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

Cogna Educação S.A.

Individual and Consolidated
Financial Statements
for the Year Ended
December 31, 2020 and
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

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INDEPENDENT AUDITOR'S REPORT ON THE
INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

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

Opinion

We have audited the accompanying individual and consolidated financial statements of Cogna Educação S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2020, and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Cogna Educação S.A. as at December 31, 2020, and its individual and consolidated financial performance 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 - IFRSs, issued by the International Accounting Standards Board - IASB.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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, therefore, we do not provide a separate opinion on these matters.

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Recognition of revenue from higher education

The Company recognizes sales and service revenue from higher education, as described in notes 2.24 and 31 to the individual and consolidated financial statements. The revenue from higher education at the Kroton segment accounted for approximately 69% of revenues recorded in 2020. Due to the several business combinations carried out by the Company over the past years and the specific characteristics of each business (in-class and distance learning (EAD)), and because the billing process is performed using different Information Technology - IT systems, in addition to the materiality of the balances, the matter was considered a key audit matter due to the risk of such information being incorrectly stated in the individual and consolidated financial statements.

How was the matter addressed in our audit?

In order to conclude on the service revenue from higher education, our audit procedures included, without limitation: (i) understanding the process and controls implemented by Management for the recognition of the service revenue from higher education; (ii) testing, on a sampling basis, the existing documentation on the monthly tuitions of paying students and payment in installments, comparing with the respective signed agreements and subsequent financial collection of monthly tuitions, including confirmation of adhesion to the financing program, when applicable; and (iii) assessing the disclosures in the financial statements.

Based on the audit procedures performed, we believe that the criteria adopted by Management to determine the service revenue from higher education classes (in-class/EAD), as well as the related disclosures in the notes to the financial statements are acceptable, within the context of the financial statements taken as a whole.

Measurement of the allowance for expected credit losses on higher education

Management conducts periodic analyses to measure expected credit losses on trade receivables, as described in notes 2.7 and 9 to the individual and consolidated financial statements.

For the measurement of expected credit losses, Management uses significant assumptions and judgments that may have material impacts on the financial statements, mainly on receivables from higher education (Kroton segment). Due to the materiality of balances, and as there is a reasonable risk related to the fact that these assumptions and judgments may materialize or not, this matter was considered a key audit matter in our audit.

How was the matter addressed in our audit?

In order to assess the reasonableness of the estimate of expected credit losses on receivables from higher education, our audit procedures included, without limitation: (i) understanding the process and controls in place when preparing the estimates, including the identification of the significant assumptions and data used by Management; (ii) involving our specialists in the assessment of the models and assumptions used by the Company; (iii) reconciling the databases used by Management for the preparation of the estimate with the book balances; (iv) testing, on a sampling basis, the assumptions and data used by Management; (v) recalculating the models implemented based on the assumptions and data used by Management; and (vi) assessing the adequacy of the disclosures in the financial statements.

Based on the audit procedures performed, we identified deficiencies in the internal controls implemented by the Company's Management, which resulted in adjustments proposed and made by Management.

Accordingly, we believe that the criteria adopted by Management to determine the allowance for doubtful debts, as well as the related disclosures in the notes to the financial statements are acceptable, within the context of the financial statements taken as a whole.

<u>Impairment of intangible assets with indefinite useful life</u>

Management conducts periodic analyses to identify the existence of indications that the goodwill based on expected future earnings arising from the business combinations carried out by the Company, as described in notes 2.11 and 16 to the individual and consolidated financial statements, may not be materialized in full, resulting in the need of recognizing an allowance to write it down to its recoverable amount. If there is such evidence, the related allowance for impairment is recognized.

Considering the materiality of the balances, as it refers to an estimate involving critical judgments by Management, and as there is a reasonable risk related to the fact that the significant assumptions disclosed in note 16 may materialize or not, and also considering the additional impacts arising from the COVID-19 and the restructuring of the higher education units mentioned in note 1.2, this matter was considered a key audit matter in our audit.

How was the matter addressed in our audit?

In order to assess the reasonableness of the estimated impairment of assets with indefinite useful life, our audit procedures included, without limitation: (i) identifying the Company's significant control processes and activities; (ii) examining the analysis prepared by Management to check the reasonableness of the future cash flow; (iii) involving specialists in the review of the discount rate; (iv) assessing the assumptions that, based on our professional judgment, were considered material, including future cash flow generation capacity, comparing it with its most recent plans and based on an assessment of the sensitivity of a potential impact deriving from reasonable changes in the key assumptions used by the Company; and (v) assessing the adequacy of the disclosures in the financial statements.

Based on the audit procedures performed on the goodwill impairment test, we believe that the goodwill impairment test criteria and assumptions adopted by Management, as well as the related disclosures, are acceptable within the context of the financial statements taken as a whole.

Emphases of matter

Impact arising from COVID-19, attainment of financial ratio and other operating effects on the individual and consolidated financial statements

As disclosed in notes 1.1 and 1.2 to the individual and consolidated financial statements, we draw attention to the Company's assessment of the effects arising from COVID-19, attainment of financial ratio for covenant calculation and other operating impacts that affected these financial statements and that can affect the Company's business in the future and the actions in progress to mitigate its effects. Our report is not modified in respect of this matter.

Discontinued operations

Without modifying our opinion, we draw attention to note 4 to the individual and consolidated financial statements, which presents restatements and disclosures as a result of the effects arising from the classification of the assets and liabilities of subsidiary Somos Operações Escolares S.A. as discontinued operation, as set forth in technical pronouncement CPC 31/IFRS 5.

Other matters

Statements of value added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2020, prepared under the responsibility of the Company's Management and presented as supplemental information for purposes of the IFRSs, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we assess whether these statements are reconciled with the other financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

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

Management is responsible for the other information. Such other information comprises the Management Report.

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

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

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

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and IFRSs, issued by the 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 preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- 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, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 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 control that we identify during our audit.

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

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

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Belo Horizonte, March 31, 2021

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Roberto Torres dos Santos
Engagement Partner

2021SP006810_REV_2021SP004965_Parecer Cogna 31.12.2020 (versão 29032021) vf.DOCX

(Em milhares de reais - RR)

			Parent		Consolidated
ASSETS	**Note**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Current assets					
Cash and cash equivalents	7	410,818	95	2,205,346	371,683
Securities	8	723	4,103	1,976,436	453,952
Trade receivables	9	-	-	1,876,801	2,586,529
Inventories	10	-	-	366,405	407,120
Advances		121	-	63,312	77,078
Recoverable taxes	11	33,956	11,787	275,445	346,162
Receivables from sale of subsidiaries	12	-	-	593	139,162
Other receivables	13	501	217	105,140	96,764
Related parties	29	597,284	633,434	-	-
Total current assets		**1,043,403**	**649,636**	**6,869,478**	**4,478,450**
Assets held for sale	4	912,633	-	2,402,541	-
Noncurrent assets					
Long-term receivables					
Securities	8	-	-	15,026	17,438
Trade receivables	9	-	-	443,286	754,687
Recoverable taxes	11	-	-	137,126	130,428
Receivables from sale of subsidiaries	12	-	-	71,329	250,531
Other receivables	13	-	-	92,043	98,787
Guarantee against losses in tax, labor and civil contingencies	25.3	33,740	34,366	166,872	1,130,019
Escrow deposits	25.1	594	362	74,055	95,671
Deferred income tax and social contribution	26	-	-	838,338	776,733
Related parties	29	5,034,263	1,900,218	309,767	-
Investments	14	13,908,903	21,890,788	1,453	8,213
Property, plant and equipment	15	-	-	4,344,174	5,855,264
Intangible assets	16	86,232	75,861	15,018,301	20,522,225
Total noncurrent assets		**19,063,732**	**23,901,595**	**21,511,770**	**29,639,996**
Total assets		**21,019,768**	**24,551,231**	**30,783,788**	**34,118,446**

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
BALANCE SHEETS
For the Years Ended December 31, 2020 and 2019
(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
LIABILITIES	**Note**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Current liabilities					
Borrowings and financing	17	-	-	229	531
Debentures	18	1,827,320	574,873	2,048,808	578,998
Lease – right of use	19	-	-	120,082	147,773
Trade payables		236	447	533,590	537,430
Trade payables purchaser's risk	20	-	-	284,808	341,656
Payroll and related taxes	21	-	-	313,917	463,527
Income tax and social contribution payable		-	-	39,276	60,608
Taxes payable	22	1,554	786	103,445	101,792
Advances from customers		-	13	195,198	318,409
Taxes in installments		-	-	12,086	14,384
Payables for acquisitions	23	-	-	100,728	117,976
Dividends payable		42	42	64	42
Other payables		12	-	19,780	67,499
Related parties	29	153,735	175,561	-	-
		1,982,899	**751,722**	**3,772,011**	**2,750,625**
Liabilities held for sale	4	-	-	1,489,908	-
Noncurrent liabilities					
Borrowings and financing	17	-	-	817	161
Debentures	18	5,171,357	7,285,111	5,171,357	7,504,875
Lease – right of use	19	-	-	2,912,368	3,873,701
Payables for acquisitions	23	-	-	125,548	165,260
Provision for civil, labor, and tax contingencies	24.1	35,451	36,566	428,614	471,924
Liabilities assumed in business combination	24.6	-	-	2,012,606	2,631,543
Taxes in installments		-	-	7,804	17,846
Deferred income tax and social contribution	26	620,979	645,426	495,936	786,947
Other payables		-	-	81,656	80,295
		5,827,787	**7,967,103**	**11,236,706**	**15,532,552**
Total liabilities		**7,810,686**	**8,718,825**	**16,498,625**	**18,283,177**
Equity					
Capital	27.1	7,667,615	5,111,677	7,667,615	5,111,677
Capital reserves	27.2	5,640,562	6,400,167	5,640,562	6,400,167
Treasury shares		(99,095)	(121,428)	(99,095)	(121,428)
Earnings reserves		-	4,441,990	-	4,441,990
		13,209,082	**15,832,406**	**13,209,082**	**15,832,406**
Noncontrolling interests		-	-	1,076,081	2,863
Total equity		**13,209,082**	**15,832,406**	**14,285,163**	**15,835,269**
Total liabilities and equity		**21,019,768**	**24,551,231**	**30,783,788**	**34,118,446**

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
STATEMENT OF PROFIT AND LOSS
For the Years Ended December 31, 3020 and 2019
(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2020	12/31/2019 restated note 4	12/31/2020	12/31/2019 restated note 4
Net revenue from sales and services	31	-	-	**5,269,144**	**6,355,187**
Cost of sales and services					
Cost of services	32	-	-	(1,495,994)	(1,925,935)
Cost of sales	32	-	-	(450,930)	(515,201)
		-	**-**	**(1,946,924)**	**(2,441,136)**
Gross profit		**-**	**-**	**3,322,221**	**3,914,051**
Operating income (expenses)					
Selling expenses	32	-	-	(2,293,415)	(1,514,991)
General and administrative expenses	32	(73,952)	(48,416)	(1,644,018)	(1,565,964)
Impairment loss on assets	32	-	-	(2,050,424)	-
Other operating income, net	32	-	-	(576,937)	37,871
Share of profit (loss) of investees	14	(3,475,594)	205,092	5,665	(157)
Operating profit (loss) before finance income (costs) and taxes		**(3,549,546)**	**156,676**	**(3,236,908)**	**870,809**
Finance income (costs)					
Finance income	33	221,783	37,619	279,818	335,134
Finance costs	33	(323,104)	(53,594)	(878,512)	(1,097,439)
		(101,321)	**(15,975)**	**(598,694)**	**(762,305)**
Operating profit/(loss) before taxes		**(3,650,867)**	**140,701**	**(3,835,601)**	**108,504**
Income tax and social contribution					
Current	26	-	258	(36,728)	(93,036)
Deferred	26	24,447	24,447	245,946	157,281
		24,447	**24,705**	**209,218**	**64,245**
Profit (loss) from continuing operations		**(3,626,420)**	**165,406**	**(3,626,383)**	**172,750**
Profit (loss) from discontinued operations	4	(2,179,415)	69,838	(2,179,415)	69,838
Profit (loss) for the year		**(5,805,835)**	**235,244**	**(5,805,798)**	**242,588**
Attributable to:					
Owners of the Company		(5,805,835)	235,244	(5,805,835)	235,244
Noncontrolling interests		-	-	37	7,344
Basic earnings (loss) per common share - R$	34	(3.14)	0.14	-	-
Diluted earnings (loss) per common share - R$	34	(3.10)	0.14	-	-

The accompanying notes are an integral part of these financial statements.

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2020 and 2019
(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Profit (loss) for the year	**(5,805,835)**	**235,244**	**(5,805,798)**	**242,588**
Other comprehensive income	-	-	-	-
Comprehensive income for the year	**(5,805,835)**	**235,244**	**(5,805,798)**	**242,588**
Attributable to:				
Owners of the Company	(5,805,835)	235,244	(5,805,835)	235,244
Noncontrolling interests	-	-	37	7,344

The accompanying notes are an integral part of these financial statements.

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COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
For the Years Ended December 31, 2020 and 2019
(In thousands of Brazilian reais - R$)

										Parent		Consolidated
	Capital	Capital reserves	Equity instruments arising on business combinations	Treasury shares	Legal reserve	Investment reserves	Capital budget reserve	Additional proposed dividends	Retained earnings (accumulated losses)	Total equity	Noncontrolling interests	Total equity
Balances as at December 31, 2018	**4,425,677**	**215,708**	**6,164,034**	**(190,280)**	**412,633**	**4,672,746**	**186,000**	**16,126**	**-**	**15,902,644**	**104,186**	**16,006,830**
Effects of restatement	-	-	-	-	-	-	-	-	-	-	1,466,230	1,466,230
Balances as at December 31, 2018 (restated)	**4,425,677**	**215,708**	**6,164,034**	**(190,280)**	**412,633**	**4,672,746**	**186,000**	**16,126**	**-**	**15,902,644**	**1,570,416**	**17,473,060**
First-time adoption of IFRS 16	-	-	-	-	-	(203,164)	-	-	-	(203,164)	-	(203,164)
First-time adoption of IFRIC 23	-	-	-	-	-	(38,243)	-	-	-	(38,243)	-	(38,243)
Balances as at January 1, 2019	**4,425,677**	**215,708**	**6,164,034**	**(190,280)**	**412,633**	**4,431,339**	**186,000**	**16,126**	**-**	**15,661,237**	**1,570,416**	**17,231,653**
Comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	235,245	235,245	7,344	242,589
Total comprehensive income for the year	-	-	-	-	-	-	-	-	235,245	235,245	7,344	242,589
Contributions from and distributions to shareholders												
Capital increase	686,000	-	-	-	-	(686,000)	-	-	-	-	-	-
Recognized granted stock options	-	19,701	-	-	-	-	-	-	-	19,701	-	19,701
Sale of treasury shares	-	(29,320)	-	68,852	-	-	-	-	-	39,532	-	39,532
Allocation of profit for the year												
Legal reserve	-	-	-	-	11,762	-	-	-	(11,762)	-	-	-
Mandatory minimum dividends - 25%	-	-	-	-	-	-	-	-	(55,871)	(55,871)	-	(55,871)
Additional proposed dividends	-	-	-	-	-	-	-	-	(97,482)	(97,482)	-	(97,482)
Recognition of investment reserve	-	-	-	-	-	70,130	-	-	(70,130)	-	-	-
Transactions among shareholders	-	30,044	-	-	-	-	-	-	-	30,044	(1,574,897)	(1,544,853)
Total contributions from and distributions to shareholders	686,000	20,425	-	68,852	11,762	(615,870)	-	-	(235,245)	(64,076)	(1,574,897)	(1,638,973)
Balances as at December 31, 2019	**5,111,677**	**236,133**	**6,164,034**	**(121,428)**	**424,395**	**3,815,469**	**186,000**	**16,126**	**-**	**15,832,406**	**2,863**	**15,835,269**
Comprehensive income for the year												
Loss for the year	-	-	-	-	-	-	-	-	(5,805,835)	(5,805,835)	37	(5,805,798)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	(5,805,835)	(5,805,835)	37	(5,805,798)
Contributions from and distributions to shareholders												
Capital increase	2,555,938	-	-	-	-	-	-	-	-	2,555,938	-	2,555,938
Share issuance costs – Follow on	-	(74,618)	-	-	-	-	-	-	-	(74,618)	-	(74,618)
Share issuance costs – IPO Vasta	-	(109,677)	-	-	-	-	-	-	-	(109,677)	(39,094)	(148,771)
Gain on share issuance	-	740,317	-	-	-	-	-	-	-	740,317	-	740,317
Recognized granted stock options	-	54,988	-	-	-	-	-	-	-	54,988	7,395	62,383
Sale of treasury shares	-	(6,769)	-	22,333	-	-	-	-	-	15,564	-	15,564
Noncontrolling interests	-	-	-	-	-	-	-	-	-	-	1,104,880	1,104,880
Reclassification between reserves	-	-	-	-	-	16,126	-	(16,126)	-	-	-	-
Allocation of profit for the year												
Investment reserve	-	-	(1,363,845)	-	(424,395)	(3,831,595)	(186,000)	-	5,805,835	-	-	-
Total contributions from and distributions to shareholders	2,555,938	604,241	(1,363,845)	22,333	(424,395)	(3,815,469)	(186,000)	(16,126)	5,805,835	3,182,512	1,073,181	4,255,693
Balances as at December 31, 2020	**7,667,615**	**840,374**	**4,800,189**	**(99,095)**	**-**	**-**	**-**	**-**	**-**	**13,209,083**	**1,076,081**	**14,285,164**

The accompanying notes are an integral part of these financial statements.

COGNA EDUCAÇÃO S.A. AND SUBSIDIARIES
STATEMENT OF CASH FLOWS – INDIRECT METHOD
For the Years Ended December 31, 2020 and 2019
(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash flows from operating activities					
Profit (loss) before taxes and discontinued operations		(5,830,282)	210,539	(5,969,151)	183,786
Reconciliation adjustments to profit or loss:					
Depreciation and amortization	15 and 16	483	3,167	541,671	551,000
IFRS 16 depreciation	15	-	-	273,909	258,497
Amortization of allocated goodwill surplus	16	71,903	71,903	329,426	352,213
Amortization of inventory appreciation		-	-	7,995	36,029
Publishing costs		-	-	54,396	109,990
Allowance for expected losses	9	-	-	1,637,511	910,793
Present value adjustment to trade receivables	9	-	-	(91,453)	-
Inflation adjustment to assignment of amounts to subsidiaries	29.1	(110,509)	-	-	-
Reversal of tax, labor, and civil contingencies		(463)	(18,097)	(150,415)	(214,700)
Write-off of realization of former owners' escrow account		-	-	345,244	-
Allowance for (reversal of) inventory losses	10	-	-	32,064	(41,590)
Inflation adjustment to receivables from sale of subsidiaries		-	-	(20,216)	-
Inflation adjustment to escrow account	25.2	-	-	(10,126)	-
Charges on financial transactions		316,645	46,358	843,255	1,069,972
Stock option granting		641	(6,092)	62,383	19,701
Gain on sale or disposal of assets and other investments		-	-	188,130	53,490
Impairment loss on assets	16	-	-	4,126,163	-
Income from short-term investments and securities		(39,562)	(5,242)	(85,304)	(73,821)
Share of profit (loss) of investees	14	5,655,009	(274,930)	5,665	(157)
		63,865	**27,605**	**2,121,147**	**3,215,203**
Changes in operating assets and liabilities:					
(Increase) decrease in trade receivables		-	20	(565,697)	(1,433,906)
(Increase) decrease in inventories		-	-	(72,436)	(131,696)
(Increase) decrease in advances		(121)	-	7,525	(14,269)
(Increase) decrease in recoverable taxes		(22,169)	(6,072)	61,057	(78,610)
(Increase) decrease in escrow deposits		(232)	(64)	3,762	7,085
(Increase) decrease in related parties		(17,139)	29,139	-	1,304
(Increase) decrease in other receivables		(11,138)	(9,506)	(10,267)	4,515
(Decrease) increase in trade payables		(211)	(35)	33,510	96,650
(Decrease) increase in trade payables purchaser's risk		-	-	(56,848)	(50,318)
(Decrease) increase in payroll and related taxes		-	(2,970)	(89,173)	(44,724)
(Decrease) increase in taxes payable		768	1,036	(54,587)	(8,046)
(Decrease) increase in advances from customers		(13)	13	(40,158)	14,552
(Decrease) increase in taxes in installments		-	-	(8,905)	(10,590)
Payment of provision for tax, labor, and civil contingencies		(26)	(183)	(216,135)	(176,216)
(Decrease) increase in other payables		11,815	21,184	2,348	42,388
Cash provided by operating activities		**25,400**	**60,167**	**1,115,143**	**1,433,322**
Income tax and social contribution paid		-	(1,802)	(32,803)	(76,646)
Interest on lease for right of use paid	19	-	-	(401,608)	(381,191)
Interest on borrowings and debentures paid	17 and 18	(413,673)	(25,658)	(424,389)	(556,265)
Net cash generated by (used in) operating activities		**(388,273)**	**32,707**	**256,343**	**419,220**
Cash flows from investing activities					
(Investment in) redemption of securities		42,942	1,139	(1,644,560)	712,390
Additions to property, plant and equipment		-	-	(152,400)	(294,100)
Additions to intangible assets		-	-	(291,900)	(383,514)
Cash acquired in business combination		-	-	843	1,873
Payables for acquisition of subsidiaries		-	-	(112,837)	(119,975)
Increase in subsidiaries' capital		(398,997)	(176,484)	-	-
Proceeds from former owners' escrow account		-	-	321,506	-
Receivables for sale of subsidiaries		-	-	345,440	104,712
Assignment of cash to subsidiaries		(3,964,000)	-	-	-
Receipt of cash assigned to subsidiaries		125,350	-	-	-
Dividends received from subsidiaries		2,414,520	337,636	-	-
Proceeds from private debentures		846,577	-	-	-
Private purchase of debentures		-	(800,000)	-	-
Interest on private debentures		-	(45,795)	-	-
Net cash (used in) generated by investing activities		**(933,609)**	**(683,504)**	**(1,533,908)**	**21,386**
Cash flows from financing activities					
Capital increase		2,481,320	-	2,481,320	-
Sale (buyback) of treasury shares		15,564	39,532	15,564	39,531
Acquisition of noncontrolling interests		-	-	-	(1,714,582)
Proceeds from the offering of subsidiary's shares		-	-	1,681,342	-
Issue of debentures	17 and 18	496,531	797,661	496,531	797,661
Borrowings and financing	17	-	-	100	-
Payment of lease for right of use	19	-	-	(144,205)	(137,794)
Repayment of borrowings and financing and debentures	17 and 18	(1,260,810)	-	(1,261,455)	(342,993)
Payment of dividends to shareholders		-	(196,357)	-	(196,357)
Net cash used in (generated by) financing activities		**1,732,605**	**640,836**	**3,269,197**	**(1,554,534)**
Increase (decrease) in cash and cash equivalents, net		**410,723**	**(9,962)**	**1,991,632**	**(1,113,928)**
Cash and cash equivalents at the beginning of the year	7	95	10,057	371,683	1,485,611
Cash and cash equivalents at the end of the year – continuing operations	7	410,818	95	2,205,346	371,683
Cash and cash equivalents at the end of the year – discontinued operations	4	-	-	157,969	-
Increase (decrease) in cash and cash equivalents, net		**410,723**	**(9,962)**	**1,991,632**	**(1,113,928)**

(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Revenue from sales and services	-	-	5,899,183	7,027,194
Other income	-	-	32,406	224,175
Allowance for expected losses	-	-	(1,637,511)	(910,793)
	-	**-**	**4,294,078**	**6,340,576**
Inputs purchased from third parties				
Cost of sales and services	-	-	(442,937)	(479,172)
Supplies, power, outside services and other inputs	2,782	27,939	(1,092,409)	(612,948)
Impairment loss on assets	-	-	(4,126,163)	-
Gross value added	**2,782**	**27,939**	**(1,367,431)**	**5,248,456**
Withholdings				
Depreciation and amortization	(483)	-	(815,580)	(521,123)
Amortization of allocated goodwill surplus	(71,903)	(75,070)	(329,426)	(640,587)
Amortization of inventory appreciation	-	-	(7,995)	(36,029)
Net value added	**(69,604)**	**(47,131)**	**(2,520,432)**	**4,050,717**
Wealth received in transfer				
Share of profit (loss) of investees	(5,655,009)	274,930	5,665	(157)
Finance income	221,783	37,619	285,053	346,517
Total wealth for distribution	**(5,502,830)**	**265,418**	**(2,229,714)**	**4,397,077**
Wealth distributed				
Personnel:				
Direct compensation	4,036	2,371	1,394,579	1,598,379
Benefits	-	-	134,850	149,402
Payroll taxes	-	(1,107)	493,250	555,850
Taxes, fees and contributions:				
Federal	(24,447)	(24,705)	(119,679)	(26,538)
State	312	6	10,022	685
Municipal	-	15	3,927	10,878
Lenders and lessors:				
Finance costs	323,104	53,594	958,691	1,179,670
Rentals	-	-	590,487	572,669
Copyrights	-	-	109,957	113,494
Shareholders:				
Earnings retained in the year	(5,805,835)	235,244	(5,805,798)	242,588
Total wealth distributed	**(5,502,830)**	**265,418**	**(2,229,714)**	**4,397,077**

1. General information

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

On December 09, 2019, the extraordinary general meeting approved the change of the Company’s corporate name, formerly “Kroton Educacional S.A”, to “Cogna Educação S.A.”, with the subsequent amendment to its Bylaws. The name Cogna derives from the term “cognition”, which comprises the ability of processing information and transforming such information into knowledge. A brand that clearly symbolizes the Company’s move into a new era full of innovation and growth opportunities that preserve the wish to transform people’s life through first-class education. This is Cogna Educação: knowledge that transforms.

The Group owns 77 companies, including the Parent, and consists of 18 sponsors of college education entities, 176 college education units, distributed among 24 Brazilian states and 132 Brazilian cities, as well as 1,536 distance learning (EAD) Graduation Centers accredited by the Ministry of Education (MEC), located in all Brazilian states and the Federal District. The Company also operates 52 own 122 Education schools, 4.167 Red Balloon units, and associated schools nationwide.

Cogna conducts is 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).

The Company is listed on B3 – Brasil, Bolsa, Balcão (São Paulo stock exchange), in the special listing segment called Novo Mercado, under ticker symbol COGN3 where it trades its common shares. Also, since July 31, 2020, subsidiary Vasta’s shares are listed on the US stock exchange NASDAQ, under ticker symbol VSTA.

These individual and consolidated financial statements were approved by the Company’s Board of Directors and authorized for issue on March 31, 2021.

1.1. Context for 2020

After facing one of the biggest macroeconomic recessions ever seen in the country, the COVID-19 pandemic presented one of the most challenging situation of the history, not only for the business environment but also for mankind. We listed below the main impacts observed during this year:

KROTON

Year 2020 was already challenging for Kroton, due to the expected impact on revenue from the last major FIES student graduation ceremonies. In addition to this effect, there was also the impact arising from the COVID-19 pandemic, resulting in (i) a reduction in the student enrollment volume of the in-class education (partially offset by the recovery of freshman ticket) and (ii) increase in future default levels (taking into account our best estimate based on available information, we significantly increased the volume of the allowance for losses). It is important to observe that the cost and expense structure was adjusted during the year to mitigate these effects, however, it was not possible to mitigate all impacts, which made Kroton's results of operations to be lower than its recent history and potential. Some of the emergency measures adopted within the scope of our COVID-19 response plan have already shown savings that can be observed in the last quarters. During the last quarter, Kroton has completed the feasibility study for its units and implemented the restructuring project ("Turnaround Kroton"), resulting in the recognition of expenses in the amount of R$318,621, as shown in note 32, mainly related to write-offs of leasehold improvements, expected contractual fines upon the early termination of lease contracts, and write-offs related to right-of-use lease contracts under IFRS 16. As a result of this action, and also during the last quarter, the Company has revised its estimates of asset realization in the long-term model, which resulted in the recognition of impairment loss in the amount of R$1,593,000. Further details are shown in notes 1.2 and 16(b).

PLATOS

Platos lato sensu post-graduation operation posted revenue growth and gross margin expansion, even in an adverse scenario, which adversely affected the enrollment of students and led to the postponed beginning of some classes (especially in the in-class category), in addition to an increase in the volume of allowances for losses mentioned in the Kroton segment. The Company continues to fully develop its platform and already started to look for external customers (especially higher education institutions).

SABER

At Saber, which gathers own K-12 education schools and school management contracts, the Company posted decrease of approximately 7% in revenues during the year, as a result of the new social distancing laws that had a significant impact on the revenues from supplementary activities (after-school activities). There was also a drop in the student base (due to the cancellation of two management contracts). However, the Company has implemented several cost and expense cutting actions to partially mitigate this impact.

As mentioned above, the educational sector was also directly impacted by the temporary closing of schools and, therefore, the long-term business plans were revised considering the known and expected impacts on the Company's business in the future, as well as changes in the average ticket projections arising from changes in the operating areas, and a more conservative organic growth scenario. Due to such change, the Company has decided to recognize impairment of non-financial assets in the amount of R$373,764 as at September 30, 2020. As at December 31, 2020, and as described in notes 4 and 37.1, Cogna has entered into a share purchase and sale agreement and other covenants ("CCV") with Editora Eleva S.A ("Eleva"), whereby it has negotiated the sale of its schools, under the responsibility of Somos Operações Escolas, which also depend on resolutive clauses for its final approval. As a result of this transaction, and as set out in CPC 31, the Company has recognized its asset balances at fair value in the amount of R$912,633, which resulted in the recognition of impairment of non-financial assets in the amount of R$1,701,974.

VASTA

During 2020, Vasta posted a 9% growth in net revenues when compared to the same period in 2019. Such growth is in line with the percentage rate proposed by Management for the closed annual agreement ("ACV"), which was 18%. Even though the pandemic has had an adverse effect on growth prospects, the Company undertook several actions to maintain its proposal, the main of which are: (i) the beginning of the sales campaign was anticipated, thus increasing the capacity of attracting new customers, while maintaining the current ones, and (ii) the initial public offering (IPO), conducted on July 31, 2020, not only strengthened the business but also demonstrated the Company's capacity to find ways of reaching out to its customers, serve its students and, above all, continue to expand its business. Also, it is important to stress that, pursuant to note 37.1 and the Material Event Notice disclosed to the market, subsidiary Somos Sistemas has entered into a Share Purchase and Sale Agreement and other covenants ("CCV") with Eleva Educação S.A. ("Eleva"), whereby it has negotiated the purchase of all shares issued by Eleva, an Eleva Group company, and which will hold, until the closing of the transaction, the rights and assets related to the K-12 education systems sold by Eleva Group ("System Transaction"), in the amount of R$580,000. This operation is contingent on the transaction involving Saber and Editora Eleva concerning the sale of Saber schools to Eleva, as mentioned in the information on the Saber segment.

OTHER

During 2020, the other businesses classified in this unit were strong affected, in particular: (i) . the publishing market (products linked to the "SETS" business), with closing of stores, shopping malls and bookstores, (ii) the preparatory classes for the Brazilian Bar Association (OAB) tests and public service examinations, where the market was already challenging, with cancellation of the previously scheduled Brazilian Bar Association (OAB) tests and public service examinations, thus resulting in sales much below than expected, without prospects of improvement in the short term. After assessing these impacts arising from the Coronavirus pandemic, the Company has decided to change its growth estimates in the long-term projection model, thus impacting the recovery of non-financial assets. Due to such change, impairment loss on assets in the amount of R$457,424 was recognized, as further detailed in note 16(b).

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

On March 11, 2020, the World Health Organization (OMS) has raised the classification of the Coronavirus ("COVID-19") outbreak to global pandemic, changing the global and Brazilian perspective for market growth, and exposing companies to numerous risks that were experienced before and that, therefore, deserve special attention from officers and Management with respect to the scenarios and actions necessary to mitigate the risks posed by such new situation. This crisis has led governments from all over the world to impose a series of measures such as: social distancing, restrictions on travel and commuting at the cities, closing of non-essential businesses, among others, causing important disruptions at the financial and labor markets, consumption patterns, logistics chains and, noticeably impacting companies and people. Despite the flexibility of social distancing measures in Brazil, with respect to the educational sector, we are not yet close to a scenario of full physical return of classes.

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

1) Protect the health of our employees and students by adopting measures such as the work from home and the health and safety measures recommended by government agencies;
2) Ensure the continuity of the educational services using digital platforms, with no harm to students;
3) Ensure the financial health, liquidity and cash;
4) Implement restructuring measures, mostly seeking the maintenance of jobs and the Company's survival;
5) Implement organizational changes for the post-COVID world;
6) Strategic Plan for opportunities created by the crisis;
7) Actions that contribute to mitigating the impacts from COVID-19 on the society.

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

The process of attracting new students and re-enrollment was performed remotely and we have been observing, compared to previous cycles, that: a) students are increasingly electing courses on digital platforms; and b) defaulting students are facing greater re-enrollment difficulties. Therefore, and also according to the Company's expectations, there were lower enrollment volumes compared to the first half of the year. Also, and as already indicated by numerous market reports in the last quarters, the Brazilian GDP dropped in 2020. Consequently, our revenue and profitability were impacted in 2020 and will possibly be impacted in the next years. We were able to identify some of these impacts on profit for the second of 2020, which dropped as a result of several measures taken by the Company to respond to the COVID-19 pandemic.

Despite reflecting the known impacts of the pandemic on results of operations and profitability in 2020, the Company believes that there is uncertainty in terms of the potential future impacts on the business, which makes it difficult and complex to quantify the totality and extent of the impacts on the Company's operating and financial performance due to the dependence on future events, including the period of adoption of social distancing measures and the impact that such decisions will have on job and demand, potential impacts on the payment capacity of our students, as well as the magnitude and impact of potential governmental measures to boost the economy. Consequently, new financial impacts cannot be quantified or measured in relation to these events.

Particularly in relation to the higher education, the Company conducted a long-term operational feasibility study and implemented a restructuring project for its units, which resulted in the reduction of some units where students can migrate to other platforms or even close units. Such business restructuring is designed to obtain an operation with higher margin and better cash generation and more efficient, based on the Company's turnaround plan, already mentioned in the last Cogna day, and the presentations of past performance. As a result of these actions and as shown in Note 1.1 for the Kroton segment, it was necessary to recognize expenses in the amount of R$318,621, mainly related to the negative impacts arising from contractual fines for termination of contract, write-offs of leasehold improvements and write-offs related to lease contracts under IFRS 16. Also as a result of such restructuring, the Company has revised its expected realization of the long-term asset model, and recognized impairment loss in the total amount of R$4,126,163 (considering continuing and discontinued operations); the businesses affected by such loss were: (i) Kroton, in the amount of R$1,593,000, (ii) Saber, in the amount of R$2,075,739 (allocated to line item "gain (loss) on discontinued operations", in the statement of profit and loss for the year), and (iii) Other, in the amount of R$457,424.
In light of the uncertainties, and aiming at protecting the Company's financial capacity, numerous measures are being adopted since the beginning of the social distancing process:

Liquidity and indebtedness and cash flow management

In view of the possible scenarios of social distancing extension and subsequent extension of market liquidity restrictions, the Company believes that it has capacity to manage its cash so as to satisfy all its commitments. Additionally, it is worth mentioning the Company's strong cash position, considering the share issuance process (follow-on) completed in February 2020, in addition to the issue of debentures in May 2020 totaling R$500,000, the receipt of part of the guarantee for legal proceedings with the former owners of Somos in June 2020 (R$321,000), and also the going public process of its subsidiary Vasta Platform in July 2020, upon the offering of shares resulting in proceeds of approximately R$1,681,342, which allowed the Company to have a cash position and investments in the year ended December 31, 2020 totaling approximately R$4,6 billion (considering continuing and discontinued operations). Additionally, the next repayments of debentures contracted at the end of the reporting period and that will be made within one year amount to R$2 billion, and the installments falling due within two years amount to R$1.9 billion. In addition to the abovementioned actions, the Company has net working capital of R$3,097,467, which demonstrates its ability to fulfill short-term obligations.

In light of the foregoing, the Company is committed to maintaining the financial and economic balance and, to this end, it relies on the existing resources, generation of operating cash, access to the capital and financing markets at competitive costs, in addition to several alternatives analyzed by Management whenever necessary. The Company believes that the operating cash flow, coupled with cash and cash equivalents, are equivalent to fulfill the financial commitments.

As disclosed in note 18 (c), as at December 31, 2020, the Company has exceeded the Net Debt / Adjusted EBITDA ratio for the past 12 months (financial ratio) for the second time on alternate basis, which may give rise to the non-automatic accelerated maturity of its debts.

The debenture indentures set forth that, in case of the event above, the trustee must call a General Debentureholders Meeting (AGD) within no more than five business days, counted from the date it becomes aware of the event and within the terms prescribed by the law. This AGD will decide on the potential non-declaration of the accelerated maturity, which can be decided by the trustee itself, if no minimum quorum is reached.

Considering the current stage of operations and the maintenance of the social distancing measures due to the COVID-19 pandemic, the Company believes that, if necessary, the renegotiation with the debentureholders must be addressed with the trustees. The Company understands that the cash available, coupled with the generation of operating cash and the proceeds from financing taken and not disbursed are sufficient to support the payment of all short-term obligations.

Goodwill impairment testing per type

As at September 30, 2020, the Company revised its assumptions and estimates for all Group CGUs, so as to estimate the possible effects of the Coronavirus ("Covid-19") pandemic that might impact operations and the recoverable value of assets (impairment test) and, considering the cash-generating units Saber and SETS/Other, it has recorded an impairment loss on its assets in the amount of R$831,188. Also, as at December 31, 2020, the Kroton Unit has conducted a feasibility study for its long-term operations and implemented a restructuring project for its units, which resulted in the review of its asset long-term model. Such revision resulted in the unit recognizing impairment loss in the amount of R$1,593,000. Also in December 2020, and due to the recognition at fair value of the assets involved in the negotiation process between subsidiary Saber and Editora Eleva for the sale of Cogna Group schools, mentioned in notes 1.1, 4 and 37, impairment was recognized in the amount of R$1,701,974. More information on the impairment test of the goodwill intangible assets and assumptions adopted is provided in note 16(b).

Trade receivables – allowance for expected losses

Based on the best information available, the Company assessed the possible impacts on the accounting estimates adopted in the assessment of the allowance for expected losses on trade receivables, as well as on the expected recovery of receivables already written off against losses. Based on such information, the Group has decided to increase its allowance for expected losses for the year. It is important to mention that the Company has been continually reassessing these assumptions and, specifically for the Kroton segment, Management has further improved the credit risk management for "paying students", through an analysis of the "student's" breakdown, as opposed to the previous breakdown per "receivable". Such change consolidated all student's receivables based on the highest default level and accrues them according to the historic payment profile. In addition to such action, the Company has decided to increase the percentage rates of the allowance for losses on the trade receivables related to students classified as "paying student", "Private Student Loan Installment Plan (PEP)", and "Late Enrollment in Installments (PMT)", considering that an increase in default or drop in receivables collection is more likely.

Deferred tax assets and liabilities

Considering the same sensitivity assumptions of the long-term models used in the goodwill impairment test and the review of the Group's corporate restructuring plan, the Company observed in its analysis indication of impairment of the amounts recorded in the financial statements for the year ended December 31. The account balances recorded as a result of such review are disclosed in note 26.2.

2. Significant accounting policies

The significant accounting policies used in preparing the individual and consolidated financial statements are presented below, and have been consistently applied in the reporting years.

2.1. Basis of preparation

The Company's financial statements have been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC), and the International Financial Reporting Standards ("IFRSs"), issued by the International Accounting Standards Board (IASB), and disclose all significant information specific to the financial statements, and only this information, which is consistent with that used by Management in managing the Company.

The financial statements have been prepared based on the historical cost, which, in the case of certain financial assets and other financial assets and financial liabilities, is adjusted to reflect the fair value measurement.

The preparation of financial statements requires Management to use certain critical accounting estimates and to exercise judgment in the process of applying the Group accounting policies. The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

a) Individual financial statements

The Company's individual financial statements have been prepared in accordance with accounting practices adopted in Brazil issued by the Accounting Pronouncements Committee (CPC). They are also in conformity with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). These individual financial statements are disclosed together with the consolidated financial statements.

b) Consolidated financial statements

The consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC) and pursuant to the International Financial Reporting Standards ("IFRSs"), issued by the International Accounting Standards Board (IASB).

c) Statement of value added (DVA)

The purpose of this statement is to disclose the wealth created by the Company and its distribution during a given period and is presented, as required by the Brazilian Corporate Law and the accounting practices adopted in Brazil applicable to publicly-held companies, as an integral part of its financial statements. The DVA is neither required nor mandatory under the IFRSs. The DVA has been prepared using information obtained in the same accounting records used to prepare the financial statements and pursuant to the provisions of CPC 09 - Statement of Value Added. The first part of the DVA presents the wealth generated by the Company, represented by revenues, costs and expenses acquired from third parties and the value added received in transfer. The second part of the DVA presents the distribution of wealth among taxes, fees and contributions, personnel, lenders and lessors, and shareholders.

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

d) Continuity as a going concern

Management assessed the Company's ability to continue as a going concern and believes that the Company has the resources to allow the continuity of its business in the future. Additionally, Management is not aware of material uncertainties that could give rise to significant doubts as to its ability to continue as a going concern. Accordingly, these financial statements have been prepared assuming that the Company will continue as a going concern.

2.2. Consolidation

The Company consolidates all entities over which it has control, that is, when it is exposed or entitled to variable returns resulting from its involvement with the investee and has the ability to steer the relevant activities of the investee. The subsidiaries included in the consolidation are described in the note below.

a) Subsidiaries

Subsidiaries are all entities over which the Group has control, that is, when it is exposed or entitled to variable returns resulting from its involvement with the investee and has the ability to steer the relevant activities of the investee. The subsidiaries are fully consolidated when control is transferred to the Group. The consolidation is discontinued when the Group ceases to hold control.

Identifiable assets acquired and liabilities and contingent liabilities assumed for the acquisition of subsidiaries in a business combination are initially measured at their fair values on the acquisition date. The Group recognizes noncontrolling interests in the acquiree both at the fair value and the proportional noncontrolling interests held in the fair value of the acquiree's net assets. The measurement of the noncontrolling interests is determined at each acquisition made. Acquisition-related costs are recognized in profit or loss for the year, as incurred.

All intragroup transactions, balances and unrealized gains are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset. The new subsidiaries' accounting policies are changed, when necessary, to ensure consistency with the policies adopted by the Group.

The Company's subsidiaries for the years ended December 31, 2020 and 2019 are listed below:

	Ownership interest - %	
Consolidated entities	**12/31/2020**	**12/31/2019**
Direct subsidiary:		
AESAPAR - Anhanguera Educacional Participações S.A. (i)	85.6	74.5
Indirect subsidiaries (consolidated by AESAPAR):		
AESA- Anhanguera Educacional Ltda. (ii)	0.0	99.9
AESAPRO - Clínica Médica Anhanguera Ltda.	99.9	99.9
FIDC - Anhanguera Educacional Fundo de Investimento em Direitos Creditórios (ii)	0.0	99.9
Juspodivm - Instituto Excelência Ltda.	99.9	99.9
Edufor - Edufor serviços educacionais Ltda. – ME	99.9	99.9
ICF - Sociedade Piauiense de ensino superior Ltda.	99.9	99.9
Fateci Cursos Técnicos S/S.	99.9	99.9

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

Consolidated entities	Ownership interest - % 12/31/2020	12/31/2019
Clauder Ciarlini Filho S/S.	99.9	99.9
Sociedade Educacional da Paraíba Ltda.	99.9	99.9
Bacabal Mearim Sistemas de Ensino Ltda.	99.9	99.9
Platos Soluções Educacionais S.A	35.4	0.0
PSES - Pitágoras Sistema de Ensino Sociedade	0.0	54.5
Direct subsidiary:		
EDE - Editora e Distribuidora Educacional	99.9	99.9
Indirect subsidiaries (consolidated by EDE):		
AESAPAR - Anhanguera Educacional Participações S.A. Ceama - Centro de Ensino Atenas Maranhense (ii)	14.4	25.5
Fais - Faculdade Integradas de Sorriso (ii)	0.0	99.9
Fama Macapá - União de Faculdades do Amapá (ii)	0.0	99.9
Orme - Orme Serviços Educacionais	99.9	99.9
Projecta - Projecta Educacional	99.9	99.9
Cepar - Centro De Ensino Superior De Parauapebas Ltda	99.9	99.9
Centro De Ensino Superior De Maraba Ltda	99.9	99.9
Cesupar - Centro De Ensino Superior De Paragominas Ltda	99.9	99.9
Unime LF - União Metropolitana para o Desenvolvimento da Educação e Cultura (ii)	0.0	99.9
União - União de Ensino Unopar	99.9	48.8
Unic Educacional - Unic Educacional	99.9	92.3
Unime Salvador - Iuni Educacional - Unime Salvador	99.9	99.9
PSES - Pitágoras Sistema de Ensino Sociedade	99.9	0.0
Platos Soluções Educacionais S.A	64.6	99.9
Eduquer Serviços Educacionais Ltda. (iii)	99.9	0.0
Direct subsidiary:		
Saber - Saber Serviços Educacionais S.A.	62.0	60.8
Saber indirect subsidiaries:		
Somos Idiomas S.A.	99.9	99.9
Editora Scipione S.A.	84.2	84.2
Editora Ática S.A.	70.3	99.9
Somos Educação S.A.	99.9	99.9
Saraiva Educação S.A. (i)	81.9	42.9
Editora Ática indirect subsidiaries:		
SB Sistemas	99.9	99.9
SGE Comércio de Material Didático Ltda.	99.9	99.9
Saraiva Educação indirect subsidiaries:		
Editora Pigmento Ltda.	99.9	99.9
Editora Joaquim Ltda.	99.9	99.9
Editora Todas as Letras Ltda.	99.9	99.9
Saraiva Gestão de Marcas Ltda.	50.0	50.0
Somos Operações Escolares indirect subsidiaries:		
Colégio Ambiental Ltda.	99.9	99.9
Colégio Visão Ltda.	99.9	99.9
Sociedade Educacional NEODNA Cuiabá Ltda.	99.9	99.9
Colégio do Salvador Ltda.	99.9	99.9
Colégio Motivo Ltda. ("Grupo Motivo")	99.9	99.9
Cursos e Colégios Coqueiros Ltda.	99.9	99.9
Colégio Integrado Jaó Ltda.	99.9	99.9
Escola Santo Inácio Ltda.	99.9	99.9
Sistema P.H. de Ensino Ltda.	99.9	99.9
Escola Riacho Doce Ltda.	99.9	99.9

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

	Ownership interest - %	
Consolidated entities	12/31/2020	12/31/2019
Sociedade Educacional Doze de Outubro Ltda. ("Anglo 21")	99.9	99.9
ECSA - Escola a Chave do Saber S/S Ltda.	99.9	99.9
Colégio Cidade Ltda.	99.9	99.9
Sociedade Educacional Paraná Ltda. ("Maxi Cuiabá")	99.9	99.9
Sociedade Educacional de Rondonópolis Ltda.	99.9	99.9
Sociedade Rondopolitana de Educação Ltda.	99.9	99.9
ACEL - Administração de Cursos Educacionais Ltda. ("Sigma")	99.9	99.9
CEI - Centro de Educação Integrada Ltda.	51.0	0.0
CEI indirect subsidiaries:		
Escola Infantil Primeiros Passos EIRELI	99.9	99.9
SL Noventa Centro Educacional EIRELI	99.9	99.9
Colégio Manauara Latu Sensu Ltda.	99.9	0.0
Leal e Sanches Ltda.	99.9	0.0
Núcleo Brasileiro De Estudos Avançados Ltda.	99.9	0.0
Sanches Serviços De Educação Ltda.	99.9	0.0
Sociedade Educacional Alphaville S.A.	51.0	0.0
ACEL indirect subsidiaries:		
Papelaria Brasiliana S.A.	99.9	99.9
Escola Mater Christi Ltda.	99.9	99.9
Somos Educação indirect subsidiaries:		
Saraiva Soluções Educacionais S.A.	70.4	70.4
CEI - Centro de Educação Integrada Ltda.	0.0	51.0
Maxiprint Editora Ltda.	99.9	99.9
Centro Educacional Leonardo da Vinci S/S Ltda.	0.0	99.9
Vinci Serviços Educacionais Ltda.	0.0	99.9
Colégio Manauara Latu Sensu Ltda.	0.0	99.9
Núcleo Brasileiro De Estudos Avançados Ltda.	0.0	99.9
Sanches Serviços De Educação Ltda.	0.0	99.9
Leal e Sanches Ltda.	0.0	99.9
Sociedade Educacional Alphaville S.A.	0.0	51.0
ETB Editora Técnica do Brasil Ltda.	0.0	99.9
Stood Sistemas e Treinamento à Distância Ltda.	99.9	99.9
Somos Educação Investimentos S.A.	99.9	0.0
Stood Sistemas indirect subsidiaries:		
Eligis Tecnologia E Inovação Ltda	99.9	99.9
Somos Educação Investimentos S.A.	0.0	99.9
Somos Educação Investimentos indirect subsidiaries:		
Educação Inovação e Tecnologia S.A ("AppProva")	99.9	99.9
Nice Participações S.A.	99.9	99.9
Direct subsidiary:		
Vasta Platform	77.6	0.0
Vasta Platform indirect subsidiaries:		
Somos Sistemas de Ensino S.A.	99.9	99.9
Somos Sistemas indirect subsidiaries:		
Livraria Livro Fácil Ltda.	0.0	99.9
Colégio Anglo São Paulo Ltda	0.0	99.9
A & R Comercio e Serviços de Informática Ltda ("Pluri") (iii)	99.9	0.0
Mind Makers Editora Educacional (iii)	99.9	0.0
Meritt Informação Educacional Ltda – ME (iii)	99.9	0.0

(i) The variations in the ownership interests in relation to the prior year arise from the corporate restructuring process among the Company's business units. However, there was no change that would result in Cogna's loss of control over its subsidiaries.

(ii) Companies merged into their direct parent companies during 2020.

(iii) During 2020, the Company acquired the total ownership interest in Pluri, Mind Makers and Meritt, through its indirect subsidiary Somos Sistemas, and in Eduquer, through its subsidiary EDE. Further information on these acquisitions is disclosed in note 5.

b) Noncontrolling interests

The Group treats transactions with noncontrolling interests as transactions with the owners of the Group's assets. For acquisitions of noncontrolling interests, the difference between any consideration paid and the acquired portion of the carrying amount of the subsidiary's net assets is recorded in equity. Gains or losses on disposals to noncontrolling interests are also recognized directly in equity, in line item 'Valuation adjustments to equity'.

c) Business combinations

In conformity with CPC 15 – Business Combinations, acquisitions are recorded using the acquisition method when control is transferred to the Company. The consideration transferred is generally stated at fair value, as well as the identifiable net assets acquired. Any goodwill arising on the transaction is tested for impairment on an annual basis. Business combinations occurred during the year are further detailed in note 5.

d) Operating segment

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

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

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

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

(iii) **Saber:** B2C (Business to Consumer) K-12 vertical, comprising all 54 own schools or schools with management agreements, operating in 11 states. When connecting such group of schools, it is possible to maximize the potential of each one of them, preserving their teaching method. In December 2020, due to the school operation negotiation processes with Editora Eleva, and in conformity with CPC 31, the account balances were reclassified to line item “Gain (loss) on discontinued operations” in the statement of profit and loss for the year. Accordingly, the balance in note 35 refers to the language course operation (“Red Balloon”).

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

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

e) Cash-generating Units (CGUs)

With the change in the operating segments, for impairment testing purposes, these assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating Units - CGUs). For purposes of this test, goodwill is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that originated the goodwill, as follows: (i) Kroton; (ii) Platos; (iii) Saber; (iv) Vasta and; (v) other, segregated into SETS and PNLD. For more information on the impairment tests, see notes 1.2 and 16, together with the tables shown in note 35.

2.3. Functional and presentation currency

Items included in the financial statements of each Group company are measured using the currency of the main economic environment in which it operates (“functional currency”). The individual and consolidated financial statements are presented in Brazilian reais (R$), which is the Company’s functional currency, and also the Group’s presentation currency.

2.4. Statement of comprehensive income

Other comprehensive income comprises revenue and expense components (including reclassification adjustments, when applicable) that are not recognized in the income statement as required or permitted by the pronouncements, interpretations and guidelines issued by the CPC, when applicable. In the years ended December 31, 2020 and 2019, the Group did not disclose other items other than profit or loss for the years reported in the individual and consolidated income statements.

2.5. Cash and cash equivalents

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

2.6. Financial assets and financial liabilities

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the underlying contract.

Financial assets

Upon initial recognition, financial assets are classified as measured at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Financial assets are not reclassified subsequent to initial recognition, unless the Company changes the business model for managing financial assets, in which case all financial assets affected are reclassified on the first day of the reporting period subsequent to the change in the business model. They comprise cash and cash equivalents, in addition to securities, trade receivables and receivables from sale of subsidiaries.

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

- It is held within a business model whose objective is to hold financial assets in order to collect 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 principal amount outstanding.

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

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

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

The Company's investments are initially recognized at fair value plus transaction costs for all financial assets not classified at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged against the income statement. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred; in the latter case, provided that the Group has transferred substantially all risks and rewards of ownership of the asset. Financial assets measured at fair value through profit or loss are subsequently recognized at fair value.

Gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss, if any, are recognized in the income statement, in 'Finance income' in the period they are earned or incurred.

Financial liabilities

Measured at amortized cost using the effective interest method. Comprise borrowings, financing and debentures, in addition to trade payables and trade payables purchaser's risk.

Offset of financial instruments

Financial assets and financial liabilities are offset and the net amount is recorded in the balance sheet when there is a legally enforceable right to set off recognized amounts and intention to either settle them on a net basis, or to recognize 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 stated at the cost of amortization and at fair value through profit or loss. The method adopted depends on whether the credit risk has significantly increased or not.

For trade receivables, the Group recognizes expected losses as from the initial recognition of receivables and based on the maturity ranges and rollover between the ranges, as described in note 9 (c).

2.7. Trade receivables

Correspond to the amounts receivable from customers for goods sold or services provided by the Group.

Revenue is recognized when the control over goods or services is transferred to a customer at an amount corresponding to the estimated transaction price, thus the concept of control has superseded the concept related to the transfer of risks and rewards.

Trade receivables are initially recognized at fair value and subsequently measured at their amortized cost using the effective interest method, less the allowance for impairment. The allowance for doubtful debts is recognized after billing based on the performance of the several lines of business and respective expected collection within up to 365 days from the due date. Specifically for the Vasta business units, the period of 540 days from the due date is considered.

The Company has monthly recognized an allowance for expected losses by analyzing monthly receivables recognized each month (over a twelve-month period for the Kroton segment, and 18 months for the Vasta segment) and the corresponding breakdown by day in arrears and evaluating the recovery performance. Under this methodology, a likelihood of the estimated loss is attributed to each default bracket taking into consideration current and prospective information on the default history of each product. Specifically for the Kroton segment, and related to the “paying student”, the calculation methodology considers the likelihood of loss under the “student” viewpoint, which considers all receivables at the highest default level, and accrues them according to the classification of students in certain categories.

Additionally, the calculation of the allowance for expected losses considers an expectation of recovery of renegotiated receivables, based on the historical average of the inflow cash from the renegotiation with the student.

In relation to the Special Private Payment in Installments (PEP), the Company recognized an allowance for expected losses relating to the receivables, using a 59% percentage of the net revenue, which reflects Management’s best estimate of future default. This percentage mainly takes into consideration: a) the expected future credit losses for students with payments in installments, which is higher than the average of paying students; and b) the historic percentage of dropout students. This percentage is reassessed based on the receivables outstanding as at the date of the trade receivables, as shown in note 9. Also, the Company has decided that it will not offer this product to new students beginning 2021.

In relation to the Late Enrollment in Installments (PMT), the Company follows a process similar to the mentioned above in relation to the PEP, however, an allowance for expected losses relating to the receivables is recognized using a 65% percentage of the net revenue.

2.8. Inventories

Inventories are stated at the lower of cost and net realizable value. Inventories are measured using the weighted moving average. The cost of finished products and work in process comprises design, raw materials, direct labor, other direct costs and related overhead expenses.

The Company recognizes an allowance for losses on slow-moving finished products and raw materials, which are periodically analyzed and determined with respect to the expected realization of these inventories. Management periodically assesses the need to send these products for destruction.

2.9. Assets and liabilities held for sale and discontinued operations

Noncurrent assets held for sale are classified as “held for sale” if it is highly probable that they will be primarily recovered through sale instead of their continuing use. Assets held for sale are usually measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses determined on initial classification as held for sale, and gains and losses from subsequent measurements, are recognized in profit or loss. Upon classification 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 equity method of accounting.

A discontinued operation is a component of the entity's business that comprises transactions and cash flows that can be clearly separated from the rest of the entity and that:

(i) Represents a separate major business line or geography of operations;

(ii) Is part of a single coordinated plan to sell a separate major business line or geography of operations; or

(iii) Is a subsidiary acquired exclusively for the purpose of resale.

An operation is classified as discontinued when it is disposed of, or at an earlier date if the criteria for classification as held for sale have been met. When an operation is classified as a discontinued operation, the comparative statements of profit and loss and of comprehensive income are restated as if the operation had been discontinued since the beginning of the comparative period.

In the year ended December 31, 2020, due to the negotiation processes involving the sale of Cogna Group's school operation to Editora Eleva S.A, and in conformity with CPC 31, the Company has reclassified its assets and liabilities linked to the school business to line item "assets held for sale" and "liabilities assumed for sale".

Also as prescribed by the aforesaid CPC 31, the impacts on profit or loss for the year linked to the "school" business, were also reclassified to a specific line item in the statement of profit and loss for the period, called "gain (loss) on discontinued operations". Also, the comparative profit and loss balances for 2019 are being restated to demonstrate the resulting impact had the transaction been discontinued since the beginning of the previous year. More information on the transaction is disclosed in note 4.

2.10. Property, plant and equipment

Property, plant and equipment are measured at historical cost, less accumulated depreciation. The historical cost includes the cost of acquisition, development or construction. The historical cost also includes financing costs relating to the acquisition of qualifying assets.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as applicable, when, and only when, it is probable that future economic benefits associated to these costs that can be measured reliably will flow to the Company. The carrying amount of replaced items or parts is written off. All other repair and maintenance costs are recorded as a balancing item to profit or loss for the year, when incurred.

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

Land is not depreciated. The depreciation of other assets is calculated on a straight-line basis in order to allocate their costs to their residual values over the estimated useful lives, as follows:

	Useful life (years)	
	2020	2019
IT equipment	4.5	4.5
Furniture, equipment and fixtures	10	10
Library	10	10
Buildings and improvements [1]	16	25

(i) Buildings and improvements have finite useful life based on the expiration date of the lease contract.

The residual values and the estimated useful lives of the assets are reviewed and adjusted, if necessary, at the end of each reporting period.

The Company reviewed the useful lives of its assets and concluded that the depreciation rates used are consistent with its operations as at December 31, 2020 and 2019.

The carrying amount of an asset will be immediately written down to its recoverable amount if the carrying amount exceeds the estimated recoverable amount. Gains and losses on sales are determined by comparing the proceeds with the carrying amount and are recognized in line item ‘Other operating (income) expenses’, in the statement of profit and loss.

2.11. Intangible assets

a) Goodwill

Goodwill corresponds to the difference between the consideration transferred and the fair value of identifiable net assets.

b) Software and development of internal projects

Software licenses acquired are capitalized based on the costs incurred to acquire the software and make it ready for use. These costs are amortized over the estimated useful life of the related software.

Directly attributable costs that are capitalized as part of the software/project include the costs on employees allocated to software/project development and an appropriate share of direct expenses.

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

Software/project development costs recognized as assets are amortized on a straight-line basis over their useful lives.

c) Trademarks

Separately-acquired trademarks and licenses are initially stated at their historical cost. Trademarks and licenses acquired in a business combination are stated at fair value on acquisition date. Subsequently, trademarks and licenses with finite useful lives are accounted for at cost, less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful life between 20 and 30 years.

d) Operation license and center partner

The center is a local operating unit that can be both Company-owned or owned by third parties (partners) that is responsible for providing to students a structure – audiovisual resources, library and computer resources – that support distance learning.

e) Contractual relationships with customers

Customer portfolios, acquired in a business combination, are stated at fair value on acquisition date. Contractual relationships with customers have finite useful lives and are accounted for at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated life of the relationship with the customer.

f) Non-contractual relationships with customers

Non-contractual relationship with customers, or student portfolio, corresponds to a key intangible asset that is separable and with amount distinct from the tangible assets acquired and goodwill. Non-contractual relationship with customers have finite useful life of 13 years and is accounted for at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated life of the relationship with the customer.

2.12. Impairment of non-financial assets

Assets with indefinite useful lives, such as goodwill, are not subject to amortization and are annually tested to identify the need for impairment. Goodwill impairment is reviewed annually or more frequently if events or changes in circumstances indicate a possible impairment.

Assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts might not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, which is the higher of the fair value of an asset less its costs to sell or its value in use.

For impairment testing purposes, assets are grouped at the smaller cash-generating unit for which there are separately identifiable cash flows. For purposes of this test, goodwill is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that originated the goodwill, as follows: (i) Kroton, (ii) Platos, (iii)Saber, (iv) Vasta, and (v) Other, including SETS.

Non-financial assets, other than goodwill, that have been impaired are subsequently reviewed to determine whether a reversal of the impairment might be recognized at the balance sheet date. As shown in note 2.1, during 2020 the Company reviewed its assumptions and estimated for all Group's CGUs. In particular for Saber business, the measurement of its assets at fair value through the expected net cash in the negotiations involving the sale of its school operation was changed. After all these reviews and measurements, Cogna has recorded impairment loss on the assets in the total amount of R$4,126,163 (considering continuing and discontinued operations). Further information on the impairment test of goodwill intangible assets is described in note 16(b).

2.13. Trade payables (including purchaser's risk)

Trade payables refer to obligations payable for goods or services that have been acquired from suppliers in the ordinary course of business. They are initially recognized at fair value and, subsequently, measured at their amortized cost applying the effective interest method.

Some domestic suppliers have the option of assigning Company receivables, without recourse, to prime financial institutions. Using these transactions, suppliers are able to anticipate their receivables with low financial costs, since the financial institutions take into consideration the Company's credit risk. The Company classifies these transactions in a specific line item called 'Trade payables - purchaser's risk'. These amounts are recognized in the statements of cash flows as operating activities, as such transaction has nature similar to trade payables.

2.14. Borrowings, financing and debentures

These are initially recognized at fair value, less transaction costs incurred, and 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 borrowings are in progress, applying the effective interest 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 date.

2.15. Lease – right of use

Beginning January 1, 2019, the Company adopted CPC 06 (R2) / IFRS 16 *Leases*. The new standard superseded IAS 17 *Leases* and related interpretations, where property lessees start to recognize the future payments liability and the right of use of the leased assets for basically all leases, including operating leases. Only certain short-term or low-value contracts remained outside the scope of this new standard.

In this scenario, existing leases impacted the financial statements as follows: (a) recognition of right-of-use assets and lease liabilities in the consolidated balance sheet, initially measured at the present value of the minimum future lease payments; (b) recognition of depreciation expenses of right-of-use assets and interest expenses on lease liabilities in the consolidated statement of profit and loss, and; (c) segregation of the total cash amount paid in these transactions into principal (disclosed in financing activities) and interest (disclosed in operating activities) in the consolidated statement of cash flows.

In 2019, as transition method to the new standard, Management elected the modified retrospective approach, with the cumulative effect of its initial application recognized as adjustment to the opening balance of equity and without restatement of comparative periods.

2.16. Provision for civil, labor, and tax contingencies

Provisions for losses on lawsuits and administrative proceedings of labor, tax and civil nature are recognized when: (i) the Group has a legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) its amount can be reliably estimated.

Provisions are measured at the present value of the expenditures required to settle the obligation, using a pretax rate, which reflects the current market assessments of the time value of money and specific risks of the obligation. The increase in the obligation due to the time elapsed is recognized as finance costs.

2.17. Liabilities assumed in business combination

Within the context of CPC 15 *Business Combinations* – the Company, based on the reports issued by its legal and financial advisors, recognizes a provision for the liabilities assumed in the business combination. These are recognized when the Company identifies potential nonconformities in relation to past practices adopted by subsidiaries acquired by the Company with respect to the compliance with labor, civil and tax laws and related to the period it was owned by the sellers of the acquirees.

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

2.18. Current and deferred income tax and social contribution

Tax profit or loss for the year comprises current and deferred income tax (IRPJ) and social contribution (CSLL), calculated on the pretax profit recognized in the statement of profit and loss.

IRPJ and CSLL are calculated at the tax rates of 25% and 9%, respectively, adjusted to taxable income by the additions and deductions set forth in the tax law. Deferred income tax and social contribution are calculated on tax loss carryforwards and other temporary differences in asset and liability balances for tax purposes and in the financial statements. Deferred income tax and social contribution assets and liabilities are recorded at the total amount in the financial statements, except if, in the case of assets, the realization of future taxable income is not probable and, in this scenario, there is a limit on the amount of the deferred tax asset to be recognized. The tax rates currently defined for determination of these deferred taxes are 25% for income tax and 9% for social contribution.

Current and deferred income tax and social contribution assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when current and deferred income tax and social contribution assets and liabilities are related to the income tax and social contribution imposed by the same tax authorities on the taxable entity, when there is the intention to settle balances on a net basis.

The higher education entities controlled by the Company are included in the University for All Program (ProUNI), which grants, under Law 11,096 of January 13, 2005, exemption from certain federal taxes (PIS, COFINS, IRPJ e CSLL) to higher education entities that grant partial and full scholarships to low-income students enrolled in traditional and technology degree courses. The regulation is effective until 2024, and is renewable for another 10 years.

As permitted by the tax law, certain subsidiaries whose annual revenue for the year does not exceed R$78,000 can opt for taxation based on deemed income. For these entities, income tax and social contribution are calculated at the rates of 8% and 12%, respectively, on gross revenue (32% when revenue arises from the provision of services and 100% for finance income), upon which regular income tax and social contribution rates are levied.

2.19. Basic and diluted earnings (loss) per share

Basic earnings per share are calculated by dividing profit attributable to the holders of Company common shares by the weight average number of common shares issued in the year, excluding common shares bought by the Company and held in treasury.

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares, considering the conversion of all potential common shares that would result in dilution. The Company has stock options with dilution potential.

2.20. Employee benefits

a) Stock option plan

The Group offers a stock option plan to strategic officers and employees. The fair value of options granted is recognized as an expense over the vesting period (period during which specific vesting terms and conditions must be met). The contra entry is credited to ‘Capital reserves – stock options granted’, in equity. At the end of the reporting period, the Company reviews its estimates of the number of options that will be vested based on their specific terms and conditions. The impact of the revision of initial estimates, if any, is recognized in the statement of profit and loss on a prospective basis.

b) Restricted stock option plan

At the Extraordinary Shareholders’ Meeting held on September 3, 2018, the Company’s shareholders approved the creation of a Restricted Stock Option Plan as an incentive to increase of the performance and retention of officers and/or employees of the Company and other direct or indirect subsidiaries. The fair value of restricted shares granted is measured at the market price of the Company’s shares on the grant date and the granting of restricted shares will be made on non-onerous basis to participants, through the transfer of treasury shares.

On July 31, 2020, Cogna Educação S.A., a shareholder of Vasta Platform Limited, approved the creation of the Restricted Stock Option Plan of its subsidiary Vasta to increase the involvement of the eligible beneficiaries with the subsidiary's creation of value and profitability, as well as to encourage them to make significant contributions to the performance and growth of Vasta Platform Limited in the long term, the fair value of the restricted shares granted being measured at the market price of the shares of subsidiary Vasta on the grant date and the restricted stock being granted on a non-onerous basis to the participants, through the transfer of treasury shares.

2.21. Capital

The Company's common shares are classified in equity. Incremental costs directly attributable to the issuance of new shares or options are stated in equity as a deduction of the amounts raised, net of taxes.

When any of the Company's subsidiaries purchases the Company's shares (treasury shares), the amount paid, including any directly attributable additional costs (net of income tax), is deducted from the capital attributable to the Company's shareholders until the shares are cancelled or reissued. When these shares are subsequently reissued, any amount received, net of any directly attributable additional transaction costs and the related income tax and social contribution effects, is included in the capital attributable to the Company's shareholders.

2.22. Treasury shares

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

2.23. Dividends and interest on capital

The proposed distribution of dividends and interest on capital made by the Company's Management that does not exceed mandatory minimum dividends is recognized as current liabilities in line item 'Dividends and interest on capital' as it is considered a legal obligation under the Company's bylaws. However, the portion of dividends that exceeds mandatory minimum dividends, as declared by Management after the reporting period, but before the date of authorization for issuance of the financial statements, will be recorded when effectively paid. Any dividend paid higher than the mandatory minimum dividend is in line item "additional proposed dividends" in equity.

2.24. Revenue from sales and services

Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services in the normal course of the Group's activities. Revenue is presented net of taxes, returns, rebates and discounts and present value adjustment, as well as after the elimination of intragroup sales.

CPC 47 / IFRS 15 establishes a five-step model to account for revenue from contracts with customers, irrespective of the type of transaction or industry: (i) when the parties to the contract approve the contract and are committed to fulfill their obligations; (ii) when the entity is able to identify the rights of each party regarding the goods or services transferred; (iii) when the entity is able to identify the payment terms for the goods or services to be transferred; (iv) when the contract has business substance; and (v) when it is probable that the entity will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

The policies adopted in relation to the revenue from sale of goods (books, articles, subscription contents), and also from the sale of services (in-class higher education, distance learning higher education, K-12 courses) are described below:

a) Sale of goods

Revenue from the sale of goods is recognized when (or to the extent that) it satisfies the performance obligation upon transferring the promised good to the customer, which can be recognized on a specific time or over the agreement term. The Company recognizes revenue when the good is delivered to the buyer.

Prepayments related to sales of textbook collections are recorded as ‘Advances from customers’ and recognized upon delivery of the material.

b) Sale of services

The Company’s revenue consists mainly of the provision of higher education courses (graduation) and is recognized based on the services provided up to the balance sheet date. The following conditions are observed upon recognition of the revenue from contracts with students, based on the service payment method: (i) the existence of a valid and signed contract; (ii) the service amount is easily identifiable and, (iii) it is probable that the entity will receive the consideration for the services provided.

Monthly tuitions and related discounts vary according to the course, unit, or education level. Six monthly tuitions are charged every semester, and the first one is normally considered as enrollment fee. Students are enrolled for six-month periods and the enrollment is renewed by the student depending on the performance of educational and contractual obligations, at the end of school year.

Higher Education Student Loan Program (FIES) students, who have agreements financed by such governmental program, need to validate and amend the agreement with the National Education Development Fund (FNDE). The Company adopts additional validation and checking procedures, including, without limitation, upon monitoring the status of the agreement amendment process at the FIES Automated System (SisFies), to make sure that installments will be normally received on a recurring basis. Also, the student signs an education service agreement with the Educational Institution (university or college) and, in case of default, the institution can charge the student directly.

For monthly tuitions relating to distance learning (EAD) courses, the partner center that gives the telepresence classes receives between 25% and 36%, which varies according to the size of the classes and is subject to specific rules that can vary for each center. The agreement between the subsidiaries and the center is a joint operation and establishes the rights of the parties over the respective revenues and the obligations for the respective expenses; accordingly, revenue is recognized only on the portion relating to the Company’s and its subsidiaries’ share. Upon receipt of the student monthly tuition, amounts are due to the partner centers.

The revenue from services and K-12 derives mainly from the monthly tuition of schools and language and preparatory courses and is recognized over their term.

The center is a local operating unit that can be both Company-owned or owned by third parties (partners) that is responsible for providing to students a structure – audiovisual resources, library and computer resources – that support distance learning.

c) Revenue from royalties

The revenue from royalties is recognized on accrual basis, based on the essence of the applicable agreements.

In the Group, this revenue refers mainly to the franchise agreements entered into by subsidiary Red Balloon with its franchisees.

2.25. Finance income and finance costs

The Company's finance income and finance costs comprise mainly:

- Interest income on monthly tuitions from students;
- Interest expense arising from borrowings and debentures;
- Net gains/losses on financial assets measured at fair value through profit or loss.

Revenues are recognized when the Company becomes a party to the underlying agreement. When recognizing a financial asset, such financial asset is measured at fair value through profit or loss (applicable to securities), or at amortized cost (applicable to the Company’s other financial assets). In the case of financial liabilities, they will be measured at amortized cost.

2.26. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market players at the measurement date, in the primary market or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its risk of default, including, without limitation, the credit risk of the own business.

If there is no price quoted in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of non-observable inputs. The valuation technique selected incorporates all factors that market players would take into consideration when pricing a transaction. If an asset or liability measured at fair value has a purchase and sales price, the Group measures assets based on purchase prices and the liability based on sales prices. A market is considered to be active if the transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the business determines that the fair value on 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 based on a valuation technique for which any amount is not observable. As the inputs are immaterial in relation to measurement, the financial instrument is initially measured at fair value and adjusted to determine the difference between the fair value on initial recognition and the transaction price. Such difference is subsequently fairly stated in the combined income statement or other comprehensive income over the useful life of the instrument, or until its valuation is fully supported by observable market inputs or the transaction is closed, whichever the first.

To provide an indication of the reliability of the inputs used in fair value measurement, the Company classified its financial instruments based on the judgment and estimates of observable inputs, to the extent possible. The fair value hierarchy is based on the degree to which the fair value used in the valuation techniques is observable as follows:

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

- Level 2: fair value measurements are those derived from inputs other than prices quoted included in Level 1 that are directly or indirectly observable for the asset or liability; 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 (non-observable inputs).

2.27. Adoption of new standards

2.27.1. CPC 00 (R2) *Conceptual Framework for Financial Reporting*

In March 2018, the IASB published its revised Conceptual Framework and the main changes refer to: the definitions of asset and liability; criteria for the recognition, derecognition, measurement, presentation and disclosure of balance sheet and profit or loss line items.

These changes were effective for years beginning on January 1, 2020 and no significant impacts on the Company's financial statements were observed.

2.27.2. CPC 48 / IFRS 9 *Prepayment Features with Negative Compensation*

These amendments did not impact the Company's individual and consolidated financial statements.

2.28. New standards, amendments to and interpretations of standards issues and not yet applicable

The following standard will come into effect after the issuance of the financial statements:

2.28.1. CPC 50 / IFRS 17 *Insurance Contracts*

This pronouncement will supersede the currently effective standard CPC 11 / IFRS 4, after the revision of the international standard by the IASB. The purpose of CPC 50 *Insurance Contracts* is to ensure that an entity provides significant information that fairly represent the essence of these contracts, through a consistent accounting model.

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

There are no other IFRS standards or IFRIC interpretations not yet effective that could materially affect the Company.

3. Critical accounting judgments and estimates

In preparing the financial statements, the Company adopts accounting estimates and judgments that are assessed on an ongoing basis and are based on past experience and other factors, including expected future events considered to be reasonable and relevant under the circumstances. Based on these assumptions, the Group makes forward-looking estimates that can differ from actual results. The estimates and assumptions that present a significant risk and probably would cause a material adjustment to the carrying amount of assets and liabilities for the next year are as follows:

a) **Goodwill impairment, definition of CGUs and financial budget period**

The Group tests goodwill for impairment on annual basis, in accordance with the accounting policy set out in notes 2.12 and 16(b). The CGUs recoverable amounts were determined based on calculations of the value in use, in reliance upon estimates.

The Company reviewed its assumptions of the long-term model used in the impairment test for 2020. The new criteria adopted were analyzed and approved by Management, as well as the rates used. The calculations and impairment test have been prepared by Management in accordance with accounting standards.

b) **Deferred income tax and social contribution**

The liability method (according to the concept described in IAS 12 *Liability Method*) applied to account for deferred income tax and social contribution is used for temporary differences between the carrying amount of the assets and liabilities and the respective tax amounts. Deferred income tax and social contribution assets are revised on each reporting date and decreased by 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 for the years in which these temporary differences must be realized. Future taxable income can be higher or lower than the estimates considered in the determination of deferred tax assets. Further information is disclosed in note 26.

c) **Provision for civil, labor, and tax contingencies**

The Group is a party to numerous lawsuits and administrative proceedings and recognizes a provision for all lawsuits assessed as probable loss. The assessment of the likelihood of loss includes assessing the available evidence, including the opinion of the in-house and outside legal counsel of the Group and its subsidiaries. Also, the Group recognizes a provision for lawsuits assessed as possible loss arising from business combinations, as described in notes 2.17 and 24.6. Management believes that this provision is sufficient and is fairly stated in the financial statements.

d) **Allowance for expected losses**

As described in note 2.7, the Company analyzes receivables from monthly tuitions and other transactions, considering the underlying risks, and records an allowance to cover probable losses on their collection, as show in note 9 (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 assesses and recognizes the impacts of the adjustment to present value taking into consideration the time value of money and the related uncertainties.

f) **Inventories – Allowance for inventory obsolescence**

The Group recognizes an allowance for inventory obsolescence based on the production aging as it believes that this criterion is more consistent with its business model. Under this concept, an allowance for inventory obsolescence is recognized based on the periods described below: (i) produced for more than 13 months and up to 24 months – 50% of the inventory amount; (ii) produced between 25 and 36 months – 80% of the inventory amount; and (iii) produced for more than 36 months – 100% of the inventory amount. The account balances recorded as a result of this policy are disclosed in further details in note 10.

g) **Revenue recognition**

To determine the date in which the five revenue recognition criteria (described in note 2.24) are met, Management exercises its judgment mainly for receivables relating to students with PEP and FIES financing. Additionally, for monthly tuitions of distance learning (EAD) courses, the Company recognizes only the revenue on the portion related to its share.

h) **Allocation of acquisition price – Business combination and accounting treatment of the commitments assumed for acquisition of the remaining noncontrolling interests**

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

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

4. Assets and liabilities held for sale and discontinued operations

Within the context of CPC 31 *Noncurrent Assets Held for Sale and Discontinued Operations*, and as shown in notes 1.2, 2.9 and 36.1, Cogna has entered into, through its subsidiary Saber, and together with Eleva Educação S.A ("Eleva"), a share purchase and sale agreement, whereby it has negotiated the sale of all shares issued by Somos Operações Escolares "SOE", currently responsible for the entire own school operation of Cogna Group ("Saber Escolas"). This transaction is part of the negotiation process involving Cogna and Eleva for the acquisition of the K-12 education systems sold by Eleva's group.

The amount of the consideration to be received on the transaction closing date will be R$912,633, including price adjustment, net debt and subsequent occurrence, and of this total, R$625,000 will be paid in installments within five years, duly adjusted for inflation by the CDI, and the remainder will be used by Saber for the payment of convertible debentures to be issued by Eleva on the closing of the School Transaction. The debentures will be settled on the 30th month after the closing of the School Transaction, it being understood that there are certain redemption and accelerated maturity events set forth in the transaction documents. In case of conduction of an IPO by Eleva, the debentures will be converted into new shares issued by Eleva, which issue price per share will correspond to the issue price per share of Eleva at the IPO, and Cogna will become Eleva's, either directly or indirectly.

Based on the information above, at the material event notices disclosed to the market, in the high probability of consummation of the business with Eleva, as well as other assets (goodwill, deferred taxes and intangible assets allocated, and other), and liabilities (deferred taxes), the Company has reclassified the balances in SOE Balance Sheet to line item "assets held for sale", and "liabilities held for sale", as prescribed by CPC 31. Also, in relation to the impacts on profit or loss, the Company reclassified the balances related to the school business from "gain (loss) on discontinued operations", including the comparative profit or loss for 2019, which is being restated, as prescribed by the standard. Accordingly, we present below the effects arising from the restatements and disclosures of the classification of assets and liabilities of subsidiary Somos Operações Escolares as discontinued operation, as set forth in technical pronouncement CPC 31/ IFRS 5, for the year ended December 31, 2020:

Balance sheet

	SOE 12/31/2020		SOE 12/31/2020
Assets		**Liabilities**	
Cash and cash equivalents	157,969	Borrowings and financing	100
Securities	212,543	Lease – right of use	34,829
Trade receivables	45,869	Trade payables	47,809
Inventories	34,034	Payroll and related taxes	60,763
Advances	6,997	Income tax and social contribution payable	5,629
Recoverable taxes	36,180	Taxes payable	8,292
Other receivables	4,041	Advances from customers	83,642
Related parties	8,626	Taxes in installments	1,495
		Payables for acquisitions	13,069
		Other payables	42,049
		Related parties	13,155
Total current assets	**506,259**	**Total current liabilities**	**310,832**

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

	SOE 12/31/2020		SOE 12/31/2020
Securities	-	Lease – right of use	456,122
Recoverable taxes	337	Payables for acquisitions	10,646
Other receivables	49	Provision for civil, labor, and tax contingencies	7,571
Guarantee against losses in tax, labor and civil contingencies	219,574	Liabilities assumed in business combination	266,963
Escrow deposits	1,648	Deferred income tax and social contribution	120,577
Related parties	3,101	Taxes in installments	1,943
Property, plant and equipment	590,955	Other payables	6,915
Intangible assets	1,080,618	Related parties	308,339
Total noncurrent assets	**1,896,282**	**Total noncurrent liabilities**	**1,179,076**
		Total liabilities	**1,489,908**
		Equity	912,633
Total assets	**2,402,541**	**Total liabilities and equity**	**2,402,541**

(i) The balances of cash and cash equivalents and securities are part of Cogna Group at the balance sheet date, and in accordance with the contractual provisions in the negotiation with Eleva, and until the transaction closing date, the balance of related parties may be used in the Company's operating activities, as well as in the payment of liabilities recorded.

Statement of profit and loss for the year

	SOE	
	12/31/2020	**12/31/2019**
Net revenue from sales and services	**630,032**	672,007
Cost of sales and services	(351,009)	(368,486)
Gross profit	**279,023**	**303,521**
Operating income (expenses)		
Selling expenses	(31,822)	(22,000)
General and administrative expenses	(232,135)	(136,796)
Impairment loss on assets	(2,075,739)	-
Other operating income, net	2,068	1,404
Operating profit before finance income (costs) and taxes	**(2,058,605)**	**146,130**
Finance income (costs)		
Finance income	5,235	11,383
Finance costs	(80,179)	(82,231)
	(74,944)	**(70,848)**
Operating profit/(loss) before taxes	**(2,133,550)**	**75,282**
Income tax and social contribution		
Current	(11,989)	2,532
Deferred	(33,876)	(7,975)
	(45,865)	**(5,443)**
Profit (loss) from discontinued operations	**(2,179,415)**	**69,838**

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

Statement of Cash Flows (i)

		SOE
	12/31/2020	**12/31/2019**
Cash flow from operating activities		
Reconciliation adjustments to profit or loss:		
Discontinued operations in profit or loss	2,173,021	18,550
Changes in operating assets and liabilities:		
Discontinued operations in operating activities	(2,199,044)	(121,312)
Net cash generated by (used in) operating activities	**(26,023)**	**(102,762)**
Cash flow from investing activities		
Discontinued operations in investments	(101,528)	35,546
Net cash (used in) generated by investing activities	**(101,528)**	**35,546**
Cash flow from financing activities		
Discontinued operations in financing activities	(30,418)	(27,381)
Net cash used in (generated by) financing activities	**(30,418)**	**(27,381)**
Increase (decrease) in cash and cash equivalents, net	**(157,969)**	**(94,597)**

(i) The balances herein are being fully considered in the variations occurred in the statements of cash flows.

Statement of value added (i)

		SOE
	12/31/2020	**12/31/2019**
Revenue from sales and services	630,032	672,007
Allowance for expected losses	(11,593)	(8,515)
	618,438	**663,493**
Inputs purchased from third parties		
Cost of sales and services	(17,164)	(21,140)
Supplies, power, outside services and other inputs	21,002	93,845
Impairment loss on assets	(2,075,739)	-
Gross value added	**(1,453,463)**	**736,198**
Withholdings		
Depreciation and amortization	(81,653)	(61,314)
Amortization of allocated goodwill	(61,542)	(51,604)
Net value added	**(1,596,658)**	**623,280**
Wealth received in transfer		
Finance income	5,235	11,965
Total wealth for distribution	**(1,591,423)**	**635,245**

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

		SOE
	12/31/2020	**12/31/2019**
Wealth distributed		
Personnel:		
Direct compensation	268,022	283,155
Benefits	19,555	22,686
Payroll taxes	87,194	91,425
Taxes, fees and contributions:		
Federal	52,239	9,295
State	6	45
Municipal	46	2
Lenders and lessors:		
Finance costs	80,179	82,231
Rentals	80,364	75,350
Copyrights	387	1,218
Shareholders:		
Earnings retained in the year	(2,179,415)	69,838
Total wealth distributed	**(1,591,423)**	**635,245**

(i) The balances herein are being fully considered in the variations occurred in the statement of added value.

We present below the main variations arising from discontinued operations and which are applicable to the Company's profit or loss, according to their nature:

Net revenue

		Discontinued operations
	12/31/2020	**12/31/2019**
Gross revenue	816,945	853,238
Deductions from gross revenue		
Taxes	(48,017)	(54,518)
ProUni	-	-
Discounts and returns	(138,896)	(126,712)
Net revenue	**630,032**	**672,007**

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

Costs and expenses by nature

	Discontinued operations	
	12/31/2020	**12/31/2019**
Payroll and related taxes	(374,770)	(395,074)
Allowance for expected losses	(11,593)	(8,515)
Impairment loss on assets	(2,075,739)	-
Depreciation and amortization	(36,636)	(20,441)
Publicity and advertising	(15,508)	(7,798)
Cost of sales	(17,163)	(21,187)
Amortization of allocated goodwill	(61,542)	(51,584)
Utilities, cleaning, and security	(41,798)	(49,118)
Depreciation - IFRS 16	(45,017)	(40,893)
Consulting and advisory	(7,723)	(11,549)
Other income (expenses), net	(38,373)	(48,550)
Copyrights	(387)	(1,218)
Rental and common area maintenance fees (i)	(5,296)	(6,139)
Fees and contributions	(6,427)	(3,899)
Travel	(2,418)	(7,954)
Outside services	(77)	-
Contingencies	51,830	148,041
	(2,688,637)	**(525,878)**
Cost of sales and services	(351,009)	(368,486)
Selling expenses	(31,822)	(22,000)
General and administrative expenses	(232,135)	(136,796)
Impairment loss on assets	(2,075,739)	-
Other operating income (expenses), net	2,068	1,404
	(2,688,637)	**(525,878)**

Finance income (costs)

	Discontinued operations	
	12/31/2020	**12/31/2019**
Finance income		
Interest on monthly tuitions	688	1,085
Income from short-term investments and securities	4,617	3,079
Discounts obtained	274	631
Sublease interest	-	49
Interest receivable	582	749
Other finance income	(926)	5,790
	5,235	**11,383**
Finance costs		
Lease interest	(46,358)	(43,792)
Interest and costs of debentures	(1,253)	(690)
Adjustment to contingencies	(4,890)	(10,425)
Other finance costs	(21,994)	(16,824)
Banking and collection fees	(1,280)	(4,547)
Interest and fines on late payments	(3,574)	(5,798)
Interest and adjustment on liabilities	(830)	(155)
	(80,179)	**(82,231)**
Finance income (costs)	**(74,944)**	**(70,847)**

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

5. Business combinations

5.1. Acquisitions made in 2020

On January 7, 2020, subsidiary Somos Sistemas has completed the acquisition of all shares representing 100% of the capital of A & R Comércio e Serviços de Informática Ltda. ("Pluri"), and the effects arising from its acquisition and also any gain or loss are disclosed in the Company's financial statements as from 2020. Additionally, on February 13, 2020, Somos Sistemas completed the acquisition of the shares representing 100% of the capital of Mind Makers Editora Educacional Ltda. ("Mind Makers"). The main purpose of these acquisitions is to follow the Company's expansion plan in the B2B sector of the Company's K-12 education segment.

Also during 2020, on March 9, and under the share purchase and sale agreement and other covenants, subsidiary EDE acquired all shares corresponding to 100% of capital of Eduquer Serviços Educacionais Ltda. ("Eduquer"). The purpose of this acquisition is to expand the Group's capacity to serve its most diverse teaching centers and sponsors.

On November 20, 2020, the Company acquired, through its subsidiary Somos Sistemas, all shares corresponding to 100% of the capital of Meritt Informação Educacional Ltda – ME ("Meritt"), a company engaged in the development, sale and exploration of systems, teaching platforms and related activities, including internet.

The table below summarizes the main balance sheet groups, at the date of these acquisitions:

					Consolidated
	Pluri	Mind Makers	Eduquer	Meritt	Total combinations
Current assets					
Total current assets	17,712	3,895	150	1,099	**22,856**
Total noncurrent assets	299	89	111	-	**499**
Total assets	**18,011**	**3,984**	**261**	**1,099**	**23,355**
Current liabilities					
Total current liabilities	11,267	503	14	12	**11,796**
Total noncurrent liabilities	364	998	-	-	**1,362**
Total liabilities	**11,631**	**1,501**	**14**	**12**	**13,158**
Equity	6,380	2,483	247	1,087	10,197
Total liabilities and equity	**18,011**	**3,984**	**261**	**1,099**	**23,355**
Net liabilities	(6,380)	(2,483)	(247)	(1,087)	(10,197)
Acquisition price	27,706	23,586	480	7,530	59,302
Excess acquisition price	**21,326**	**21,103**	**233**	**6,443**	**49,105**
Goodwill allocation:					
Goodwill	11,221	5,043	233	6,443	22,940
Customer portfolio	4,625	-	-	-	4,625
Trademark	-	16,060	-	-	16,060
Inventory appreciation	5,480	-	-	-	5,480
	21,326	**21,103**	**233**	**6,443**	**49,105**

5.2. Acquisitions made in 2019

Acquisition of Somos Educação

On May 7, 2019, as disclosed in note 4.1 to the financial statements for the year ended December 31, 2019, a tender offer related to the acquisition, by Saber, of Somos Educação, in April 2018, was carried out. The results, after official confirmation by B3, demonstrated that Saber has acquired 69,423,445 common shares issued by Somos, equivalent to 26.48% of its share capital, at the price of R$24.55 per share on the settlement date. Accordingly, Saber became the direct and indirect holder of 261,698,903 Somos common shares, representing approximately 99.84% of its share capital. Since the number of shares acquired by Saber in the tender offer exceeded the minimum amount necessary to cancel the publicly-held company registration of Somos, which is 2/3 of the free float eligible for the tender offer, Somos took the necessary actions to cancel such registration, which has occurred on May 22, 2019, through the approval granted in CVM official letter.

Finally, on June 11, 2019, Somos reported to its shareholders that it has paid the redemption amount of up to 378,807 of its free float, equivalent to approximately 0.16% of total issued shares, representing all the common shares that were still held by noncontrolling shareholders after the Public Tender Offer. Further information on the balances and assumptions used in the calculations is disclosed in note 4 to the aforementioned financial statements.

Acquisition of Faculdade Metropolitana

On January 21, 2019, EDE completed the acquisition of 100% of the capital of Centro de Ensino Superior de Marabá Ltda. (“CEMAR”), Centro de Ensino Superior de Parauapebas Ltda. (“CEPAR”), and Centro de Ensino Superior de Paragominas Ltda. (“CESUPAR”), collectively “Faculdade Metropolitana”. The main purpose is to follow the expansion plan of the Company’s higher education segment. Further details on the main groups of the balance sheet accounts affected on the acquisition date is shown in the financial statements as at December 31, 2019.

6. Financial risk management

6.1. General considerations and policies

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

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

The fair values of financial assets and liabilities were calculated based on available market information and valuation techniques appropriate for each situation. However, considerable judgment was required to interpret market inputs and then develop the most appropriate fair value estimates. Accordingly, estimates presented herein are not necessarily indicative of the amounts that could be realized in the market. The use of different market inputs and/or valuation techniques may have a material impact on the estimated fair value. The fair values of the Company's financial instruments as at December 31, 2020 are as follows:

	Fair value hierarchy		Parent		Consolidated
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
Assets - amortized cost					
Cash and cash equivalents	-	410,818	95	2,205,346	371,683
Trade receivables	-	-	-	2,320,087	3,341,216
Receivables from sale of subsidiaries	-	-	-	71,922	389,693
Other receivables	-	501	217	197,183	195,551
Related parties	-	5,631,547	2,533,652	309,767	-
		6,042,866	**2,533,964**	**5,104,305**	**4,298,143**
Assets - fair value through profit or loss					
Securities	1	723	4,103	1,991,462	471,390
		723	**4,103**	**1,991,462**	**471,390**
Liabilities - amortized cost					
Borrowings and financing	-	-	-	1,046	692
Debentures	-	6,998,677	7,859,984	7,220,165	8,083,873
Trade payables	-	236	447	533,590	537,430
Trade payables purchaser's risk	-	-	-	284,808	341,656
Payables for acquisitions	-	-	-	226,276	283,236
Other payables	-	12	-	101,436	147,794
Related parties	-	153,735	175,561	-	-
		7,152,660	**8,035,992**	**8,367,321**	**9,394,681**

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

6.2. Financial risk factors

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

a) Policy on the use of derivative financial instruments

The Company does not have any derivative transactions.

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

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

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

Contract interest rates are shown below:

			Consolidated
	12/31/2020	**12/31/2019**	**Interest rate**
Borrowings and financing	1,046	692	9.41% p.a.
Debentures	7,102,219	7,971,068	100% CDI + interest of 0.65% to 2.95% p.a.
Debentures – SABER 1st issue, 3rd series	117,946	112,805	IPCA + 6.72% p.a.
Payables for acquisitions	107,681	128,933	CDI
Payables for acquisitions	118,595	149,633	IPCA
Payables for acquisitions	0	4,670	Other
Total	**7,447,487**	**8,367,801**	

c) Credit risk

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

Trade receivables – Higher Education (Kroton and Platos)

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

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

Beginning 2015, the Company offered students the private student loan installment plan (PEP) – with the main purpose of offering a payment alternative for any student who was not eligible to the FIES. The purpose of this product is to finance part of a degree—70% to 50% of tuitions, adjusted using the Broad Consumer Price Index (IPCA), payable within the same period as the selected degree period, after graduation.

Beginning 2018, the Company changed the due dates of the financed installments for new students (except at the Faculdade Anhanguera) by postponing the due date of the installments for first semester when a student elected to transfer this product to the following semester. As a result, in the second semester, a student would pay the installments financed in the first semester and the due dates of new revenue are in the following semesters, recognized as revenue from private installment plan. Long-term receivables from students eligible to the PEP are adjusted to present value. Also, the Company has decided that it will not offer this product to new students beginning 2021.

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

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

Trade receivables – K-12 Education (Vasta)

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

Trade receivables – K-12 Education (Saber)

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

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

	Consolidated	
	12/31/2020	**12/31/2019**
Trade receivables (note 9)		
Kroton	4,927,933	4,722,782
Platos	78,287	71,795
Saber	12,034	40,823
Vasta	516,979	494,853
Other	63,826	210,189
Credit card	16,658	20,767
Gross receivables	**5,615,717**	**5,561,209**

Financial instruments and cash deposits

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

	Consolidated	
Cash and cash equivalents (note 7) (i)	**12/31/2020**	**12/31/2019**
AAA (ii)	1,888,676	274,673
AA+	-	80,613
AA (iii)	315,349	11,039
Não aplicável	1,321	5,358
	2,205,346	**371,683**
Securities (note 8) (i)		
AAA (ii)	662,207	47,693
AA (iii)	1,329,255	6
A+	-	423,689
Not applicable	-	2
	1,991,462	**471,390**

(i) Due to the negotiations involving the school operation, and as prescribed by CPC 31, the Company reclassified the amount of R$157,969 of cash and cash equivalents, and the amount of R$212,543 of securities, to line item "Assets held for sale", as further detailed in note 4. These amounts are held by the Company for full use and movement, and are only reclassified for purposes of proper presentation, according to the accounting standards, in the notes to the financial statements.

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

(ii) Since Santander Brasil is not rated by Fitch, the rating awarded by Standard & Poor's was used to rate the short-term investments held in this financial institution amounting to R$2,193,314, of which R$1,699,043 is allocated to cash and cash equivalents and R$494,271 is allocated to securities.

(iii) The investments pegged to the National Treasury bonds are classified by Brazil's rating considering the global scale (BB-), and in the rating correspondence in global and local scale, such rating is AA.

d) Liquidity risk

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

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

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

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

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

Financial liabilities by maturity

				Consolidated
	Less than 1 year	**1-2 years**	**Over 2 years**	**Total**
As at December 31, 2020				
Trade payables	533,590	-	-	533,590
Trade payables - purchaser's risk	284,808	-	-	284,808
Borrowings and financing	229	167	650	1,046
Debentures	2,048,808	1,924,991	3,246,366	7,220,165
Payables for acquisitions	100,728	56,720	68,828	226,276
	2,968,163	**1,981,878**	**3,315,844**	**8,265,885**

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

Financial liabilities by maturity - Budgeted (i)

				Consolidated
	Less than 1 year	1-2 years	Over 2 years	Total
As at December 31, 2020				
Trade payables	533,590	-	-	533,590
Trade payables - purchaser's risk	284,808	-	-	284,808
Borrowings and financing	235	172	668	1,075
Debentures	2,105,310	1,978,078	3,335,894	7,419,282
Payables for acquisitions	103,506	58,284	70,726	232,516
	3,027,449	**2,036,534**	**3,407,288**	**8,471,271**

(i) Considers the most probable scenario for a 12-month period. Projected rates: CDI – 2.76% and IPCA – 4.52% per year.

6.3. Capital management

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

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

As at December 31, 2020, the Company has an adequate capital structure to facilitate its growth strategy, either organically or through acquisitions. The investment decisions take into consideration the expected return potential.

The financial leverage ratios are as follows:

		Consolidated
	12/31/2020	12/31/2019
Borrowings and financing, debentures and payables for acquisitions	(7,447,487)	(8,367,801)
Cash and cash equivalents and securities	4,196,807	843,073
Net debt	**(3,250,680)**	**(7,524,728)**
Equity	13,209,083	15,832,406
Financial leverage ratio	**24.61%**	**47.53%**

The balances above do not consider the effect from assets and liabilities held for sale, as shown in note 4.

6.4. Sensitivity analysis

The table below shows the sensitivity analysis for financial instruments, describing the risks that may result in material losses for the Company, according to a Management assessment, using a most probable scenario for a twelve-month period and the following projected rates: CDI - 2.76% and IPCA -4.52% per year. Additionally, two other scenarios are provided showing a 25% and 50% stress of the risk variable considered, respectively.

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

					Consolidated
As at December 31, 2020	**Exposure**	**Risk**	**Probable scenario**	**Possible scenario -25%**	**Remote scenario -50%**
Short-term investments and securities	4,196,807	CDI increase	115,740	144,674	173,609
Borrowings and financing, debentures and payables indexed to the CDI rate	(7,209,900)	CDI increase	(198,835)	(248,543)	(298,252)
Borrowings and financing, debentures and payables indexed to the IPCA rate	(237,587)	IPCA increase	(10,733)	(13,416)	(16,099)
	(3,250,680)		**(93,828)**	**(117,285)**	**(140,742)**

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

7. Cash and cash equivalents

		Parent		Consolidated
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Cash				
Checking account	103	95	19,438	63
	103	**95**	**19,438**	**63**
Short-term investments				
Fixed-income fund	-	-	-	76,579
Repurchase agreements (i)	21,969	-	537,327	195,927
National Treasury Notes (NTN) (i)	-	-	0	84,518
Bank certificates of deposit (CDBs)	388,746	-	1,648,581	14,596
	410,715	**-**	**2,185,908**	**371,620**
Total continuing operations	**410,818**	**95**	**2,205,346**	**371,683**
Assets held for sale (CPC 31)				
Cash				
Checking account	-	-	4,724	-
	-	**-**	**4,724**	**-**
Short-term investments				
National Treasury Notes (NTN) (i)	-	-	56,815	-
Bank certificate of deposit (CDBs)	-	-	96,430	-
	-	**-**	**153,245**	**-**
Total discontinued operations	**-**	**-**	**157,969**	**-**
Total cash and short-term investments (ii)	**410,818**	**95**	**2,363,315**	**371,683**

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

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

(ii) Comprises total cash and short-term investments held by the Company through its indirect subsidiary SOE, in the amount of R$157,969, which are being reclassified to line item "Assets held for sale", due to the negotiation between Saber and Eleva for sale of the school operation, in conformity with CPC 31. In order to properly calculate the net debt applicable to the financial covenant analyses, it is necessary to consider the total cash and short-term investments shown above, which are held by the Company.

The Company has highly liquid short-term investments, with insignificant risk of change in value, mainly indexed to the CDI or SELIC rate, a significant portion of which is made in exclusive fixed-income funds, managed and administered by major financial institutions. These funds are intended to offer return on the Group's cash and cash equivalents without incurring medium and high risk instruments or securities. The average gross yield of short-term investments is 96.76% of CDI (interbank deposit rate) in the year ended 2020 (97.79% of CDI as at December 31, 2019).

8. Securities

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
National Treasury Bills (LTN)	-	-	15,027	15,482
Financial Bills (LF)	-	58	170,703	25,782
Financial Treasury Bills (LFT)	723	4,045	1,805,732	430,126
	723	**4,103**	**1,991,462**	**471,390**
Current	723	4,103	1,976,436	453,952
Noncurrent	-	-	15,026	17,438
	723	**4,103**	**1,991,462**	**471,390**
Assets held for sale (CPC 31)				
Financial Bills (LF)	-	-	6,202	-
Financial Treasury Bills (LFT)	-	-	206,341	-
Total discontinued operations	**-**	**-**	**212,543**	**-**
Total securities (i)	**723**	**4,103**	**2,204,005**	**471,390**

(i) Comprises total securities held by the Company through its indirect subsidiary SOE, in the amount of R$212,543, which are being reclassified to line item "Assets held for sale", due to the negotiation between Saber and Eleva for sale of the school operation, in conformity with CPC 31. In order to properly calculate the net debt applicable to the financial covenant analyses, it is necessary to consider the total securities shown above, which are held by the Company.

The average gross yield of securities is 96.76% of CDI in the year ended 2020 (97.79% of CDI as at December 31, 2019).

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

9. Trade receivables

a) Breakdown

				12/31/2020
	Trade receivables	Expected loss	Present value adjustment	Trade receivables, net
Credit card (ii)	16,658	-	-	16,658
Kroton	4,927,933	(3,130,563)	(81,175)	1,716,195
Private payment in installments (PEP/PMT)	3,500,804	(2,298,390)	(80,690)	1,121,724
PEP (i)	2,599,592	(1,607,124)	(62,059)	930,409
PMT (i)	901,212	(691,266)	(18,631)	191,315
Kroton without private payment in installments	1,427,129	(832,173)	(485)	594,471
Paying student	1,220,714	(697,415)	(485)	522,814
FIES (public payment in installments)	206,415	(134,758)	-	71,657
Platos	78,287	(24,511)	-	53,776
Saber (ii)	12,034	(950)	-	11,084
Vasta	516,979	(32,055)	-	484,923
Other	63,826	(26,376)	-	37,450
Total	**5,615,717**	**(3,214,455)**	**(81,175)**	**2,320,087**
Total without private payment in installments and credit card	2,098,255	(916,065)	(485)	1,181,705

(i) The Company revised the estimates considered in the expected loss calculation for PEP and PMT, which resulted in the need for additional recognition in the total amount of R$458,600, of which R$238,400 in PEP and R$220,200 in PMT.

(ii) The amounts herein are net of the balances reclassified to line item “assets held for sale”, as a result of the negotiation involving indirect subsidiary Somos Operações Escolares, through da Saber, and Eleva Educação. Further details on the breakdown are shown in note 4.

				12/31/2019
	Trade receivables	Expected loss	Present value adjustment	Trade receivables, net
Credit card	20,767	-	-	20,767
Kroton	4,722,782	(1,944,422)	(172,628)	2,605,732
Private payment in installments (PEP/PMT)	3,161,275	(1,438,467)	(171,710)	1,551,098
PEP	2,311,763	(1,064,909)	(133,799)	1,113,055
PMT	849,512	(373,558)	(37,911)	438,043
Kroton without private payment in installments	1,561,507	(505,955)	(918)	1,054,634
Paying student	1,315,503	(374,831)	(918)	939,754
FIES (public payment in installments)	246,004	(131,124)	-	114,880
Platos	71,795	(16,990)	-	54,805
Saber	40,823	(10,293)	-	30,530
Vasta	494,853	(45,931)	-	448,922
Other	210,189	(29,729)	-	180,460
Total	**5,561,209**	**(2,047,365)**	**(172,628)**	**3,341,216**
Total without private payment in installments and credit card	2,379,167	(608,898)	(918)	1,769,351

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

b) Receivables aging list

	Consolidated	
	12/31/2020 (i)	**12/31/2019**
Current	**2,567,655**	**3,160,456**
Past due		
Up to 30 days	164,061	266,196
31 to 60 days	156,253	391,572
61 to 90 days	201,032	391,838
91 to 180 days	531,323	348,696
181 to 365 days	751,593	547,479
Over 365 days	1,243,799	454,972
Total past due	**3,048,061**	**2,400,753**
Allowance for expected losses	(3,214,455)	(2,047,365)
Present value adjustment	(81,175)	(172,628)
	2,320,087	**3,341,216**

(i) The aging list was calculated considering the maturity of each receivable, except for Kroton Pagante, where receivables were grouped considering the oldest maturity range of the student (drag-down effect).

Kroton – paying students

During 2020, the Company has revised and changed its aging list calculation methodology for the "paying student" product only for the Kroton segment, so as to demonstrate the total amounts receivables from the student standpoint, considering the highest default level. Considering that the main change refers to the way of adding receivables at the rollover range, for 2019 the previously disclosed figures were maintained (as it refers to a change in estimate, which application is made on a prospective basis), and considering the maturity of each receivable within its rollover range. The effects arising from such change are shown below:

	Consolidated			
	12/31/2020 (i)	**%**	**12/31/2019 (ii)**	**%**
Current	**92,973**	**8%**	**252,247**	**19%**
Past due				
Up to 30 days	59,011	5%	185,999	14%
31 to 60 days	54,225	4%	148,214	11%
61 to 90 days	131,193	11%	126,215	10%
91 to 180 days	320,989	26%	208,869	16%
181 to 360 days	359,170	29%	393,041	30%
Over 365 days (iii)	202,668	17%	-	0%
Total past due	**1,127,256**	**92%**	**1,062,338**	**81%**
Gross receivables – paying student	**1,220,229**	**100 %**	**1,314,585**	**100%**
(-) Balance of allowance for expected losses	**697,415**		**374,831**	
Net receivables – paying student	**522,814**		**939,754**	
Percentage of allowance for expected losses/gross receivables	***57.2%***		***28.5%***	

(i) During 2020, the Company revised and changed its estimates of recovery of trade receivables from students, considering : (i) a conservative scenario in the estimated recovery of receivables written off for more than 360 days, and (ii) expected loss at the student's viewpoint based on the oldest receivable to determine the aging range=. These effects together comprise part of the annual variation in the allowance for losses, in the amount of R$185,314. Other effects were the impacts from the COVID-19 effects on the business performance, as mentioned in note 1.2.

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

(ii) The balances in 2019 consider the expected recovery calculated based on the historical average realized, which includes the entire expectation of receipt from the student for the agreement entered into.

(iii) Considers the receivables past due for up to 365 days, or current, for the students whose receivables were already recognized as "effective loss", based on the student's viewpoint.

c) Allowance for expected losses and write-offs

Monthly tuitions

The Company has monthly recognized an allowance for expected losses by analyzing monthly receivables recognized each month (over a twelve-month period for the Kroton segment, and 18 months for the Vasta segment) and the corresponding breakdown by day in arrears and evaluating the recovery performance. Under this methodology, a likelihood of the estimated loss is attributed to each default bracket taking into consideration current and prospective information on the default history of each product. Specifically for the Kroton segment, the calculation methodology was changed during the last quarter of the year, so as to consider the likelihood of loss at the student's viewpoint, which considers all receivables considering the highest default level, and accrues them according to the risk profile, defined by default history, academic information and financial data. The Company considers the expectation of expected cash inflow for its agreements on renegotiated receivables with maturity over 360 days.

Variations in expected losses

Variations in the allowances for expected losses in the year ended December 31, 2020 are as follows:

	Consolidated
Balance as at December 31, 2018	**(1,466,028)**
Addition due to business combination	(1,950)
Write-off against trade receivables	331,406
Recognition	(910,793)
Balance as at December 31, 2019	**(2,047,365)**
Addition due to business combination	(734)
Write-off against trade receivables	453,805
Assets held for sale (i)	17,351
Recognition	(1,637,511)
Balance as at December 31, 2020	**(3,214,455)**

(i) Relating to the balances reclassified to line item "liabilities held for sale", as a result of the negotiations involving the school operation of the Saber segment, as shown in note 4.

When the default period exceeds 365 days (for the Kroton segment), and 540 days (for the Vasta segment), the receivable is written off. Even for written-off receivables, the collection efforts continue and the related collections are already recognized directly in profit or loss when collected.

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

d) Private payment in installments (PEP/PMT)

The balance of receivables from Private Payment in Installments (PEP/PMT) is comprised of receivables from installment payment products offered at Kroton's in-class education, which is segregated into two main products:

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

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

Breakdown of balance

			12/31/2020			12/31/2019
	PEP	**PMT**	**Consolidated**	**PEP**	**PMT**	**Consolidated**
Gross receivables	**2,599,592**	**901,212**	**3,500,804**	**2,311,763**	**849,512**	**3,161,275**
(-) Present value adjustment	(62,059)	(18,631)	(80,690)	(133,799)	(37,911)	(171,710)
Gross receivables after present value adjustment	2,537,533	882,581	3,420,114	2,177,964	811,601	2,989,565
(-) Balance of allowance for expected losses	(1,607,124)	(691,266)	(2,298,390)	(1,064,909)	(373,558)	(1,438,467)
Trade receivables, net	**930,409**	**191,315**	**1,121,724**	**1,113,055**	**438,043**	**1,551,098**
Percentage of allowance for expected losses/gross receivables	-63.3%	-78.3%	-67.2%	-48.9%	-46.0%	-48.1%
Current	1,348,558	486,372	1,834,930	1,567,906	637,483	2,205,389
Past due	1,251,034	414,840	1,665,874	743,857	212,029	955,886
Gross receivables - PEP / PMT	**2,599,592**	**901,212**	**3,500,804**	**2,311,763**	**849,512**	**3,161,275**

The increase in the allowance for losses in 2020 derives from the remeasurement of the historical amounts of the allowance for expected losses recognized. In the case of the PMT, the balance of the allowance corresponds to 100% of the balance of past-due receivables of evaded students, and the remaining balance of the allowance for losses corresponds to 57% of the current balance for active and graduated students. Similarly, in the PEP, the representativeness of the balance in relation to current trade receivables is between 26% and 100% for the amounts of evaded and default students. The accounting practice is described in note 2.7.

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

Profile of PEP receivables

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

	12/31/2020			12/31/2019		
	Total balance	**Current and up to 360 days past due (ii)**	**Over 360 days past due**	**Total balance**	**Current and up to 360 days past due (ii)**	**Over 360 days past due**
Gross receivables before write-offs (i)	**2,913,632**	**1,941,327**	**972,306**	**2,546,407**	**2,148,337**	**398,071**
Active students	1,197,811	1,197,811	-	1,183,515	1,181,667	1,848
Graduated students	205,699	168,460	37,239	239,865	234,027	5,838
Evaded students	1,510,122	575,056	935,066	1,123,028	732,642	390,386

(i) The amount reported in these line items refers to the total amount recognized of trade receivables during the entire period we offer the PEP product to our students. The balances do not consider the receipts and write-offs made in numerous periods, in the amount of R$314,040 as at December 31, 2020 (R$234,644 as at December 31, 2019), in order to demonstrate the amounts deriving from each category of students, which is an important information for the calculation of future expected loss.

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

Expected recovery of PEP and PMT

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

					Consolidated
Effective expected loss with impairment	**4Q20**	**Initial estimate**	**Variation**	**Percentage of allowance for expected losses/gross receivables**	**Variation**
Expected loss on PEP	59.0%	50.0%	9.0 p.p.	63.3%	-4.4 p.p.
Expected loss on PMT	64.6%	50.0%	14.6p.p.	78.3%	-13.8p.p.

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

10. Inventories

	Consolidated	
	12/31/2020	**12/31/2019**
Finished goods	356.969	410.665
Work in process	93.762	48.265
Raw materials	25.497	55.147
Imports in transit	2.931	1.271
Appreciation	784	14.236
Allowance for inventory losses	(113.538)	(122.464)
	366.405	**407.120**

Variations in the allowance for inventory losses are as follows:

	Consolidated
Balance as at December 31, 2018	**(147,134)**
Addition in the year	(16,920)
Inventory losses	41,590
Balance as at December 31, 2019	**(122,464)**
Addition arising from acquirees	(375)
Addition in the year	(32,064)
Assets held for sale (i)	1,159
Inventory losses	49,211
Inventory write-off	(9,005)
Balance as at December 31, 2020	**(113,538)**

(i) Relating to the balances reclassified to line item “liabilities held for sale”, as a result of the negotiations involving the school operation of the Saber segment, as shown in note 4.

11. Recoverable taxes

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Income tax and social contribution (i)	33,956	11,787	187,830	223,599
PIS, COFINS and ISS (ii)	-	-	179,396	179,115
Social security tax (INSS)	-	-	12,400	34,076
Other recoverable taxes	-	-	32,945	39,800
	33,956	**11,787**	**412,571**	**476,590**
Current	33,956	11,787	275,445	346,162
Noncurrent	-	-	137,126	130,428
	33,956	**11,787**	**412,571**	**476,590**

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

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

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

12. Receivables from sale of subsidiaries

	Consolidated	
	12/31/2020	**12/31/2019**
UNIASSELVI (i)	59,451	350,172
FAC	3,218	19,175
FAIR	1,800	10,728
NOVATEC	-	4,319
Colégio Anchieta	-	3,015
UNIRONDON	-	2,014
FAUSB	-	270
JAFAR	7,453	-
	71,922	**389,693**
Current	593	139,162
Noncurrent	71,329	250,531
	71,922	**389,693**

(i) As at December 31, 2020, the Company received, in advance, part of the installments relating to the sale of former subsidiary Uniasselvi, in the amount of R$345,440.

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

		Consolidated			
		12/31/2020		**12/31/2019**	
	Maturity	**Total**	**%**	**Total**	**%**
Total current assets	**Up to one year**	**593**	**0.8**	**139,162**	**35.7**
	One to two years	65,039	90.4	118,923	30.5
	Two to three years	570	0.8	130,902	33.6
	Three to four years	570	0.8	706	0.2
	Four to five years	5,150	7.2	-	0.0
Total noncurrent assets		**71,329**	**99.2**	**250,531**	**64.3**
Total		**71,922**	**100.0**	**389,693**	**100.0**

13. Other receivables

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Prepaid expenses (i)	431	148	28,942	29,496
Receivables from former owners of acquirees (ii)	68	68	83,355	78,410
INSS on severance pay (iii)	-	-	30,859	30,859
Sale of properties (iv)	-	-	13,034	21,813
Other	2	1	40,994	34,973
Total	**501**	**217**	**197,183**	**195,551**
Current	501	217	105,140	96,764
Noncurrent	-	-	92,043	98,787
	501	**217**	**197,183**	**195,551**

(i) Consisting of: R$4,207 in marketing expenses, R$3,579 in software license costs, R$6,099 in deferred revenue on lease back gain, R$7,849 in insurance agreements and R$7,208 in diluted low-value receivables.

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

(ii) Consisting mainly of: (i) contractual rights of reimbursement by the former owners of Academia Paulista Anchieta Ltda. (APA) to subsidiary Anhanguera Educacional S.A, in the adjusted amount of R$65,684, arising from the balance of service tax (ISS) in installments payable under the taxes in installments with incentives (PPI) of the City of São Paulo, (ii) R$2,200 in labor claims of Platos and Other segment; (ii) subsidiary Unime LF has R$1,287 receivable from the former owners relating to the Refis tax in installments, (iv) subsidiary EDE has R$12,634 relating to the debt acknowledgement of unit Soce linhares, (v) R$1,550 in diluted low-value receivables.

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

(iv) Consisting of: R$4,259 relating to the sale of a property in São Luiz do Maranhão (CEAMA), (ii) R$3,519 relating to the sale of property Rio Bravo, (iii) R$5,256 of diluted low-value amounts.

14. Investments

(a) Breakdown of investments in direct subsidiaries

	Parent	
	12/31/2020	12/31/2019
Editora e Distribuidora Educacional S.A. (“EDE”)	2,394,328	5,956,227
Anhanguera Educacional Participações S.A. (“AESAPAR”)	1,579,118	3,004,598
Somos Sistemas de Ensino S.A.	-	3,116,657
Vasta Platform Limited.	3,714,364	-
Saber Serviços Educacionais Ltda.	504,643	2,431,953
Subtotal	**8,192,453**	**14,509,435**
Goodwill, including Anhanguera allocated goodwill	5,716,450	7,381,353
Total	**13,908,903**	**21,890,788**

(b) Information on the direct subsidiaries

						12/31/2020
	Equity interest	Number of shares	Total assets	Total liabilities	Equity	Loss for the year
EDE	100.00%	2,849,615,508	6,140,918	3,746,590	2,394,328	(1,665,406)
AESAPAR	85.56%	687,212,691	5,415,642	3,570,018	1,845,624	(684,067)
VASTA (i)	77.62%	83,011,584	4,808,695	23,377	4,785,318	(57,963)
SABER (ii)	62.04%	5,125,569,249	1,291,903	478,485	813,418	(2,876,586)
			17,657,158	**7,818,470**	**9,838,688**	**(5,284,022)**

(i) Due to the going public process of Vasta, Somos Sistemas de Ensino, previously Cogna’s direct subsidiary, became Vasta’s direct subsidiary which, in turn, acquired all shares of such entity.

(ii) During 2020, the Company revisited the equity interests held in Saber, deriving from the corporate restructuring process, which at the end of the process, made the Company to review and change its equity interest held in Saber to 62.04% (previously 60.75%).

						12/31/2019
	Equity interest	Number of shares	Total assets	Total liabilities	Equity	Loss for the year
EDE	100.00%	2,849,615,508	8,692,789	2,736,562	5,956,227	188,899
AESAPAR	74.46%	756,608,601	6,500,798	2,465,614	4,035,184	231,355
SOMOS SISTEMAS	100.00%	3,737,293,407	6,140,295	3,023,638	3,116,657	(63,734)
SABER	60.75%	5,839,338,457	4,417,764	414,874	4,002,890	(251,848)
			25,751,646	**8,640,688**	**17,110,958**	**104,672**

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

(c) Variations in investment in direct subsidiaries:

							Parent
Investment	**EDE**	**AESAPAR**	**Somos Sistemas**	**Saber**	**Vasta**	**Goodwill**	**Total**
Balance as at December 31, 2019	5,956,227	3,004,598	3,116,657	2,431,954	-	7,381,353	21,890,789
Variations							
Amortization of allocated goodwill	-	-	-	-	-	(71,903)	(71,903)
Share of profit (loss) of investees	(838,100)	(557,486)	(31,934)	(431,215)	(23,858)	-	(1,882,594)
Capital increase (i)	-	24,572	-	372,000	2,425	-	398,997
Impairment of assets (ii)	-	-	-	-	-	(1,593,000)	(1,593,000)
Dividends received from subsidiaries (iii)	(1,521,000)	(893,520)	-	-	-	-	(2,414,520)
Corporate reorganization (iv)	-	-	(3,074,815)	-	3,074,815	-	-
RSU impacts	20,780	954	1,897	374	30,342	-	54,347
Share issuance costs (v)	-	-	-	-	(109,677)	-	(109,677)
Gain on share issuance (v)	-	-	-	-	740,317	-	740,317
Assets held for sale (vi)	(346,435)	-	-	(566,197)	-	-	(912,633)
Discontinued operations (vi)	(827,306)	-	-	(1,352,109)	-	-	(2,179,415)
Other impacts	(49,838)	-	(11,805)	49,838	-	-	(11,805)
Balance as at December 31, 2020	**2,394,328**	**1,579,118**	**-**	**504,644**	**3,714,364**	**5,716,450**	**13,908,904**

(i) The main transaction refers to capital increase and ownership interest in direct subsidiary Saber, carried out on July 1, 2021, in the amount of R$372,000. Accordingly, the Company started to hold 62.04% stake (previously 62.00%).

(ii) Refers to the recognition of impairment in Kroton business, due to the review of cash flows in the long-term model. Further details are shown in notes 2.1, 2.12 and 16(b). In the Parent, such amount is recorded as share of profit (loss) of investees, as it was recognized in its direct subsidiaries.

(iii) As shown in note 29, the Company, for purposes of better capital allocation among the Group's subsidiaries, has received dividends and made transfers of amounts in cash to its subsidiaries, with a contra entry to capital increases or loan agreements, depending on an analysis of each entity.

(iv) Refers to the contribution of interest of Somos Sistemas in Vasta Platform, as part of the going public process (“IPO”) of Vasta, occurred in July 2020.

(v) Refers to the impacts on Cogna’s investment relating to the issuance of shares at Vasta’s going public process (“IPO”) in July 2020. Further details on the transactions are described in note 27.2.

(vi) Refers to the amounts reclassified to line item “Assets held for sale and discontinued operations”, as a result of the negotiation involving indirect subsidiary Somos Operações Escolares, through Saber, and Eleva Educação. The balances disclosed herein correspond to the equity to be derecognized, together with the recognition of impairment loss on the assets related to this transactions, the latter recognized in line item “Share of profit (loss) of investees" in the parent. Further details on the breakdown are shown in note 4.

(d) Information on the indirect subsidiaries

						12/31/2020
	Equity interest	**Number of shares**	**Total assets**	**Total liabilities**	**Equity**	**Profit/loss for the year**
Anhanguera Educacional Ltda.	0.00%	-	-	-	-	1,228
Clínica Médica Anhanguera Ltda..	99.99%	911,700	985	3,837	(2,852)	(3,939)
Anhanguera Educacional Fundo de Investimento em Direitos Creditórios	0.00%	-	-	-	-	1,023
Instituto Excelência Ltda..	99.99%	17,935,579	3,262	95	3,167	(22)
Edufor serviços educacionais Ltda. – ME	99.99%	7,235,300	1,191	978	213	(3,234)
Sociedade Piauiense de Ensino Superior Ltda.	99.99%	24,591,750	23,014	23,718	(704)	(2,597)
Fateci Cursos Técnicos S/S	99.99%	4,427,000	2,830	3,692	(862)	323
Clauder Ciarlini Filho S/S.	99.99%	4,826,000	17,760	21,934	(4,175)	5,385
Sociedade Educacional da Paraíba Ltda..	99.99%	26,137,000	1,344	1,920	(576)	(3,430)
Bacabal Mearim Sistemas de Ensino Ltda..	99.99%	1,570,000	31,828	20,627	11,201	5,679
Centro de Ensino Atenas Maranhense	0.00%	-	-	-	-	(1,659)

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

						12/31/2020
	Equity interest	Number of shares	Total assets	Total liabilities	Equity	Profit/loss for the year
Centro de Ensino Superior de Marabá Ltda.	99.99%	12,729,511	40,411	26,894	13,517	2,844
Centro de Ensino Superior de Parauapebas Ltda.	99.99%	4,675,159	22,619	9,962	12,657	6,062
Centro de Ensino Superior de Paragominas Ltda.	99.99%	974,207	10,030	5,840	4,190	1,550
Orme Serviços Educacionais	99.99%	207,349,196	110,716	56,128	54,588	(26,137)
Projecta Educacional	99.99%	10,234,275	5,626	342	5,285	68
Pitágoras Sistema de Ensino Sociedade	99.99%	384,011,229	1,709,125	1,414,835	294,291	(101,107)
União de Ensino Unopar	99.99%	140,382,801	402,271	286,799	115,472	(32,902)
Unic Educacional	99.99%	210,684,858	654,278	402,212	252,066	(38,894)
Iuni Educacional - Unime Salvador	99.99%	15,916,973	125,173	113,078	12,095	(7,597)
Platos Soluções Educacionais S.A.	99.99%	13,180,772	15,288	3,669	11,619	(1,562)
Centro Educacional Leonardo Da Vinci S/S Ltda.	0.00%	-	-	-	-	2,155
Da Vinci Servicos Educacionais Ltda.	0.00%	-	-	-	-	2,405
SGE Comércio de Material Didático Ltda..	99.99%	24,640,673	11,862	1,325	10,537	1,577
SB Sistemas de Ensino Ltda..	99.99%	102,264	(362)	131	(493)	(580)
Somos Idiomas S.A.	99.99%	120,421,129	226,102	183,390	42,712	4,435
Editora Ática S.A.	99.99%	1,167,583,077	703,635	218,846	484,789	3,316
Editora Scipione S.A.	99.99%	245,673,857	407,030	243,860	163,169	15,907
Somos Educação S.A.	99.99%	524,685,330	470,358	34,695	435,663	(952)
Nice Participações S.A.	99.99%	22,816,962	(454)	392	(847)	(64)
Sistema PH de Ensino Ltda.	99.99%	72,152,441	176,787	119,855	56,932	(5,909)
Maxiprint Editora Ltda.	99.99%	6,457,885	15,202	18,328	(3,126)	(975)
Colégio Motivo Ltda.	99.99%	112,964,242	260,112	243,758	16,354	(23,493)
Acel – Administração de Cursos Educacionais Ltda.	99.99%	109,877,346	332,413	303,329	29,084	(19,461)
ECSA – Escola a Chave do Saber Ltda.	99.99%	6,225,000	13,144	8,752	4,392	(801)
Sociedade Educacional Doze de Outubro Ltda.	99.99%	27,959,535	45,913	37,696	8,217	(6,538)
Sociedade Educacional Paraná Ltda.	0.00%	-	-	-	-	858
Escola Mater Christi Ltda.	99.99%	14,093,700	17,347	9,480	7,866	(742)
Colégio Jaó Ltda.	99.99%	6,991,851	74,160	68,596	5,565	1,156
Educação Inovação e Tecnologia S.A. (AppProva)	99.99%	7,445,415	19,108	2,686	16,422	(10,640)
Somos Educação Investimentos S.A.	99.99%	106,322,080	75,262	22,442	52,820	(11,358)
Papelaria Brasiliana Ltda.	99.99%	341,000	1,671	416	1,256	375
Stoodi Ensino e Treinamento à Distância Ltda.	99.99%	42,988,000	42,867	9,680	33,187	(4,100)
Eligis Tecnologia e Inovação Ltda.	99.99%	8,200	15	30	(15)	(9)
Editora Joaquim Ltda.	99.99%	311,868	424	3	421	0
Editora Pigmento Ltda.	99.99%	347,000	543	5	538	(12)
Editora Todas as Letras Ltda.	99.99%	392,834	675	9	666	(2)
Saraiva Educação S.A.	99.99%	570,430,891	446,204	94,556	351,648	(25,341)
Sociedade Educacional de Rondonópolis Ltda.	99.99%	3,900,000	11,108	10,007	1,101	(1,024)
Sociedade Rondonopolitana de Educação Ltda.	99.99%	1,590,000	4,362	1,107	3,255	910
Sociedade Educacional Neodna Cuiabá Ltda.	99.99%	3,776,344	5,308	4,168	1,140	(563)
CEI - Centro de Educação Integrada Ltda.	51.00%	2,082,592	51,245	40,318	10,927	3,797
Salmo Noventa Centro Educacional eireli	51.00%	1,815,000	1,721	1,381	340	(686)
Escola Infantil Primeiros Passos eireli	51.00%	360,000	2,510	2,973	(462)	(852)
Escola Santo Inacio Ltda.	99.99%	629,000	20,216	20,036	180	(352)
Escola Riacho Doce Ltda.	99.99%	2,016,900	7,022	5,028	1,994	(273)
Curso e Colégio Coqueiro Ltda.	99.99%	3,036,450	5,389	3,482	1,907	(237)
Colégio Ambiental Ltda.	99.99%	2,773,013	7,947	4,356	3,591	189
Colégio Visão Ltda.	99.99%	1,280,382	2,575	1,816	759	(238)
Colégio Cidade Ltda. (Campinas)	99.99%	769,714	1,803	1,181	622	(254)
Colégio do Salvador Ltda..	99.99%	416,367	176,579	176,225	354	(950)
Sociedade Educacional Aphaville S.A	51.00%	500	15,034	15,497	(464)	823
Nucleo Brasileiro De Estudos Avançados Ltda.	99.99%	4,448,980	6,184	3,993	2,191	(395)
Colegio Manaura Latu Sensu Ltda.	99.99%	8,601,283	149,846	182,479	(32,632)	47,561
Colégio LS Cidade Nova Ltda.	99.99%	1,800,889	1,220	1,268	(48)	(685)
Colégio Manauara Cidade Nova Ltda.	99.99%	1,451,001	9,763	11,972	(2,209)	1,409
Somos Operações Escolares S.A.	99.99%	1,119,584,175	1,004,475	87,066	917,409	(79,450)
Colégio Anglo São Paulo	99.99%	1,000	1	-	1	-
Livro Fácil	99.99%	103,768,018	135,544	57,640	77,904	(14,070)
Saraiva Soluções Educacionais S.A	99.99%	500	1	-	1	-
Eduquer Serviços Educacionais Ltda.	99.99%	93,700	261	14	247	-
Pluri - A&R Comércio e Serviços de Informática Ltda.	99.99%	7,991,650	21,953	15,461	6,492	111
Mind Makers Editora Educacional Ltda	99.99%	2,318,365	5,904	2,043	3,861	1,052
Merrit Informaçao Educacional Ltda.	99.99%	10,000	714	(18)	732	(154)
Somos Sistemas de Ensino S.A.	99.99%	5,464,689,407	7,021,966	2,228,257	4,793,710	(52,978)

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

15. Property, plant and equipment

Consolidated

	IT equipment	Furniture, equipment and fixtures	Library	Buildings and improvements	PP&E in progress	Land	Right of use (IFRS-16) (i)	Total
Balances as at January 1, 2019	**129,214**	**448,820**	**144,050**	**1,566,915**	**97,834**	**107,695**	**3,436,230**	**5,930,758**
Additions	36,881	65,473	11,622	37,844	178,738	-	632,308	962,866
Addition due to business combination	286	2,447	591	154	-	-	-	3,479
Write-offs	(3,638)	(9,103)	(1,064)	(217,106)	(18,033)	(22,242)	(249,530)	(520,716)
Depreciation	(49,992)	(62,845)	(27,213)	(122,576)	-	-	(258,497)	(521,123)
Transfers	-	-	-	148,952	(202,387)	33,100	20,335	-
Balances as at December 31, 2019	**112,751**	**444,791**	**127,988**	**1,414,184**	**56,151**	**118,553**	**3,580,846**	**5,855,264**
Additions	16,115	24,810	6,189	3,036	101,719	-	516,845	668,714
Addition due to business combination	59	153	-	-	-	-	-	212
Write-offs	(10,024)	(53,004)	(16,609)	(225,920)	(12,721)	-	(754,022)	(1,072,300)
Depreciation	(43,596)	(63,635)	(27,915)	(107,706)	-	-	(273,909)	(516,761)
Assets held for sale (ii)	(2,923)	(15,729)	(52)	(115,718)	(11,074)	-	(445,459)	(590,955)
Transfers	-	-	-	98,847	(98,847)	-	-	-
Balances as at December 31, 2020	**72,382**	**337,386**	**89,601**	**1,066,723**	**35,228**	**118,553**	**2,624,301**	**4,344,174**
Average annual depreciation rate	22%	9%	12%	6%	0%	0%	8%	
Balances as at December 31, 2020:								
Cost	334,852	754,498	305,542	1,450,666	35,228	118,553	3,559,340	6,558,679
Accumulated depreciation	(262,470)	(417,112)	(215,941)	(383,943)	-	-	(935,039)	(2,214,505)

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

(ii) Relating to the balances reclassified to line item "liabilities held for sale", as a result of the negotiations involving the school operation of the Saber segment, as shown in note 4.

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

16. Intangible assets

						Consolidated
	Software	**Content production**	**Operation License**	**Goodwill and allocated intangible assets**	**Other intangible assets**	**Total**
Balances as at January 1, 2019	**556,241**	**184,182**	**11,969**	**20,078,152**	**126,321**	**20,956,865**
Additions	195,510	85,993	8,852	19,289	3,125	312,770
Write-offs	(102)	(624)	(1,902)	-	(276)	(2,903)
Addition due to business combination	-	-	-	49,174	-	49,174
Variation for combinations	-	-	-	(153,095)	-	(153,095)
Amortization	(144,086)	(113,369)	(5,637)	(352,213)	(25,282)	(640,587)
Balances as at December 31, 2019	**607,563**	**156,182**	**13,283**	**19,641,308**	**103,888**	**20,522,225**
Additions (i)	208,159	71,999	4,473	43,624	7,788	336,043
Addition due to business combination	-	177	-	-	-	177
Write-offs	(2,422)	(219)	(2,319)	(158)	-	(5,118)
Impairment loss (iii)	-	-	-	(4,126,163)	-	(4,126,163)
Assets held for sale (ii)	(25,196)	(1,877)	-	(1,053,545)	-	(1,080,618)
Amortization (i)	(173,273)	(107,119)	(7,574)	(329,426)	(10,853)	(628,245)
Balances as at December 31, 2020	**614,831**	**119,143**	**7,863**	**14,175,640**	**100,823**	**15,018,301**
Average annual amortization rate	20%	42%	33%	6%	23%	
Balances as at December 31, 2020:						
Cost	1,262,477	676,734	18,783	14,339,916	207,193	16,505,102
Accumulated amortization	(647,645)	(557,590)	(10,920)	(164,276)	(106,370)	(1,486,801)

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

(ii) Refers to the amounts reclassified to line item “Assets held for sale and discontinued operations”, as a result of the negotiation involving indirect subsidiary Somos Operações Escolares, through Saber, and Eleva Educação. Further details on the breakdown are shown in note 4.

(iii) Refers to amounts recorded during 2020 in the total amount of R$4,126,163, related to the impairment loss; the business affected by such loss were: (i) Kroton, in the amount of R$1,593,000; (ii) Saber in the amount of R$2,075,739 (presented as discontinued operations); and (iii) Other, in the amount of R$457,424.

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

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

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

				Consolidated
			12/31/2020	12/31/2019
	Goodwill and allocated intangible assets	Impairment loss (i)	Account balance	Account balance
Goodwill (ii)	13,631,231	(4,126,163)	9,505,068	14,662,069
Trademark (iii)	2,678,114	-	2,678,114	2,791,570
Operation license and center partner chain (iv)	688,618	-	688,618	697,519
Customer portfolio (v)	1,302,312	-	1,302,312	1,488,030
Non-compete agreement	1,528	-	1,528	2,120
	18,301,803	**(4,126,163)**	**14,175,640**	**19,641,308**

(i) The amounts consider the impairment loss on assets from continuing and discontinued operations.

(ii) Refers to goodwill arising on acquisitions of subsidiaries, classified as arising on expected future earnings. Does not have a finite useful life and is subject to annual impairment tests. The amount presented is net of impairment of assets in the amount of R$4,126,163, as shown in item (b) of this note.

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

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

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

b) Goodwill impairment testing per type

The Company tests at least annually its assets for impairment, or when there is any indication of impairment.

For the year ended December 31, 2020 and as shown in note 1.1, relating to the impacts arising from the Covid-19 pandemic on the Group's business, the Company assessed events occurred in its cash-generating units that could affect its expected recovery of non-financial assets and, after such assessment, impacts were observed mainly on:

(i) At the Kroton Higher Education segment, as a result of the in-class business restructuring, impacted by the closing of units, based on the Kroton turnaround project;

(ii) At the publishing market for products linked to the SETS CGU, mainly due to the closing of stores;

(iii) At the preparatory classes for the Brazilian Bar Association (OAB) tests and public service examinations linked to the "Other" business, as a result of the drop in the sale of these classes, due to cancellation of the previously scheduled Brazilian Bar Association (OAB) tests and public service examinations, without prospects of improvement in the medium term, and;

(iv) At the "Saber" segment, due to the negotiation for sale of the school operation, represented by Somos Operações Escolares, and described in notes 4 and 37, the Company, in the fourth quarter of 2020, has changed the measurement of its assets at fair value through the expected net cash on the school sale transaction, which is expected to be completed by 2021 (until the third quarter, it was assessed based on future cash flows in reliance upon business plans), thus impacting its proper recovery. Therefore, as at December 31, 2020, the remaining balances for this segment are those related to language schools ("Red Balloon").

After assessing these impacts, the Company has decided to change its growth estimate in the long-term projection model, thus impacting the recovery of non-financial assets. As a result of this change, impairment loss was recognized in the amount of R$4,126,163, and the cash-generating units affected by such allowance were: (i) Kroton, in the amount of R$1,593,000, (ii) Saber, in the amount of R$2,075,739; and (ii) other, in the amount of R$457,424.

The following growth assumptions were used in the calculations:

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

Assumption	Kroton	Platos	Vasta	Saber	Other
Number of students - base, attraction and evasion	1. Growth rate in perpetuity at 5.48% (6.11% as previously reported), and discount rate applied (WACC) at 10.56% (10.61% previously reported).	1. Growth rate in perpetuity at 7.10% (6.11% as previously reported), and discount rate applied (WACC) at 10.22% (10.12% previously reported).	1. Growth rate in perpetuity at 7.10% (6.11% as previously reported), and discount rate applied (WACC) at 10.22% (10.08% previously reported).	1. Red Balloon student base with annual average growth from 2020 to 2028 of 1.2% per year and consolidated average ticket with annual average growth from 2020 to 2028 of 2.6% per year.	1. Growth rate in perpetuity at 3.50% (6.11% as previously reported), and discount rate applied (WACC) at 10.22% (10.08% previously reported).
	2. Consolidated average ticket of freshmen up to 2025 with annual average growth (CAGR) from 2021 to 2025 of 0.2% per year and adjustment from 2026 onwards to inflation with annual average growth (CAGR) 2025 - 2028 of 3.5% per year.	2. Net revenue with annual average growth from 2020 to 2028 of 27% per year with launching of two new products, beginning 2020 and 2022.	2. The assumptions were based on the study conducted by an external strategic consulting firm for Cogna, where the market sizes and other business projections were estimated.	2. For the school operation, as at December 31, 2020, the fair value of the sales transaction to be carried out in 2021 was considered.	
	3. Student base at the Campus channel: a. With growth at the 100% online (annual average growth from 2020 to 2028 of 19.6% per year) and EAD Premium categories (annual average growth from 2020 to 2028 of 23.6% per year). b. Stable at the in-class category with annual average growth from 2020 to 2028 of 3% per year.	3. Adjusted EBITDA with annual average growth from 2020 to 2028 of 31% per year with efficiency gain due to the business scalability	3. The growth curve was based on the growth of the Annual Contract Value (ACV), which considers a decreasing growth curve until the desired market share is achieved;		
	4. Student base at the Partner Centers channel with annual average growth from 2020 to 2028 of 7.9% per year				

For the Kroton segment, the assumptions were prepared in conformity with Law No. 13.005/2014 – PNE, and the Company's internal estimates, considering its experience in the industry. In all segments, the rates are presented based on the weighted average of the Company's business and were affected by the inflation curve.

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

Additionally, some indicators used in the test model are based on macroeconomic indicators which can already be obtained and recalculated, such as Brazilian growth projections and changes in the rates used as a basis for the WACC. The Company believes that such procedure complies with the regulatory requirement of impairment testing at least annually or when a clear indication of impairment is observed. The allocation of goodwill and intangible assets allocated per level of cash-generating unit are shown below:

				Consolidated
			12/31/2020	12/31/2019
	Goodwill and allocated intangible assets	**Impairment loss (i)**	**Account balance**	**12/31/2019**
Kroton	10,476,600	(1,593,000)	8,883,600	10,584,258
Platos	74	-	74	56,632
Saber	2,104,038	(2,075,739)	28,299	3,143,062
Vasta	4,811,613	-	4,811,613	4,881,246
Other	909,476	(457,424)	452,054	976,110
	18,301,803	**(4,126,163)**	**14,175,640**	**19,641,308**

(i) The amounts consider the impairment loss on assets from continuing and discontinued operations.

17. Borrowings and financing

(a) Breakdown

				Consolidated
	Issuance	**Maturity**	**12/31/2020**	**12/31/2019**
Working capital	04/19/2012	04/19/2021	48	692
Borrowings - Mind Makers (i)			998	-
Total			**1,046**	**692**
Current liabilities			229	531
Noncurrent liabilities			817	161
			1,046	**692**

(i) Addition deriving from business combination of Mind Makers, as shown in note 4.

(b) Variations

		Consolidated
	12/31/2020	**12/31/2019**
Opening balance	692	55,116
Addition due to business combination	998	-
Increase – principal	100	-
Reclassification of finance leases	-	(53,949)
Interest recognition	72	18
Liabilities held for sale	(100)	-
Interest payment	(71)	-
Principal repayment	(645)	(493)
Closing balance	**1,046**	**692**

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

(c) Repayment schedule

					Consolidated
			12/31/2020		12/31/2019
	Maturity	**Total**	**%**	**Total**	**%**
	Up to one year	229	21.9	531	76.7
Current liabilities		**229**	**21.9**	**531**	**76.7**
	One to two years	167	16.0	161	23.3
	Two to three years	166	15.9	-	0.0
	Three to four years	166	15.9	-	0.0
	Four to five years	166	15.9	-	0.0
	After five years	152	14.5	-	0.0
Noncurrent liabilities		**817**	**78.1**	**161**	**23.3**
		1,046	**100.0**	**692**	**100.0**

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

18. Debentures

(a) Breakdown

					Parent		Consolidated
	Interest	Issuance	Maturity	12/31/2020	12/31/2019	12/31/2020	12/31/2019
4th issue, single series EDE SARAIVA debentures	CDI + 0.80% p.a.	08/27/2018	08/15/2021	-	-	221,489	223,889
1st issue, single series COGNA debentures	CDI + 0.65% p.a.	04/15/2019	04/15/2024	802,709	807,164	802,709	807,164
2nd issue, 1st series COGNA debentures	CDI + 0.75% p.a.	08/15/2018	08/15/2021	985,611	1,152,229	985,611	1,152,229
2nd issue, 2nd series COGNA debentures	CDI + 1.00% p.a.	08/15/2018	08/15/2023	3,717,447	4,348,839	3,717,447	4,348,838
2nd issue, 3rd series COGNA debentures	IPCA + 6.7234% p.a.	08/15/2018	08/15/2025	117,946	112,805	117,946	112,805
3rd and 4th issue, 1st and 2nd series and single series COGNA debentures	CDI + 0.90% p.a. and CDI + 1.70% p.a. + 1.15% p.a.	08/15/2018	08/15/2022	875,090	1,322,675	875,090	1,322,675
5th issue, single series COGNA debentures	CDI + 1.00% p.a.	10/25/2017	10/25/2020	-	116,272	-	116,273
6th issue, single series COGNA debentures	CDI + 2.95% p.a.	05/20/2020	05/20/2023	499,874	-	499,874	-
Total				**6,998,677**	**7,859,984**	**7,220,165**	**8,083,873**
Current liabilities				1,827,320	574,873	2,048,808	578,998
Noncurrent liabilities				5,171,357	7,285,111	5,171,357	7,504,875
				6,998,677	**7,859,984**	**7,220,165**	**8,083,873**

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

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

Consolidated

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

(b) Variations

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance	7,859,984	-	8,083,873	7,628,506
Increase due to debt migration (i)	-	7,041,624	-	-
Increase – principal (ii)	500,000	800,000	500,000	800,000
Increase - issuance costs	(3,469)	(2,339)	(3,469)	(2,339)
Accrued interest	306,239	45,794	314,079	545,811
Cost allocation	10,406	563	10,810	10,659
Interest payment	(413,673)	(25,658)	(424,318)	(556,264)
Principal repayment (iii)	(1,260,810)	-	(1,260,810)	(342,500)
Closing balance	**6,998,677**	**7,859,984**	**7,220,165**	**8,083,873**

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

(ii) Increases made in 2020: On May 20, 2020, the Company, through its parent company Cogna, issued new simple debentures in a single series. 500,000 debentures with face value of one thousand Brazilian reais (R$1,000.00) were subscribed, totaling R$500,000. The debentures will have final maturity in 2023 and principal will be repaid only on this maturity, and the interest due calculated up to the date will be paid semiannually in May and November.

Increases made in 2019: On April 15, 2019, the Parent Company held its first issue of simple debentures, in a single series. 80,000 debentures with face value of ten thousand Brazilian reais (R$10,000) were subscribed, totaling R$800,000. The debentures were issued as registered, book-entry, nonconvertible debentures, without the issue of certificates. Debentures do not contain a renegotiation clause. The debentures have a five-year effective period, with final maturity on April 15, 2024. Principal will be repaid in a lump sum and interest due, calculated up to the due dates, are paid semiannually (April and October).

(iii) Arising from the payments of installments mainly made: (i) in August/20 and November/20, relating to the 3rd and 4th issuance of Cogna Debentures, in the amount of R$432,420; (ii) in October/20, relating to the settlement of the 5th issuance of Cogna Debentures, in the amount of R$100,000; and (iii) in November/20, relating to the 2nd issuance of Cogna Debentures, in the amount of R$728,390.

(c) Performance ratios

Issuances - “Cogna” and “EDE” (quarterly calculations)

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

Adjusted EBTIDA is defined, based on the Company’s consolidated interim financial information (ITR) or consolidated financial statements, as applicable, as the earnings for the twelve (12) months prior to the calculation date, before income tax and social contribution, depreciation and amortization, finance income (costs), and gains or losses from nonrecurring items, plus operating finance income. In the financial statements for the year ended December 31, 2020, the calculation of the financial covenants considers the gain or loss on continuing and discontinued operations, it being necessary to consider the effects shown in note 4, together with the tables in the respective notes to the financial statements.

As at December 31, 2020, the financial ratio relating to the net debt-to-adjusted EBITDA ratio reached 3.23, resulting in the surpassing of such ratio for the second time on alternate basis, which may give rise to the non-automatic accelerated maturity of its debts, in case the ratio is surpassed in one more quarter. The debenture indentures set forth that, in case of the event above, the trustee must call a General Debentureholders Meeting (AGD) within no more than five business days, counted from the date it becomes aware of the event and within the terms prescribed by the law. This AGD will decide on the potential non-declaration of the accelerated maturity, which can be decided by the trustee itself, if no minimum quorum is reached. Considering the current stage of operations and the maintenance of the social distancing measures due to the COVID-19 pandemic, the Company understands, based on the information currently available, that such ratio can be surpassed in the next quarters. Therefore, if the Company believes that there is such possibility, the situation will be addressed with the financial agents in the month following its identification to begin a possible renegotiation of the covenants. Additionally, the other non-financial covenants were met as at December 31, 2020.

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

(d) Repayment schedule

					12/31/2020
			Parent		Consolidated
	Maturity	Total	%	Total	%
	Up to one year	1,827,320	26.1	2,048,808	28.4
Current liabilities		**1,827,320**	**26.1**	**2,048,808**	**28.4**
	One to two years	1,924,991	27.5	1,924,991	26.7
	Two to three years	2,340,641	33.4	2,340,641	32.4
	Three to four years	834,740	11.9	834,740	11.6
	Four to five years	70,985	1.0	70,985	1.0
Noncurrent liabilities		**5,171,357**	**73.9**	**5,171,357**	**71.6**
		6,998,677	**100.0**	**7,220,165**	**100.0**

					12/31/2019
			Parent		Consolidated
	Maturity	Total	%	Total	%
	Up to one year	574,873	7.3	578,998	7.2
Current liabilities		**574,873**	**7.3**	**578,998**	**7.2**
	One to two years	2,023,017	25.7	2,242,781	27.7
	Two to three years	2,227,322	28.3	2,227,322	27.6
	Three to four years	2,129,047	27.1	2,129,047	26.3
	Four to five years	834,999	10.6	834,999	10.3
	After five years	70,726	0.9	70,726	0.9
Noncurrent liabilities		**7,285,111**	**92.7**	**7,504,875**	**92.8**
		7,859,984	**100.0**	**8,083,873**	**100.0**

19. Lease – right of use

Variations

	Consolidated
Balance as at December 31, 2018	-
Opening balance - IFRS 16	3,755,577
Balances as at January 1, 2019	**3,755,577**
Additions	444,914
Adjustments	226,436
Cancellations	(281,048)
Interest payment	(381,191)
Present value adjustment	394,580
Principal repayment	(137,794)
Balances as at December 31, 2019	**4,021,474**

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

Variations	**Consolidated**
Additions	223,017
Adjustments	310,590
Cancellations	(188,190)
Write-off - Campus do Futuro (i)	(683,627)
Interest payment	(401,608)
Present value adjustment (ii)	420,183
Principal repayment	(144,205)
Liabilities held for sale (iii)	(490,951)
Discounts obtained – Covid 19 (iv)	(34,233)
Balances as at December 31, 2020	**3,032,450**
Current	120,082
Noncurrent	2,912,368
	3,032,450

(i) Related to the impacts arising from the feasibility and restructuring study for the Kroton business units (“Kroton Turnaround”), which resulted in renegotiation or termination of agreement of the leased properties.

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

(iii) Relating to the balances reclassified to line item “liabilities held for sale”, as a result of the negotiations involving the school operation of the Saber segment, as shown in note 4.

(iv) The Company has renegotiated its lease agreements due to the Coronavirus pandemic ("COVID-19"). The total impact recorded as a result of the discounts obtained in the renegotiations for the year ended December 31, 2020 was R$34,233.

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

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

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

As permitted by CPC 06 (R2) / IFRS 16, for short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company will elect to recognize the lease expenses on a straight-line basis in the income statements, and therefore will not be included in lease liabilities. The effects for the year ended December 31, 2020 are shown below:

	Consolidated
	12/31/2020
Fixed payments	545,813
Variable payments	2,030
Payments related to short-term and low-value contracts	31,665
Total paid	**579,508**

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

(b) Future commitments

The balances of leases payable related to the “Future commitments” for the year ended December 31, 2020 are as follows:

			Consolidated
	IFRS 16	**(-) PVA**	**12/31/2020**
Up to one year	416,537	(296,455)	120,082
One year up to five years	1,983,732	(876,175)	1,107,557
More than five years	3,873,078	(2,068,267)	1,804,811
	6,273,347	**(3,240,897)**	**3,032,450**

(c) Impacts on the Company’s profit or loss

		Consolidated
	12/31/2020	**12/31/2019**
Statement of profit and loss for the year		
Depreciation and amortization	(273,909)	(258,497)
Finance costs	(420,183)	(395,459)
Finance income	2,849	878
Other gains and losses (i)	44,608	35,432
Gain (loss) on write-off – Campus do Futuro (ii)	97,841	-
	(548,794)	**(617,646)**
Deferred income tax and social contribution	25,664	(13,959)
	(523,130)	**(631,605)**
Lease amounts paid in the year	545,813	518,985
Impact of the new policy on profit or loss	**22,684**	**(112,620)**

(i) Comprised mainly of the discounts obtained in the renegotiation of agreements due to the Covid-19 pandemic.

(ii) Related to the impacts arising from the feasibility and restructuring study for the Kroton business units (“Kroton Turnaround”), which resulted in breach of agreement of the leased properties. As shown in note 32, this project resulted in the recognition of write-offs (property, plant and equipment) and provisions (contractual rescission fines), in the amount of R$318,621.

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

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

				Consolidated
Description	**Balances recorded - IFRS 16 / CPC 06 (R2) (*)**	**Flow with projected inflation**	**Variation in R$**	**Variation in %**
Right of use, net (*)	2,624,301	3,116,619	492,318	18.76%
Lease liability (*)	3,032,450	3,502,102	469,652	15.49%
Finance costs, net	417,334	356,401	(60,933)	-14.60%
Depreciation expense	273,909	324,178	50,269	18.35%
Sublease receivables (*)	37,012	39,383	2,371	6.41%

(*) Considers the balance of continuing operations recorded in the financial statements as at December 31, 2020.

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

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

		12/31/2020
		Consolidated
Cash flows	**Nominal**	**Adjusted to present value**
Consideration payable	6,273,347	3,032,450
Potential PIS/COFINS (3.65%)	(205,384)	(97,443)
	6,067,963	**2,935,007**

20. Trade payables - purchaser's risk

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

As at December 31, 2020, the balance of trade payables - purchaser's risk was R$284,808 (R$341,656 as at December 31, 2019), the weighted average discount rate of the assignment transactions conducted by our suppliers with financial institutions was 0.48% per month (the weighted average discount rate as at December 31, 2019 was 0.55% per month) and the maximum payment deadline was 360 days. The balance is initially recognized net of adjustments to present value, which are subsequently recognized as finance costs.

21. Payroll and related taxes

		Consolidated
Continuing operations	**12/31/2020**	**12/31/2019**
Payroll payable	67,240	87,322
INSS payable	51,688	70,352
Severance pay fund (FGTS) payable	10,110	16,009
Withholding income tax (IRRF) payable	28,966	36,194
Accrued vacation pay	74,989	79,288
Payroll taxes on accruals	24,152	23,568
Accrued profit sharing	27,090	111,142
Other	29,682	39,652
Total continuing operations	**313,917**	**463,527**
Liabilities held for sale (i)	60,763	-
Total	**374,680**	**463,527**

(i) Relating to the balances reclassified to line item "liabilities held for sale", as a result of the negotiations involving the school operation of the Saber segment, as shown in note 4.

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

22. Taxes payable

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Service tax (ISS)	-	-	64,267	60,603
Tax on revenue (PIS)	399	79	716	3,399
Tax on revenue (COFINS)	697	481	11,528	17,724
Withholding income tax (IRRF)	116	130	13,982	11,540
Social contribution (CSLL)	-	-	411	410
Other	342	96	12,541	8,116
	1,554	**786**	**103,445**	**101,792**

23. Payables for acquisitions

	Consolidated	
	12/31/2020	**12/31/2019**
Colégio Lato Sensu	43,144	54,518
Colégio Leonardo da Vinci	51,249	69,816
Uniabc	30,463	29,595
Metropolitana	26,038	37,747
Livraria Livro Fácil	15,907	10,941
Colégio SANTI	-	19,767
Mind Makers	14,262	-
Pluri	12,817	-
ICF	9,186	11,442
Fateci	8,486	8,678
Febac	4,794	5,971
Iesville Educar / Intesc	-	5,719
Meritt	4,330	-
Grupo Visão	-	7,548
IECAC (Sigma Águas Claras)	-	8,243
Other	5,600	13,251
Total	**226,276**	**283,236**
Current	100,728	117,976
Noncurrent	125,548	165,260
	226,276	**283,236**

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

	Consolidated	
	12/31/2020	**12/31/2019**
Opening balance	283,236	325,797
Addition	59,302	55,903
Interest adjustment (i)	16,352	16,792
Write-offs and offsets	(1,011)	-
Present value adjustment	4,949	4,719
Liabilities held for sale (ii)	(23,715)	-
Payments	(112,837)	(119,975)
Closing balance	**226,276**	**283,236**

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

(ii) Relating to the balances reclassified to line item "liabilities held for sale", as a result of the negotiations involving the school operation of the Saber segment, as shown in note 4.

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

Due dates of payables for acquisitions:

					Consolidated
		12/31/2020		12/31/2019	
	Maturity	Total	%	Total	%
	Up to one year	100,728	44.5	117,976	41.7
Total current liabilities		**100,728**	**44.5**	**117,976**	**41.7**
	One to two years	56,720	25.1	43,950	15.5
	Two to three years	58,476	25.8	49,215	17.4
	Three to four years	5,561	2.5	53,741	19.0
	Four years and thereafter	4,791	2.1	18,354	6.5
Total noncurrent liabilities		**125,548**	**55.5**	**165,260**	**58.3**
Total		**226,276**	**100.0**	**283,236**	**100.0**

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

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

24.1. Proceedings with a probable likelihood of loss and variations

The table below shows the variations in contingencies in the year ended December 31, 2020:

				Consolidated
	Tax	Civil	Labor	Total
Balance as at December 31, 2019	268,595	61,861	141,468	471,924
Reallocations between types	(45,847)	(3,652)	49,499	-
Liabilities held for sale (i)	(5,789)	(191)	(1,590)	(7,571)
Additions	24,793	133,140	177,915	335,848
Inflation adjustments	12	716	4,916	5,644
Reversals	(3,043)	(49,784)	(69,829)	(122,656)
Total impact on profit or loss	**21,762**	**84,072**	**113,002**	**218,836**
Payments	(2,878)	(111,306)	(101,951)	(216,135)
Total payments	**(2,878)**	**(111,306)**	**(101,951)**	**(216,135)**
Addition - former sponsor	1,732	1,845	17,124	20,701
Inflation adjustment – former sponsor	2,526	282	697	3,505
Reversal - former sponsor	(21,242)	(2,300)	(46,814)	(70,356)
Total former sponsor (with guarantee)	**(16,984)**	**(173)**	**(28,993)**	**(46,150)**
Inflation adjustment - IFRIC 23	2,528	-	-	2,528
Adoption of IFRIC 23	5,182	-	-	5,182
	7,710	**-**	**-**	**7,710**
Balance as at December 31, 2020	**226,569**	**30,611**	**171,435**	**428,614**

(ii) Relating to the balances reclassified to line item "liabilities held for sale", as a result of the negotiations involving the school operation of the Saber segment, as shown in note 4.

24.2. Main proceedings by nature

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

Labor proceedings

- Labor lawsuit filed against subsidiary Anhanguera, claiming the recognition of an employment relationship of a preparatory course teacher for public contest and the payment of all related benefits, in the amount of R$13,536;

- Class action filed by the Greater São Paulo ABC labor union, filed against subsidiary Anhanguera, the subject matter of which were several claims relating to the compliance with the teachers collective labor agreement, such as: weekly paid rest difference on nightshift premium, five-year salary rises, hourly fee, and distance learning classes (EAD), teacher salary makeup (five-year salary rise, hourly fee, nightshift premium), entry-level teacher salary gap, meal ticket, fine for noncompliance with regulatory clause on entry-level teacher salary gap, and lawyers' fees, totaling R$6,874;

- Class action filed by the Minas Gerais Teachers' Labor Union against subsidiary Anhanguera, claiming salary difference payment, including on partial termination with effects on payroll taxes, (FGTS, INSS, vacation pay, 13th, etc.), welfare fees and fine on the collective bargaining agreement in the amount of R$5,931; and

- The Company is also a party to 1,047 labor lawsuits, with average individual amounts of R$137, totaling R$145,093, Of this total, 298 lawsuits, totaling approximately R$17,413, refer to claims by outsourced workers hired by labor outsourcing companies, attributing joint and several liability to the Company. Labor lawsuits in general have different claims, mainly related to the payment of severance fees, overtime, among other amounts.

Tax proceedings

- Tax collection lawsuits filed by the City of São Paulo charging 2007-2011 Service Tax (ISSQN), for which the former sponsors of Academia Paulista Anchieta, a company acquired by Anhanguera in September 2011, are fully liable, amounting to R$90,315. In 2020, one of the lawsuits was decided favorably to Anhanguera, resulting in the decrease of the total contingency amount by approximately R$13,000, as at December 2019. The Company is covered by a contractual guarantee in the event of an unfavorable outcome;

- Tax collection lawsuit filed by the Municipality of Ipatinga/MG against subsidiary Pitágoras charging the ISSQN from 2010 to 2014, in the amount of R$5,957. The Company filed Motions to Stay Tax Execution in December 2020 which are waiting for the lower court decision;

- Also, the Company is a party to other immaterial lawsuits, individually considered, totaling R$36,766, in addition to the amount of R$93,531 relating to the contingency provided for in accordance with the adoption of standard IFRIC 23 during the last year . More information is available in addition to the financial statements as at December 31, 2019.

Civil proceedings

- Civil class action filed by the General Attorneys' Office in 2009 against subsidiary Anhanguera to verify alleged irregularities related to the consumer right and the method of advertising of courses to students, in the amount of R$9,500; and

- The Company is also a party to 1,099 civil lawsuits, with individual amounts lower than the claims described above, with average amount of R$19, totaling R$21,110. The claims involve mostly consumer complaints.

24.3. Main additions and reversals

The additions and reversals in 2020 refer to variations that had an impact on the Company's profit or loss according to the nature and procedural stage of the claim; the main impacts are shown below:

- In terms of civil lawsuits, in subsidiary Anhanguera, there was the addition of R$9,500 due to the civil class action filed by the General Attorneys' Office and related to the consumer right, in subsidiary EDE Editora e Distribuidora Educacional S/A, there was the addition of R$5,362 due to property damages on breach of agreement. Also, there were other additions totaling R$118,285, with average amount of R$9;

- In terms of labor lawsuits, in subsidiary Anhanguera, there was the addition of R$7,371, considering the changes in the procedural stage of the claim, and of R$3,296 relating to the agreement among the parties, involving claims for recognition of employment relationship and related effects. Also, there were other additions totaling R$167,252, with average amount of R$93;

- In terms of tax lawsuits, in subsidiary Pitágoras – Sistema de Educação Superior Sociedade Ltda, there was the addition of R$5,949, and in subsidiary EDE Editora e Distribuidora Educacional S/A, there was the addition of R$3,501, both considering the changes in the procedural stage of the claim. Also, there were other additions totaling R$6,129, with average amount of R$211;

- The main individual reversal of tax nature in the amount of R$1,525 occurred in subsidiary Editora Scipione. Also, there were other sundry reversals totaling R$1,518, with average amount of R$66;

- The main individual reversal of civil nature in the amount of R$1,597 occurred in subsidiary Anhanguera. Also, there were other smaller widespread reversals totaling R$48,188, with average amount of R$9;

- The main individual reversal of labor nature in the amount of R$2,082 occurred in subsidiary Anhanguera. Also, there were other sundry reversals totaling R$67,747, with average amount of R$61;

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

24.4. Main payments

Payments made in 2020 refer mostly to convictions and settlements made according to the progress and sentence, with effect on the Company's cash, the main cases of which are described below:

- In terms of civil lawsuits, in subsidiary Editora Ática, there was the payment of agreement in the amount of R$8,750 relating to damages on the breach of agreement, in subsidiary Anhanguera, there was the payment of agreement in the amount of R$7,000 relating to pain and suffering, in subsidiary EDE, there was the payment of agreement in the amount of R$4,280, relating to indemnity for property damages due to the rescission of agreement, and also, there were other payments totaling R$91,276 with average amount of R$7;

- In terms of labor lawsuits, there were payments relating to agreements and convictions after sentences in subsidiary Anhanguera, in the amount of R$15,703, in subsidiary Maxiprint in the amount of R$2,119, in subsidiary EDE in the amount of R$2,033, all relating to labor amounts in general, and also, there were other payments totaling R$82,095 with average amount of R$75;

- In terms of tax lawsuits, in subsidiary EDE, there was the payment related to the conviction after sentence, in the amount of R$2,244, relating to ISS, and other payments totaling R$633 with average amount of R$29.

24.5. Proceedings with a possible likelihood of loss

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

				Consolidated
	12/31/2020	**12/31/2019**	**Number 12/31/2020**	**Number 12/31/2019**
Tax	794,871	614,467	337	206
Civil	458,887	367,107	16,746	15,454
Labor	147,251	139,400	1,042	1,214
Total	**1,401,009**	**1,120,974**	**18,125**	**16,874**

As at December 31, 2020, the Company and its parent companies were parties to 18,125 lawsuits/administrative proceedings classified by Management with a possible likelihood of loss based on the opinion of its legal counsel, including 126 proceedings for which the former sponsors are fully or partially liable, the main ones being:

(i) Tax:

- Tax assessment notice issued by the Federal Revenue Service of Brazil against the Company after a tax audit for the non-payment of taxes on the stock options, in January 2014-October 2017, amounting to R$143,524. The Company is liable for this contingency;

- Tax lawsuits filed by the Federal Government claiming the collection of a tax debt consisting of unpaid social security contributions registered as enforceable debt during the period when subsidiary UNIC IUNI Educacional S/A (currently merged into subsidiary Editora e Distribuidora Educacional S/A) was owned by its former sponsor and was entitled to tax immunity as a nonprofit philanthropic entity. The tax proceedings related to this matter total R$130,560. The Company is liable for this contingency;

- Tax assessment notice issued by the Federal Revenue Service of Brazil against subsidiary Editora e Distribuidora Educacional S/A (EDE) to collect social security contributions on the amount paid by the Company to eligible employees in calendar years 2013-2016 as profit sharing. The assessed principal and charges (fine and arrears interest) total R$75,661. The Company is liable for this contingency;

- Tax assessment notice issued by the Federal Revenue Service of Brazil against Editora e Distribuidora Educacional, successor to UNIC IUNI Educacional, related to the non-deductibility of the income tax expense of the Profit Sharing plan in the period 2015-2017. The tax assessment notice was issued in the amount of R$68,667, of which R$46,000 refer to the non-deductibility of the expense and R$22,667 refer to a one-off fine by the monthly recalculation of the corporate income tax with the taxation of profit sharing. The Company is liable for this contingency.

- Tax assessment notice issued by the Municipality of Porto Alegre for the payment of ISSQN from January 2012 to June 2017 against former subsidiary Sociedade Educacional Leonardo da Vinci Ltda, in the amount of R$30,293. The Company is liable for the total amount of the tax assessment notice in the approximate amount of R$20,084.

- Tax collection lawsuit filed by the Municipality of Jacareí claiming the collection of the ISSQN for 2018 against subsidiary Anhanguera in the amount of R$20,630. The Company is liable for this contingency.

- Tax assessment notification (NFL) issued by the Municipality of Salvador against subsidiary Facdelta Iuni Educacional Unime Salvador Ltda for the payment of ISSQN from February 2015 to December 2016, in the amount of R$18,390. The Company is liable for this contingency.

(ii) Civil:

- Indemnity action whereby the plaintiff claims the recognition of pain and suffering and property damages against Academia Paulista Anchieta, a company acquired by Anhanguera in September 2011, the former sponsors are fully responsible for this action, in the amount of R$33,714.

- Execution proceeding relating to the receivables from rentals, which were offset by subsidiary Anhanguera Educacional, pursuant to the share purchase and sale agreement of the former sponsor. The Company is liable for this lawsuit, in the amount of R$10,223.

(iii) Labor:

- Labor lawsuit claiming the recognition of an employment relationship of a preparatory course teacher for public contest and the payment of all related benefits. The Company is liable for this lawsuit, in the amount of R$7.000; and

- Labor lawsuit claiming the recognition of an employment relationship of a teacher and course coordinator and the payment of all related benefits. The Company is liable for this lawsuit, in the amount of R$5,113.

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

24.6. Provision for liabilities assumed in business combinations

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

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

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

				Consolidated
	Tax	Civil	Labor	Total
Balance as at December 31, 2019	**1,633,675**	**144,328**	**853,540**	**2,631,543**
Liabilities held for sale (i)	(175,217)	(1,002)	(90,744)	(266,963)
Inflation adjustments	37,923	4,388	26,327	68,638
Reversals	(135,467)	(44,619)	(199,734)	(379,820)
Total impact on profit or loss	**(97,544)**	**(40,231)**	**(173,407)**	**(311,182)**
Inflation adjustment – former sponsor	1,456	45	2,463	3,964
Reversals - former sponsor	(21,556)	(737)	(22,463)	(44,756)
Total - former sponsor	**(20,100)**	**(692)**	**(20,000)**	**(40,792)**
Balance as at December 31, 2020	**1,340,814**	**102,403**	**569,389**	**2,012,606**
SOMOS	1,300,978	87,711	552,847	1,941,536
ICF	5,642	4,818	9,937	20,397
FATECI / CLAUDER	7,945	9,809	2,149	19,903
CEMAR/CEPAR/CESUPAR	16,878	-	1,107	17,985
FEBAC	9,371	65	3,349	12,785
Balance as at December 31, 2020	**1,340,814**	**102,403**	**569,389**	**2,012,606**

(i) Relating to the balances reclassified to line item "liabilities held for sale", as a result of the negotiations involving the school operation of the Saber segment, as shown in note 4.

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

(i) Tax:

- Tax assessment notice collecting IRPJ and CSLL, plus aggravated fine of 75% due to the disallowance of amortized goodwill and nondeductible expenses, plus one-off fine (for the alleged underpayment of estimated taxes), for calendar years 2011-2014. The tax assessment notice, amounting to R$323,456, was issued against Somos Sistemas de Ensino S.A., and includes as jointly and severally liable the companies Somos Educação S.A. and Ativic S.A. (linked to the Abril Group), pursuant to Article 124, I, of the National Tax Code. The Company is liable for this proceeding;

- Tax assessment notice issued by the Federal Service for the nonpayment of corporate income tax (IRPJ) and social contribution on net income (CSLL), as well as the imposition of aggravated automatic fine of 75% and one-off fine on monthly estimated IRPJ/CSLL, regarding calendar years 2013-2015. The tax assessment notice was issued against Central de Produções GWUP S.A. (not controlled by the Company) and Somos (which was the assessed entity's subsidiary at the time) as jointly and severally liable. The IRPJ and CSLL are being collected due to the disallowance of finance costs, considered nondeductible by the tax auditors, and the disallowance of goodwill amortization. As a result of the adjustments made by the tax auditors, the tax authority also imposed an one-off fine for the alleged nonpayment of monthly estimated IRPJ and CSLL, amounting to R$125,543. Third parties are liable for this proceeding and the Company is the joint debtor. The Company believes that the third-party tax debtor has sufficient financial capacity to settle the tax debt when due;

- Tax assessment notice collecting alleged corporate income tax debts and related increase in other amounts (taxes on revenue, social contribution, and one-off fine) for the years 2000, 2001 and 2002.This tax assessment notice referred to seven infractions and currently only the issue involving goodwill, amounting to R$79,802, is still pending. The Company is liable for this proceeding;

- Based on the history and risk analyses of tax assessments issued due to the utilization of goodwill arising on acquisitions made Somos and the corresponding recognition of tax claim by the tax authority, we took into consideration a potential obligation resulting from past events of R$419,349 and other tax proceedings, including all acquirees, that might be challenged by the tax authority that total R$392,599.

(ii) Labor:

- Based on the history and analyses of risks of past labor claims and as a result of the noncompliance of past labor practices, a potential obligation with respect to payments made to service providers under Self-employed Worker Receipts (RPAs) and corporate invoices was considered, amounting to R$111,104, and other sundry cases of noncompliance with labor laws and regulations totaling R$458,354.

(iii) Civil:

- Based on the history and risk analyses, the Company recognized a potential obligation resulting from past events deriving from fines on the early contract terminations, particularly property lease contracts, which total R$27,737, and other sundry cases of noncompliance with civil laws and regulations totaling R$74,666.

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

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

The main impacts applicable to the Company's cash flow arising from the effects on profit or loss are as follows for the year ended December 31, 2020:

		Impact on profit or loss (adjustment to profit in cash flows)				Impact on cash flow	
		Addition (reversal) of provision	Reversal of escrow account	Accrued interest	Total	Payments (operating activities)	Receipts (investing activities)
Provision for civil, labor, and tax contingencies	Additions	335,848	-	-	335,848	-	-
	Adjustment	-	-	5,644	5,644	-	-
	Adjustment - IFRIC 23	-	-	2,528	2,528	-	-
	Reversal	(122,656)	-	-	(122,656)	-	-
	Payments	-	-	-	-	(216,135)	-
	Effect on profit or loss	**213,192**	**-**	**8,172**	**221,364**	**(216,135)**	**-**
Liabilities assumed in business combination	Adjustment	-	-	68,638	68,638	-	-
	Reversal	(379,820)	-	-	(379,820)	-	-
	Effect on profit or loss	**(379,820)**	**-**	**68,638**	**(311,182)**	**-**	**-**
Guarantees of allowance for losses and escrow	Adjustment	-	-	(10,126)	(10,126)	-	-
	Reversal	16,213	345,244	-	361,457	-	321,506
	Effect on profit or loss	**16,213**	**345,244**	**(10,126)**	**351,331**	**-**	**321,506**
	Total effect	**(150,415)**	**345,244**	**66,684**	**261,513**	**(216,135)**	**321,506**

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

25.1. Escrow deposits

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Tax	-	-	39,084	26,014
Civil	2	17	1,207	17,361
Labor	592	345	33,763	52,296
Total	**594**	**362**	**74,055**	**95,671**

25.2. Negotiation involving the escrow account

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

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

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

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

	Consolidated
Balance as at December 31, 2019	656,624
Inflation adjustments	10,126
Reversal	(345,244)
Derecognition due to receipt	(321,506)
Balance as at December 31, 2020	**-**

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

				Consolidated
	Tax	**Civil**	**Labor**	**Total**
Balance as at December 31, 2019	**227,769**	**106,268**	**139,358**	**473,395**
Liabilities held for sale (ii)	(138,873)	(1,009)	(79,691)	(219,574)
Additions	1,732	1,845	17,124	20,701
Inflation adjustments	3,982	327	3,160	7,469
Reversals	(42,798)	(1,911)	(54,198)	(98,907)
Total - former sponsor	**(37,084)**	**261**	**(33,914)**	**(70,737)**
Reversals	-	(1,126)	(15,087)	(16,213)
Total impact on profit or loss	**-**	**(1,126)**	**(15,087)**	**(16,213)**
Balance as at December 31, 2020	**51,812**	**104,394**	**10,666**	**166,872**

(i) The guarantees recognized as a result of the acquisitions made, as a contra entry to the contingencies disclosed in note 24.2, are contractually provided for and consist of: a) retention of the rentals of properties leased by Company subsidiaries; b) retention of part of the acquisition price; and c) mortgage on the property owned by the sellers. The amounts recognized as provision for contingencies and their contra entry in the form of a guarantee from sellers representing the amounts determined to date, based on the information available in the study prepared by the Company's outside advisors and which might be revised within up to one year from the date of acquisition, as prescribed by CPC 15 *Business Combinations*.

(ii) Relating to the balances reclassified to line item "liabilities held for sale", as a result of the negotiations involving the school operation of the Saber segment, as shown in note 4.

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

26. Current and deferred income tax and social contribution

26.1. Income tax and social contribution in profit or loss

Income tax and social contribution accrued in the year differ from the hypothetical amount that would be obtained with the use of the statutory income tax and social contribution tax rates levied on the profit of the consolidated entities. These principal amounts of additions and/or deductions at the tax basis are shown below:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Profit (loss) before income tax and social contribution for the year	(3,650,867)	140,701	(3,835,601)	108,504
Combined income tax and social contribution rate - %	34%	34%	34%	34%
IRPJ and CSLL at statutory tax rates	**1,241,295**	**(47,838)**	**1,304,104**	**(36,892)**
Share of profit (loss) of investees	(1,181,702)	69,731	1,926	(53)
Tax incentive in subsidiaries subject to ProUni benefit	-	-	7,319	171,652
Net additions (deductions) without recognition of deferred taxes (i)	(1,356)	7,401	(118,444)	17,311
Deferred IRPJ and CSLL on impairment (ii)	-	-	(697,144)	-
Difference of tax rate relating to subsidiary's deemed income	-	-	-	(382)
Deferred IRPJ and CSLL not recognized on subsidiaries' loss for the year	(33,790)	(4,847)	(53,149)	(154,642)
Write-off of deferred income tax and social contribution on goodwill allocated on the sale of Uniasselvi (ii)	-	-	-	(1,488)
Write-off of income tax and social contribution on prior-years' tax loss (iii)	-	-	(195,509)	-
Write-off of income tax and social contribution on prior-years' temporary differences (iii)	-	-	(40,996)	-
Other changes in IRPJ and CSLL	-	258	1,110	68,739
Total IRPJ and CSLL	**24,447**	**24,705**	**209,218**	**64,246**
Current IRPJ and CSLL in profit or loss	-	258	(36,728)	(93,036)
Deferred IRPJ and CSLL in profit or loss	24,447	24,447	245,946	157,281
	24,447	**24,705**	**209,218**	**64,245**

(i) Refers mainly to temporary differences without recognition of deferred IRPJ and CSLL due to the lack of expected realization, in particular in relation to taxes arising from the receipt of escrow, occurred in June 2020, in the amount of R$117,383.

(ii) Refers to temporary differences arising on the recognition of impairment loss on assets, occurred at the business units: Other, in the amount of R$155,524, and Cogna, in the amount of R$541,620, which are further described in note 16(b). The amounts herein do not consider the provision for deferred taxes on the impairment recognized in the operation of Saber schools, in the amount of R$541,344, allocated to line item "gain (loss) on discontinued operations".

(iii) Refers to deferred IRPJ and CSLL on tax loss carryforwards and other temporary differences, which were recognized based on the Company's future projections in 2019 and written off during the third and fourth quarters of 2020 due to the lack of expected realization within the next years, in line with the revaluation of the long-term plan (note 1.1).

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

26.2. Deferred income tax and social contribution

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

			Parent
	12/31/2019	Impacts on profit or loss	12/31/2020
In liabilities			
Goodwill on business combination	(645,426)	24,447	(620,979)
Noncurrent liabilities, net	**(645,426)**	**24,447**	**(620,979)**

					Consolidated
	12/31/2019	Other adjustments	Held for sale (i)	Impacts on profit or loss (ii)	12/31/2020
Income tax/social contribution:					
Tax loss carryforwards	432,774	13,676	(42,330)	51,185	455,305
Temporary differences in taxable income					
Allowance for expected losses	456,807	-	(4,880)	391,078	843,005
Present value adjustment	44,921	-	-	(37,430)	7,491
Provision for contingencies	44,442	-	43,868	(52,192)	36,118
Depreciation and borrowing costs	(22,055)	-	(9,031)	(8,973)	(40,059)
Nondeductible provisions	35,258	-	(2,355)	21,688	54,591
Profit sharing	14,233	-	(830)	(10,859)	2,544
Stock option plan	15,630	-	-	5,222	20,852
Lease – right of use	119,561	-	(11,495)	25,664	133,730
Capital gain	(35,032)	-	-	43,907	8,875
Goodwill on business combination	(1,127,486)	-	147,630	(200,193)	(1,180,049)
Other adjustments	10,733	6,294	-	(17,027)	-
Noncurrent assets (liabilities), net	**(10,214)**	**19,970**	**120,577**	**212,070**	**342,403**
Noncurrent assets	776,733				838,338
(-) Noncurrent liabilities	(786,947)				(495,936)
Total	**(10,214)**				**342,403**

(i) Refers to the amounts reclassified to line item "liabilities held for sale", as a result of the negotiation involving indirect subsidiary Somos Operações Escolares, through Saber, and Eleva Educação. Further details are shown in note 4.

(ii) The balances consider continuing and discontinued operations, the latter further detailed in note 4.

Deferred income tax and social contribution liabilities primarily arise on intangible assets from acquisitions while deferred income tax and social contribution assets arise from tax loss carryforwards and balances of add-backs to prior and current years' taxable income.

Considering the same sensitivity assumptions of the long-term models used in the goodwill impairment test and the review of the Group's corporate restructuring plan, the Company observed in its analysis indication of impairment in the potential recovery of deferred tax assets recorded. Therefore, according to the regulation, the Company wrote-off in September and December 2020 deferred income tax and social contribution assets in the amount of R$236,504, impacting subsidiaries Saber, Anhanguera Participações and Ática, and did not recognize R$153,572 as IRPJ and CSLL on temporary differences generated in 2020 by subsidiary Saber.

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

The table below shows the expected realization of deferred income tax and social contribution per year:

	Consolidated	
Realization year	**Total**	**%**
Up to one year	419,168	50.0%
	419,168	**50.0%**
One to two years	50,300	6.0%
Two to three years	67,067	8.0%
Three years and thereafter	301,802	36.0%
	419,170	**50.0%**
	838,338	**100%**

26.3. Tax incentives

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

The amount of the tax benefits under the ProUni determined for the year ended December 31, 2020, including PIS and COFINS, is R$140,034 (R$340,569 as at December 31, 2019).

27. Equity

27.1. Capital

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

Follow on

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

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

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

Distribution costs

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

Stock position and capital amount

The Company’s capital for the years ended December 31, 2020 and 2019 is broken down as follows:

	12/31/2020		12/31/2019	
	Amount	**Quantity**	**Amount**	**Quantity**
Total ex-treasury shares	7,568,520	1,868,967,805	4,990,250	1,635,134,374
Total treasury shares	99,095	7,638,405	121,427	9,113,832
Total shares	**7,667,615**	**1,876,606,210**	**5,111,677**	**1,644,248,206**

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

	12/31/2020		12/31/2019	
	Amount	**Quantity**	**Amount**	**Quantity**
Opening balance	121,427	9,113,832	190,280	14,642,717
Buyback of treasury shares	-	-	-	-
Shares sold	(22,332)	(1,475,427)	(68,853)	(5,528,885)
Closing balance	**99,095**	**7,638,405**	**121,427**	**9,113,832**

27.2. Capital reserve and granted stock options

The Company grants share-based plans to Group executives and employees, and considered the allocation of the amounts calculated as from the date the executives and employees joined the Group pursuant to CPC 10 / IFRS 2 Share-based Payment. See note 28 for further details.

Equity instruments arising on business combinations

On July 3, 2014, due to the merger of shares in the acquisition of subsidiary Anhanguera, 135,362,103 registered and book-entry common shares, without par value, were issued by the Company. On the same date, the Company made a capital increase based on the carrying amount of R$2,327,299 corresponding to the equity of Anhanguera as at December 31, 2013. The difference between the total acquisition price and the amount attributed to the issued capital of R$5,981,227 was recognized as capital reserve (equity instruments arising from the business combination).

Equity gain on issuance of subsidiary's shares

On July 30, 2020, subsidiary Vasta Platform Ltda. ("Vasta"), pursuant to the US Securities Act of 1933 ("Offering"), has conducted an initial public offering at the price of US$19.00 per Class A share, in the total amount of US$352,934,438.00, upon the issuance of 18,275,492 new Class "A" shares. In addition, the Offering underwriters were granted a 30-day call option of up to 2,786,323 Class A shares at the Offering price, less the subscription discount. Should the Offering underwriters fully exercise by the call option to acquire all the overallotment Class A shares, the gross proceeds of the Offering would be US$405,874,485.00. Vasta's Class A shares began trading on NASDAQ on July 31, 2020 and were settled on August 4, 2020 and the total amount received in cash by Vasta in this transaction was R$1,681,342, net of issuance costs. As a result of the subscription and payment of the new shares upon the offering, the Company recorded equity adjustment of R$740,317 reflecting Vasta's stock appreciation, reducing Cogna's stake in Vasta from 100% to 77.62%.

Due to the variations, the balance of all capital reserve accounts in the year ended December 31, 2020 is R$5,640,563 (R$6,400,167 as at December 31, 2019).

28. Stock option plan

28.1. Restricted stock option plan

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

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

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

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

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

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

The table below shows the variations in the year ended December 31, 2020:

	Number of restricted shares					
PLANS	**12/31/2019**	**Restricted shares granted**	**Restricted shares settled**	**Restricted shares cancelled**	**12/31/2020**	**Average strike price**
2015 Plan - Migrated	795,380	-	(344,100)	(171,482)	279,798	R$9.00
2018 – New	9,803,371	1,280,949	(26,240)	(1,217,154)	9,840,926	R$8.75
TOTAL	**10,598,751**	**1,280,949**	**(370,340)**	**(1,388,636)**	**10,120,724**	

The Company recognized the expenses incurred on the Restricted Stock Option Plan grants amounting to R$26,031 for the year ended December 31, 2020 (R$27,661 for the year ended December 31, 2019) as a contra entry to capital reserves in equity. The Company also recognized as personnel expenses charges amounting to R$4,251 (R$10,155 as at December 31, 2019) as a contra entry to the provisions for charges, in liabilities.

28.2. Stock option plans

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

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

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

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

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

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

(i) In the year ended December 31, 2020, 1,206,924 options were exercised as a contra entry to the sale of treasury shares and, in the period ended December 31, 2019, 4,857,097 options were exercised.

28.3. Fair value calculation and expense in profit or loss

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

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

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

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

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

As at December 31, 2020, R$4,036 were recognized as stock option fair value expenses (R$4,750 recognized as at December 31, 2019).

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

28.4. VASTA's restricted stock option plan

On July 31, 2020, Cogna Educação S.A., then sole shareholder of Vasta Platform Limited, has approved the creation of the Restricted Stock Option Plan of its subsidiary Vasta so as to increase the commitment of eligible beneficiaries to adding value and generating profit for the subsidiary, and to encourage significant contributions for the performance and growth of Vasta Platform Limited in the long term.

Under this plan, rights were granted to employees and executives for the receipt of Class A shares of Vasta Platform limited to 3% of Vasta's total shares, corresponding to 2,490,348 shares.

Vasta offered restricted share granting agreements to the beneficiary, which shares will be allocated to up to five different annual tranches, which acquisition will be subject to the beneficiary's employment at the Company or 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 agreements granted.
The fair value of restricted shares granted is measured at the market price of subsidiary Vasta' shares on the grant date and the granting of restricted shares will be made on non-onerous basis to participants, through the transfer of treasury shares.

The table below shows the variations in the year ended December 31, 2020:

	Number of restricted shares				
PLANS	**12/31/2019**	**Restricted shares granted**	**Restricted shares settled**	**Restricted shares cancelled**	**12/31/2020**
Vasta Plan	-	1,344,008	(411,404)	-	932,604
TOTAL	**-**	**1,344,008**	**(411,404)**	**-**	**932,604**

The Company recognized the amount of R$50,136 relating to Vasta's Restricted Stock Option Plan granting expenses. The Company also recognized as personnel expenses charges amounting to R$14,460 as a contra entry to the provisions for charges, in liabilities.

29. Related parties

29.1. Related-party transactions

The main transactions between the Company and its subsidiaries and related parties in the year ended December 31, 2020 are summarized below:

Related parties - assets:

(i) Cogna is the creditor (debentureholder) of securities which obligation is currently held by Somos Sistemas deriving from a spin-off with Saber, conducted on December 31, 2019. The amounts, maturity date, payment dates, maturity methods and other terms and conditions correspond to the information disclosed in the private issuance indenture of Saber. The adjusted amount as at December 31, 2020 is R$719,779, regarding which Somos Sistemas is liable for R$691,451 and Saber is liable for R$28,328.

(ii) In April 2019, Cogna transferred the proceeds from its first issuance of debentures carried out on April 15, 2019, to subsidiary EDE. As a contra entry to this movement, EDE issued private debentures to Cogna, which amounts and other obligations corresponded to those set out in the public issuance carried out by the Parent. The adjusted amount as at December 31, 2020 is R$804,268.

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

(iii) There were amounts receivable deriving from the apportionment of corporate expenses between subsidiaries, through debit note, in the amount of R$4,066.

(iv) There were receivables deriving from indemnity agreements between Cogna e a Vasta, in the amount of R$154,275. These transactions are included in the context of the going public process ("IPO") carried out by Vasta in July 2020.

(v) The Company, for purposes of better capital allocation among the Group's subsidiaries, has made transfers of amounts in cash to its subsidiaries, with a contra entry to capital increases or loan agreements, depending on an analysis of each entity. Therefore, loan agreements subject to market rates were entered into, resulting in an amount receivable of R$3,949,159 as at December 31, 2020 in the Parent. Tax on financial transactions (IOF) will not levy on these transactions, as a result of Decree 10,504/2020, enacted by the government, which defines a zero rate for this tax up to yearend. The balances receivable by subsidiary are as follows:

				Parent
Subsidiary	**Principal**	**Interest**	**Settlement**	**12/31/2020**
União	204,000	5,670	-	209,670
Pses	890,000	24,738	-	914,738
Unime Salvador	60,000	1,668	-	61,668
Unic Educacional	290,000	8,061	-	298,061
EDE	1,000,000	27,795	-	1,027,795
Aesapar	1,500,000	41,693	(125,350)	1,416,343
Somos Sistemas	20,000	884	-	20,884
	3,964,000	**110,509**	**(125,350)**	**3,949,159**

(vi) Cogna has amounts receivable from its indirect subsidiary Somos Operações ("SOE"), involved in the negotiation of the Group's schools, occurred between Saber and Editora Eleva (further detailed in note 37.1). The amounts refer mainly to balances payable held by SOE's subsidiaries with other Group companies, in the total net amount of R$309,767. The Company believes that the best presentation of this balance is in line item "related parties". And these amounts will be realized in subsequent period upon the use of the cash held by SOE as at December 31, 2020, abiding by the other contractual of the Agreement with Eleva

Related parties - liabilities:

(i) There were payables from indemnity agreements with Somos Sistemas in the amount of R$153,714, in addition to R$21 relating to other payables.

Other transactions:

(i) In 2020 an Onerous Donation Agreement was entered into by Cogna Educação S/A. with Fundação Pitágoras to ensure that the Foundation meets its corporate and institution purposes. The former Chairman and members of the Company's Board of Directors participate in the Foundation's advisor council. The total amount paid was R$1,854, paid on four different dates during 2020.

(ii) On January 4, 2020, an onerous technical, scientific and cultural cooperation agreement was entered into among Anhanguera Educacional Participações S/A and Fundação Manoel de Barros effective for two years, to ensure that the Foundation meets its corporate and institution purposes. The members of the Advisory Council, Board of Directors and Supervisory Board of Fundação Manoel de Barros are the Company's executive officers. There was a disbursement of R$300 relating to this agreement in 2020.

(iii) Non-residential rental agreements were entered into for college operation in subsidiary EDE, which were rented from Vertia Empreendimentos Imobiliários Ltda., an entity 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 effective date of the rentals for 10 additional years, counted from January 01, 2020. The monthly amount paid under these agreements totals R$2,066. The agreement is adjusted for inflation based on the IPCA.

(iv) Non-residential rental agreements were entered into for college operation of the Campus of UNOPAR, in the City of Londrina, State of Paraná, rented from Creare Administração de Bens Móveis e Imóveis Ltda., an entity controlled by shareholders and former members of the Board of Directors. The agreements are effective for 20 years counted from January 1, 2012. The monthly amount paid by subsidiary EDE under these agreements totals R$1,253.

(v) A rental agreement (and addenda) relating to the property located in São Luiz, State of Maranhão, was entered into for the operation of Pitágoras Sistema de Educação Superior Sociedade Ltda., rented from Sistema Pitágoras de Ensino Sociedade Ltda. – an entity controlled by members of the Board of Directors, shareholders and members of the Founders' Committee. The agreement is effective until August 2023, with a monthly amount of R$218, adjusted based on the IPCA.

(vi) Subsidiary AESAPAR uses property rented from HK Campinas Empreendimentos Imobiliários Ltda., an entity controlled by a first-degree relative of a former member of the Company's Board of Directors, current member of the Founders' Committee and indirect shareholder. The agreement is effective until December 2024, with a fixed monthly amount of R$371, adjusted based on the IPCA.

(vii) On January 11, 2013, the Company entered into a service agreement with Instituto Educa Mais Brasil Programas Educacionais Ltda. ("Instituto Educar") for the implementation and management of the scholarship program offered to students interested in attending higher education classes. The controlling shareholder of Instituto Educar is a first-degree relative of a member of the Founders' Committee and a second-degree relative of a Management member. The agreement entered into with Instituto Educar consists of the provision of services, by Instituto Educar, for the identification, registration, selection and sending to our higher education institutions of candidates for enrollment in the courses offered by such institutions, scholarships being guaranteed to the candidates approved in a selection process. There is no compensation paid by us for the services provided as a result of such agreement. Instituto Educar receives compensation from the student according to the negotiation between the institution and the student. The agreement is effective for two years, automatically renewed, and can be terminated and/or rescinded by any of the parties, at any time, within at least 30 days in advance.

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

29.2. Compensation of key management personnel

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

	12/31/2020	12/31/2019
Payroll	12,311	13,998
Benefits	393	410
Charges	2,865	4,577
Variable compensation (i)	2,015	9,385
Restricted stock option plan and restricted stock	43,810	15,043
	61,394	**43,413**

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

30. Insurance coverage

The Company has a risk management program designed to limit risks, seeking in the market coverage that is compatible with its size and operations. Insurance coverage was obtained at the amount below to cover probable losses, considering the nature of activities, the risks involved in the operations, and advice from insurance brokers.

As at December 31, 2020, the Company and its subsidiaries have the following insurance policies obtained from third parties:

	Coverage
Property, plant and equipment items	338,000
Civil liability and D&O	672,899
Vehicles	20,001
	1,030,900

31. Net revenue from sales and services

						12/31/2020
	Kroton	**Platos**	**Saber**	**Vasta**	**Other**	**Consolidated**
Gross revenue	5,118,918	97,182	56,040	1,155,602	523,308	6,951,050
Deductions from gross revenue						
Taxes	(124,608)	(4,859)	(4,298)	(6,431)	(1,975)	(142,171)
ProUni	(899,847)	-	-	-	-	(899,847)
Discounts and returns	(458,333)	(1,057)	1,296	(151,589)	(30,205)	(639,888)
Net revenue	**3,636,130**	**91,266**	**53,038**	**997,582**	**491,128**	**5,269,144**

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

						12/31/2019 restated note 4
	Kroton	Platos	Saber	Vasta	Other	Consolidated
Gross revenue	6,203,756	90,647	54,711	1,054,871	534,562	7,938,547
Deductions from gross revenue						
Taxes	(140,463)	(5,917)	(6,765)	(9,295)	(1,158)	(163,598)
ProUni	(983,006)	-	-	-	-	(983,006)
Discounts and returns	(300,367)	(3,048)	17,304	(136,299)	(14,346)	(436,756)
Net revenue	**4,779,920**	**81,682**	**65,250**	**909,277**	**519,058**	**6,355,187**

32. Costs and expenses by nature

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019 restated note 4
Payroll and related taxes (i)	(4,036)	(1,265)	(1,647,910)	(1,908,557)
Allowance for expected losses	-	-	(1,625,918)	(902,278)
Impairment loss on assets (ii)	-	-	(2,050,424)	-
Depreciation and amortization	(483)	(3,167)	(505,035)	(530,559)
Publicity and advertising	(206)	(237)	(492,791)	(428,861)
Write-off of escrow account (iii)	-	-	(345,244)	-
Cost of sales	-	-	(371,376)	(347,995)
Amortization of allocated goodwill	(71,903)	(71,903)	(267,884)	(300,629)
Utilities, cleaning, and security	(1,158)	(523)	(296,552)	(363,632)
Depreciation - IFRS 16	-	-	(228,892)	(217,604)
Consulting and advisory	(1,241)	(1,914)	(164,429)	(149,565)
Other income (expenses), net (iv)	4,930	12,517	(321,196)	1,568
Copyrights	-	-	(109,570)	(112,276)
Rental and common area maintenance fees (v)	-	-	(45,010)	(47,543)
Publishing costs	-	-	(54,396)	(109,990)
Fees and contributions	(312)	(21)	(51,197)	(39,929)
Travel	(1)	-	(18,322)	(46,647)
Amortization of inventory appreciation	-	-	(7,995)	(36,029)
Outside services	(5)	-	(6,156)	(10,353)
Contingencies	463	18,097	98,582	66,659
	(73,952)	**(48,416)**	**(8,511,717)**	**(5,484,221)**
Cost of sales and services	-	-	(1,946,924)	(2,441,136)
Selling expenses	-	-	(2,293,415)	(1,514,991)
General and administrative expenses	(73,952)	(48,416)	(1,644,018)	(1,565,964)
Impairment loss on assets	-	-	(2,050,424)	-
Other operating income (expenses), net (iv)	-	-	(576,937)	37,871
	(73,952)	**(48,416)**	**(8,511,717)**	**(5,484,221)**

(i) The drop in lime item "Payroll and related taxes" is directly related to MP 936/20, subsequently passed into Law No. 14.020/2020, which established the proportional reduction of working hours and salary, and the possibility of temporary suspension of the employment contract. Also, it is important to mention that the Company has acted in accordance with the Covid-19 response plan established by the crisis committee established by Management during the year, which has also mitigated the impacts arising from the pandemic on the Group's business.

(ii) Related to changes in growth estimates in the Company's long-term business projection model and also the measurement of the assets involved in the negotiation of the sale of the school operation at fair value, thus resulting in the recognition of impairment at Kroton units (R$1,593,000) and Other/SETS (R$457,424), as shown in note 16(b). The amount does not consider the impairment recognized in the school operations, which is allocated to line item "gain (loss) on discontinued operations", in the total amount of R$2,075,739, pursuant to note 4.

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

(iii) Comprised of the derecognition of guarantee against the escrow account in June de 2020, as shown in note 25.2.

(iv) The increase in other operating expenses refers to the beginning of the restructuring project of Kroton Unit centers (Campus do Futuro), which resulted in the recognition of expenses in the amount of R$318,621, mainly related to the write-off of leasehold improvements and contractual fines.

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

33. Finance income (costs)

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019 restated note 4**
Finance income				
Interest on monthly tuitions	-	-	130,000	206,367
Income from short-term investments and securities	39,562	898	80,687	70,742
Discounts obtained	-	-	1,035	487
Sublease interest	-	-	2,849	829
Interest receivable	-	-	27,937	18,895
Other finance income (ii)	182,221	36,721	37,310	37,814
	221,783	**37,619**	**279,818**	**335,134**
Finance costs				
Lease interest	-	-	(373,825)	(351,667)
Interest and costs of debentures	(316,646)	(49,703)	(326,322)	(555,799)
Adjustment to contingencies	-	-	(71,916)	(98,129)
Other finance costs	(6,421)	(3,783)	(55,554)	(26,151)
Adjustment to payables for acquisitions of subsidiaries	-	-	(21,301)	(21,510)
Banking and collection fees	(22)	(26)	(16,622)	(16,860)
Interest and fines on late payments	-	-	(8,541)	1,479
Interest and adjustment on liabilities	(15)	(82)	(4,431)	(28,802)
	(323,104)	**(53,594)**	**(878,512)**	**(1,097,439)**
Finance income/costs (i)	**(101,321)**	**(15,975)**	**(598,694)**	**(762,305)**

(i) Considers finance income and costs linked to continuing operations in 2020 and 2019. Finance income (costs) deriving from discontinued operations are disclosed in note 4.

(ii) Comprised mainly of interest on intragroup loans granted by Cogna to its subsidiaries, and also the interest on internal debentures, all further detailed in note 29.

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

34. Earnings (loss) per share

34.1. Basic

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

	12/31/2020	12/31/2019
(Loss) profit attributable to owners of the Company	(5,805,835)	235,244
Weighted average number of outstanding common shares	1,849,494	1,632,656
Basic earnings (loss) per common share	**(3.14)**	**0.14**

34.2. Diluted

For dilution purposes, the Company has a stock option plan offered to beneficiaries, which permits the issuance of shares when a stock option becomes vested. The table below shows the calculation of the dilution:

	12/31/2020	12/31/2019
(Loss) profit attributable to owners of the Company	(5,805,835)	235,244
Weighted average number of outstanding common shares	1,849,494	1,632,656
Potential increase in common shares	26,213	27,420
Diluted (loss) earnings per common share	**(3.10)**	**0.14**

35. Segment reporting

The Company manages its activities within the five main operating business segments, as described in note 2.2(d), for purposes of differentiation of the products it offers. As at December 31, 2019, due to the treatment given to the gain (loss) on discontinued operations, in relation to the school operation, the comparative balances for 2019 are being restated, as shown in note 4. The tables below show the results of these segments for the years ended December 31, 2020 and 2019, together with the related balance sheet positions:

							12/31/2020
	Kroton	Platos (i)	Saber (i)	Vasta	Other	Elimination	Total
Net revenue	3,636,130	91,266	53,038	997,582	548,071	(56,943)	5,269,144
Cost of sales and services	(1,143,121)	(10,594)	(40,035)	(393,992)	(416,125)	56,943	(1,946,924)
	2,493,009	**80,672**	**13,004**	**603,590**	**131,946**	**-**	**3,322,221**
Operating expenses:							
Selling expenses	(2,013,106)	(41,159)	(1,051)	(190,184)	(47,915)	-	(2,293,415)
General and administrative expenses	(1,115,650)	(18,507)	(32,900)	(406,321)	(70,640)	-	(1,644,018)
Impairment loss on assets	(1,593,000)	-	(0)	-	(457,424)	-	(2,050,424)
Other expenses, net	(577,488)	(275)	(7,063)	4,283	9,272	-	(571,271)
Operating profit (loss) and before finance income (costs)	**(2,806,235)**	**20,731**	**(28,011)**	**11,368**	**(434,761)**	**-**	**(3,236,908)**
Assets (i)	18,402,821	160,917	691,883	7,051,559	2,074,067	-	28,381,247
Current and noncurrent liabilities (i)	10,839,425	8,457	1,510,477	2,254,753	395,604	-	15,008,716

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

(i) Total assets and liabilities do not consider the amounts allocated to line items "assets and liabilities held for sale".

(ii) The Platos and Saber segments account for a percentage lower than 10% of the Group's total net revue, but the Company believes that such segregation is in line with the internal report provided to the Executive Board, which is main chief operating decision maker.

							12/31/2019 (restated note 4)
	Kroton	Platos	Saber	Vasta	Other	Elimination	Total
Net revenue	4,779,920	81,682	65,250	909,277	526,004	(6,946)	6,355,187
Cost of sales and services	(1,578,759)	(10,831)	(60,047)	(444,365)	(354,080)	6,946	(2,441,136)
	3,201,161	**70,851**	**5,203**	**464,912**	**171,924**	**-**	**3,914,051**
Operating expenses:							
Selling expenses	(1,270,312)	(24,895)	(4,112)	(144,731)	(70,941)	-	(1,514,991)
General and administrative expenses	(1,482,294)	(15,200)	(115,966)	(194,020)	266,689	(25,173)	(1,565,964)
Other expenses, net	84,770	(2,069)	(27,920)	(11,178)	(5,889)	-	37,714
Operating profit (loss) and before finance income (costs)	**533,325**	**28,687**	**(142,796)**	**114,983**	**361,783**	**(25,173)**	**870,809**
Assets	20,109,852	265,770	5,308,033	6,268,327	2,166,464	-	34,118,446
Current and noncurrent liabilities	11,855,354	8,136	2,988,680	3,138,808	292,199	-	18,283,177

36. Supplemental cash flow information

The statements of cash flows are prepared using the indirect method and are presented in accordance with accounting pronouncement CPC 03 (R2)/IAS 7 Statement of Cash Flows. During the year 2020, the Group recognized addition and cancellations of agreements in right-of-use leases, in addition to variations in the guarantees linked to transactions with former sponsors, all with no cash effect. The impacts are as follows:

		12/31/2020
Adjustments to:	**Parent**	**Consolidated**
Property, plant and equipment		
Addition of finance leases (IFRS 16 / CPC 06)	-	516,845
Write-off of finance leases (IFRS 16 / CPC 06)	-	(754,022)
	-	**(237,177)**
Capital		
Gain on issuance of shares, net of costs	740,317	-
Share offering commission, net of taxes	(109,677)	(15,084)
	630,640	**(15,084)**
Liabilities assumed in business combination		
Guarantees from former sponsor	626	70,736
	626	**70,736**
	631,266	**(181,525)**

37. Events after the reporting period

37.1. Transaction with Editora Eleva Educação S.A.

According to the Material Event Notice disclosed to the market on February 22, 2021, Cogna has entered into, through its subsidiary Somos Sistemas, a Share Purchase and Sale Agreement and other covenants (“CCV”) with Eleva Educação S.A. (“Eleva”), whereby it has negotiated the purchase of all shares issued by Eleva, an Eleva Group company, and which will hold, until the closing of the transaction, the rights and assets related to the K-12 education systems sold by Eleva Group (“System Transaction”), in the amount of R$580,000.

On the same date, Saber, upon Cogna’s consent, has signed the share purchase and sale agreement and other covenants together with Eleva, whereby it has negotiated the sale of all shares issued by Somos Operações Escolares (“SOE”), to Eleva. Currently, SOE is responsible for maintaining the entire school operation of Cogna Group (“School Transaction”).

Eleva will pay to Saber at the acquisition price the amount of R$964,000, including net debt adjustments subsequent occurrence, and of this total, R$625,000 will be paid in installments within five (5) years, duly adjusted for inflation by the CDI, and the remainder will be used by Saber for the payment of convertible debentures to be issued by Eleva on the closing of the School Transaction. The debentures will be settled on the 30th month after the closing of the School Transaction, it being understood that there are certain redemption and accelerated maturity events set forth in the transaction documents. In case of conduction of an IPO by Eleva, the debentures will be converted into new shares issued by Eleva, which issue price per share will correspond to the issue price per share of Eleva at the IPO, and Cogna will become Eleva's, either directly or indirectly.

As part of the System Transaction and School Transaction, Cogna, Somos Sistemas and Eleva will sign, on the closing date of the System Transaction and School Transaction, a commercial agreement, effective for ten years for (i) the supply of learning material by Somos Sistemas to Eleva, considering a trade discount in the amount R$15.000 per year, effective for the first four years of effectiveness of the commercial agreement; and (ii) the establishment of a business partnership between Saber, Somos Sistemas and Eleva for the development of new education tools and the expansion of distribution of Eleva’s schools in Brazil.

It is extremely important to stress that the completion of the School Transaction is contingent on certain suspensive conditions, including prior approval by CADE and the closing of the System Transaction.

Cogna and its subsidiaries will maintain their shareholders and the market in general duly informed about the progress of this transaction.

37.2. Acquisition of interest in Sociedade Educacional da Lagoa (“SEL”)

On March 2, 2021, the Company, through its indirect subsidiary Somos Sistemas de Ensino S.A, has acquired all shares corresponding to 100% of the capital of Sociedade Educacional da Lagoa Ltda. (“SEL”), at the total amount of R$65 million.

SEL provides technical and pedagogical services for education platforms, including IT maintenance of these platforms, development and improvement of contents and technical qualification. Founded in 1997, SEL currently directly or indirectly serves 441 schools, 272 thousand students from the K-12 education and approximately 503 thousand students from secondary and continuing Education.

The main purpose of this transaction is to give another important step towards offering a completely digital service to the K-12 education students, also strengthening the business relationship with relevant customers.

* * * * *

MANAGEMENT REPORT 2020

Dear Shareholders,

In accordance with governing law, the Management of Cogna Educação S.A. ("Cogna" or the "Company") is pleased to present its Management Report and Financial Statements for the fiscal year ended December 31, 2020, with comparisons in relation to fiscal year 2019. The consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC). They also were prepared and are presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

About Cogna

Cogna (B3: COGN3; OTCQX: COGNY) is a private educational organization that has been in operation for over 55 years and is present in all Brazilian states, offering a wide range of educational services, from kindergarten to graduate programs. At the end of 2020, Cogna had 840,000 students enrolled in its On-Campus and Distance Learning Postsecondary Education programs at its 176 own units of Postsecondary Education and its 1,544 Distance Learning centers. On October 11, 2018, Cogna concluded the acquisition of Somos Educação S.A., the leading Primary and Secondary Education group in Brazil, thereby becoming a complete education platform, with relevant operations K-12 businesses. In 2020, the consolidated operation had 31,000 students in 52 own schools, 21,000 students in 121 units of Red Balloon, and 1.3 million students served through approximately 4,200 associated schools using our core content, complementary content and digital services solutions.

Note

The Company's operational and financial information for 2020, except when otherwise indicated, is presented based on consolidated figures, including continued and discontinued transactions, in Brazilian reais, in accordance with Brazilian corporate law and the practices adopted in Brazil, already in accordance with international accounting standards (IAS), whose comparations are based on the same period of 2019.

It is noteworthy that the Standardized Financial Statements (SFS) meet CPC 31 / IFRS 5, thus the continued and discontinued operations were presented separately, with greater details of the financial information of the discontinued operations in note 4.

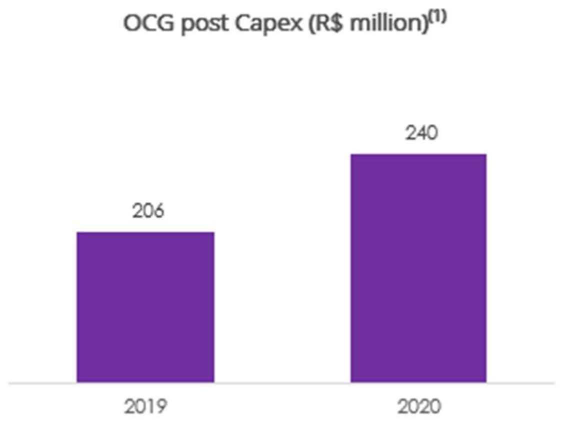
The company's related assets and liabilities of our subsidiary "SOE", related to the Saber Escolas business are presented in the annual financial statements as of December 31, 2020 as assets and liabilities held for sale, and their respective results as discontinued operations from the date of the signature of the contract with Eleva, as described in Note 37, when the transaction met the highly probable criterion that requires the submission of discontinued operations in accordance with CPC 31 / IFRS 5.

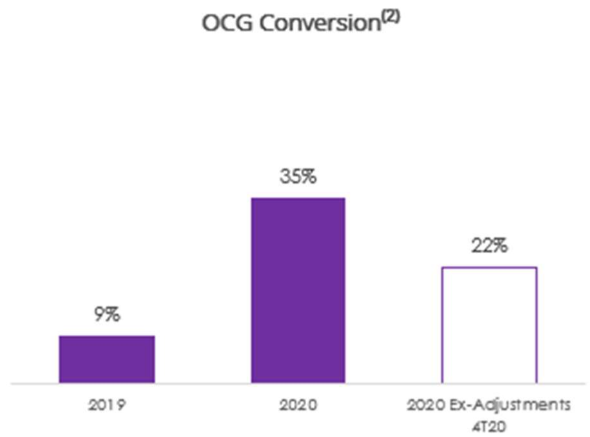
The Company continues to present its financial results with 100% of the assets, liabilities and financial results of the Saber segment.

Message from Management

2020: A DIFFICULT YEAR, BUT WE PREPARED THE COMPANY FOR ITS NEXT VALUE CREATION CYCLE

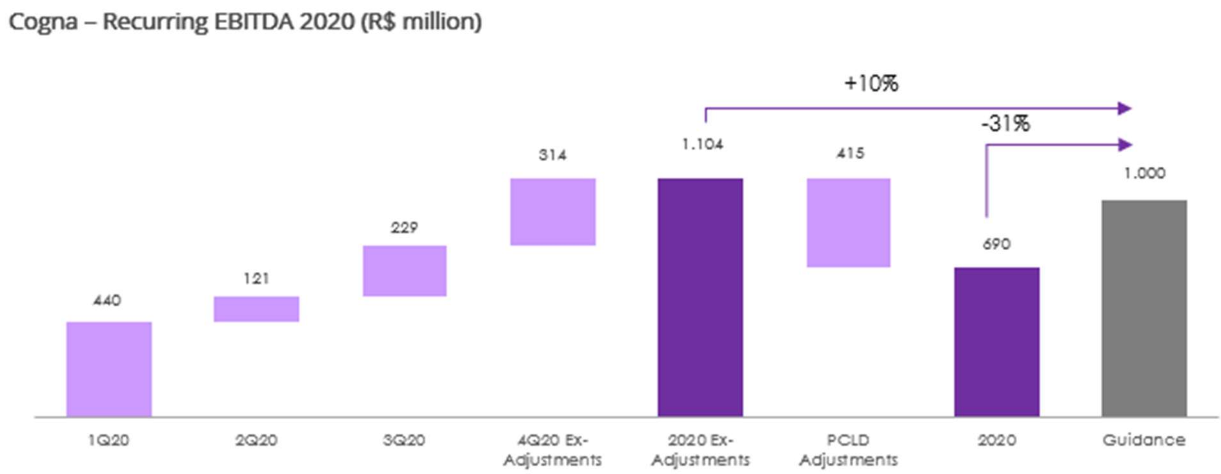
The year 2020 was one of the most difficult in the recent history of Cogna, with declines in revenue and, especially, in EBITDA, due to both operational factors and adjustments to accounts receivable in postsecondary education. The combination of the sharp drop in FIES revenue, the economic slowdown and the Covid-19 pandemic significantly affected the Company's results. We had the option to try and mitigate this impact in 2020 or to be aggressive and make the changes needed to put the Company on a new path of value creation in 2021. We opted for the latter. We completely redesigned our undergraduate operations, adjusting the physical and administrative infrastructure to the new context and making all necessary adjustments to accounts receivable that, as we will detail further, required a new complement in the provision for doubtful accounts (PDA) in the 4Q20. Still, we delivered operating cash flow after capex (GCO) of R$ 240 million in 2020, 17% above the previous year, even with the EBITDA drop. The cash conversion increased to 35%, or 22%, excluding the PDA adjustments of the 4Q20.





(1) Operating Cash Flow Generation after Capex and Investments in Expansion. (2) Operating Cash Flow Generation after Capex and Investments in Expansion divided by the Recurring EBITDA.

The adjustment in the accounts receivable, as will be detailed below, generated the need to supplement the PDA by R$ 415 million in 4Q20, bringing the recurring EBITDA to R$ 690 million. Excluding this PDA adjustment, which has a non-cash effect, the guidance would have been exceeded by 10%.



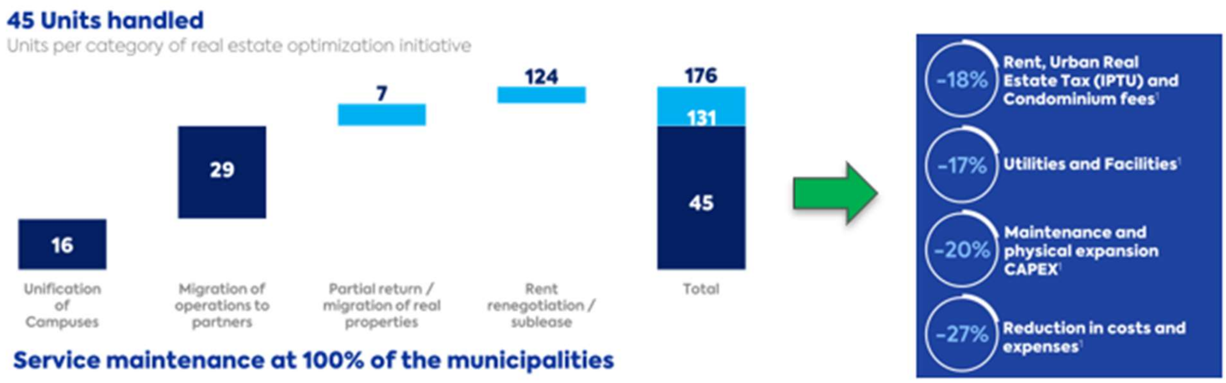
Also due to this complement to the PDA, the net debt/adjusted EBITDA ratio in the last 12 months reached 3.23x. The deed of our debentures foresees a breach of covenants when this indicator exceeds the limit of 3.0x for 3 alternating quarters or 2 consecutive quarters. Although the 4Q20 figures do not represent a break in the covenants, we will start negotiations with the debenture holders to renegotiate certain criteria related to the covenants. It is important to highlight that the exceeding of the 3.0x limit did not occur due to a drop in the Company's operating cash generation, but exclusively due to PDA increments with no cash effect that were carried out during the year 2020. Excluding these effects, the Company would not have exceeded and does not expect to exceed the limit established with the debenture holders. Finally, we highlight that Cogna maintains a solid liquidity position, with a cash position of R$ 4.6 billion at the end of December 2020.

To conclude, we ended 2020 with a lighter operation and balance sheet, and we reaffirm that in 2021, despite the drop in revenue, both Kroton and Cogna will show EBITDA growth, resuming, already this year, their trajectory of generating value.

LARGEST RESTRUCTURING IN KROTON'S HISTORY

As announced on Cogna Day, we ended 4Q20 with the largest restructuring in Kroton's history, which enabled us to enter 2021 with our physical structure optimized to the new reality of growing digitalization in postsecondary education. By unifying units and transferring units to partners, we reduced our footprint to 45 units. We also carried out 81 property optimizations to reduce our physical space. As a result, we significantly reduced our occupancy cost (rent, utilities, facilities) as well as the administrative expenses of units, which captured total recurring annual savings of R$155 million without reducing the offering of postsecondary education programs in any of our markets. In addition to reducing our occupancy cost, we implemented other actions that makes us comfortable that Kroton will deliver EBITDA growth in 2021 even with a fall in revenue.

Kroton – Portfolio Reshuffling and Expected Savings



[1] Percentage calculated based on the costs of 2020, adjusted in accordance with the adjustments set forth in agreements for 2021, less the temporary reductions due to the COVID-19 pandemic

As with any project of this kind, we incurred non-recurring expenses, such as financial penalties with terminations, labor claims and accounting write-offs. Of the total R$ 512 million related to the project, R$ 268 million, or 52% of the total, has cash effects, divided into operating results and capex, while R$245 million (48%) refers to accounting write-offs and are non-cash. Furthermore, under the competence regime, R$ 340 million (66% of the total) was recognized in 4Q20, between income and cash flow (capex), and R$173 million (34%) will be recognized in 1Q21. In cash terms, the distribution of expenses will be more concentrated in 2021: R$62 million was disbursed in 4Q20 and R$201 million will be disbursed in 2021. Given the scale of the restructuring, the amount of expenses was significant, but as the following analysis shows, we project a high potential return.

Kroton – Reestructuring Expenses (R$ million)

Reestructuring Expenses (R$ million)	Impacts in Results 4T20	Impacts in Results 2021 E	Impacts in Results Total	Impacts in Cash 4T20	Impacts in Cash 2021E	Impacts in Cash Total
Fees			100			100
Termination Fees			39			39
Investment Recomposition			61			61
Others			15			15
Cash Opex	131	85	217	62	155	217
Write-offs (Non-cash Opex)	187	58	245	-	-	-
Total Opex	319	143	461	62	155	217
Capex	21	30	51	-	51	51
Total	340	173	512	62	206	268
%	66,3%	33,7%	100,0%	23,2%	76,8%	100,0%

Executive Summary	Total
Investments (R$ million)	268
Payback (meses)	16
Net Present Value (NPV, R$ million)	507
Internal Rate of Return (IRR)	86%

Finally, due to Kroton's restructuring project and the transaction with Eleva, we recognized in 4Q20 the recognition of impairment of assets at Kroton and Saber, totaling R$ 3.3 billion. This entry is purely for accounting purposes and does not affect the Company's cash.

ACCOUNTS RECEIVABLE: ENTERING 2021 WITH A LIGHTER BALANCE SHEET

As a final step in the restructuring process of our accounts receivable, we decided to implement a new provisioning model for paying students at Kroton, more assertive and more conservative, which was developed with the support of one of the largest and most respected international strategic consultants. Its main attribute is the provision based on the student's risk, measured in different attributes, and no longer just in the age of the title. This gives the model an accuracy of 88%, 15 percentage points higher than the previous model. One of the most relevant changes is that in the new model, the oldest overdue title is the one that determines the percentage of allowance for losses over the total student receivable, which increases the need for provisioning and makes it more robust. Similarly, students with renegotiated debt are allocated to a specific cluster, with greater provisioning, even though the renegotiation installments are not in arrears. Additionally, due to the pandemic, we adopted a more conservative criterion in relation to the recovery of accounts receivable already written off (past due more than 360 days). These combined effects led to the need for an additional R$ 185 million to the paying students PDA in 4Q20. As with other adjustments made during 2020, this is a one-off entry, with a non-cash effect.

Kroton – Summary of 4Q20 Adjustments to Accounts Receivable

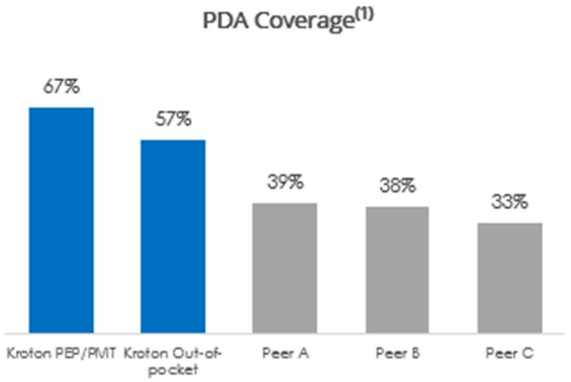
Section	Description	4Q20 Impact (R$ million)	Coverage[1]	ACP (Days)
Pagante	Implementation of a new provisioning model, based on student attributes Greater conservatism in the recovery estimate of credits written off more than 360 days ago	185	57%	74
PMT	Update in the provisions assumptions, with coverage increase	152	78%	401
PEP	New update in the provisions assumptions, with coverage increase	77	63%	664
Total		**415**		

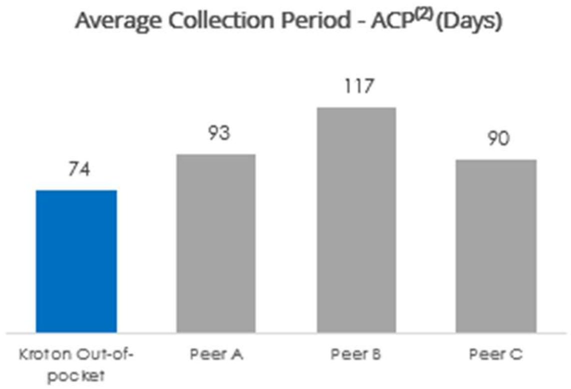
(1) PCLD balance divided by the gross accounts receivable net of present value adjustment.

In parallel, this quarter we revised the model for the provision of late-enrollment installment program (PMT), our installment product for freshmen who enroll after the beginning of the semester. Consequently, we made a complement in the amount of R$ 152 million in this 4Q20, which leaves the PMT accounts receivable with a coverage rate of 78%. The PDA for special private installments (PEP), which had already undergone a review of assumptions in 2Q20, was increased from 58% to 63%. Despite not being the accounting practice adopted, for illustrative purposes, it is worth mentioning that the PDA balance of our installments products would be sufficient to provision 100%

of accounts receivable overdue and still provision a considerable part of accounts receivable to be due.

As a result, in 4Q20 we ended an adjustment cycle that involved all blocks of accounts receivable from the Company, including paying students, PEP students and PMT students in the undergraduate program, in addition to postgraduate and basic education. The figures below indicate that the provisioning of accounts receivable from Kroton reached one of the most secure levels in the industry in terms of coverage and average collection period.





(1) Saldo de PCLD dividido pelo Saldo de Contas a Receber Bruto após ajuste a valor presente. (2) Saldo de Contas a Receber dividido pela Receita Líquida dos últimos 12 meses, multiplicado por 360.

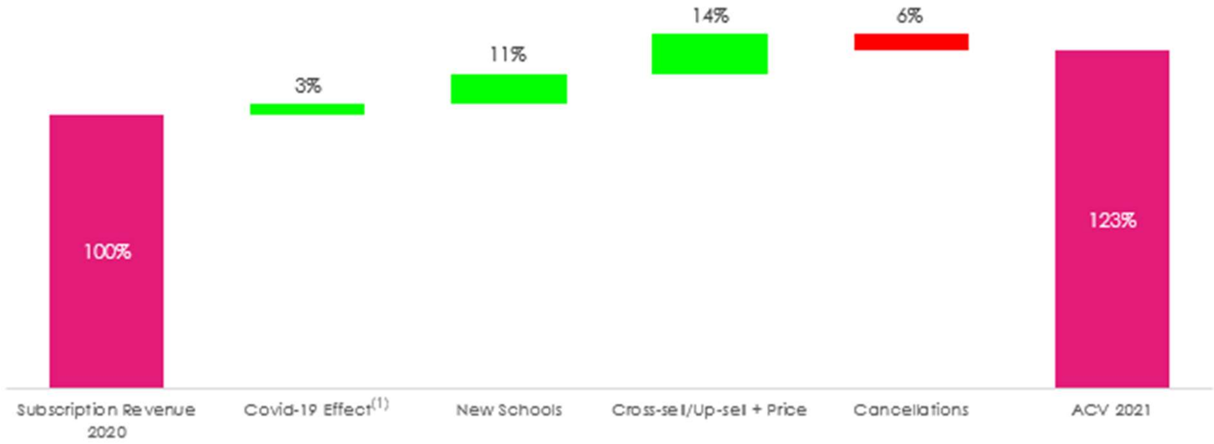
The adjustments were relevant and were completed in 2020. We have no element today that indicates the additional need for extraordinary adjustment in any block of accounts receivable from the Company, except for natural performance variations of the adopted models. A new cycle begins in 2021. We are sure that the robustness of the movements carried out brings back the necessary comfort and demonstrates the seriousness with which the Company treated the provisioning and risk management of its accounts receivable.

VASTA: +23% in ACV 2021; LEARNING SYSTEMS AND COMPLEMENTARY SOLUTIONS, THE HIGHLIGHTS

Vasta ended the 2021 sales cycle with annual contract value (ACV) of R$853 million, 23% higher than the subscription revenue recognized in commercial year 2020. This amount of ACV is higher than the R$835 million announced in the mid-November preview. This important mark was due to the successful combination of the maturation of the go-to-market process, the high quality of the lines that compose our multi-brand strategy and the strength of the digital platform, Plurall, which has been proving a key and transformative pillar for enabling schools to maintain their educational activities during the pandemic – so much so that Vasta registered in this cycle one of its highest contract renewal rates ever.

The composition of the increase in ACV demonstrates the solidity of Vasta's growth strategy, with the main drivers the closing of new contracts with schools (11%), bringing nearly 190 thousand new students to the platform, and the cross-selling of complementary products. Plurall proved not only an essential product for renewing existing contracts, but also a strong competitive advantage in attracting new clients. As for complementary solutions, we believe that we are only at the beginning of a long growth journey, given the low penetration in our student base and the convenience that this type of service represents to families and to aligning our interests with those of our partner schools. Our solutions are completely digital, financially accessible and aligned with the current demand for this type of service in the Brazilian market.

Vasta – ACV 2021 (R$ million)



(1) Difference between ACV 2020 and the subscription revenue recognized in 2020, which is used as the comparison base for the calculation.

Among the product segments that make up the Vasta portfolio, traditional learning systems advanced 26% (over the subscription revenue for the commercial year 2020) and gained even more representativeness in the total ACV (75% of the total in 2021). The PAR learning system was stable, a performance below that presented in recent years, due to the challenging scenario for the sale of textbooks due to the greater reuse of books by families, due to the context of the pandemic. Finally, the complementary solutions segment stands out, which had a 69% higher performance when compared to the previous cycle, reinforcing the trend of increasing the penetration of these solutions.

Vasta – ACV 2021 Growth per Segment

Values in R$ 000	ACV 2021	2020 Subscription Revenue[1]	% Y/Y
Traditional Learning Systems	640.272	508.750	25,9%
Complementary Solutions	71.520	42.264	69,2%
PAR Learning System	141.694	140.910	0,6%
Total	**853.485**	**691.924**	**23,3%**

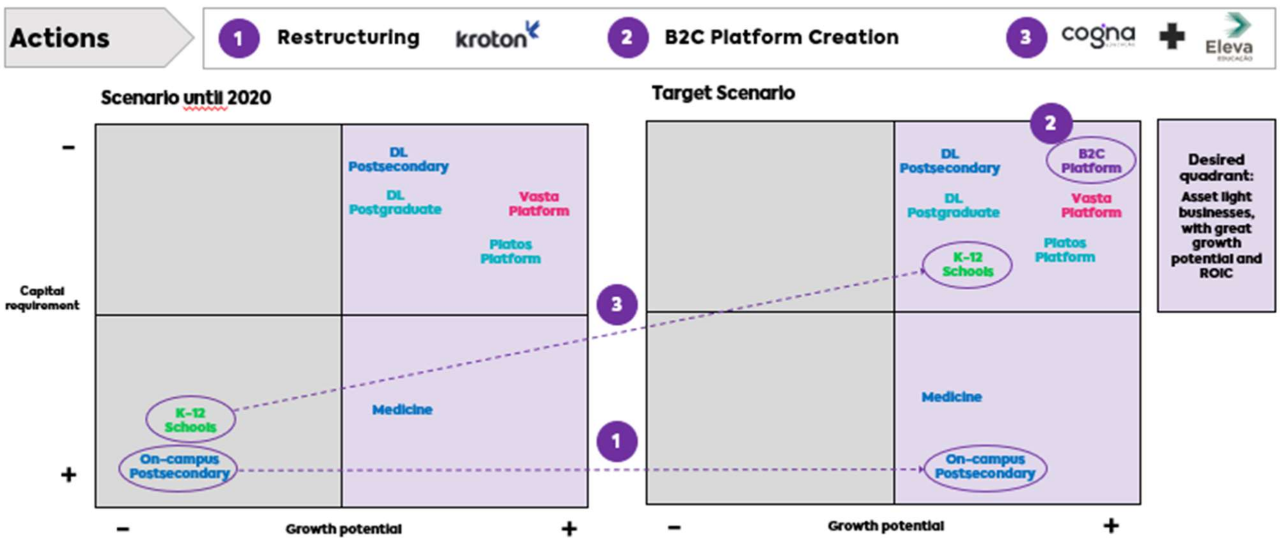
The second wave of the pandemic is also impacting the enrollment process of children in partner schools. Families postponed enrollment in relation to previous years while others transferred their children to public school (according to the 2020 school census, 2.5% of students in the private market migrated to public schools, and the trend for 2021 is that this percentage keeps growing). This situation tends to have a greater effect than that seen in 2020 (especially in PAR), when the pandemic arrived with the enrollment process closed and the children were already in the classroom. Despite the potential impact in 2021, we understand that this is a temporary movement and that in the following years students who have migrated to public schools must return to private schools, as seen in other past crises.

COGNA + ELEVA, A HIGHLY VALUE ACCRETIVE TRANSACTION ALIGNED WITH OUR STRATEGY

On February 22, we announced two transactions with Eleva: the acquisition by Vasta of the Eleva Learning Platform and the sale of the Saber schools. This transaction is completely aligned with Cogna's strategy described above. On the one hand, Vasta reinforces its platform of learning systems with a premium solution that complements the positioning of its current brands (both geographically and in product segment) and, thanks to the long-term agreement entered into by the parties, Vasta gains a large pool of schools with zero churn (all Saber schools and 90% of current Eleva schools), not to mention that it will benefit from the growth of the Eleva group, which will buy from Vasta the core learning systems of practically all the schools acquired or implemented organically. On the other hand, the divestment of the Saber schools could give Cogna a non-controlling interest in Eleva, enabling it to benefit from the growth and consolidation of the K-12 education market without having to invest capital.

A CLEAR STRATEGY AND CONCRETE ACTIONS TO ACHIEVE IT

Cogna has defined a clear strategy: "consistent improvement in profitability by prioritizing an asset-light business model to leverage growth potential and increase ROIC." The Company's latest movements demonstrate its firm commitment to this strategy. The first movement that clearly symbolizes the commitment to this strategy was the implementation and growth of Vasta, with efforts focusing on a platform business that has been delivering significant growth, especially in terms of subscription revenue. The construction of the B2C Platform, which was announced in late 2020 and should begin in 2021, is based on the same rationale. More recently, the strategy was confirmed by two other important movements: i) the turnaround at Kroton, which underwent a restructuring both operationally and, in its accounts, receivable; and ii) the transaction with Eleva, announced on February 22. These developments are concrete examples of the construction of this new, lighter Company focused on assets with greater potential for delivering growth and higher returns on invested capital.



Macroeconomic Environment

The year 2020 was challenging from an economic point of view with the advent of the largest pandemic in recent history and the worsening scenario for world GDP. In view of this situation, there was a reduction in the Consumer Confidence Index (ICC), which reached 78.5 points in December, compared to 91.6 points in December 2019, in addition to a devaluation of the real against the dollar. In 2020, the average exchange rate reached R$5.15/US$, above the average price of R$3.95/US$ recorded in 2019, and the minimum price of R$4.02/US$ was recorded in January, that is, at the beginning of the year, while the maximum price of R$5.94/US$ was verified in May.

On the positive side, there was a recovery in the Business Confidence Index (ICE), which ended the year at 95.2 points, at a similar level to the end of 2019. The level of inflation, measured by the National Broad Consumer Price Index (IPCA), remained within the target set by the Federal Government, totaling 4.52% in 2020. Additionally, there were also a series of reductions in the basic interest rate throughout 2020, from 4.15% at the beginning of the year to 3.65% in March, 2.90% in May, 2.15% in June and ending 2020 at 1.90%, encouraging credit and consumption. GDP fell 4.1% in 2019, reversing the previous year's high of 1.1%, with GDP per capita falling 4.8%, a record decline of this indicator. Finally, there was still deterioration in the Brazilian labor market, with unemployment reaching high levels throughout the year. The escalation of population unemployment began in January 2020, reaching its highest level in September, when the average unemployment rate recorded 14.6%, as measured by the National Household Sample Survey (PNAD) – Continuous, which began a gradual downward trajectory falling to 13.9% in the quarter ended December 2020, impacting 13.4 million Brazilians.

Historically, considering the weight that Kroton, the Vertical B2C of Higher Education, has for Cogna and the profile of the students attended, the level of unemployment represents the greatest impact for the Company's operations. As a result of this scenario, the Company ended 2020 with a fall in the student base at the end of the 5.8% period, despite the Company's efforts to increase value generation through the combination of academic quality, employability and student experience in all its dimensions.

Additionally, it should be noted that, since the acquisition of Somos Educação in October 2018 and the restructuring of the Company announced in October 2019 and implemented from 2020, it has divided it into two main segments, Basic Education and Higher Education, and two different models of operation: B2B (business to business) and B2C (business to consumers), the Company has diversified its operations and significantly expanded its addressable market. This new positioning aims to build a new phase of growth, combining different strategies, with autonomy and flexibility for the various companies, but maintaining the efficiency that is part of the Company's DNA.

Operational Performance

Higher Education

In the Higher Education segment, the Company ended 2020 with 818,165 students enrolled, of which 770,066 in On-campus and EAD undergraduate courses and 48,099 in On-campus and EAD postgraduate courses. This number represents a reduction of 0.5% in the annual comparison, reflecting the higher number of graduations observed in the period due to the strong harvests observed in 2013 and 2014, in addition to the maintenance in the process of changing the profile of the base, with the reduction in the number of FIES students (who historically had less evasion) and with the increase of students enrolled in the EAD modality (who are more likely to escape). Thus, and still considering the still adverse scenario due to the restrictions imposed by the pandemic, there was a higher pressure of evasion in the period. On the other hand, Kroton (Vertical Higher Education of Cogna) has invested heavily in updating the portfolio of courses offered and in its employability channel as a way to mitigate these effects and ensure solid capture results, as the last processes carried out throughout the year, in which volume growth was presented in the EAD segment. Additionally, it is worth mentioning the 16.7% increase in the number of graduate students, supported by the recent captures of new students coming mainly from the EAD modality. This growth has occurred in a sustainable way since 2018 and is a consequence of the restructuring carried out in the Post-Graduation in recent years that enabled, through a new platform, a more robust offer focused on our own and partner units.

At the end of 2020, the Company had 19,880 FIES students, down 53.6% from 2019, equivalent to 8.7% of the On-campus Graduation base and 2.6% of the total Graduation base, falls of 4.7 p.p. and 2.9 p.p., respectively, following the trend of recent years, with less and less relevant funding and an increase in the level of graduations for this product.

Between 2015 and 2020, the Company offered the Special Private Installment (PEP) that was made available in two formats: PEP30 or PEP50. In PEP30, the student started the cycle paying 30% of the monthly fee, moving to 40%, 50% and 60%, in subsequent years, remaining at the highest percentage even in the amortization period, while in pep50, the student paid 50% of the monthly fee throughout the course and amortization period. Specifically, in relation to the amortization period, both have, after graduation, the same period of the course to pay the accumulated debt, without adding interest, but with adjusted monthly payments annually. The Company used the same criteria for recognition of AVP (Adjustment to Present Value) in revenue and provisioning of 50% on the installment of all PEP students since the beginning of the program, having increased this percentage to 58% in 2Q20 and to 63% in 4Q20. At the end of 2020, there were 32,000 PEP students enrolled, representing 13.9% of the On-campus Graduation base. The expectation is that this percentage will be reduced in the coming quarters since pep was discontinued throughout 2020, in addition to losing relevance in the last funding in which the program was offered.

Kroton also offers the Late Enrollment Installment (PMT), which consists of the option of installment of the first tuition for students who entered late in their courses. Instead of exempting these fees, Kroton began offering this option to new on-campus students from the second semester of 2016 and also to EAD students from the first semester of 2017. In this way, the Company continues to attract freshmen, enabling their late enrollments, without giving up revenue through scholarships or discounts. It is noteworthy that Kroton adopts an accounting practice identical to PEP for PMT with regard to adjusting the present value of revenue and provisioning losses in high volumes (50% of the amounts in installments up to 3Q20, and 78% from 4Q20). Additionally, the balance of these open monthly fees automatically wins if the student evades throughout the course, as with pep.
The Company also offers preparatory courses focused on the examination of the Brazilian Bar Association (OAB) and on competitions for public careers, through the LFG brand, always positioned as a reference in preparatory courses, also counting on free courses of short duration, which allow the student to increase their knowledge in different areas of concentration, such as Management, Education, Exact and Languages.

The Business Segment of Educational Solutions for Technical and Higher Education (SETS) was incorporated into the EAD segment with the acquisition of Somos. SETS is responsible for the commercialization of books with the Brand Saraiva for Higher Education, education system for technical education with the brand Érica and preparatory courses for public tenders. The main products offered include the sale of CTP books (Scientific, Technical and Professional), with emphasis on the areas of Law, Administration, Economics and Accounting, Technical and Nonfiction.

Basic Education

According to Relevant Fact disclosed at the beginning of the year, the Company announced a 23% growth in its subscription revenue or Annual Contract Value (ACV) for 2021 of the K12 Integrated Services Platform (vertical Somos). This important brand is the result of a combination of success between the maturity of the go-to-market process, the quality of the stamps that make up our multi-brand strategy and the strength of its digital platform, Plurall, which has proven to be an essential and transformative foundation for schools to maintain their academic activities during the pandemic, enabling Vasta to record in this cycle one of the highest contract renewal rates ever recorded in its history , and in an exclusively organic manner.

Considering all these initiatives, the growth prospect of Somos' services for the coming years is very positive. In addition to the growth of current services, the company has successfully implemented new services on the Platform, such as one related to interactive games to support the teaching of mathematics and another aimed at computational thinking and creative entrepreneurship to better prepare young people for the professions of the future. These are examples of shift services that, when incorporated into the Platform, are immediately available in more than 4,600 associated schools, greatly increasing the potential for cross-selling. If the current portfolio of solutions already allows a considerable expansion of penetration in Brazilian private schools, the increase in the number of services has everything to further boost future results.

In terms of the PNLD, the revenue stemming from sales to the National Textbook Program reached R$ 428 million. As announced to the market on October 28, the Company obtained sales of R$365 million in the 2021 cycle, which had only the replacement of books purchased in previous programs, which explains the reduction in sales recognition to the program in the annual comparison.

Finally, in relation to the Proprietary Schools, the Company, on February 22, announced the transaction with Eleva of the sale of Saber schools. This transaction is absolutely aligned with Cogna's strategy, as described above. The sale of Saber's schools can also enable Cogna to obtain a minority investment in Eleva, and benefit from the growth and consolidation of the primary school market without the need to allocate capital.

Quality of Education

Higher Education

Benchmark	Lower than 3	Equal 3	Higher than 3	Equal or higher than 3
Concept of the Course (CC)	0.0%	12.0%	88.0%	100.0%
Institutional Concept (CI)	0.0%	50.0%	50.0%	100.0%

Source: e-MEC System - Advanced Consultation Report 07/01/2021.
Due to the Covid-19 pandemic, only 2 institutional concepts (CI) and 25 course concepts (CC) were released in 2020.

At the end of 2020, 100% of higher education courses and 100.0% of higher education institutions had satisfactory and excellent concepts, as evaluated by the Ministry of Education (MEC), resulting from the continuous evolution in the quality of teaching and educational services provided to students.

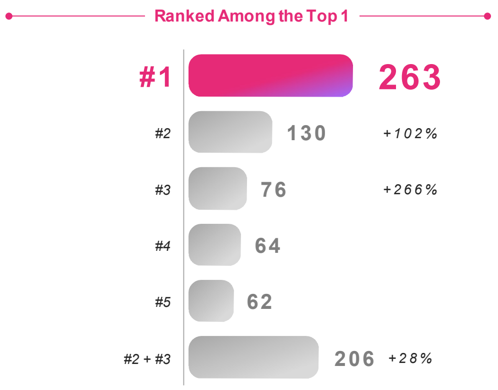
According to the last result of the calculation of the quality indicators of the courses published by Inep/MEC, referring to 2019, when the courses in the areas of Health and Agrarian Sciences (Year I*) were evaluated, we obtained 41.2% of our courses with satisfactory grades in the National Student Performance Exam (ENADE) (measured on a scale of 1 to 5, being 3 satisfactory and 5 the maximum grade). The Index of Difference between Observed and Expected Performance (IDD) means the difference between the student's grades in the ENADE, performed when the student is in higher education, with the grades in the National High School Exam (ENEM), performed when the student is a high school student, enabling the analysis of the value effectively added to the student when taking the higher education course. In 2019, 62% of our courses obtained satisfactory IDD scores, with 16 courses getting a maximum score of 5. The Preliminary Course Concept (CPC) recorded 80.1% of courses with satisfactory grades.

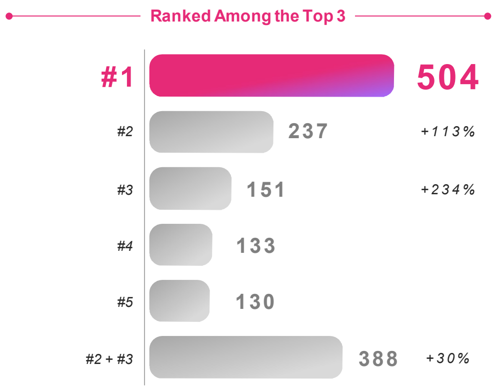
Regarding the General Course Index (IGC), in the last result released**, for 2018, 89% of our institutions obtained satisfactory grades, which is 86% in the average for private institutions, and reflects our efforts to ensure high quality to our students

* By determination of The MEC Normative Ordinance No. 840/2018, the evaluation areas were reorganized in the triennium evaluation cycles, which were now called Year I, Year II and Year III.
In 2019, the courses evaluated belong to Year I. Before the reorganization, the Engineering and Architecture courses belonged to the Exact cycle (blue).
** The results of the IGC 2019, referring to the courses evaluated in the triennium 2017 to 2019, have not yet been disclosed by Inep.

Basic Education

In the B2B segment of Basic Education, served by our vertical Somos, the reputation of our brands, the perceived quality of our products and services, our educational results and our innovation were able to ensure a unique positioning of the Company in the market, with unquestionable leadership in ENEM, as demonstrated:





Financial Performance

Except where otherwise indicated, the financial data used for the preparation of the following analyses reflect Cogna's consolidated 2020 results, compared to the corporate result for 2019.

- Gross and Net Revenues – Cogna's gross revenue for the 2020 fiscal year was R$ 6,951.1 million, down 12.4% year-on-year, due to the drop in revenue in the Kroton vertical, linked to the reduction in the student base of Higher Education, although partially offset by good performance in Vasta and Platos verticals in the period. Net revenue for 2020 totaled R$ 5,269.1 million, down 17.1% from 2019, following the trend presented in the gross revenue line.

- Costs of Products Sold and Services Rendered – the Company's costs totaled R$ 1,946.9 million, equivalent to 36.9% of net revenue, down 1.5 p.p. compared to 2019 and due to the decrease in consolidated revenue, despite a 20.2% reduction in the absolute values of the accounts that make up the item. The costs of services provided represented 35.1% of the total costs, compared to 36.1% recorded in 2019.

- Gross Profit and Gross Margin – Gross profit for 2020 reached R$ 3,322.2 million, with a gross margin of 63.1%, down 15.1% and an increase of 1.5 p.p., respectively, compared to 2019.

- Operating Expenses – Operating expenses reached R$ 6,559.1 million in 2020, representing 124.5% of net revenue for the period, compared to 47.9% of net revenue for 2019. Operating expenses are distributed across three main lines:

    - General and Administrative Expenses: are derived from the business segments and mainly include expenses with administrative personnel, consultancies, travel and third-party services. These expenses were R$ 1,644.0 million in 2020, or 31.2% of net revenue, an increase of 6.6 p.p. compared to 2019.

    - Sales Expenses: these are expenses with commercial team, advertising and marketing and Provision for Doubtful Accounts (PDA). In 2020, this group of expenses totaled R$ 2,293.4 million, 43.5% of net revenue, an increase of 19.7 p.p. compared to the previous year.

    - Impairment losses totaled R$2,050.4 million in 2020.

    - Other Operating Income/Expenses/Equity: the result of these lines was negative R$ 571.3 million in 2020, or 10.8% of net revenue for the period, compared to R$ 37.7 million positive in 2019.

- EBITDA – in 2020, the Company's recurring EBITDA (after deduction of non-recurring expenses) was R$ 689.7 million, 70.7% lower than in 2019 and representing 11.7% of the net revenue for the period, due to the factors mentioned above, mainly with regard to the additional provisioning made in Higher Education. The Company's EBITDA was negative at R$ 3,767.1 million, due to the recognition of losses due to non-recoverability in the Company's business units.

- Indebtedness – Cogna ended the 2020 financial year with a net debt of R$ 2,927.3 million, a reduction of 61.3% over the previous year, due to the capital increase made in February 2020, where the Company was able to raise R$ 2.6 billion, considerably reducing its leverage and partial amortization of debentures (due to the opening of Vasta's capital , as provided for in the Debenture Regulation) in the last quarter of the year, which resulted in a decrease in cash and financial loans.

- Financial Results – the financial result was negative R$ 598.7 million, compared to the negative R$ 762.3 million recorded in 2019, reflecting the higher volume of financial charges resulting from the higher level of indebtedness. Nevertheless, the current level presented is aligned with the highest level of indebtedness expected by the Company after the acquisition of Somos and will have a direct impact on the company's Net Income over the coming years.

- Income Tax and Social Contribution – Income Tax and Social Contribution totaled R$ 209.2 million positive, 4.0% of net revenue, an increase of 3.0 p.p. compared to the previous year.

- Net Income – Net loss for 2020 totaled R$ 5,805.8 million, with a margin of -110.2%, compared to net income of R$242.6 million and net margin of 3.8% in 2019, reflecting the greater impact of recognition of losses on the recoverable value of goodwill of business units, as well as higher levels of provisioning that the Company recognized throughout the year.

- Investments – Cogna's total Capex was R$ 444.3 million, representing 8.4% of net revenue for the period, 2.3 p.p. lower than in 2019. Most of Capex was destined to content development projects, systems and software licenses, in line with the expansion and maturation of the portfolio that Higher Education has done in recent years, mainly with the maturation of courses in the areas of Engineering and Health and the new Premium EAD courses, in addition to all the renewal of content for Basic Education. In this sense, it is important to mention that after the incorporation of Somos, the Company began to make editorial investments for the production of teaching materials already incorporated in Capex. Another important expenditure was directed to the project of expansions, with works and improvements in the existing units in order to better prepare them for the school year 2020 in order to meet the expectations of students, in addition to adapting them to the maturation of the portfolio of courses that have been implemented in recent years.

Corporate Governance, Investor Relations and Awards

The Company has its shares - "COGN3" - listed in the Novo Mercado of B3, segment with the best practices of Corporate Governance, thus reiterating the commitment to the financial community and to all shareholders.

With regard to the Board of Directors, the Company proposed a new board, elected at the end of 2019, which had the appointment of 3 new members, combining a high level of experience in the educational market that was already a remarkable feature of the old formation, with new skills very welcome for the full success of this new moment that the organization is experiencing. These new members are:

- Rodrigo Galindo current CEO of Cogna, who also assumed the role of Vice-Chairman of the Board of Directors with the aim of ensuring a strong alignment between board and board;
- Juliana Rozenbaum, executive with extensive experience in large company boards and with strong expertise in strategy; and
- Thiago Piau, current CEO of one of the largest digital companies in the country, who brings an important vision on technology and innovation.

In addition to these names, directors Luiz Antonio de Moraes Carvalho, Nicolau Ferreira Chacur and Walfrido Silvino dos Mares Guia Neto were held in their positions through re-election. As a part, the new Board of Directors now has 6 members, of which 3 are independent in the form of applicable legislation, increasing corporate governance standards in line with best market practices.

In addition, the five Advisory Committees established in 2019 remained active: "Audit and Risk", "People and Governance", "Financial and M&A", "Strategy and Innovation" and "Founders". The main function of the committees is to provide the Board of Directors with the elements and subsidies necessary for the decision-making process and to support the Board of Directors in the policies approved by its Board of Directors.

Cogna also has a Fiscal Council composed of 4 responsible members, among other obligations, for supervising the activities of the Management, reviewing the Company's financial statements and reporting its findings to shareholders. Finally, Cogna also has a Board of Controls, Audit and Compliance that has as main objectives (a) map and manage the risks to which the Company is exposed, (b) perform independent audits in the business areas, (c) apply all compliance practices through policies, standards and procedures, (d) manage and investigate carried out by the reporting channel and (e) monitor strategic risks related to Information Security with the Internal Audit area and Of the Committee on Information Security and Risks. These instruments establish the basic guidelines of action expressed by senior management in accordance with the standards of integrity and values.

Cogna also updated in 2019 the Company's risk map, with the impact and probity assessment for all mapped risks, as well as validated all factors and risks with the Company's Senior Management. Additionally, the mapping of controls and auditing of 100% of material processes remained within the scope of the Control, Audit and Compliance Board. The Compliance Program and the Company's activities in Information Security have made great progress in the acculturation of employees, as well as in the definition and implementation of concrete actions to mitigate the risks inherent to Cogna's business.

Always ensuring transparency and diligence in communication with the financial community and dissemination of Cogna's results and strategy, the Investor Relations (RI) area participated in 29 events with analysts and investors in 2020, including conferences and non-deal virtual roadshows in Brazil and abroad, as well as presentations to analysts and investors and own events, such as our Investor Day. In addition, hundreds of meetings and telephone conferences were held. In recognition of this work, the Company was again awarded by Institutional Investor Magazine in the categories "Best Investor Relations Program" appointed by analysts Sell Side, Buy Side and General, "Best CEO" appointed by analysts Sell Side, Buy Side and General, "Best CFO" appointed by analysts Sell Side, Buy Side and General, "Best Investor Relations Professional" appointed by sell side analysts appointed , Buy Side and General, "Best Investor Relations Team" appointed by analysts Sell Side, Buy Side and General, "Best Analyst Day", "Best ESG Metrics" and "Best Website". Other awards received include the 1st place among the most innovative companies in Brazil in the category Services of the award "Innovation Value", 1st place among the "Companies That Best Communicate with Journalists", 1st place in the category Education in the Awards More and Época 360, Value Executive in the Category Education and Entrepreneur of the Year by Ernst & Young.

Capital Markets

Cogna's shares are part of several indexes, with emphasis on the Bovespa Index (IBOV), the Brazil 100 Index (IBrX100), the Brazil 50 Index (IBrX50), the Broad Brazil Index (IBrA), the Differentiated Corporate Governance Stock Index (IGC), the Differentiated Tag Along Stock Index (ITAG), the Trade Corporate Governance Index (IGCT), the Corporate Governance Index – Novo Mercado (IGC-NM), the Small Cap Index (SMLL) , the Consumer Index (ICON), the B3 Value Index (IVBX) and the Morgan Stanley Capital International Index (MSCI Brazil). In 2020, the Company's shares were present in 100% of the trading sessions, reaching an average daily traded volume of R$ 396.0 million. In the year, the shares showed a devaluation of 62.0%, compared to a growth of 2.9% of the Ibovespa. On December 31, 2020, Cogna's market value was R$ 8.7 billion.

On February 11, 2020, the primary public offering of 232,358,004 shares of the Company was completed, and the price of R$11.00/share was set, resulting in an increase in the Company's share capital of R$ 2,555,938,044.00. As a result, the Company went from 1,644,248,206 common shares at the end of 2018 to 1,876,606,210 common shares currently. It is important to remember that these increases respect the authorized capital limit.

Shareholders' Remuneration

Cogna's Bylaws provide for the distribution of mandatory dividends of 25% of net income, adjusted with the deductions and accruals provided for in Article 202, II and III of the Brazilian Corporate Law. Due to the net loss incurred in the period and the circumstances imposed by Covid-19, the distribution of dividends was not made throughout 2020.

Social Responsibility

Our operations throughout the country allow us to generate positive impact for millions of Brazilians. Through our expertise in education, our units and with the voluntary participation of students and collaborators, we promote actions that contribute to the development of the communities in which we are inserted, taking advantage of our capillarity to increase our impact in Brazil.

In 2020, we expanded our Corporate Volunteer program with the launch of the Mentoring Program for SOMOS Futuro fellows, encouraged and mapped the actions of reaction to Covid-19, continued to empower our teaching units in Social Impact and disseminate good practices in our network.

In addition, we continued to evaluate the impacts of our socioeconomic activities using the Social Return on Investment (SROI) approach, a study that began in 2019. The methodology helps in measuring social impacts through a broad concept of value, which goes beyond the financial aspect. According to the diagnosis, our socioeconomic assets are estimated at R$ 12.6 billion, and for every R$ 1 invested, we generate a return equivalent to R$ 7 in terms of benefit to Brazilian society.

COVID-19

Institutionally, as a way to combat coronavirus and mitigate impacts for society we provide, free of charge, content on the most diverse fronts of knowledge. Together, our shares would amount to more than R$ 325 million if they were traded and directly impacted more than 2.7 million people.

Because of the progress of the pandemic, the projects of our HEIs were carried out mostly remotely, focusing on the dissemination of quality information to the population on the most different fronts and donations of supplies to hospitals and social organizations. In all, there were more than 200,000 liters of gel alcohol, 3,700 masks and 11,000 gloves.

In addition, our units addressed initiatives, such as the granting of equipment belonging to the medical course of the Pitágoras College of Eunápolis to the Regional Hospital of the municipality, allowing more patients to be seen by the public health network.

Through Canal Conecta, we disclose volunteer vacancies in the health area in more than 20 government institutions or the third sector throughout Brazil, to more than 46,000 students in the final years of courses in this area.

Social Projects and Community Service

With an action guided by the 17 Sustainable Development Goals (SDGs), defined by the United Nations (UN), our own schools of Basic Education and own units and poles of Higher Education carry out social projects, ensuring alignment with the academic and pedagogical model of the Company, and aiming at promoting the student's protagonism and the development of technical and socio-emotional skills , aligning learning practice to positive social impact. In this sense, in 2020, 544 social projects were carried out, which benefited 174,000 people, with 53,000 students and teachers working in approximately 32,000 hours of volunteering, equivalent to almost 44 months of work.

Through service-learning and with the involvement of our students and higher education collaborators, in 2020 more than 600,000 specialized procedures were performed in various areas of knowledge, benefiting more than 500 people and representing a contribution to society of more than R$ 259 million.

Results	2018	2019	2020
Number of initiatives and projects	3.119	3.794	544
Number of people impacted	2.697.826	2.066.205	591.762
Number of procedures performed	2.527.130	2.659.602	641.460
Dishonor of public power	R$ 431.119.625,05	R$ 523.486.327,10	R$ 259.189.108,38

Through Private Social Investment, the Company sponsored projects in 2020 through the Sports Incentive Law, Rouanet Law, FUMCAD and the Elderly Fund.

We sponsor via the Sports Incentive Law, the Sports Caravan of the Sport and Education Institute. The project aims to guarantee the right of children and young people to practice sports with inclusion and in environments free of violence, making use of developed technology that relies on sports practice with low-cost materials, in addition to training public school teachers.

Via The Rouanet Law, we support the Caravan of the Arts of the Mpumalanga Institute, a traveling project that runs through municipalities with low Human Development Index (HDI), promotes artistic activities among children and young people, as well as training to teachers in the public network.

We also support, via Rouanet, the Fazendo História in Presidente Prudente (SP) and region, of the Instituto Fazendo História, which aims to favor the integral development of children and adolescents welcomed through the mediation of reading and recording of life stories in individual albums.

Through the Elderly Law, we support the CEMAIS3i Network: Strengthening the Management Network of ILPIs (Long-Stay Institutions) and Coexistence Groups of the Mining Center of Intersectoral Alliances - CEMAIS, in Belo Horizonte (MG).

Already via the Municipal Fund of Children and Adolescents (Fumcad), we support the Project Socio-Educational Center and Generating Tomorrow of the Green School Institute, an institution that promotes socio-educational, socio-environmental and sociocultural actions for children, adolescents and young people in a region of social vulnerability, as a way to contribute to their integral formation and construction of autonomy

In line with our educational activities, we maintain the SOMOS Institute – acting in the company's basic education brands, the Pitágoras Foundation – in the brands of higher education, and the Brazilian Alliance for Education – a movement maintained by Kroton and Platos in partnership with the Pitágoras Foundation.

SOMOS INSTITUTE

Somos Institute is a non-profit organization that promotes, coordinates, monitors and consolidates the social impact actions of Basic Education maintained by Cogna. In order to use the power of education to change the world, the Institute seeks to democratize its access, as well as the reading and skills of the future for young people in social vulnerability throughout Brazil.

In line with this purpose, since 2017, we maintain SOMOS Futuro, a scholarship program for the acceleration of students from public schools, who have high academic performance and low socioeconomic conditions. In partnership with Saber's own schools and partners of the SOMOS network, the program has already reached 143 schools in 98 cities in 19 states. In all, more than 500 young people benefit from the program, whose socioeconomic impact exceeds R$ 21 million. The scholarship holders have gratuity in tuition during the three years of high school and have teaching materials and Para-didactic, school reinforcement (partnership with Stoodi), mentoring in the first year and support network, which includes psychological care and meetings between scholarship holders.

In 2020, we continued the corporate volunteer program, with the launch of the Mentoring Program, responsible for monitoring the incoming scholarship holders throughout the school year. The Program had 195 mentor employees, 195 mentored fellows and more than 400 employees in the waiting line

PITÁGORAS FOUNDATION

The Pitágoras Foundation has been working for more than 20 years to support public education, through the Integrated Management System, a management model that orchestrates the efforts of all those who work or study in the public education system, focusing on basic education, aiming at the high performance of students. This strengthening also occurs with the realization of national forums for educators and students of public schools, promoted by the Brazilian Alliance for Education, the events aim to engage the exchange of experiences and the exchange of best practices.
It also focuses on bringing education to the penitentiary system, promoting legitimate resocialization initiatives, and early childhood, through the support, since 2017, to Criança Feliz, a program of the federal government. Throughout its history, the Foundation has benefited more than 2 million people, all of its initiatives, most of which are students and educators from public schools.

BRAZILIAN ALLIANCE FOR EDUCATION

The Brazilian Alliance for Education is a movement for the improvement of education led by Cogna's higher education brands in conjunction with the Pythagoras Foundation. Aliança supports Public and Entrepreneurial Education through the provision of free and certified training courses for the whole society through the Alliance's AVA, which had more than 105,000 people benefited from more than 66 courses in the portfolio; and virtual classrooms for public schools. At the same time, it gathers efforts for social development through the dissemination of social projects and good practices.
The Alliance's activities were expanded during 2020 in the form of support for the country's education.

Independent Auditor

In compliance with CVM Instruction No. 381/03, we inform you that Deloitte Touche Tohmatsu Auditores Independentes was contracted to provide the following services in 2020: audit of the financial statements in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards ("IFRS") and review of accounting information quarterly intermediaries in accordance with Brazilian and international standards of review of intermediate information (NBC TR 2410 - Review of Intermediate Information Executed by the Auditor of the Entity and ISRE 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", respectively).

The hiring of independent auditors is based on the principles that support the independence of the auditor, which consist of: (a) the auditor should not audit his own work; (b) shall not perform managerial functions; and (c) shall not provide any services that may be considered prohibited by current regulations. In addition, the Administration obtains from the independent auditors a statement that the special services provided do not affect their professional independence.

Arbitration Clause

Cogna adopts arbitration as a means of resolving corporate disputes by the Market Arbitration Chamber, pursuant to Article 44 of the Company's Bylaws.

Statement by the Executive Board

Cogna's Board of Directors declares, pursuant to CVM Instruction No. 480, dated December 7, 2009, that it reviewed, discussed and agreed (i) with the content and opinions expressed in the opinion of Deloitte Touche Tohmatsu Auditores Independentes, issued on March 30, 2021; and (ii) with the financial statements for the fiscal year ended December 31, 2020.

Thanks

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

For details of the analysis of our 2020 result, please visit our website:
ir.cogna.com.br
THE ADMINISTRATION

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 exercise ended December 31, 2020 and 2019.

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

		Consolidated
	12/31/2020	**12/31/2019**
Net income	**(5,805,798)**	**242,588**
Income and social contribution tax – note 26	209,218	64,245
Financial result – note 33	(598,694)	(762,305)
Depreciation – note 32	(1,009,806)	(1,084,821)
(-) Discontinued operations	**(264,004)**	**(189,209)**
Income and social contribution tax – note 4	(45,865)	(5,443)
Financial result – note 4	(74,944)	(70,848)
Depreciation – note 4	(143,195)	(112,918)
Accounting EBITDA	**(4,142,512)**	**2,214,678**
(+) Interest and penalties on tuition – note 33	130,000	206,367
(+) Discontinued operations	**688**	**1,085**
(+) Interest and penalties on tuition – note 4	688	1,085
Management EBITDA	**(4,011,823)**	**2,422,130**
(-) Nonrecurring items (i)	(5,065,228)	(285,895)
Contingencies Provisions/Reversals – note 32	98,582	66,659
(-) Discontinued operations	**51,830**	**148,041**
Contingencies Provisions/Reversals – note 4	51,830	148,041
Adjusted EBITDA	**902,994**	**2,493,325**

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

		Consolidated
	12/31/2020	**12/31/2019**
Impairment (i)	4,126,163	-
Escrow account (ii)	347,198	-
Turnaround Kroton (iii)	318,622	-
Termination	138,522	123,443
M&A and Expansion	80,835	162,452
Assets write-off	47,005	-
Capital Gain – Sale of subsidiary	6,883	-
Total Nonrecurring items	**5,065,228**	**285,895**

(i) The Company revised its expectation of realizing the long-term model of its assets, and proceeded with the recognition of impairment in the total amount of R$ 4,126,163, and the businesses affected by this loss were: (i) Kroton, in the amount of R$ 1,593,000, (ii) Saber in the amount of R$ 2,075,739 (allocated to the "result of discontinued operations" item), and (iii) Others, in the amount of R$ 457,424.

(ii) Kroton completed the feasibility study of its units and initiated the calculation project ("Turnaround Kroton"), which resulted in the recognition of expenses in the amount of R$318,622 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) The Company and certain investment funds managed by Tarpon Gestora de Recursos SA, sellers of Somos' control, signed on June 10, 2020 an addendum to the Agreement for the Purchase and Sale of Equity Interests and Other Covenants, through which they renegotiated the indemnification obligations of the Sellers to Saber, a subsidiary of the Company. Pursuant to the Amendment, the winning sellers shall be responsible for indemnifying Saber or Somos for contingencies, lawsuits or claims filed by third parties against Somos and its subsidiaries and for mandatory breaches of obligations other than those still remaining in CCV Somos , as added.

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, 2020, and proposal by the Management the profit destination for the year ended December 31, 2020. 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 2020 are in a position to be approved by the Company's shareholders at an ordinary general meeting

Belo Horizonte, March 31, 2021.

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 2020 , 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, 2020. The members of the Audit Committee ratify the decision of the Company's Management in the sense of review during the year 2020 the criteria for provisioning for doubtful accounts by the Company, as reflected in the financial statements presented. 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, 2020, 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, 2020, 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 31, 2021.

Opinions and representations/Officers' representation on the accounting information

Pursuant to CVM Instruction 480, dated December 7, 2009, Kroton's Officers state that they have reviewed, discussed, and agreed with the individual and consolidated financial statements for the year ended December 31, 2020.

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

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