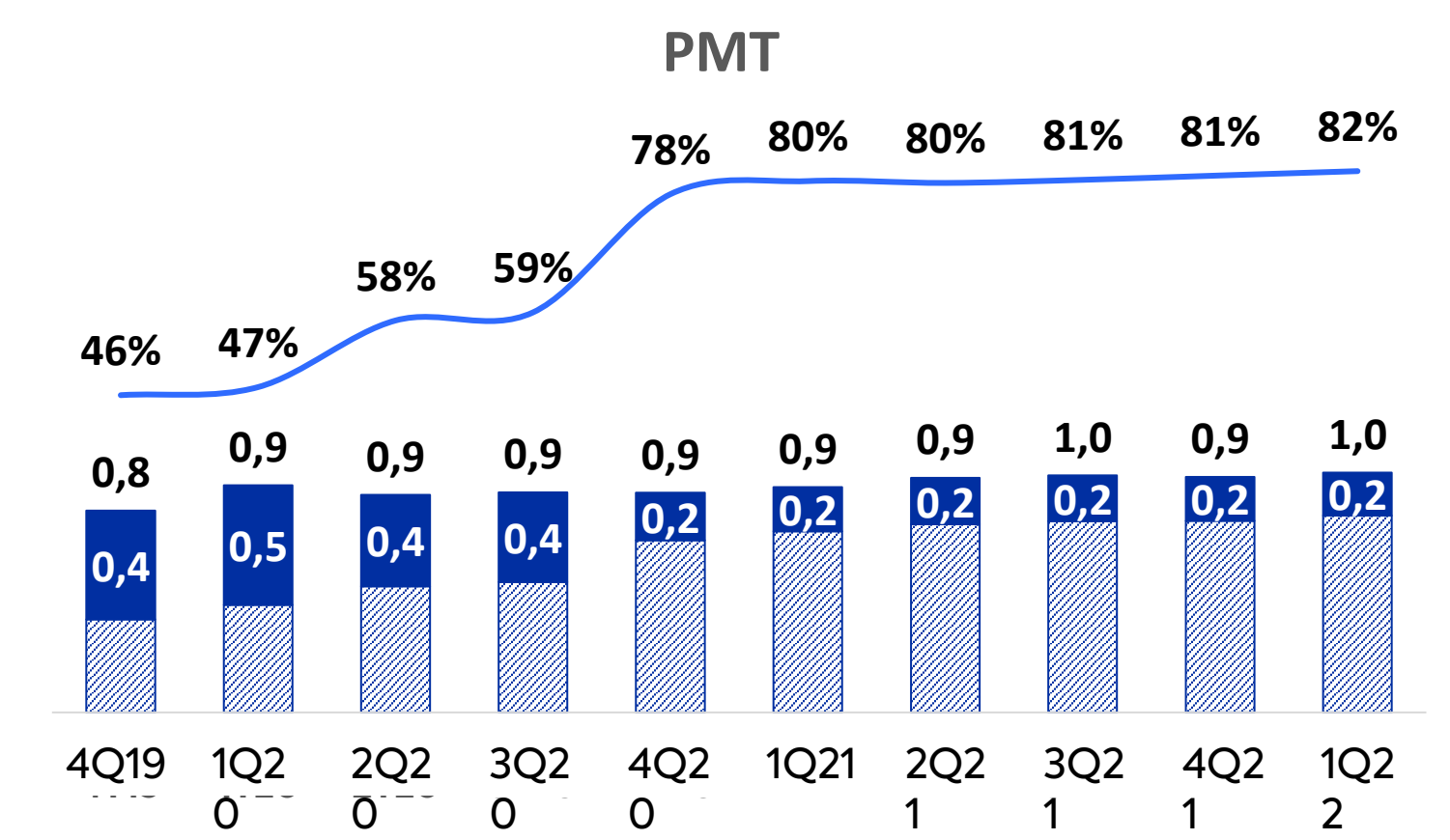
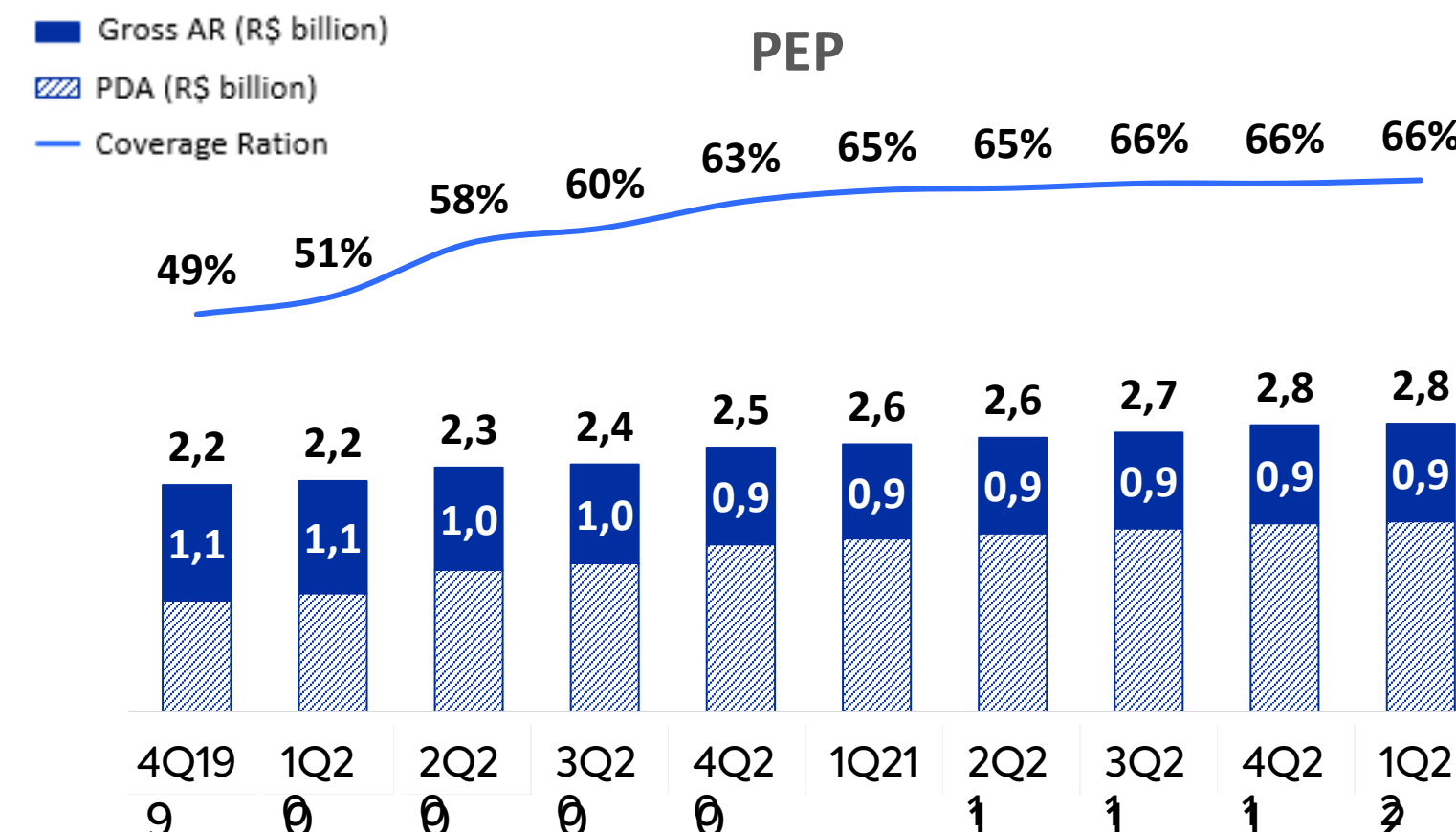
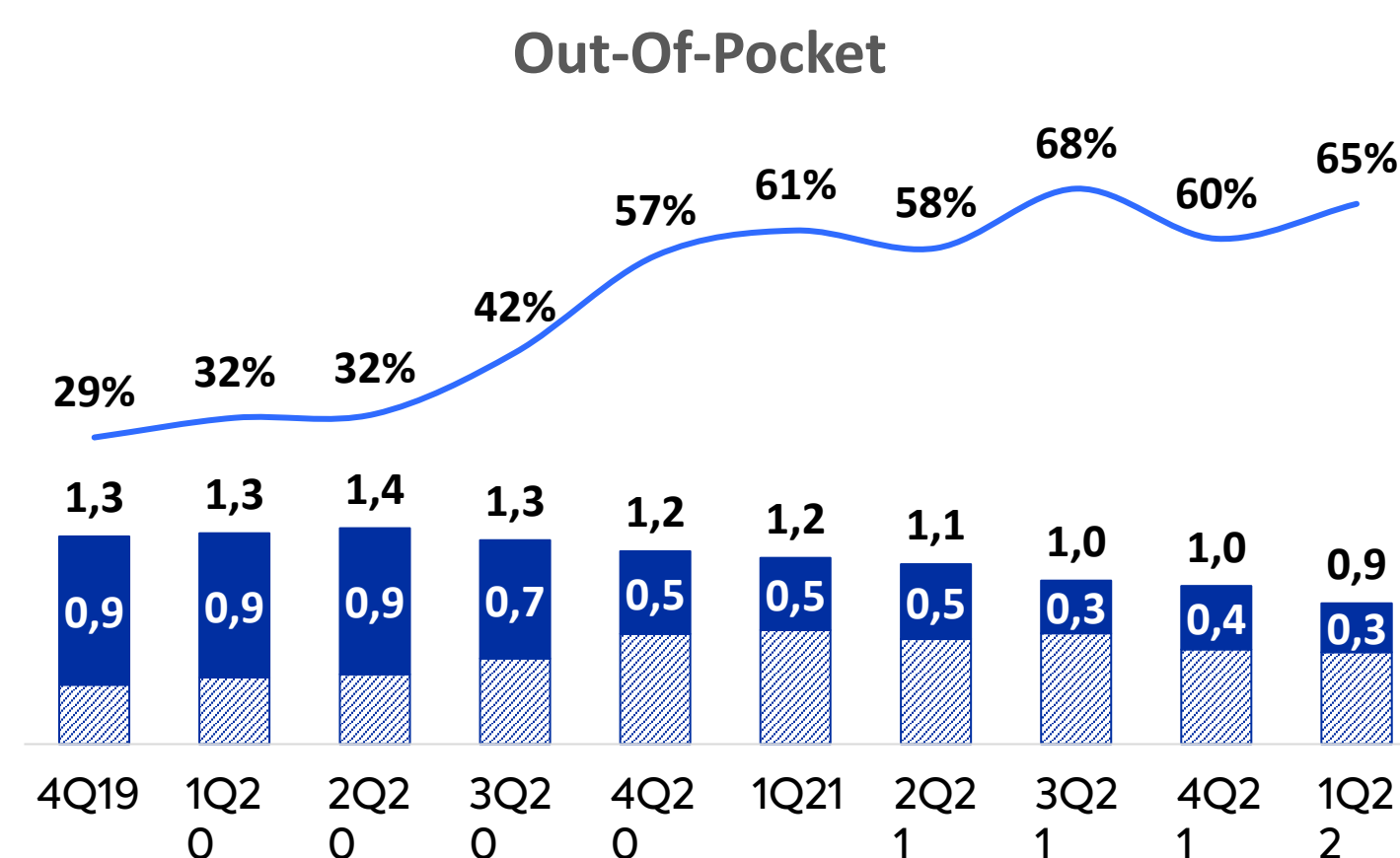
Kroton – Working Capital and Accounts Receivable Management (undergraduate)

Coverage Ratio, Gross and Net Accounts Receivable (AR)



- **We changed the provisioning model in the last quarter of 2020.** Improved predictive model in conjunction with international consulting firm with 88% accuracy. No change of criteria in the model in 2021.
- **Punctuality discount** dramatically improving adherence and cash, generating positive effect on the PDA.
- **Proof of the discontinuation of PEP for new students.**
- **Change in PMT model:** payment over the life of the course vs. after the end of the course improves CR quality and cash expectation.

Accounts receivable opening: Pagante¹, PEP e PMT



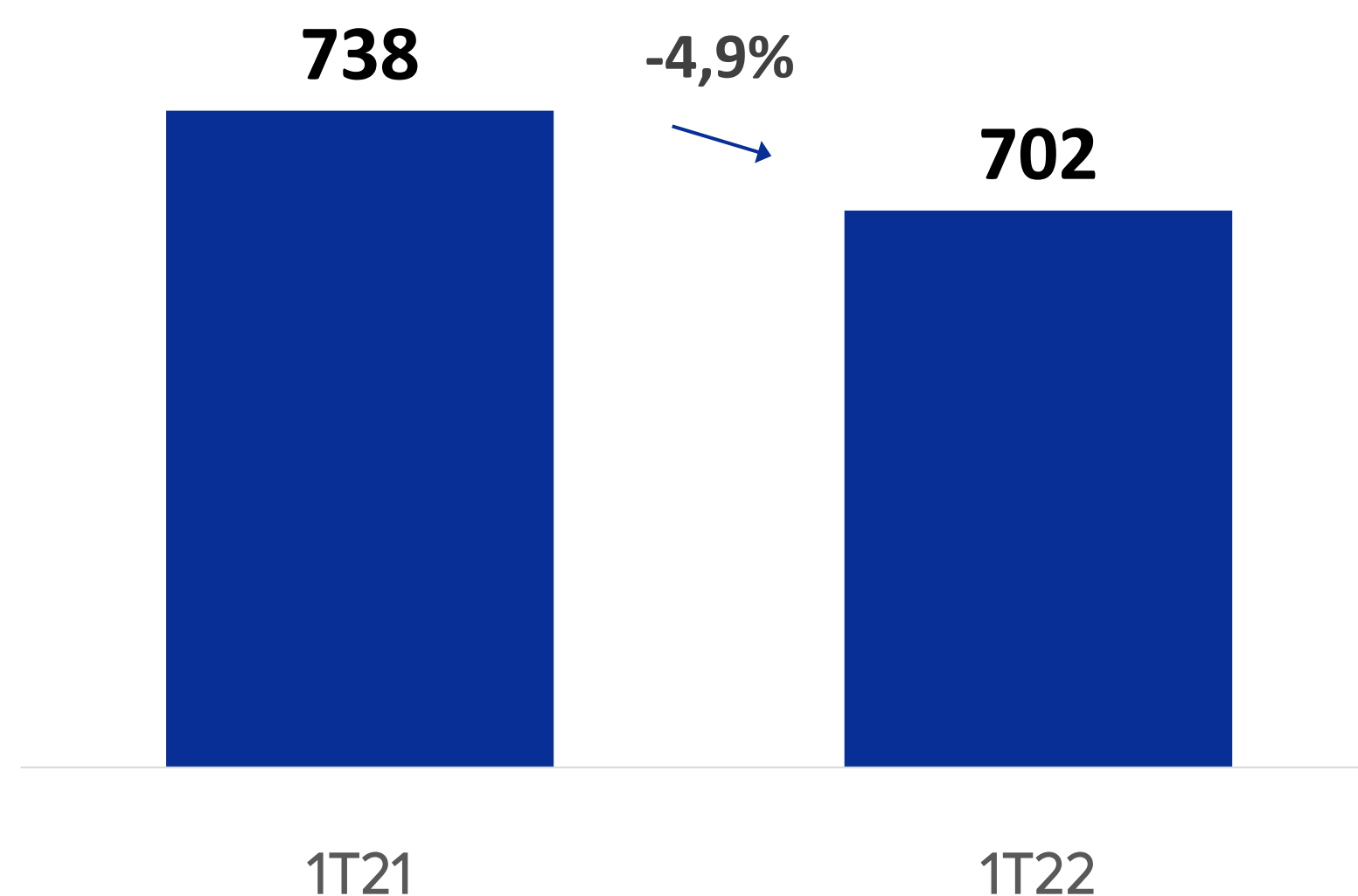
¹ FIES doesn't included

Working capital management actions and growing compliance to payment terms ensure a solid Accounts Receivable, with a high coverage rate

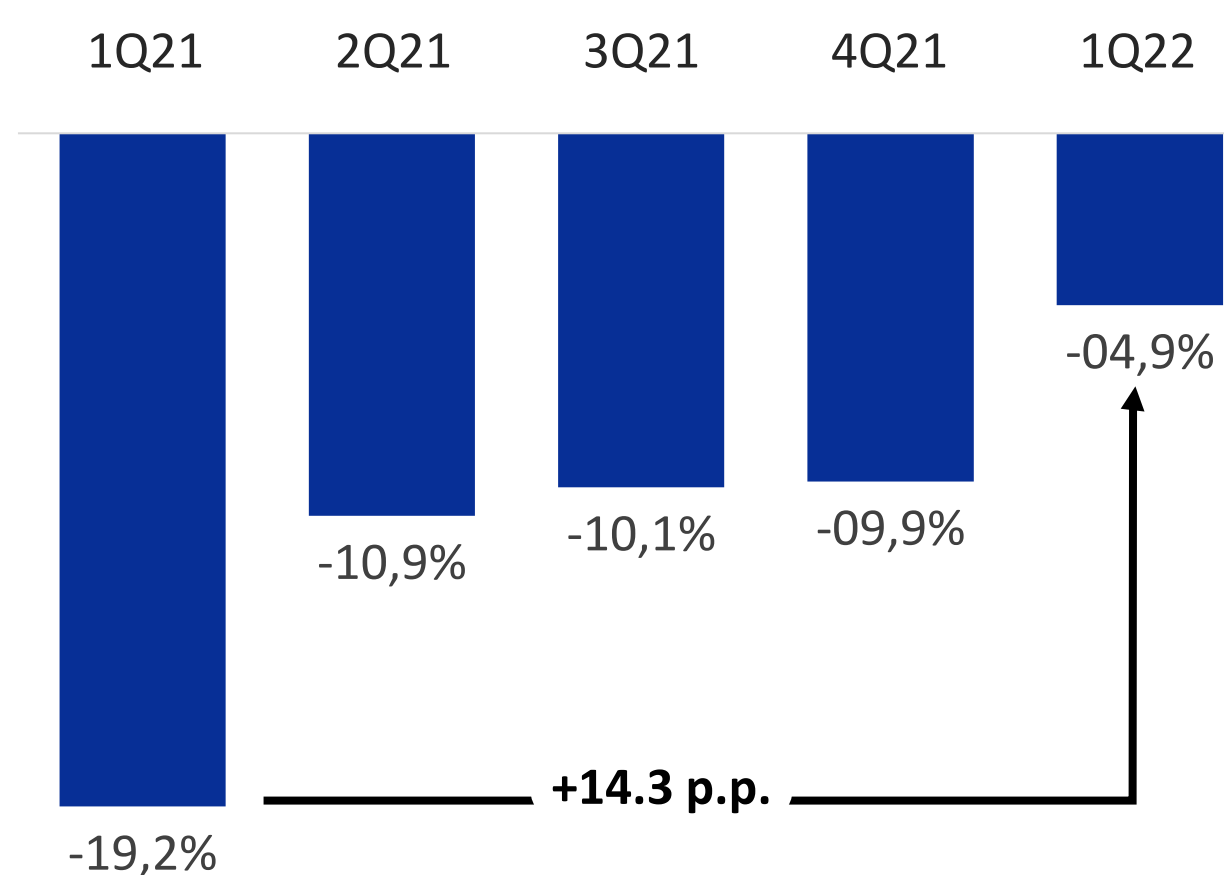
Kroton – Revenue and EBITDA

- **5th consecutive quarter shortening revenue gap:** Positive results at the corner
- **Recurring EBITDA reaches R\$238MM (+8.7% vs Q1 2021), Margin increases 420 bps and more than compensates 4.9% reduction in ROL.**
- **This result reflects the company's strategic direction:** (A) focus on **business units and products with higher contribution** margins and asset light scalability; (B) **digital CAC** with greater efficiency via campaign and **audience customization** and; (C) continuous **improvement of accounts receivable** via improvement of the product mix, abandonment of PMT and PEP, and optimization of the collection rule
- **82.5% reduction (Δ of R\$79mm) in non-recurring expenses, mainly due to the reduction of restructuring expenses started in 2021**

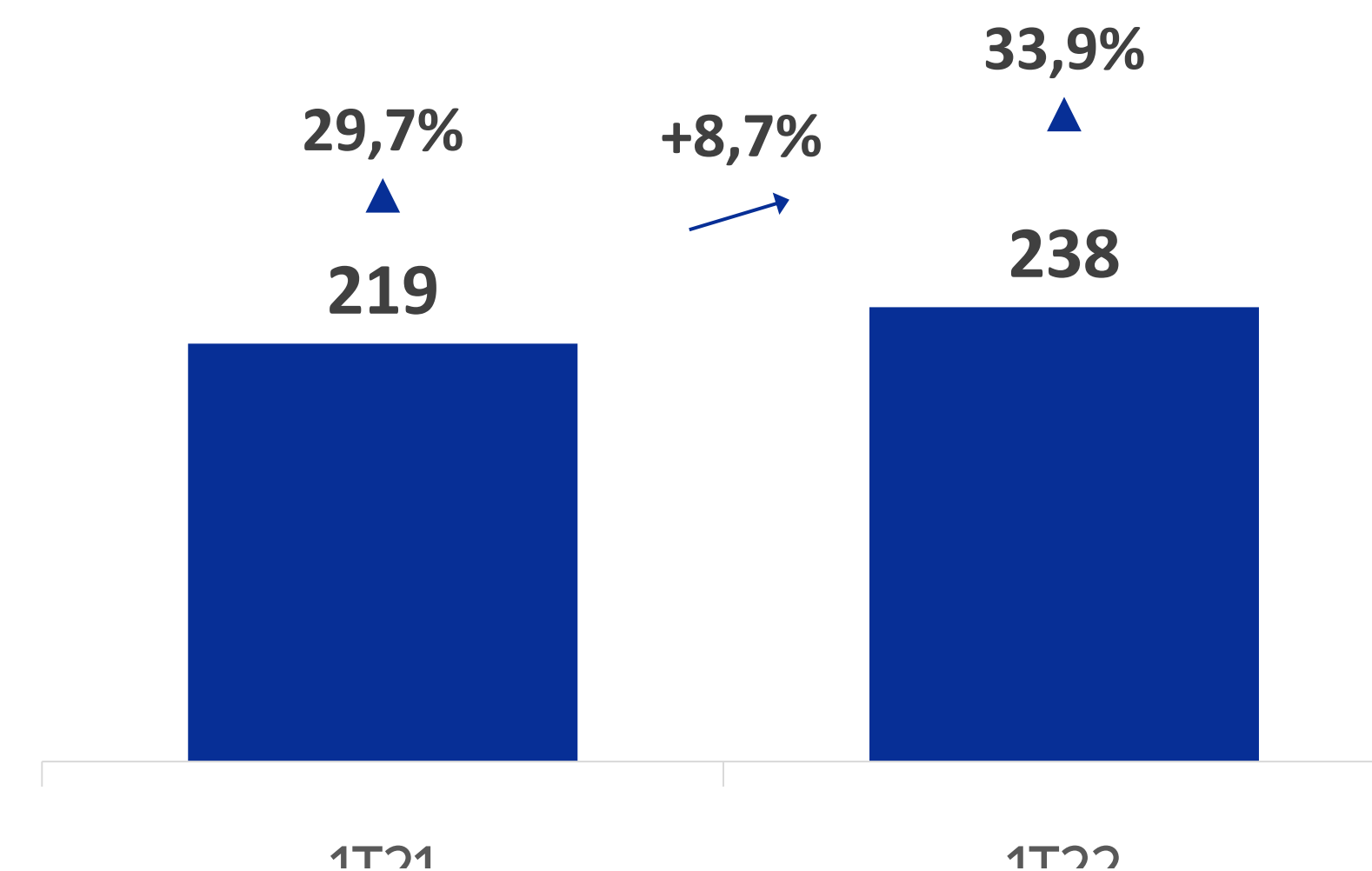
Net Revenue (R\$ million)



Revenue Development

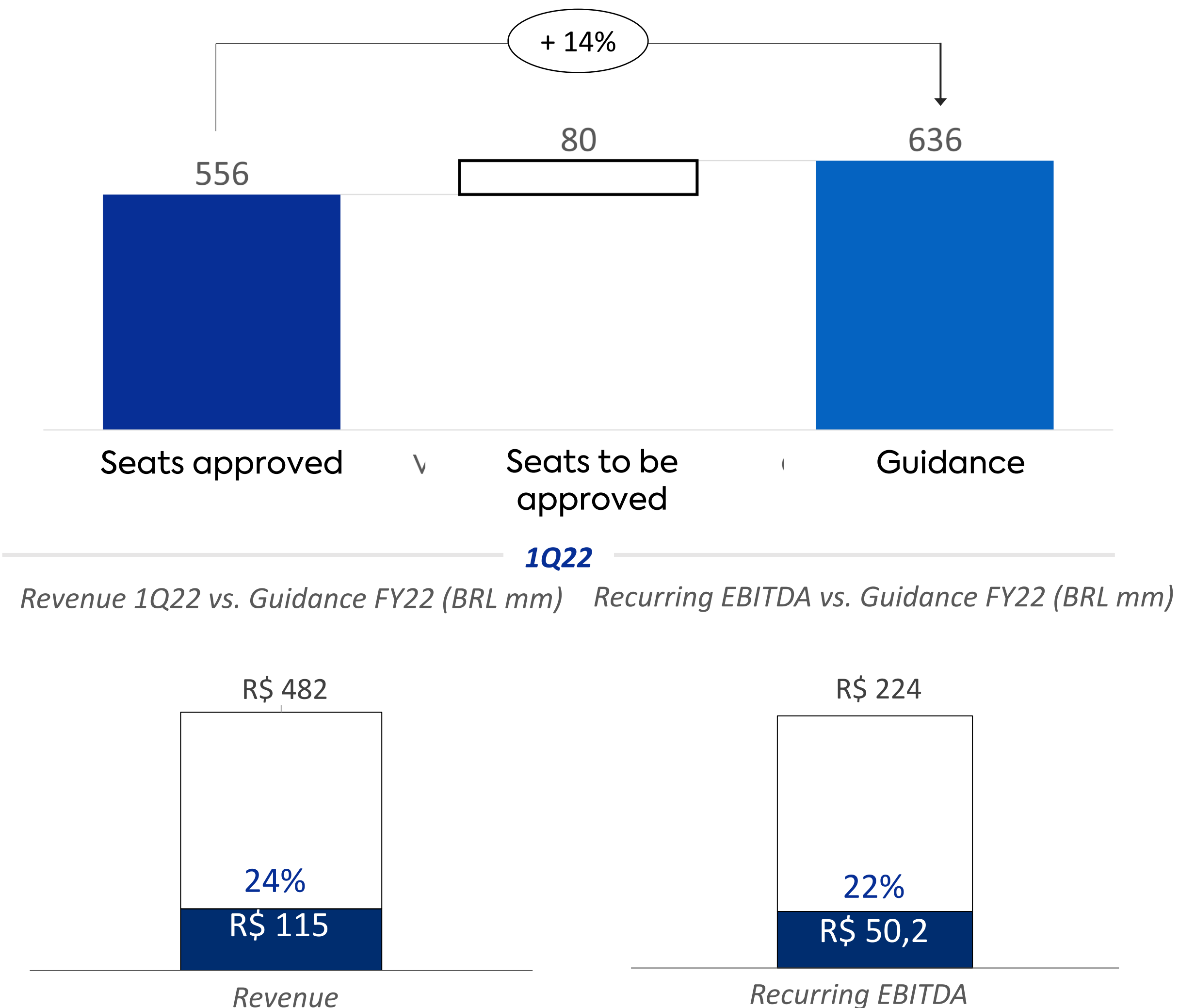


Recurring EBITDA and margin (R\$ mm)

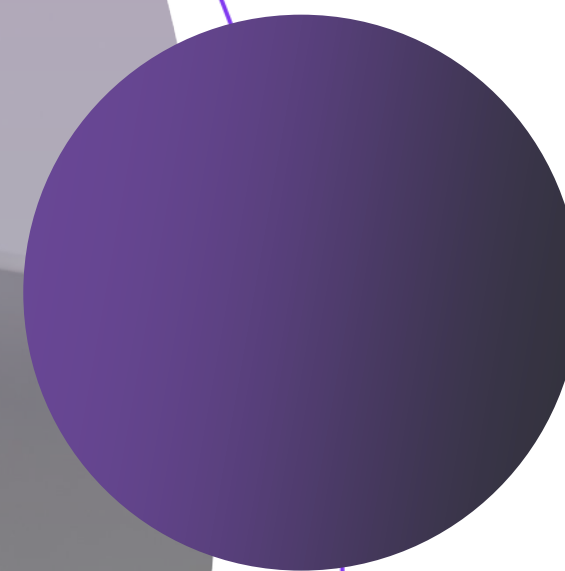


Digitalização do mix de alunos, eficiências de CAC e da operação e aumento da inadimplência geram crescimento de 8,7% de EBITDA recorrente com ganho de 420bps em margem

Kroton Med – Highlights

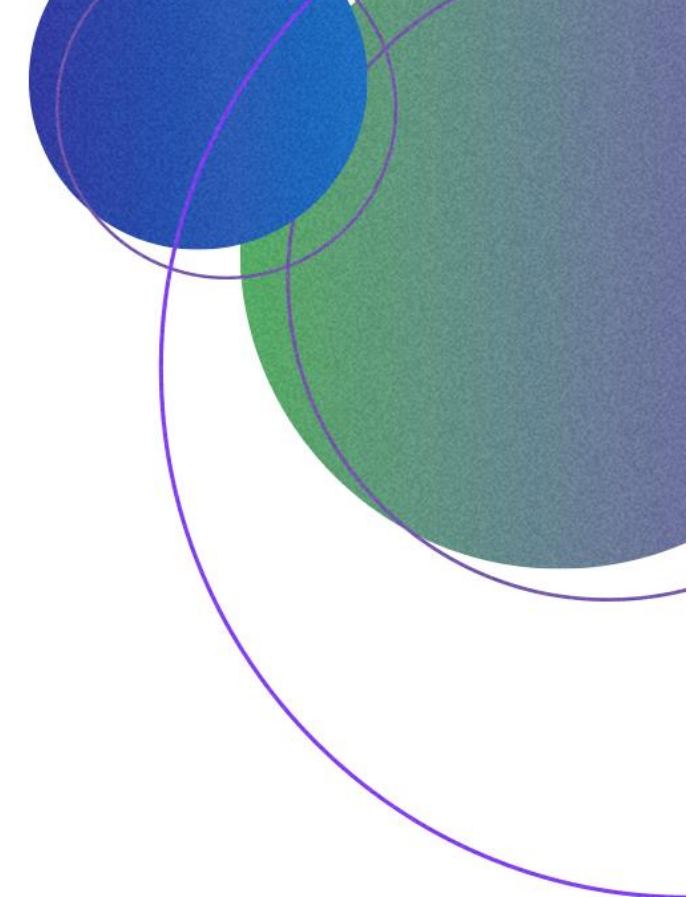


Medical education remains one of the company's growth levers. With Q1 2021 ROL and EBITDA delivery added to the 80 seats to be approved, we reinforce our commitment to the guidance presented at Cogna Day 2021



Vasta

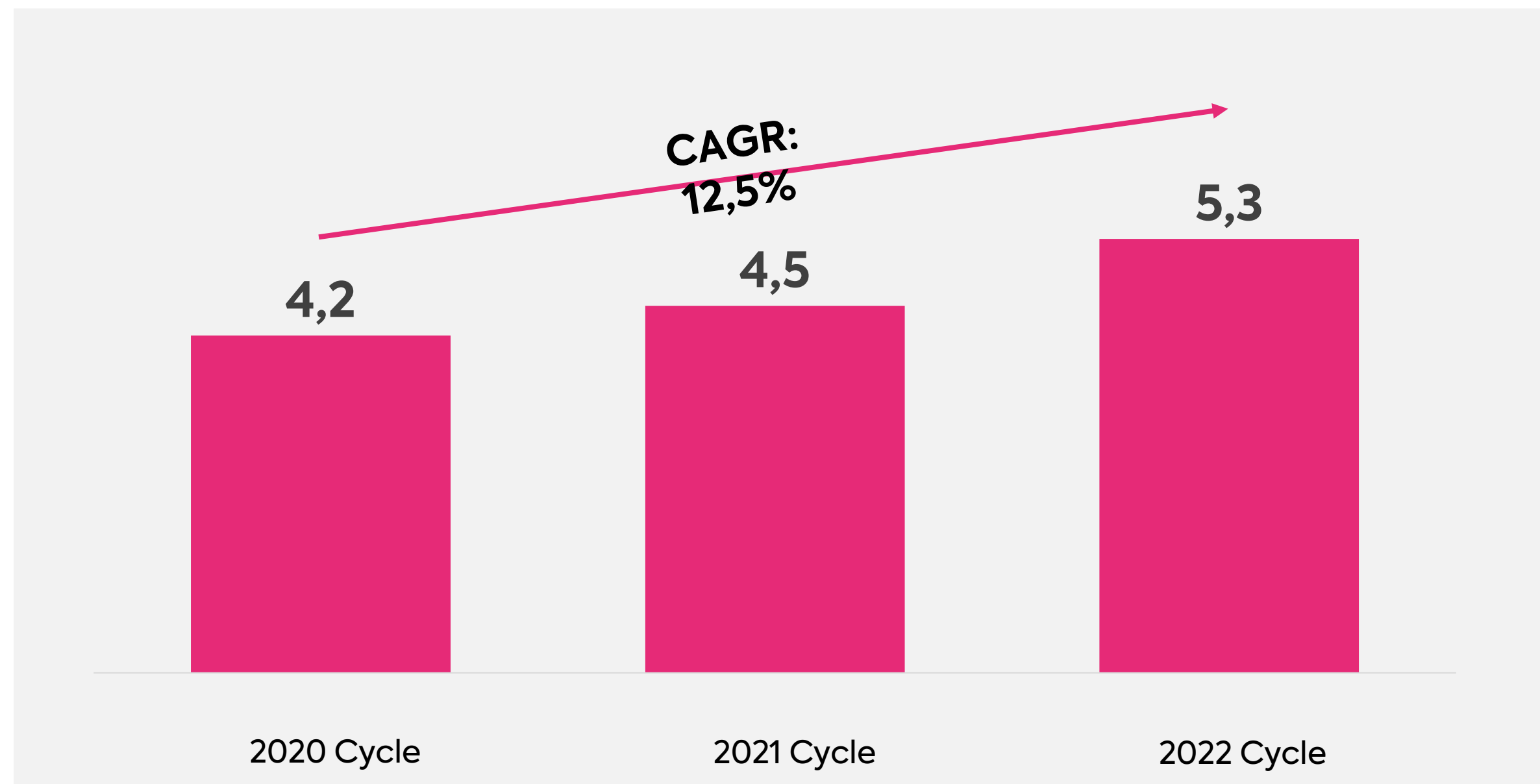
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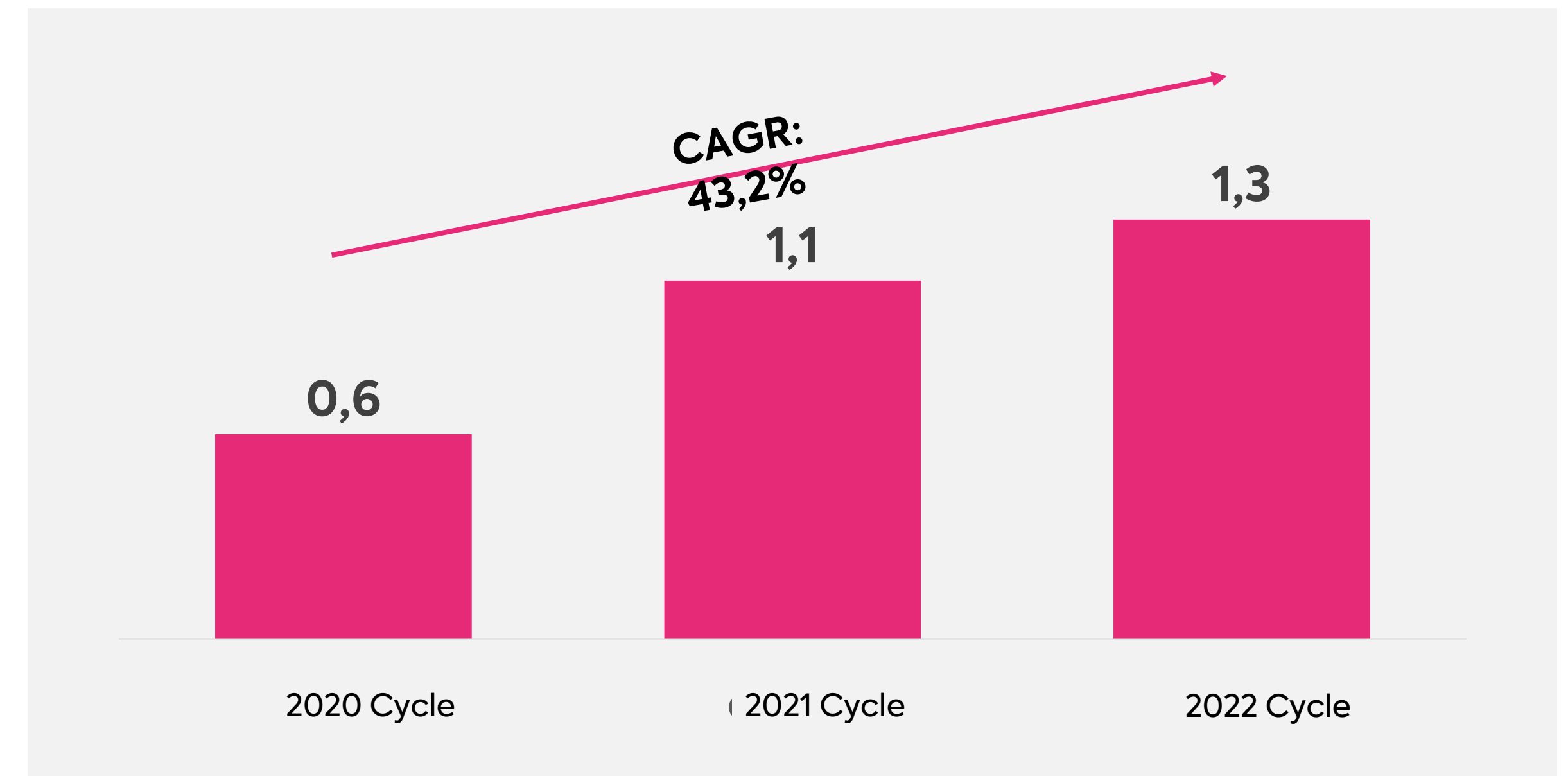
Vasta – Operations

- **Vasta added 766 new schools to its platform** in comparison with the 2021 cycle, surpassing the mark of 1.6 million students using the education system;
- Growth of 187 new schools in the complementary solutions base, growing 30% in student base compared to the immediately previous cycle. This growth reinforces the cross-selling potential offered in the core business;
- Vasta's partner school **base enables an organic growth** once the K-12 student base is normalized.

Partner schools Core Content ('000)



Partner schools complementary solutions ('000)

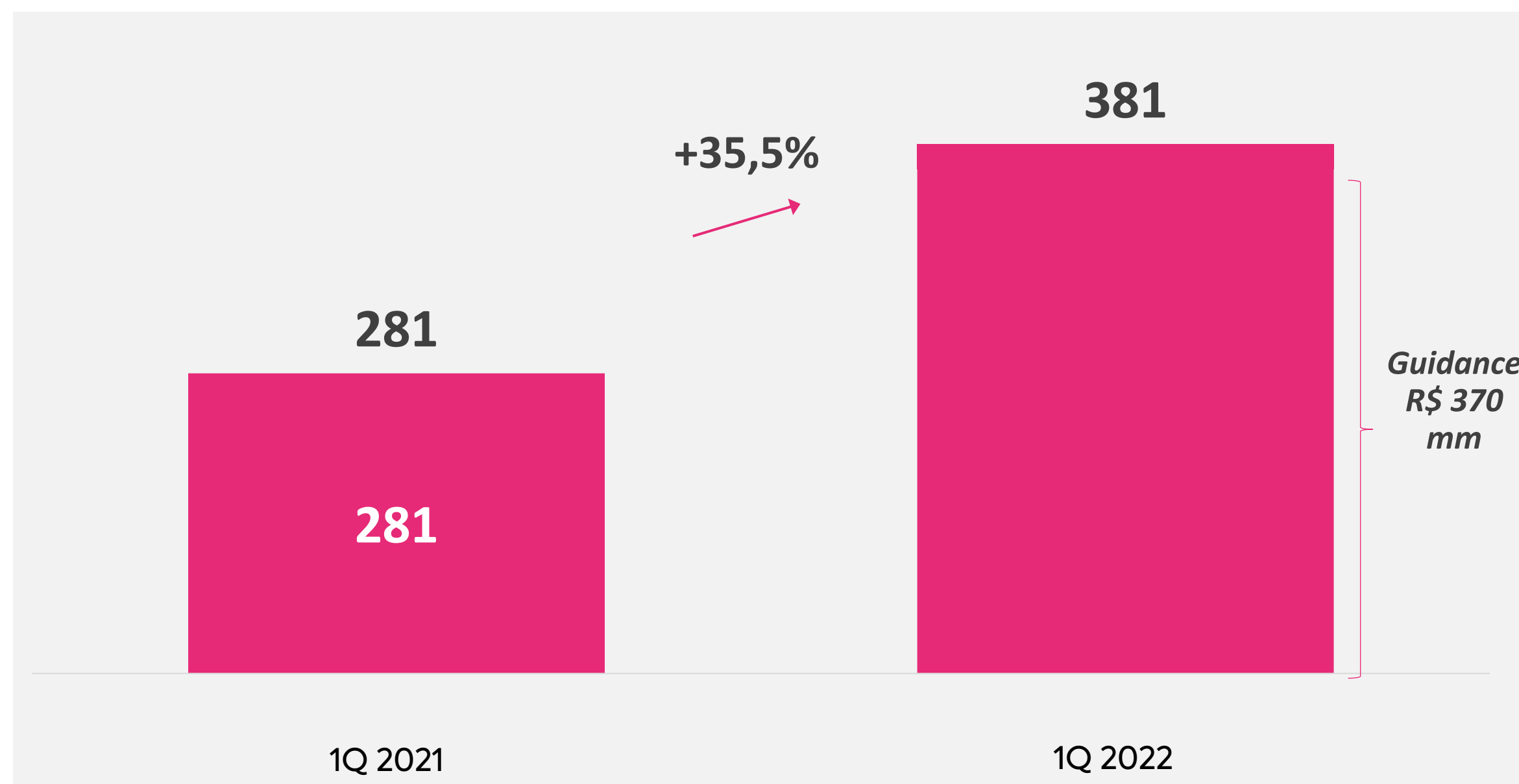


2022 cycle with strong growth in partner school base, both in core content and complementary solutions

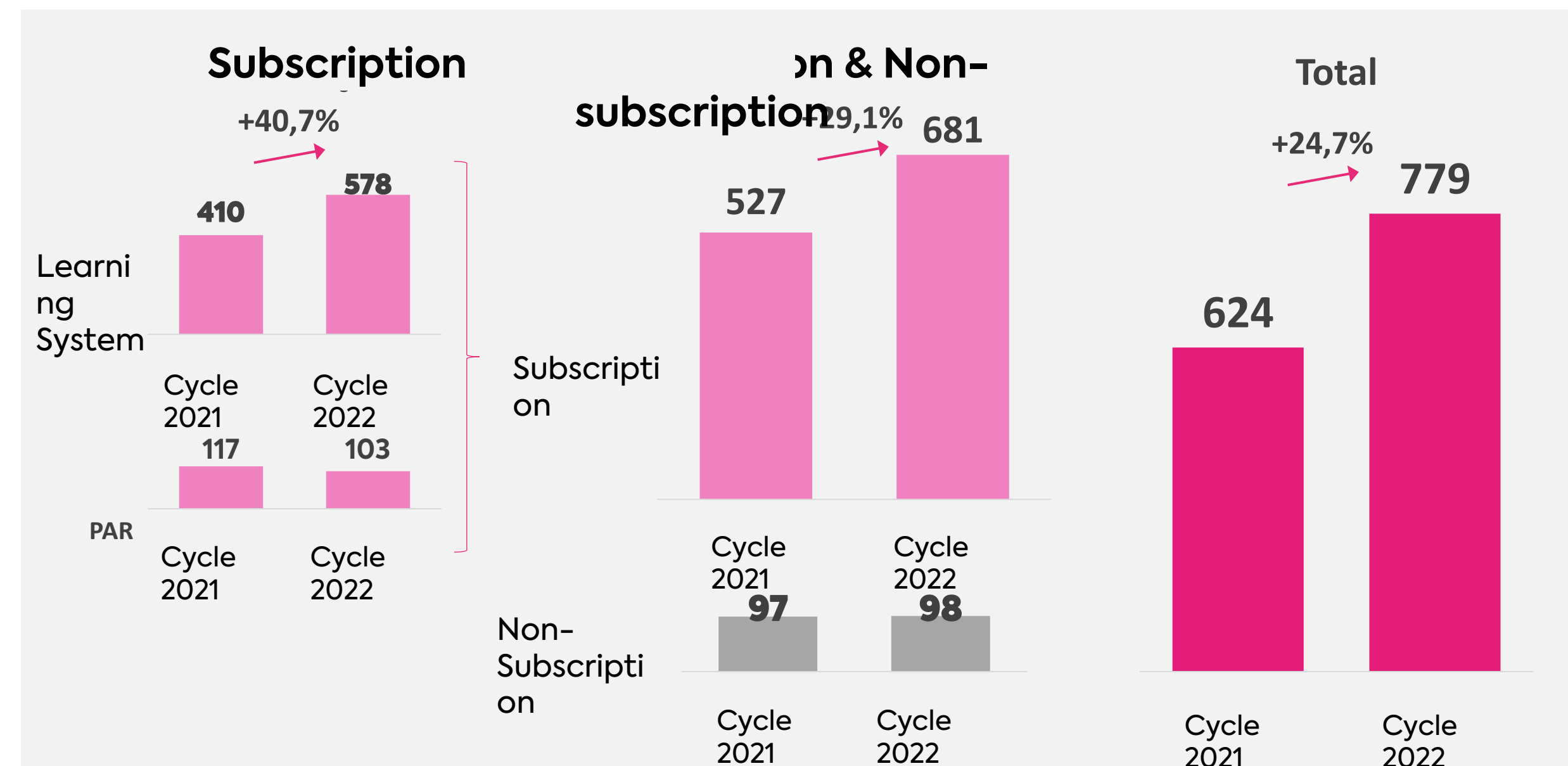
Vasta – Net Revenue

- Revenue growth of 35.5% in the quarter, meeting the guidance of R\$370 million presented in the Q4 2021 announcement;
- In the 2022 cycle (Q4 2021 -Q3 2022), net revenue amounted to R\$778,8 million, 24.7% higher year-on-year
- The revenue from subscription products reached R\$ 680,6 million, 29.1% higher than the previous cycle and totaling a recognition of 68.0% of the 2022 ACV (of R\$ 1 billion)

Net Revenue (R\$ million) – Q1 2022



Net Revenue (R\$ million) –2022 Cycle

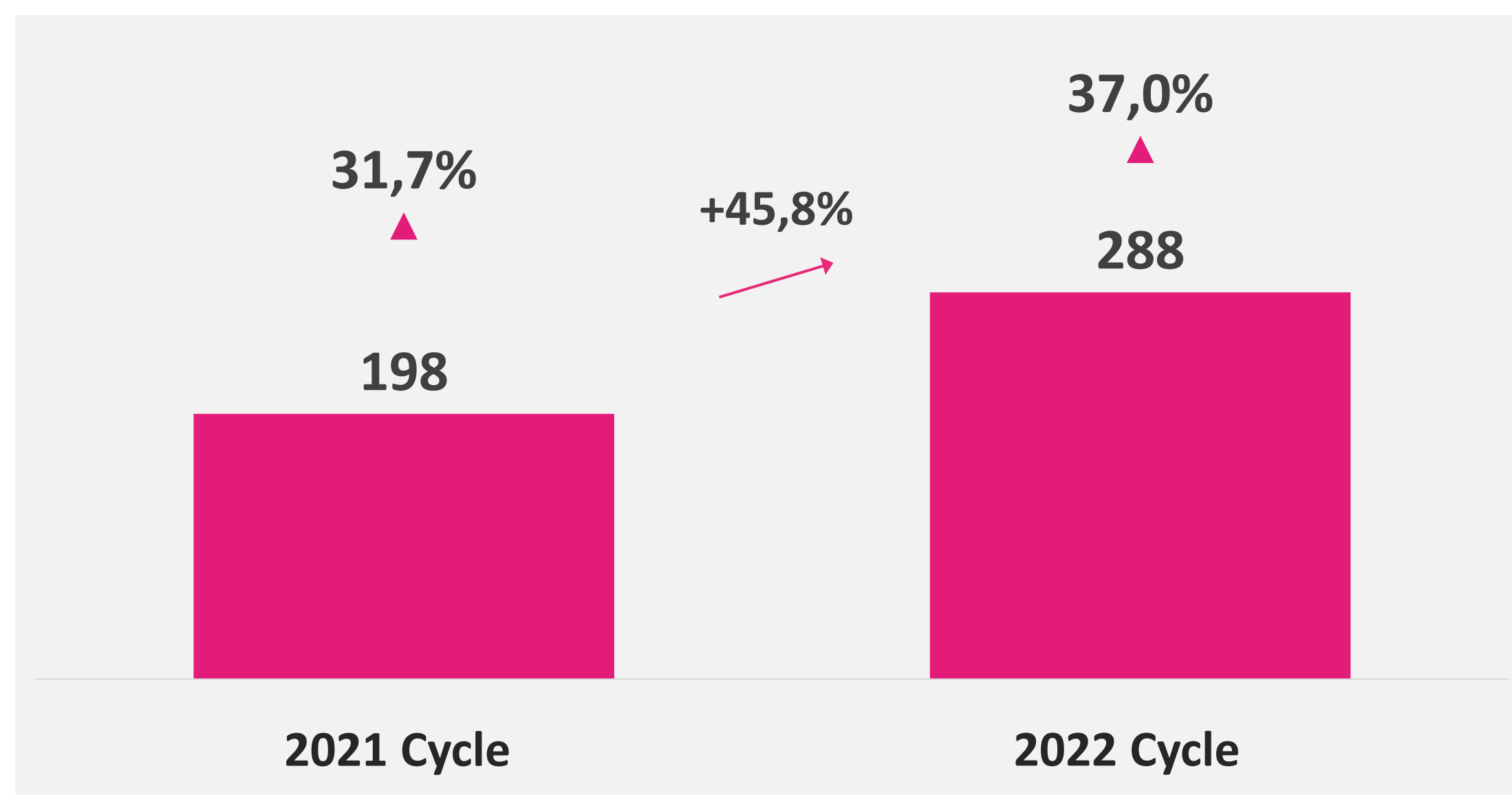


In the 2022 cycle, revenue from subscription products represented 87.4% of the company's revenue basket. Thus, Vasta is consolidating itself as an eminently subscription business.

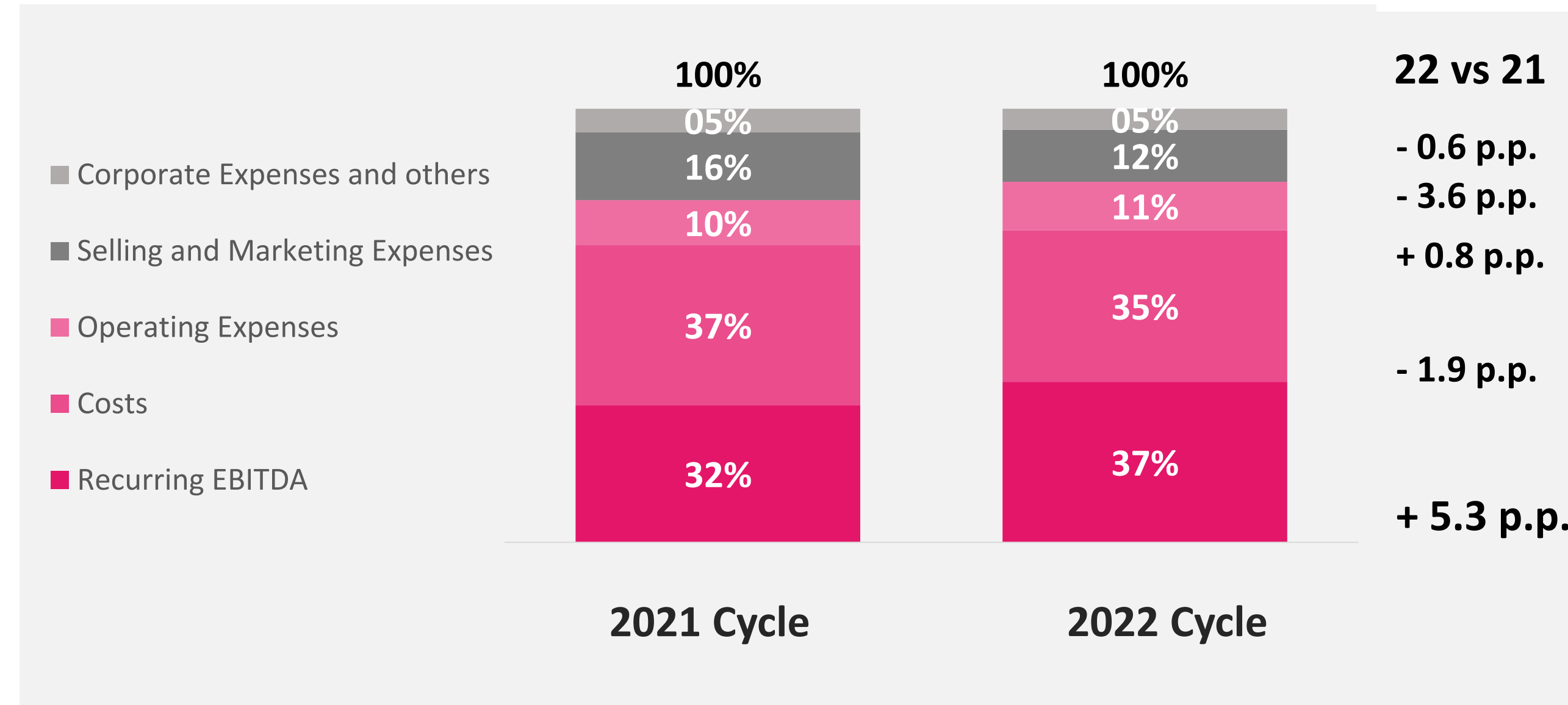
Vasta – Recurring EBIDTA

- Recurrent EBITDA accumulated in the 2022 cycle amounted to R\$ 288 million, 45.8% higher than the previous cycle;
- Important measures were taken regardin costs and expenses by changing staff, optimizing results by achieving estimated economies of scale **expected by the 35% growth in ACV**;
- Revenue growth, aligned with the measures implemented, generated a **Recurrent EBITDA Margin gain of 5.3 p.p.**, with emphasis on the reduction of 1.9 p.p. in costs and -3.6 p.p. in marketing expenses.

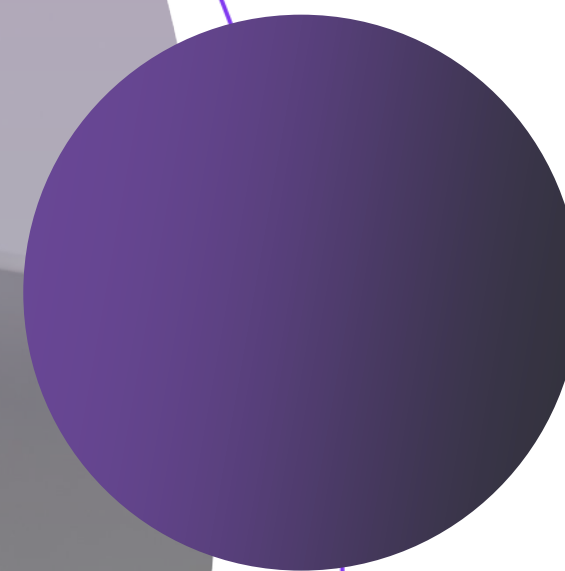
Recurring EBITDA and EBITDA Margin (R\$ million)



(%) Net Revenue

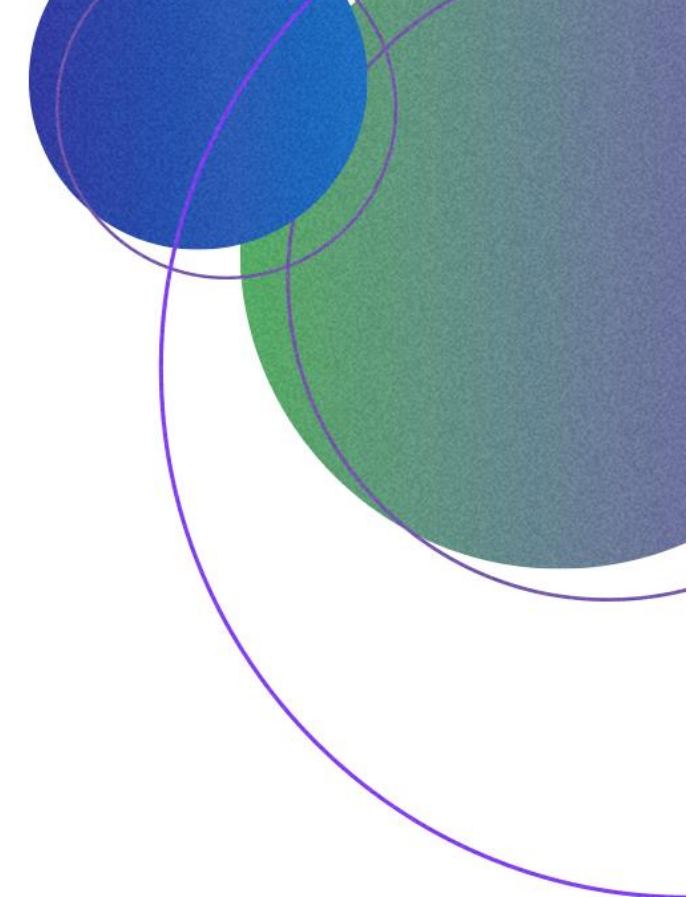


Vasta's strong result shows that 2022 is the year the company will resume profitability



Saber

Maio 2022



Saber – Operating Results

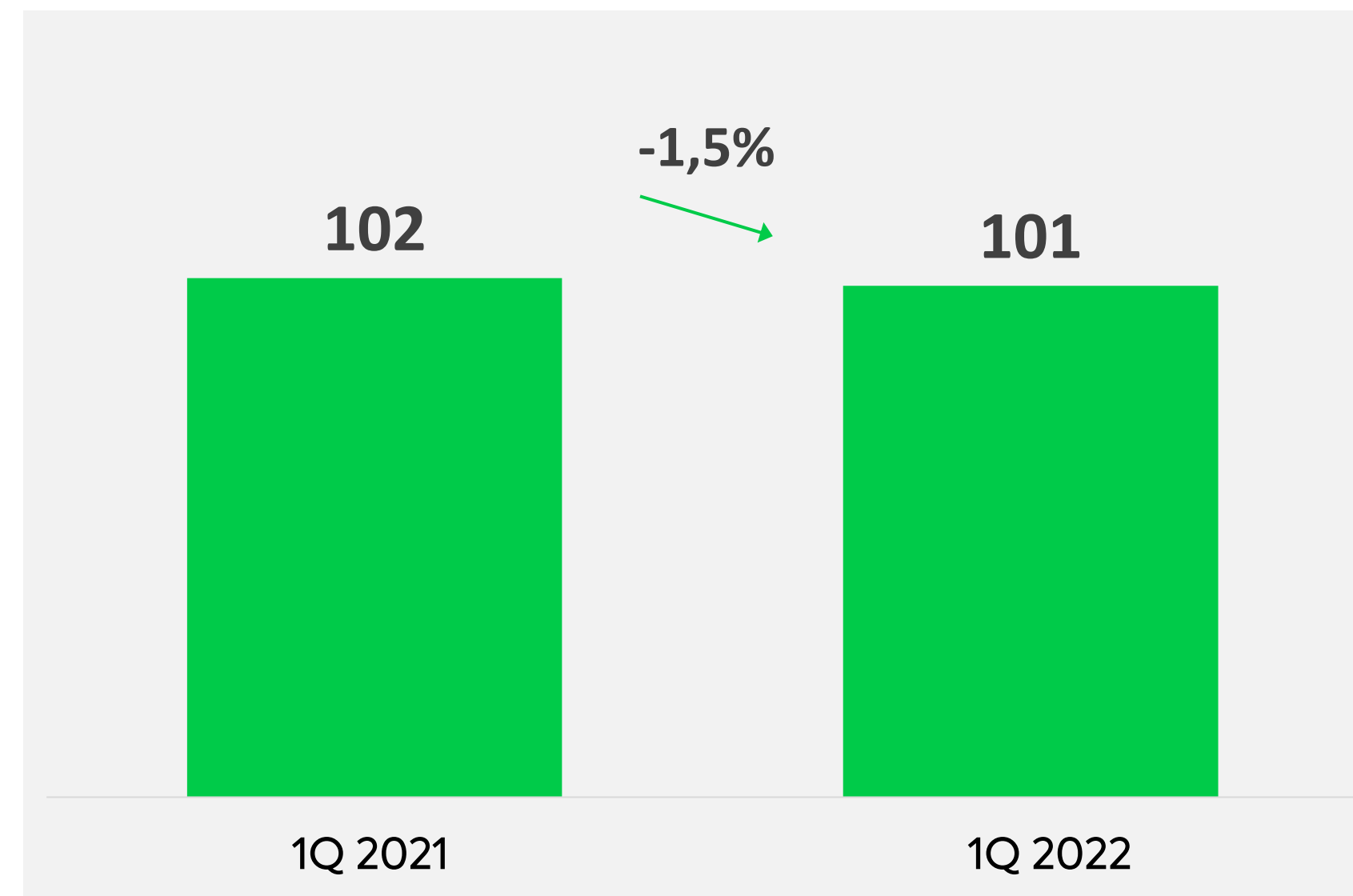
- Following the sale of the Saber schools operations to the Eleva Group, a transaction in line with the company's strategy to go asset light, in Q1 2022, the PDA & B2G solutions, Sets and Voomp ("other businesses" as previously categorized) are now part of Saber's results, along with Red Balloon;
- Net revenue decreases 1.5% because of the drop in PDA revenue, related to seasonality of the commercial calendar, partially offset by the growth in Red Balloon revenue**
- Recurring EBITDA down 26.2% due to the mismatch between the reversal of the provision related to the commercial team's commission for their performance in 2021 and the increase in marketing and sales expenses.

New Saber Portfolio

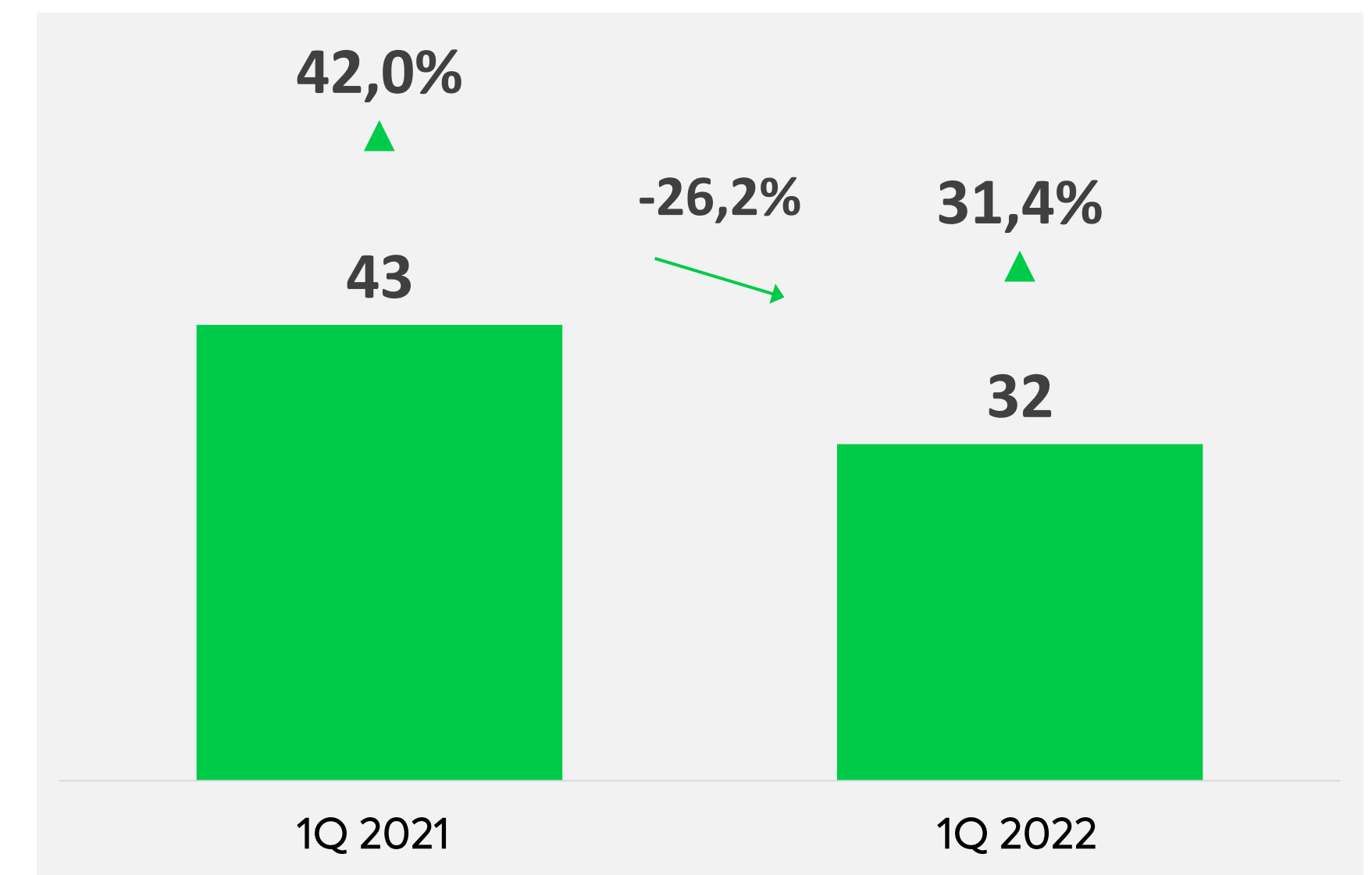


Saber after sale of Saber Schools

Net Revenue (R\$ million)



Recurring EBITDA (R\$ million) and Margin

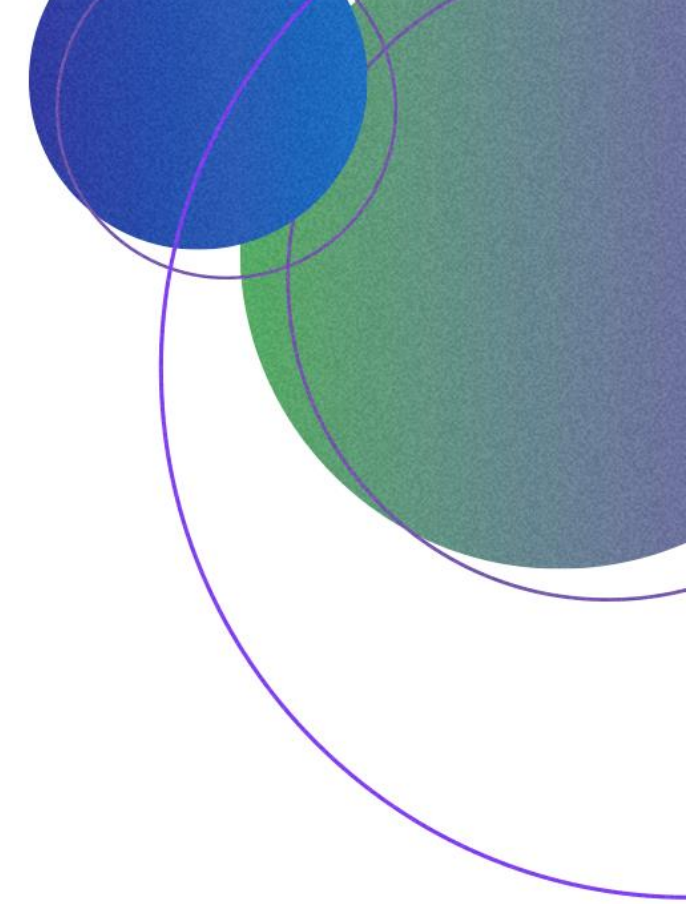


Red Balloon's student base grows 18.0% in the quarter compared to Q1 2021



Cogna

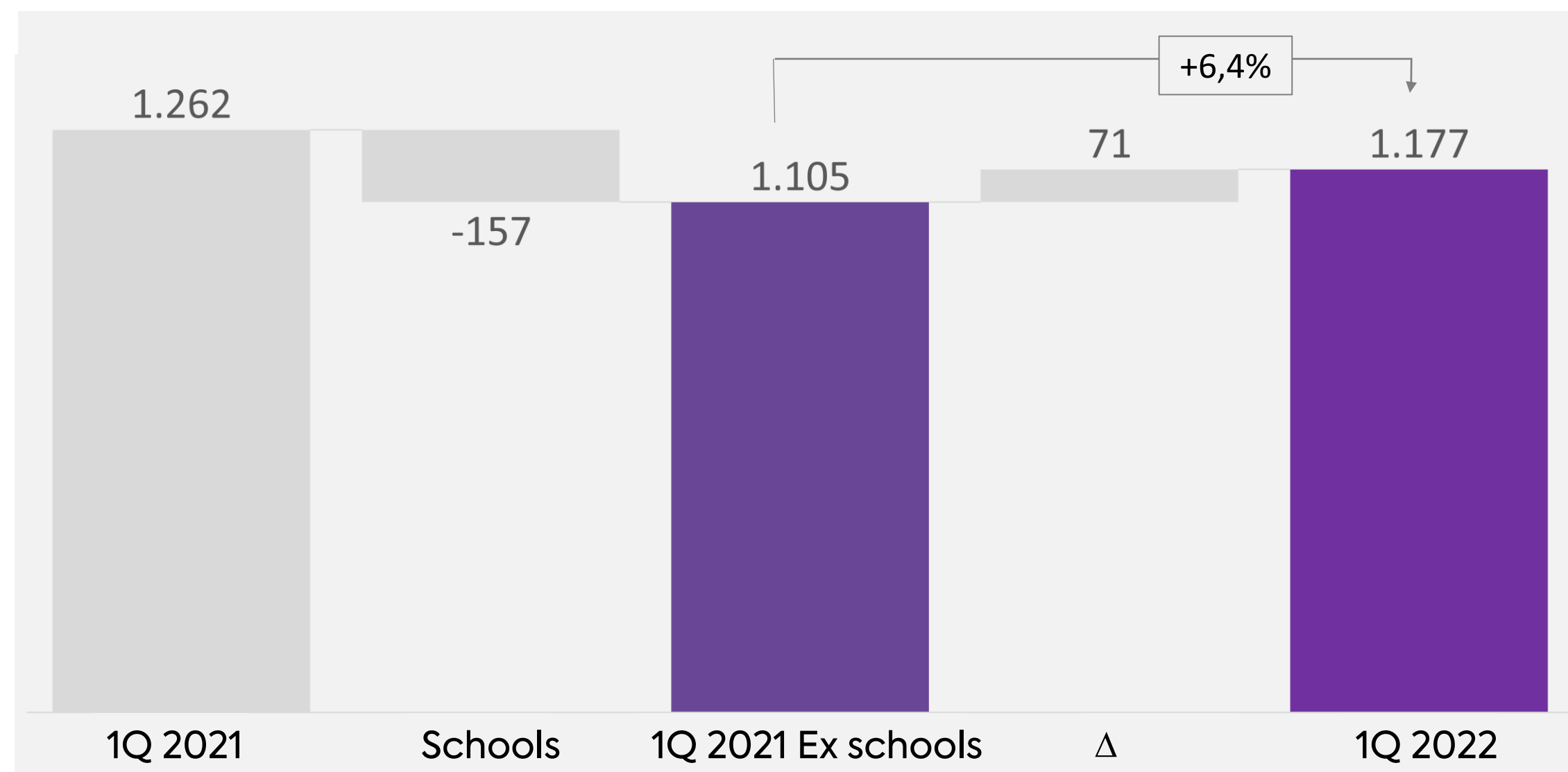
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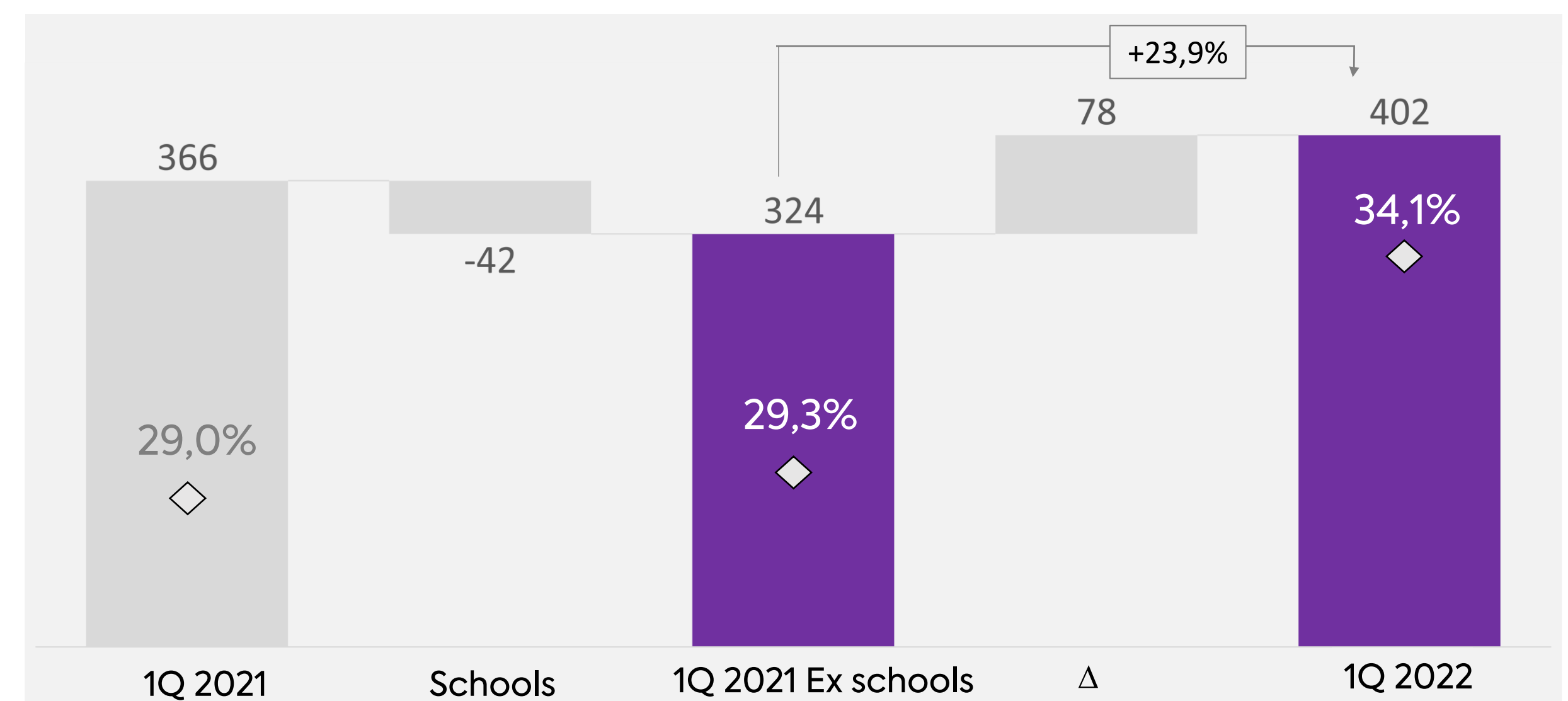
Cogna – Net Revenue and Recurring EBITDA

- Net revenue¹ showed a growth of R\$71,2 million in the period, mainly due to Vasta's solid performance, which showed a high growth (R\$99,7 million) in comparison to the same period of the previous year;
- 2021 was Cognia's inflection point and the pickup in net revenue growth¹ happens in 2022;
- Recurrent EBITDA amounted to R\$401,6 million, an increase of R\$35,8 million compared to the Q1 2021, that is R\$77,6 million higher when we consider the sale of the schools operation.

Net Operating Revenue (R\$ milion)



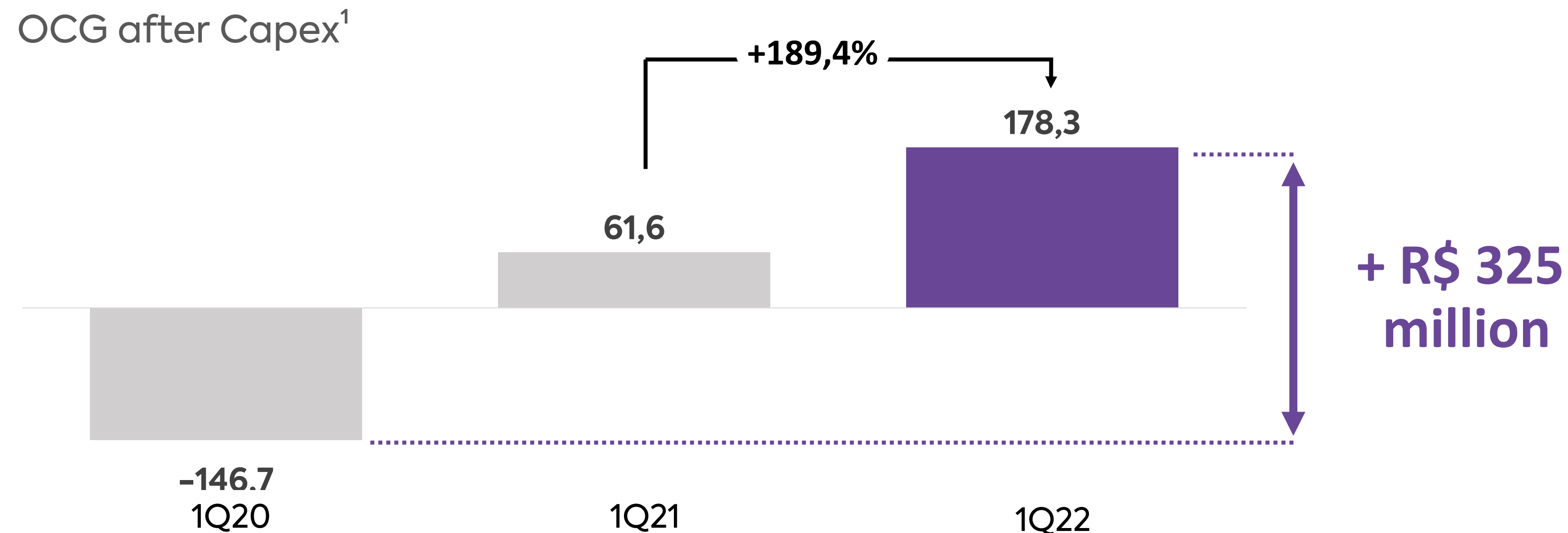
Recurring EBITDA (R\$ million)



Strong Recurring EBITDA growth, surpassing the amount in 2021, despite the operation of schools

Cogna – OCG after CAPEX

- **Q1 2022 reaches R\$178,2 million OCG and represents growth of R\$116,7mm vs. Q1 2021 recurring OCG disclosed¹. Even when card anticipation is considered, OCG was R\$8 million higher in the period.**
 - Consistency in OCG positions Cognia as an **sector standout**;
 - Conversion of 44.4% recurring EBITDA into OCG (+254bps vs. Q1 2021¹)
- **Q1 2022 free cash flow is R\$512,7 million** better than Q1 2021. Result reflects: (A) the payment of interest on debentures; (B) the repurchase operation of R\$100mm in debentures in the secondary market and; (C) the beginning of the share buyback program



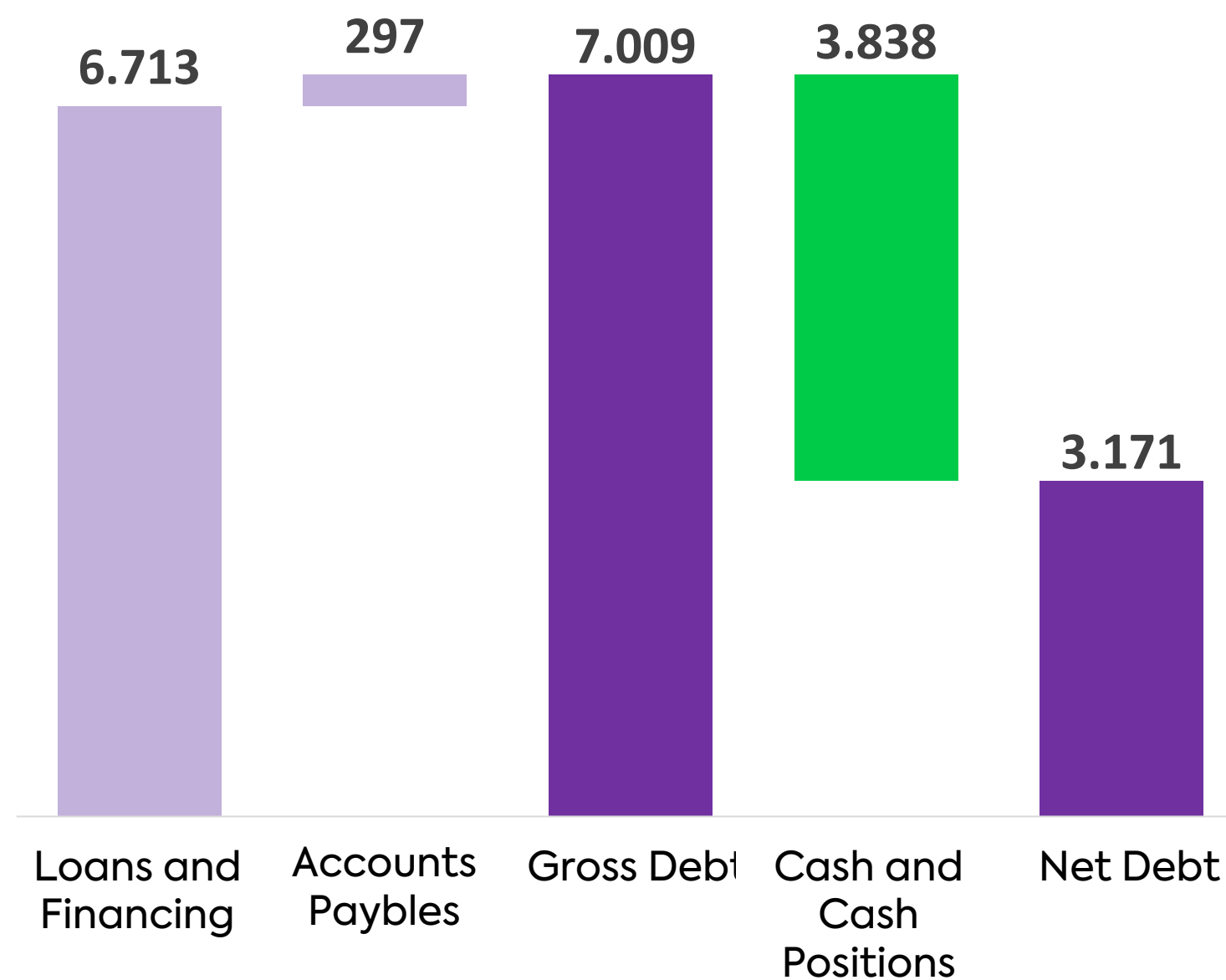
¹ GCO after CAPEX excluding credit card prepayments that occurred in 1Q21

OCG Q1 2022 reaches R\$ 178mm and represents growth of R\$ 117mm vs.Q1 2021. Another quarter with growing OCG that positions Cognia as an sector highlight as one of the largest cash generators in the sector.

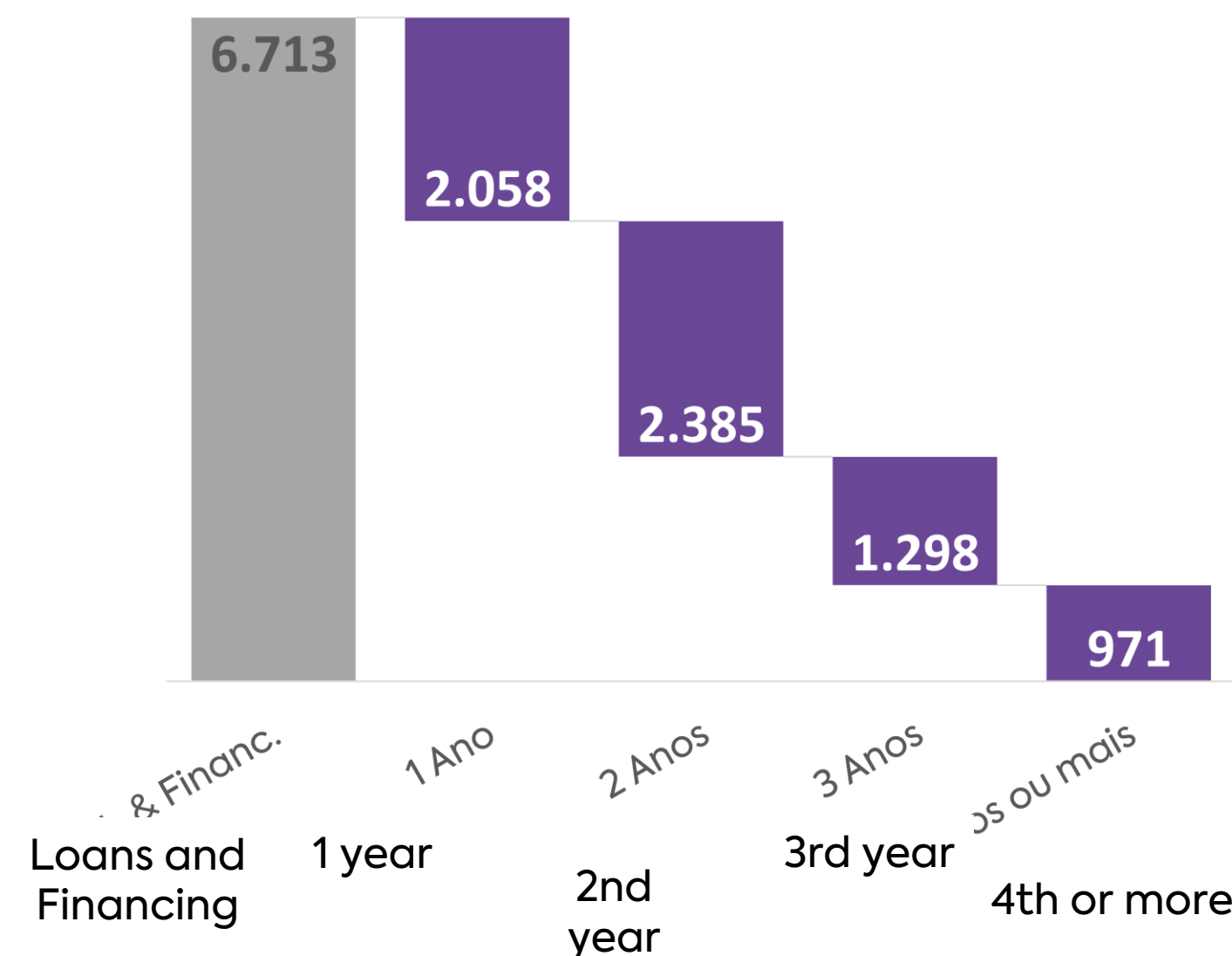
Cogna – Indebtedness and Leverage

- Cognia closes Q1 2022 with a net debt/ recurring EBITDA ratio of 2.15x for the last 12 months, a healthy figure and slightly lower than the 2.16x presented in Q4 2021
- Solid cash position amounting to R\$3.8 billion allows to proceed with the share buyback projected for 2022;
- Company intends to reduce gross debt: (i) by repurchasing debt that is trading below par value and (ii) by using cash to repay short-term debt. The Company was successful in the first item, repurchasing an amount of R\$100 million in 1Q 2022 and 247 million more from april to 12/05/2022

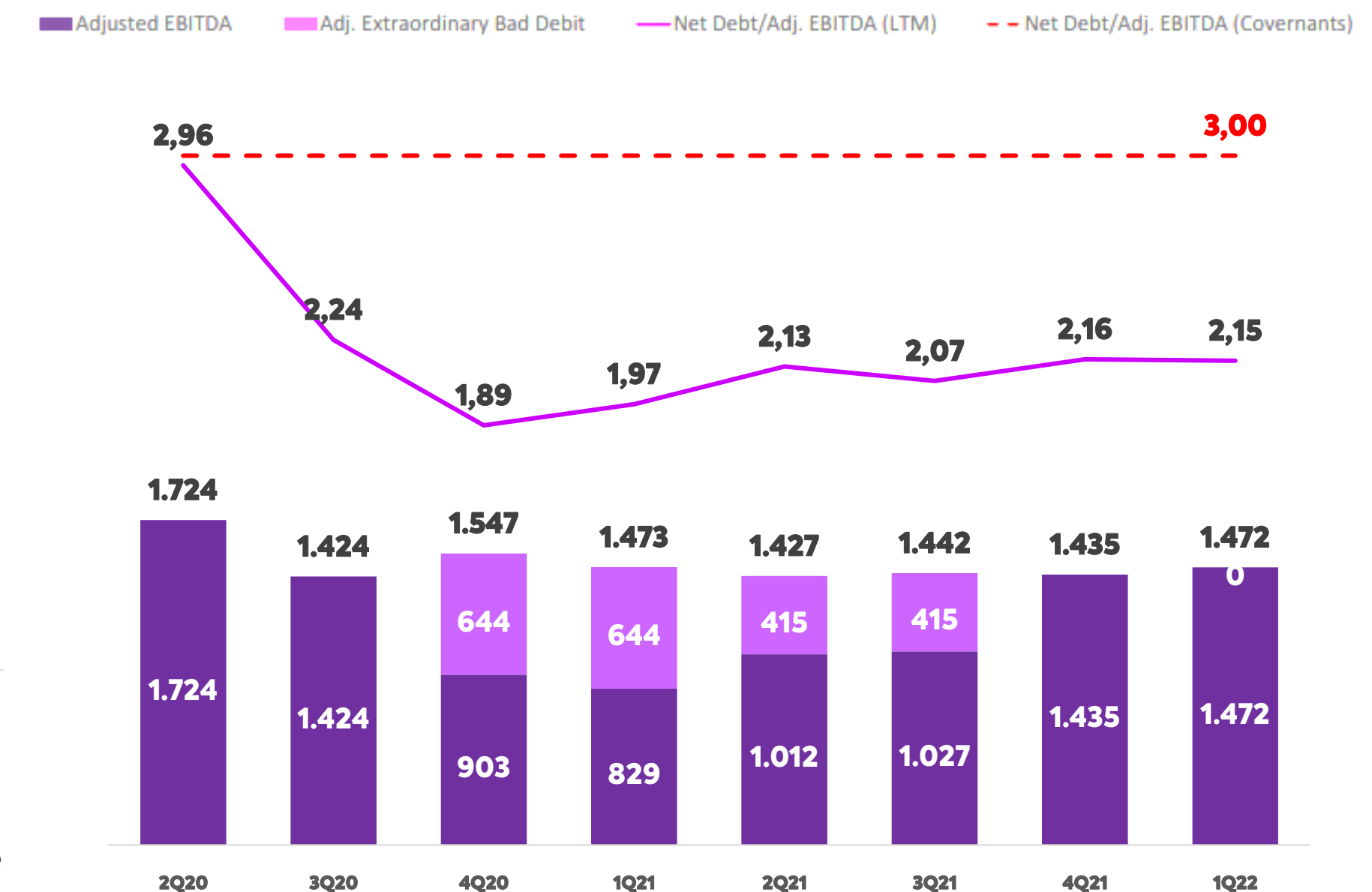
Dívida Líquida e EBITDA Ajustado¹ (R\$ mm)



Amortization Schedule (R\$ mm)



Net Debt/Adjusted EBITDA



Good GCO performance generates less cash pressure and room to reduce gross debt. Leverage stable at adequate levels.



Perspectives



- Revenue retraction in 2022 will be compensated by operational improvement, leading to greater recurring EBITDA, reflecting higher profitability for LOA students
- KrotonMed reached company's *guidance* that were informed at Cogna Day;
- From 2023 and on, the company will have growth in revenue and recurring EBITDA
- Non recurring expenses will stay at diminished levels



- Conversion of ACV into revenue and revenue growth above guidance
- Lighter operation, generating Strong growth in recurring EBITDA
- Continuous improvement in revenue quality, with subscription earning gaining share of total revenue



- Strong Cash Generation continues in the coming years
- Voomp development according to the schedule presented to the market on Cogna Day;
- Solid balance sheet and healthy leverage;
- Stock and Debt BuyBack programs currently being carry out



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