



2Q20 Results

August 2020



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Opening Remarks

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Overview of 2Q20 performance

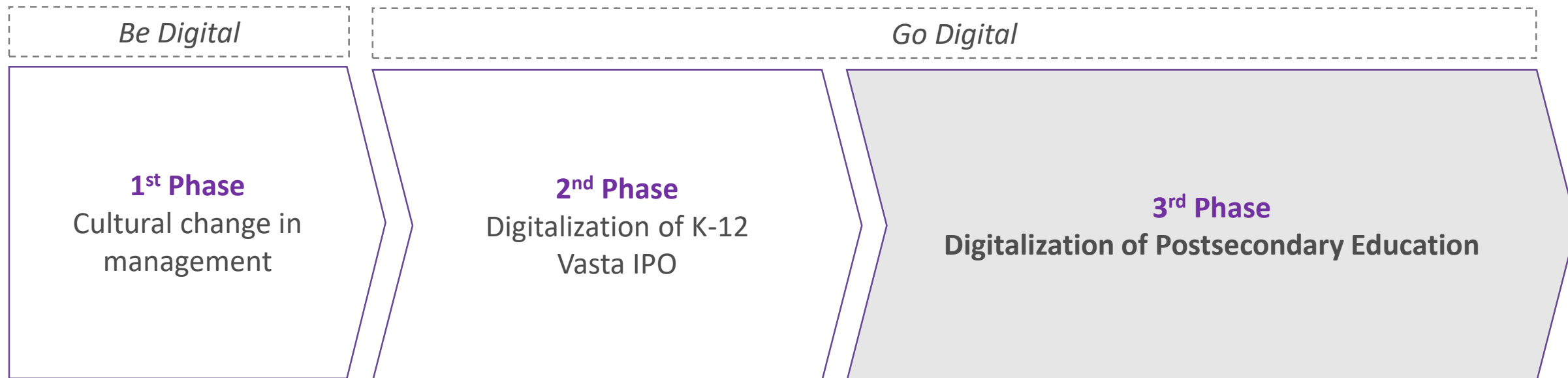
- **Recurring EBITDA growth in 1H20** in all the group's companies, except undergraduate education
- **Operating cash generation** after capex of R\$145 million in 2Q20
- Maintained a **solid cash position** (R\$3.7 billion at the end of 2Q20, before the resources from Vasta's IPO) and elongated debt profile

Company	1S20 - Annual Change (%)			Comments
	Net Revenue	EBITDA	EBITDA Mg.	
Kroton	-25%	-43%	↓	Last year with high impact from the graduation of FIES students Enrollment and reenrollment of students highly impacted by COVID-19 Substantial reinforcement of the PDA due to COVID-19
Platos	12%	23%	↑	Growth in Revenue, EBITDA and EBITDA Margin, even given the pandemic
Saber	-2%	35%	↑	Stable revenue, but with expressive EBITDA and EBITDA Margin growth, even given the pandemic
Vasta	9%	10%	↑	Revenue and EBITDA growth, even given the pandemic
Cogna	-19%	-33%	↓	Impacts in Cogna derive from undergraduate studies, especially on-campus education

Observations:

Analysis conducted considering Recurring EBITDA in 2019 and 2020, in the proforma versions of Kroton, Vasta and Other Businesses in 2019 and 2020.

The digital transformation of postsecondary education



Phase 1: Cultural change

- New mindset
- Integration of technology and business areas
- Entrance in new segments (K-12: Somos Acquisition)

Phase 2: Digitalization of K12

- Platform concept and operating in B2B in the K12 segment
- Creation of the Vasta Platform as a Service
- Nasdaq listing (22.3x Ebitda 2021 or 6.8x sales 2021)

Phase 3: Digitalization of Postsecondary Education

- **Segregation of undergraduate between On-Campus and Digital**, as they have different challenges and opportunities
- Creation of **“Postsecondary Education Digital Platform”**: Company with high margins and cash generation, asset light, with ample growth potential
- Creation of **“Kroton On-Campus”**: Restructuring and resizing of Kroton On-Campus, with migration to a premium portfolio. More profitable and cash generating company

The digital transformation of postsecondary education



Digital Platform

Services offered:

- ✓ **B2C: DL Undergraduate**
- ✓ **B2B2C: DL Undergraduate and DL Graduate studies**
- ✓ **B2B: Content Services and Digital Services**
- ✓ The services offered by the Postsecondary Education Digital Platform are increasing their participation in postsecondary education NR, moving from approximately 26% in 2019 to 32% in 1H20

Opportunities:

- ✓ Accelerated digital undergraduate growth:
 - Organic growth of current centers, accelerated by the migration of the on-campus portfolio to digital education
 - Maturation of recently launched centers (contracted growth)
 - Expressive growth in the quantity of new centers
- ✓ Strengthen the concept of Platform as a Service, offering complete solutions for digital undergraduate and graduate studies for other institutions, helping them in their digital transformation processes (Vasta concept of delivery of solutions)



Kroton On-Campus

Services offered:

- ✓ **On-campus Undergraduate**
- ✓ **DL Undergraduate, acting as a DL center**
- ✓ The services offered by Kroton On-Campus are reducing their representativeness in postsecondary education NR, moving from 74% in 2019 to 68% in 1H20

Opportunities:

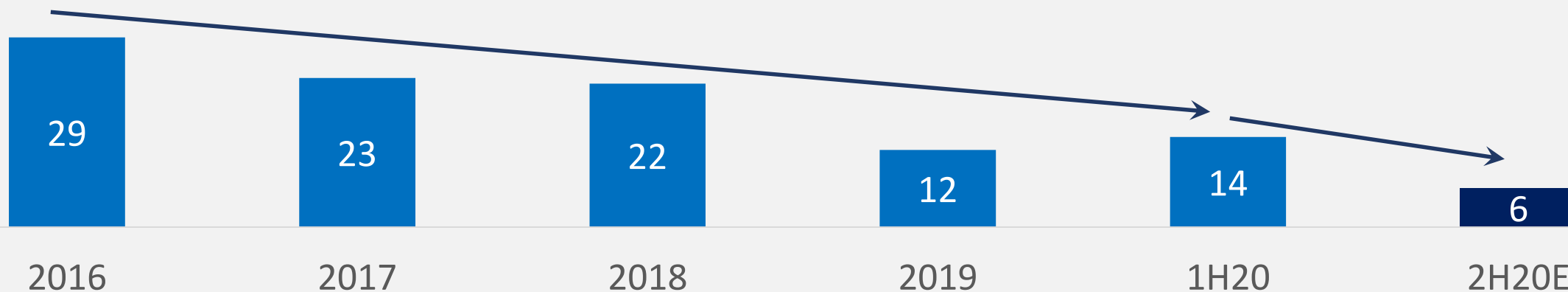
- ✓ Broad campuses restructuring project, with renegotiation, restructuring and unification of units
- ✓ Offer of digital undergraduate through the Digital Platform, receiving revenue share as a center
- ✓ Repositioning of the on-campus portfolio (premium programs)
- ✓ Potential acquisition of on-campus institutions with premium courses (Medicine)

Company with high margins, high cash generation, asset light and with a strong growth perspective

Smaller company, more profitable and cash generating

PEP fulfilled an important part and will end in 2020

Penetration (%) of PEP in On-Campus enrollments



- **PEP played an important role** in supporting the transition **to a new phase without FIES** in On-Campus, serving as an accessible alternative for students with lower payment capacity
- With the evolution of market dynamics and commercial processes, **PEP became less relevant** and its contribution tends to **6% of On-Campus enrollments** in 2H20
- Today we have a digital portfolio for practically all programs and the pandemic minimized resistance to the product. **Offering the program digitally instead of through PEP is better for the student** (fits in his budget) and even with a lower ticket it is also **better for the institution** (more margin, more cash generation, lower accounts receivable)
- Given this scenario, **PEP will no longer be offered in enrollment processes as of 2021**. The students who benefit from the program today will carry on receiving the service until they graduate

Vasta IPO successfully concluded

- Listing of **24.9%** of **Vasta** at **NASDAQ**, raising **US\$ 405 million**, the largest IPO of a Brazilian education company ever carried out
- **Pricing of US\$ 19.00**, above the indicative range of US\$ 15.50 to US\$ 17.50
- Strong demand, **15x higher than the volume offered**, with 280 orders
- Unique combination of **high growth with recurring revenue, high margins and cash generation**
- **Complete platform** of products and services, positioned to support the digital transformation of the Brazilian school



Operating Results

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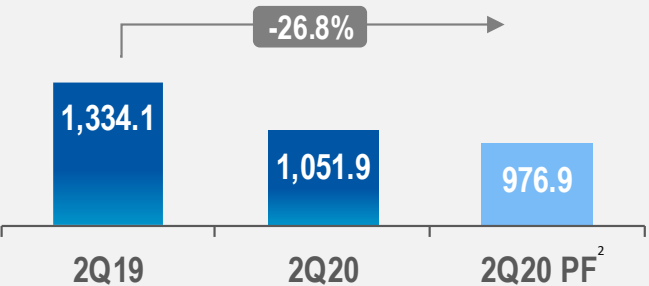


Kroton and Platos Results

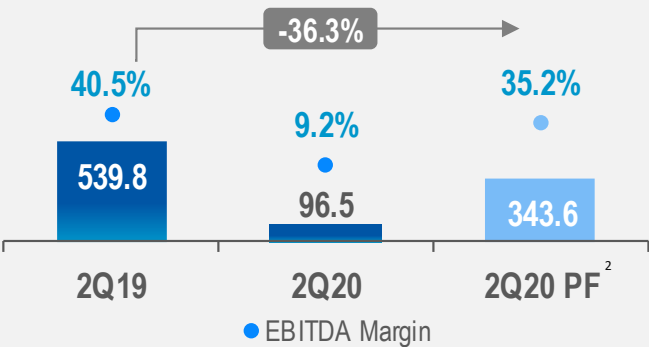
R\$ million

Kroton

Net Revenue



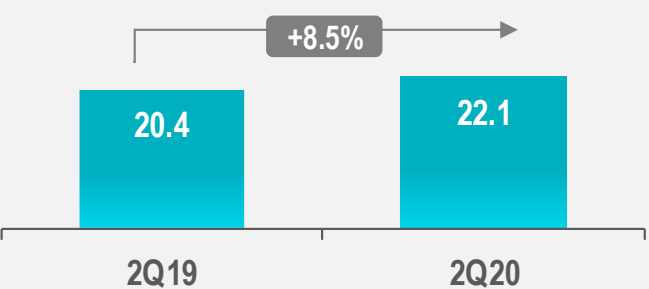
Recurring EBITDA¹



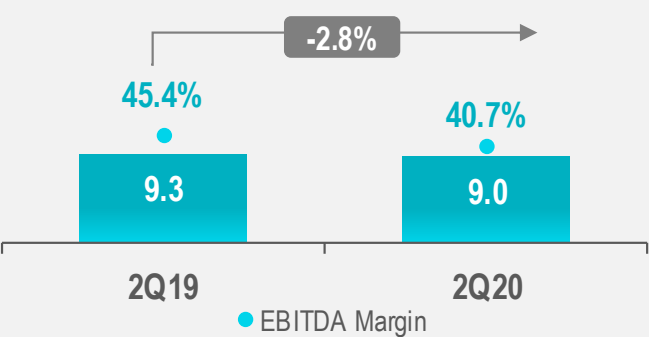
- Revenue impacted by **reduction in student base** and lower **on-campus ticket**, partially compensated by **increase in the digital student base**.
- EBITDA impacted by the **higher PDA level**, partially compensated by the **cost reduction measures**.

Platos

Net Revenue



Recurring EBITDA¹



- Increase in revenue reflecting the growth in **average ticket** and **digital student enrollment**.
- EBITDA stable, with margin impacted by the **seasonality of expenses**. In the semester, **EBITDA grew 23%** with a **margin gain of 4 p.p.**

¹ EBITDA considers Interest and Penalties on Tuition and does not consider non-recurring items

² Proforma result, excluding the deferred revenue of R\$75 million, related to the delays in the renewal of FIES students and the delay in the reenrollment curve of students paying out of pocket, as well as impacts related to Covid-19 in PDA

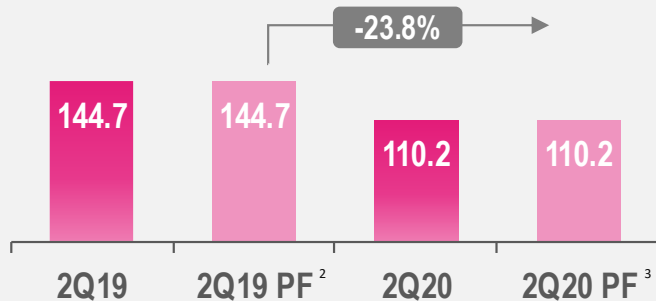


Vasta and Saber Results

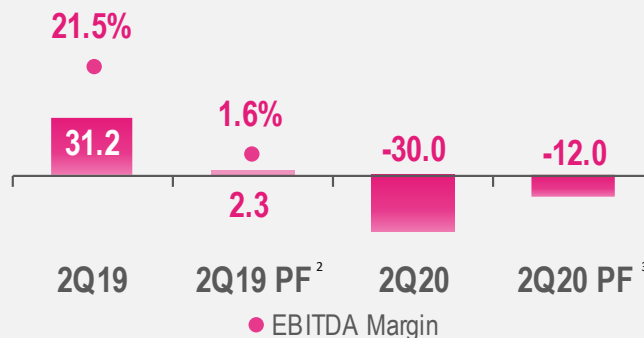
R\$ million

Vasta

Net Revenue



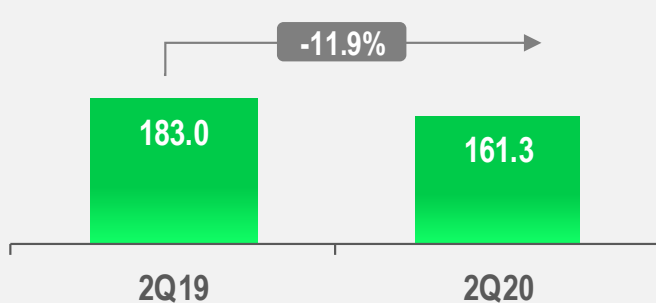
Recurring EBITDA¹



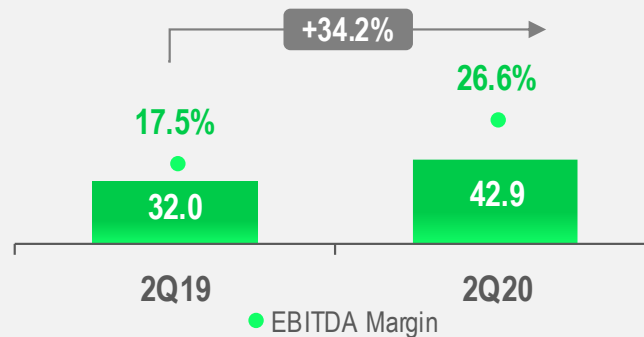
- Reduction in revenue reflecting the **billing seasonality** and **Covid-19 impacts**. In 1H20, **revenue grew 9%**.
- EBITDA impacted by higher marketing costs. In the semester, **proforma EBITDA increased 10%**.

Saber

Net Revenue



Recurring EBITDA¹



- Decrease in revenue due to the **impacts of Covid-19** and the **non-renewal of 2 contracts**, in addition to the **reversal of revenue**, as anticipated in 1Q20.
- Increase in EBITDA and Margin** due to the **turnaround of the operation**.

¹ EBITDA considers Interest and Penalties on Tuition and does not consider impact of inventory surplus (non-cash) and non-recurring items

² Proforma result, considering the classification of publishing expenses under cost of goods sold, exclusion of PIS/COFINS credits and reversal of provisioning for variable remuneration

³ Proforma result, excluding the impacts related to Covid-19 in PDA, expenses of INSS related to previous years and inventory adjustment

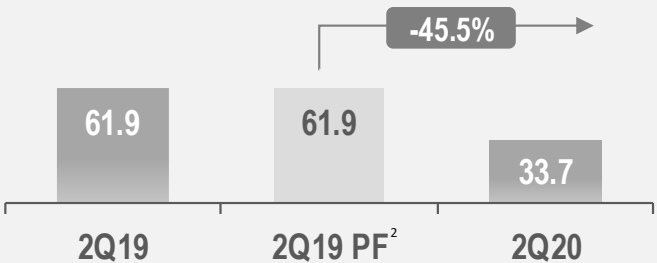


Others and Cigna Results

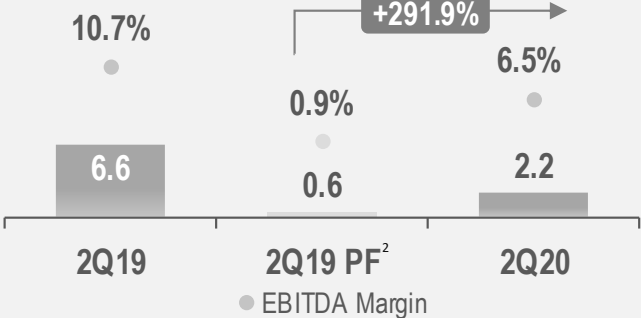
R\$ million

Others

Net Revenue



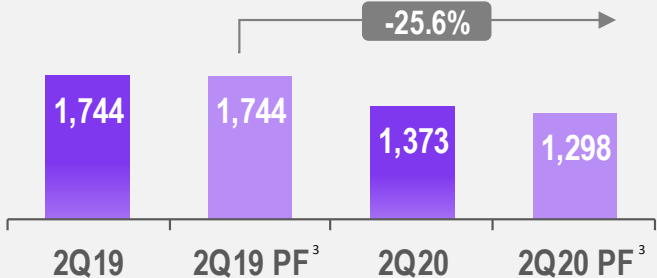
Recurring EBITDA¹



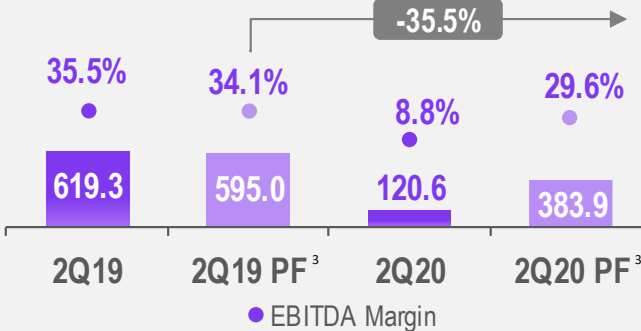
- Decrease in revenue and EBITDA due to the **seasonality** of PNLD, hindering the quarterly comparison.

Cigna

Net Revenue



Recurring EBITDA¹



- Reduction in and EBITDA, reflecting the **Covid-19 impacts**, mainly in the Kroton business, especially in **on-campus undergraduate education**.
- In 1H20, net revenue fell by 19%, with a decrease of 33% in recurring EBITDA.

¹ EBITDA considers Interest and Penalties on Tuition and does not consider impact of inventory surplus (non-cash) and non-recurring items

² Proforma result, considering the classification of publishing expenses under cost of goods sold

³ Proforma result, considering the effects described in the segments

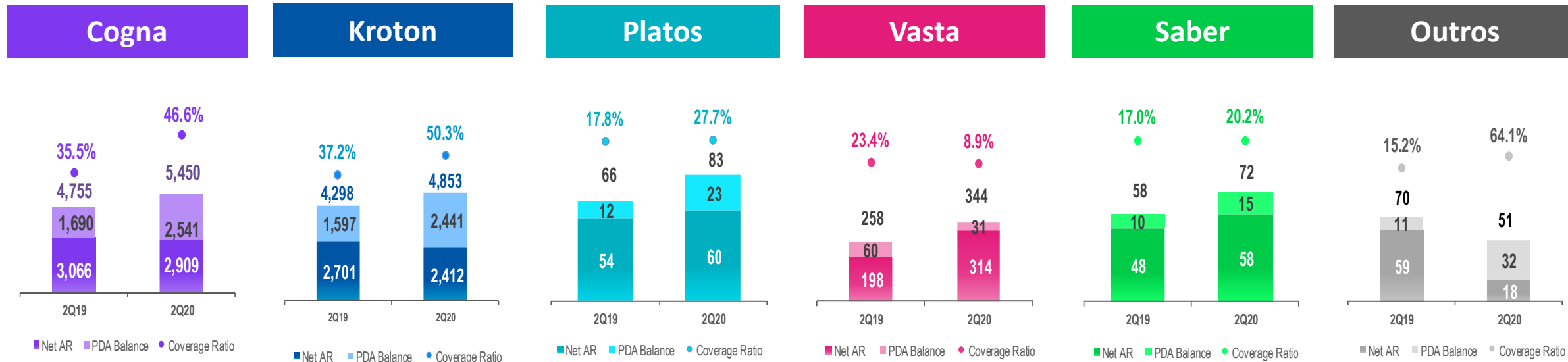
Financial Performance

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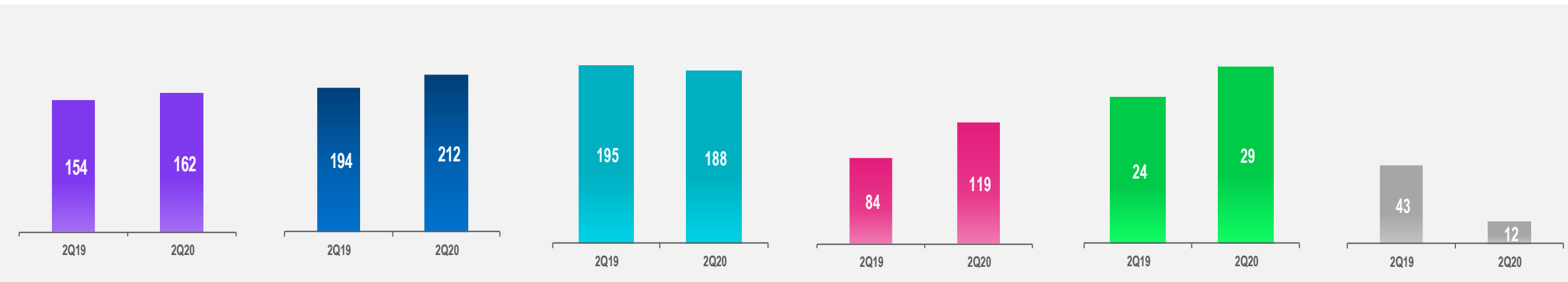


Accounts Receivable, Coverage Ratio and ART

Accounts Receivable and PDA
(R\$ million)



Average Receivables Term
(Days)

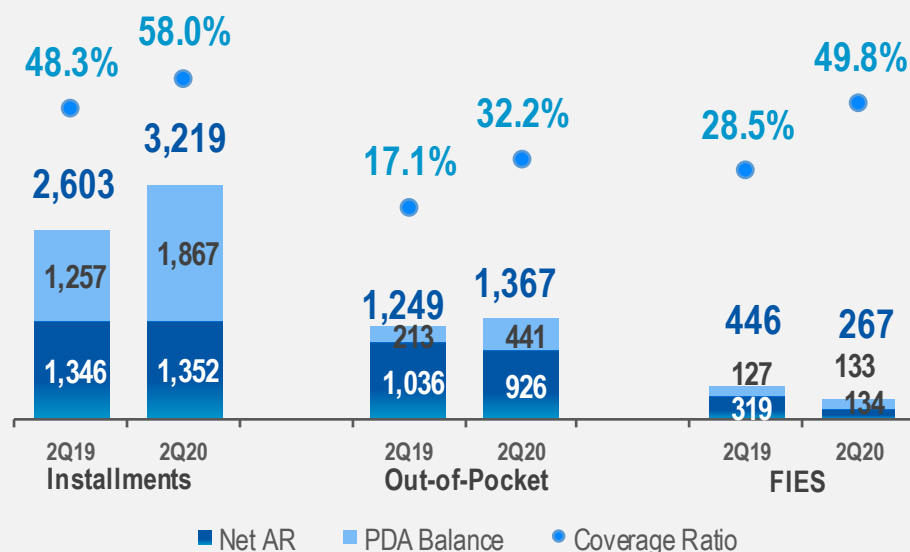


Accounts Receivable, Coverage Ratio and ART

Kroton

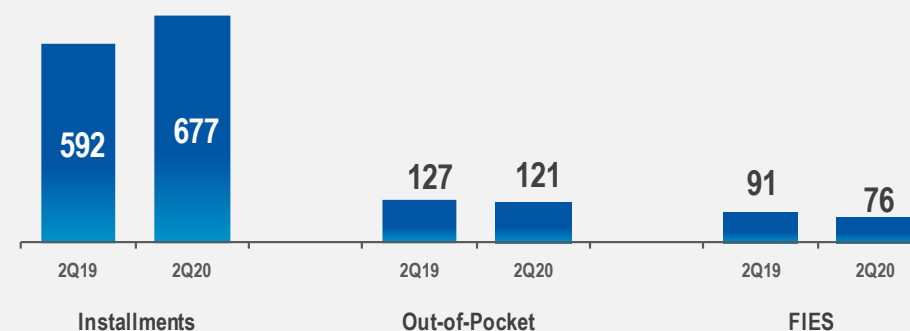
Accounts Receivable and PDA

(R\$ million)



Average Receivables Term

(Days)



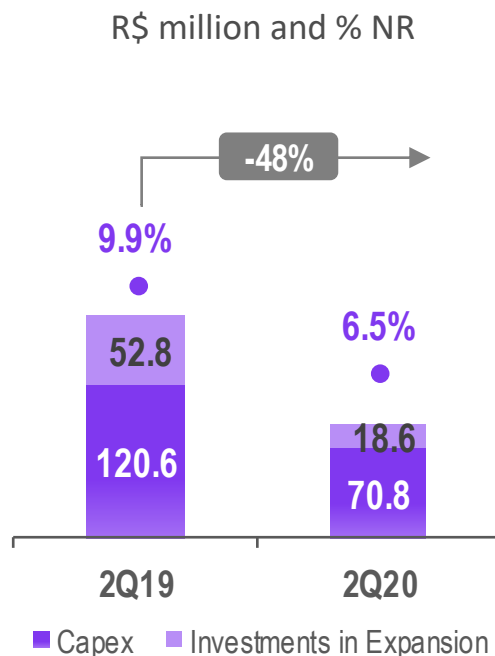
- Increase in PDA and **coverage ratio** for installment products due to the **higher volume of delayed payments** and **perspective of gradual economic recovery**
- Increase in the out-of-pocket coverage ratio, following the current **level of uncertainty**

- Increase in **average receivables term for installment products** following the **maturity of these products**
- **6-day reduction** in out-of-pocket average receivables term, reflecting the **increase in provisioning**, as described



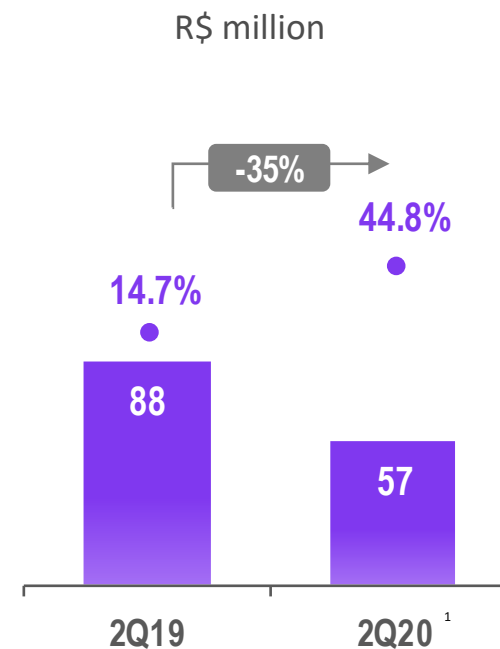
Capex, Investments in Expansion and Operating Cash Generation

Capex and Investments in Expansion



In 2Q20, the sum of Capex and Investments in Expansion reached **6.5% of Net Revenue**, a reduction of 3.4 p.p. year-over-year, **following the trend** of the first quarter, seeing as the Company **concluded its project of opening new units**.

OCG After Capex and Investments in Expansion



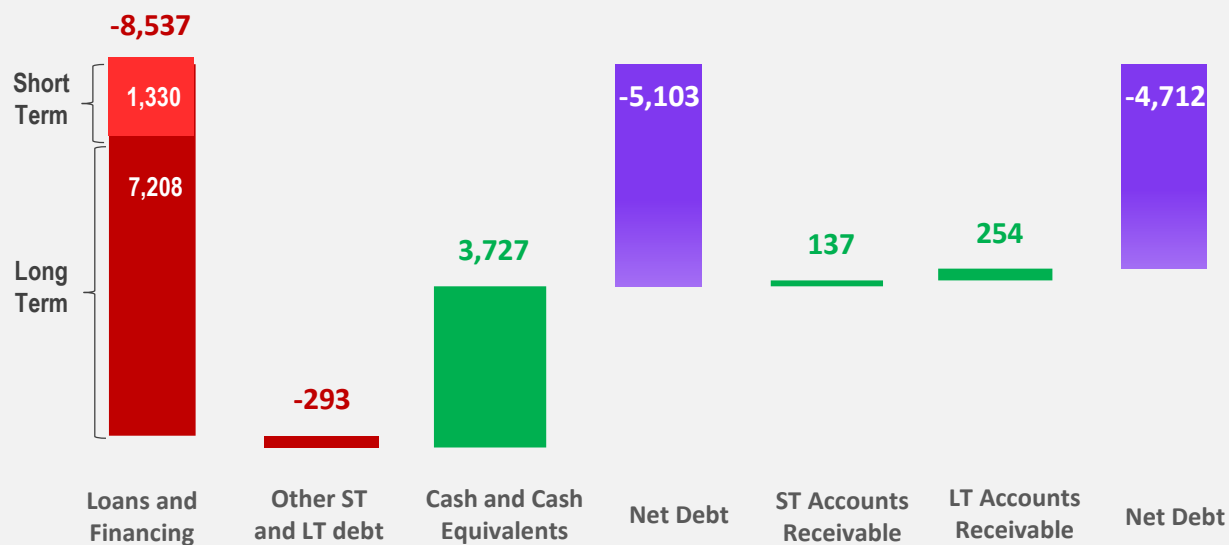
In 2Q20, operating cash generation after capex and investments in expansion totaled R\$ 57 million, a very positive result considering the relevant decline in EBITDA, reflecting the **lower working capital consumption**.

¹ Proforma result, excluding the receipt of the escrow account and amounts related to PNLD, to ensure comparability among the periods.

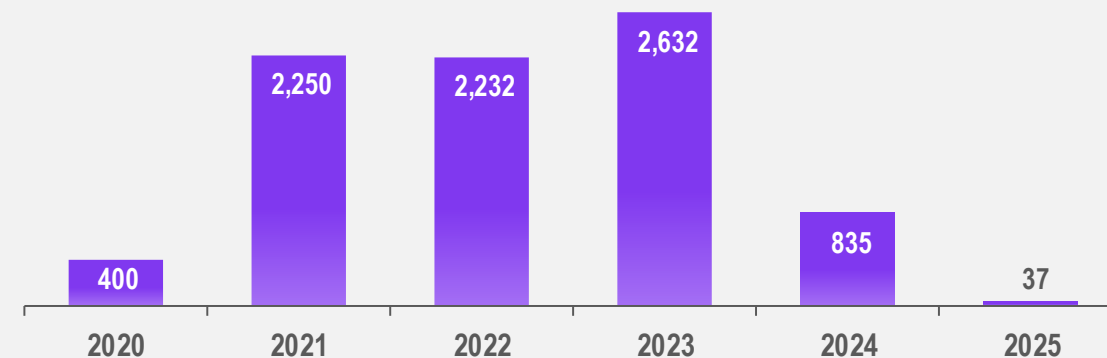


Solid cash position and debt level

Solid cash position and leverage



Elongated debt amortization schedule



- We ended the quarter with **R\$ 3.7 billion in cash**, benefitting from the receipt of the escrow account, liquidated in June
- The numbers still do not reflect the resources from the **Vasta IPO**
- Next relevant debt amortization only in **August/2021**

Closing Remarks

Closing Remarks

Kroton	<ul style="list-style-type: none"> • 2020.2 enrollment process being carried out 100% digitally. Amplification of the trends observed in 2020.1: higher pressure in on-campus education and higher growth in digital education • Reenrollments can be affected by more restrictive renegotiation policies • More details regarding the digital transformation process to be announced in the next Cogna Day
Platos	<ul style="list-style-type: none"> • Relevant migration to digital education, with a 23% growth in enrollments in 2Q20 • Contracts with other institutions in advanced negotiation stages, to start in 2021
Saber	<ul style="list-style-type: none"> • Momentary drop-outs in beginning years and presential extracurricular activities. Digital School guaranteeing the continuity of operations • Process of capturing synergies and efficiencies occurring as planned
Vasta	<ul style="list-style-type: none"> • Momentary drop-outs in beginning years, with a perspective of students returning as their parents return to presential work, for the composition of the 2021 annual contract value (ACV) • The goal for the first semester of the 2021 ACV was surpassed, with Plurall increasingly featuring as an essential competitive advantage • IPO provides autonomy and resources for the Company's organic and inorganic expansion
Other Businesses	<ul style="list-style-type: none"> • 2021 PNLD occurring as planned

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