

2Q23

Earnings Conference Call



IBRX100 B3
ITAG B3
IGC B3



FitchRatings
S&P Global



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Message from CEO



Net Revenue reached R\$ 1,842.9 million in the 1st semester of 2023, a **13.1% growth** vs. last year;

Growth of 9.3% in the average ticket in On-Campus modality, in line with the strategy of focusing on high lifetime-value courses;

Expanding operating leverage resulted in a **3.0 p.p. increase in quarter gross margin**, with a greater share of digital courses in revenue;

Recurring EBITDA reached R\$ 689.9 million in the semester, a **15.1% growth vs 1H22**;

PDA to Net Revenue continues **reducing**, totaling 11.2% of the NOR in the period.

Increase in marketing expenses to **consolidate the Anhanguera Educacional (AEDU) brand**.

KrotonMed's Net Revenue increases 27.7% and Recurring EBITDA +50.0% in 2Q23.



Net Revenue grows 21.7% in the 2023 Cycle vs. 2022 and represents **82.3% of the ACV guidance** of R\$1.230 million, aligned with expectations;

High Subscription Revenue growth in the 2023 Cycle, which increased by 18.5% or 22.4% when excluding PAR compared to the same period of the previous year;

Recurring EBITDA grew by 21.9% in the comparative between cycles and reached R\$354.9 million;

New business line in Vasta: B2G, sales of educational solutions to State and Municipal Governments, with **revenue of R\$40.5 million in the Quarter**.



Cogna's 2Q23 result represents **the ninth consecutive quarter of strong Recurrent EBITDA growth** and strong profitability;

Net Revenue grows 20.0% in 2Q23 and 16.5% in 1H23, driven by growth in the three business units;

Recurring EBITDA grew 20.0% in the quarter and reached **R\$ 878.4 million in the semester**, increasing 16.1%;

Post-Capex Operating Cash Generation (OCG) grows 51.9% in 2Q23 and reaches R\$ 170.9 million, accounting for an **8.4pp increase** in the conversion of Recurring EBITDA into Cash;

Adjusted Net Profit in 2Q23 totaled R\$ 11.0 million, 130.0% higher than in 2Q22, and Adjusted Net Profit totaled **R\$ 128.7 million** in the year-to-date.

Accounting Net Profit was positive at R\$7.1 million in the semester, a consequence of the strong results presented.

Leverage reduces to 1.98x, reaching the lowest leverage level since 4Q20, with stable net debt.

First issue of ESG-labeled Debenture with Social bias in the Education Sector, the debt was R\$ 500 million at CDI + 1.90% and 24 months term (August, 2023)

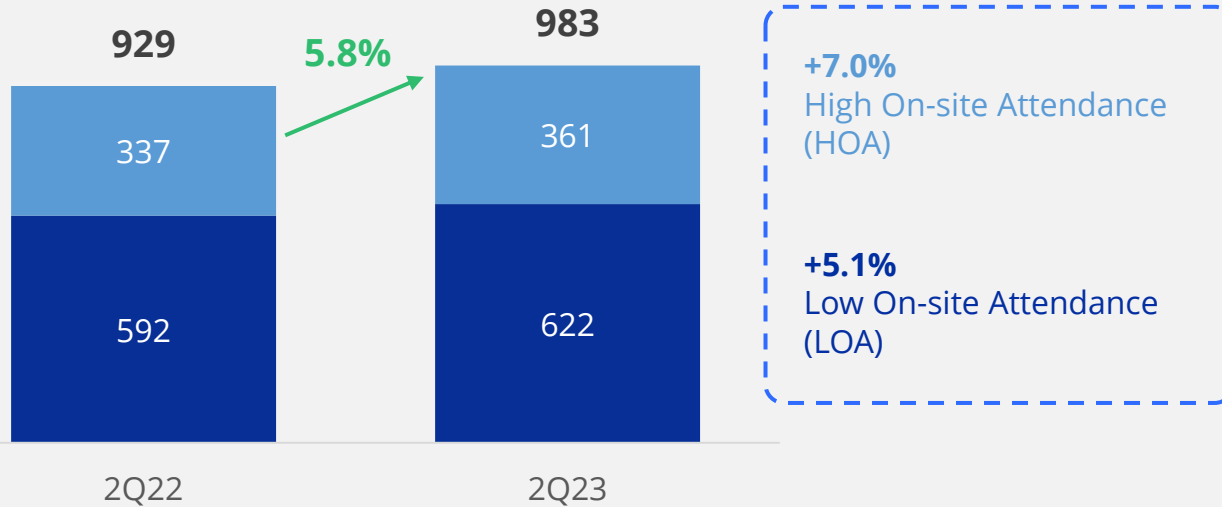
Kroton

Higher Education



Student base and Dropout

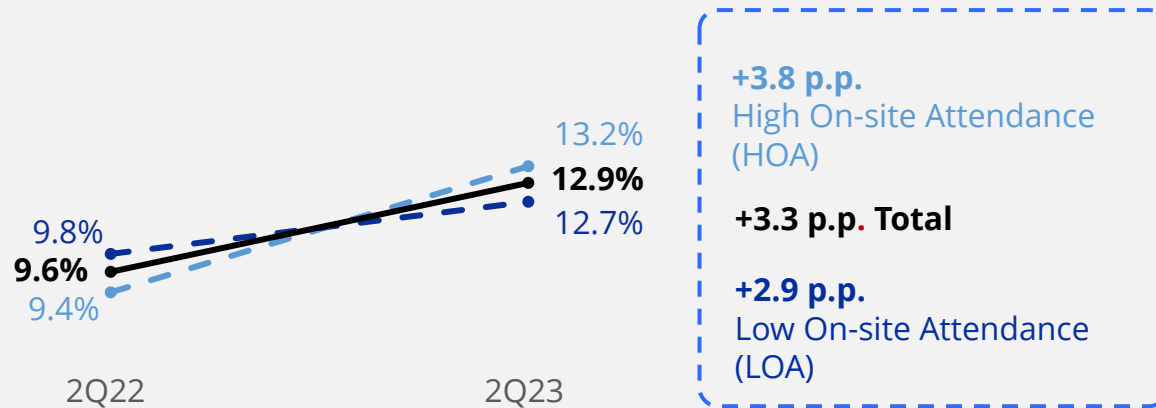
Number of Undergraduate students (No. in Thousands)



+7.0%
High On-site Attendance (HOA)

+5.1%
Low On-site Attendance (LOA)

Undergraduate Dropout (% of base)



+3.8 p.p.
High On-site Attendance (HOA)

+3.3 p.p. Total

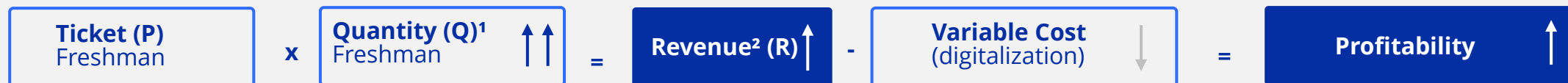
+2.9 p.p.
Low On-site Attendance (LOA)

Kroton's undergraduate student base continues to grow, reaching the 8th consecutive quarter of growth.

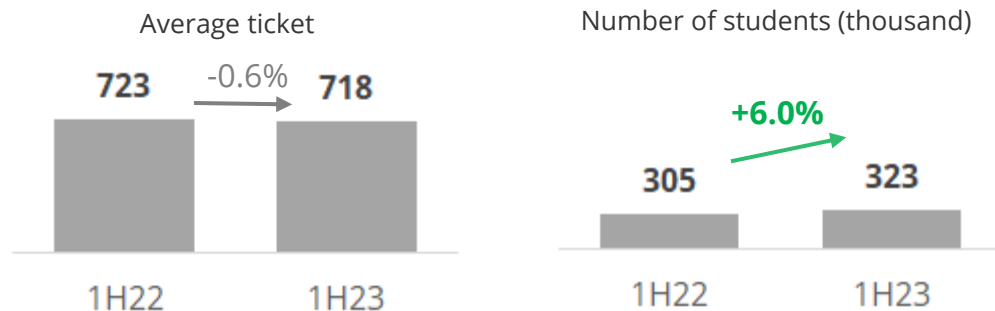
The significant growth in enrollment over the past few cycles pressured the dropout rate, which had an increase of 3.3 p.p. in relation to the same period of the previous year.

Average Ticket (AT)

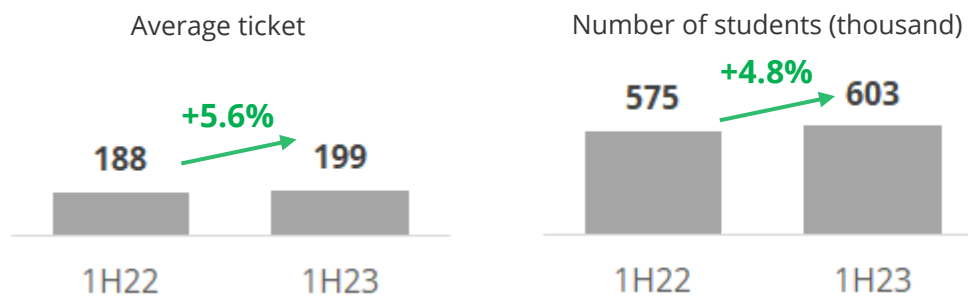
Strategy to maximize revenue by taking advantage of the low variable cost offered by digitalization of the courses and scale of our operation.



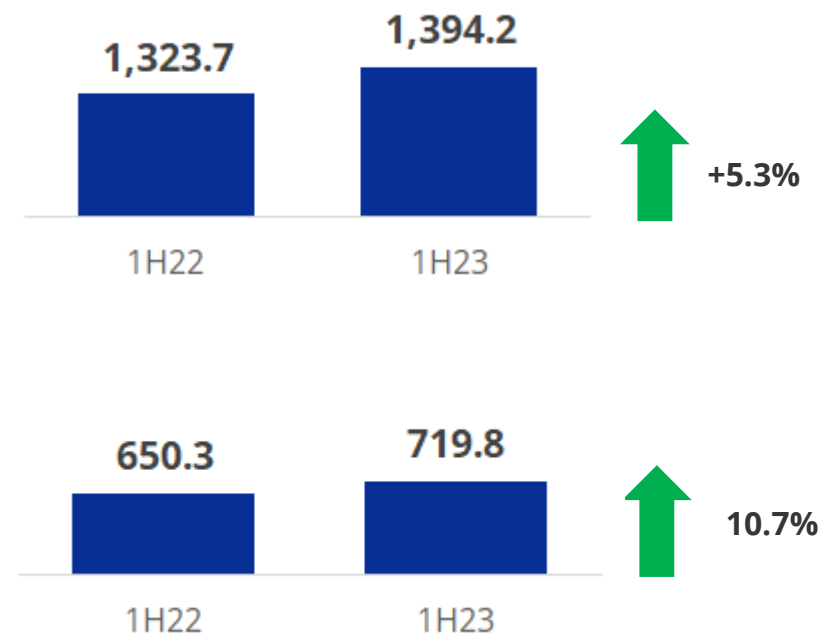
High On-Site Attendance



Low On-Site Attendance



Revenue (R\$ thousand)



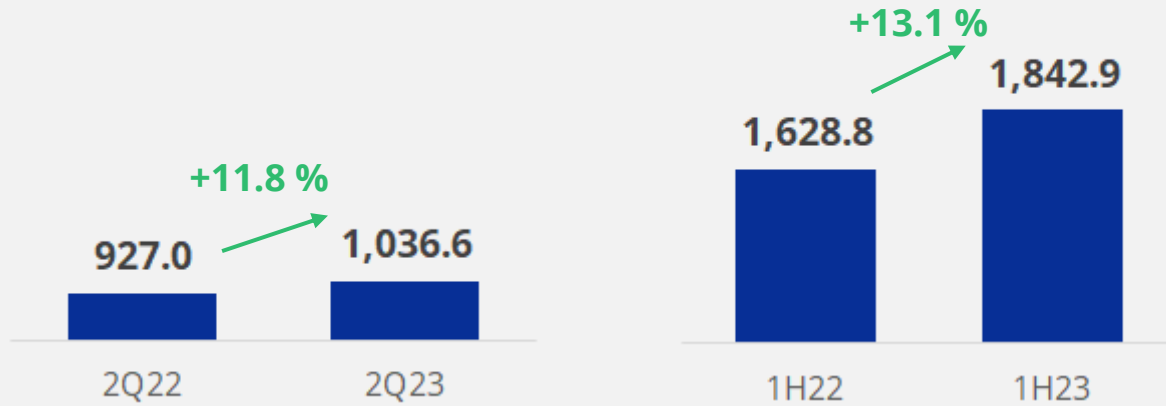
2 - High and Low In-Person Revenue excludes: partner pole reimbursements, adjustments to present value, and compulsory and renegotiation discounts. The presented average ticket is the division between the Net Revenue of the period and the quantity of students in each category (paying, FIES, and PEP) at the end of the period. We will provide the average ticket analysis only in even quarters, as the semester analysis more accurately reflects ticket average trends. Due to a higher incidence of renegotiation and compulsory discount effects in some regions (in compliance with legal actions), we present the analysis free of these effects. In 3Q22, there was a reclassification of certain courses from Semi-Presential (courses with at least one theoretical class at the campus) to Premium EAD (courses with at least one practical lab class), impacting the average ticket.

Net Revenue

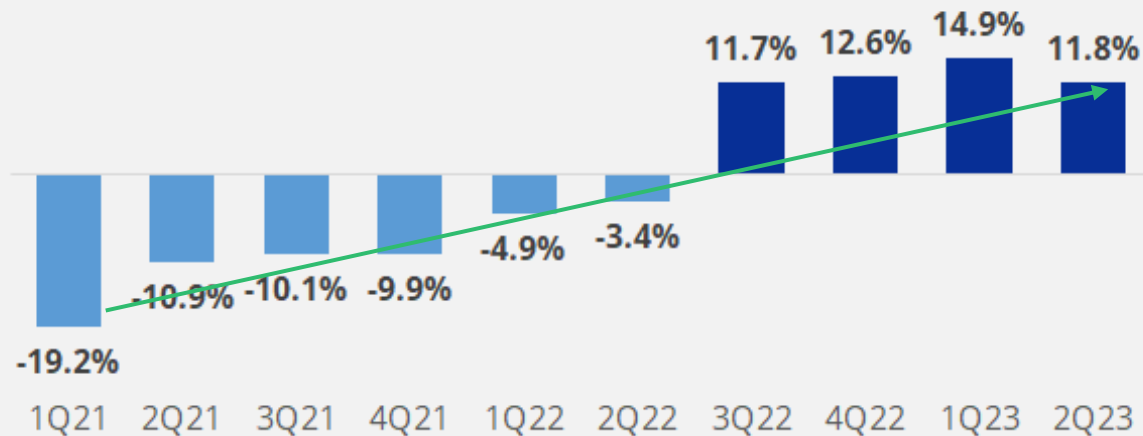
Net Revenue (R\$ million)

Quarter

Semester



Evolution of Net Revenue (%)



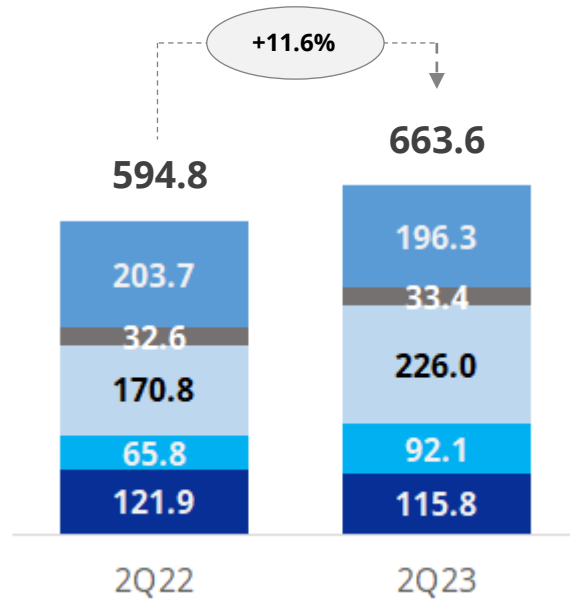
Kroton's Net Revenue grew 11.8% in 2Q23 over 2Q22. In the semester, the Net Revenue achieves R\$ 1,842.9 million, with an 13.1% growth versus 1H22.

Fourth consecutive quarter of double-digit revenue growth, reinforcing the improvement trend in the result recorded over the last 9 quarters.

This increase reflects the compound effect of growing intakes and must continue to generate positive pressure on the Net Revenue in the coming quarters.

Costs and Expenses

Costs and Expenses¹ - Quarter (R\$ million)



NOR %	2Q22	2Q23	Δ
Total Costs	22.0%	18.9%	- 3.1pp
Corporate expenses	3.5%	3.2%	- 0.3pp
Operating expenses	18.4%	21.8%	+ 3.4pp
Selling and Marketing expenses	7.1%	8.9%	+1.8pp
PDA	13.2%	11.2%	-2.0pp
Total C&E	64.2%	64.0%	-0.2pp

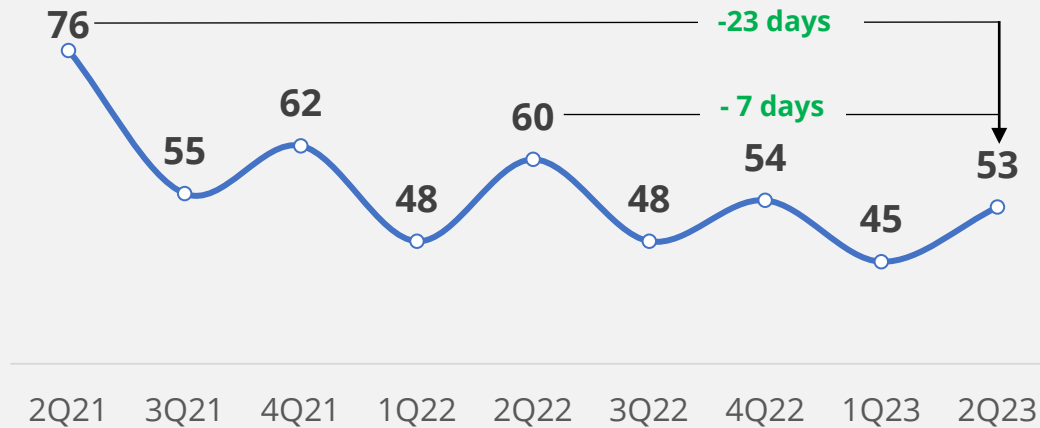
In 2Q23, there was a lower incidence of costs compared to Net Revenue, which now represents 64.2% of Net Revenue, compared to 64.0% in the same quarter of the previous year. Also noteworthy are:

- i. Operational leverage of courses with high digitization led to **Gross Margin improvement**;
- ii. **PDA continues to improve**, demonstrating Revenue quality;
- iii. Operational Expenses increased due to the impact of wage negotiations in this quarter;
- iv. Marketing and Sales Expenses grew due to the **brand consolidation project under the Anhanguera Educacional**;
- v. **EBITDA Margin remains consistent both in the quarter and in the semester**.

1 - Total costs and expenses do not consider Interest and Late Payment

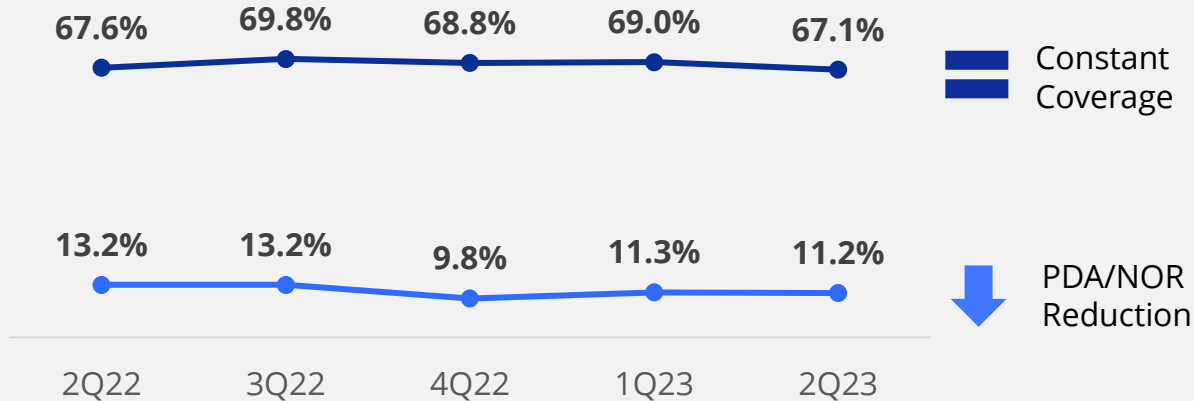
Average Collection Period (ACP) and Coverage Ratio (CR)

Average Collection Period (ACP) (Out of Pocket)



Reduction of 7 days in the Average Collection Period (ACP) comparing 2Q23 to 2Q22, reflecting continued improvement in the student profile and adoption of stricter policies in the renegotiation process.

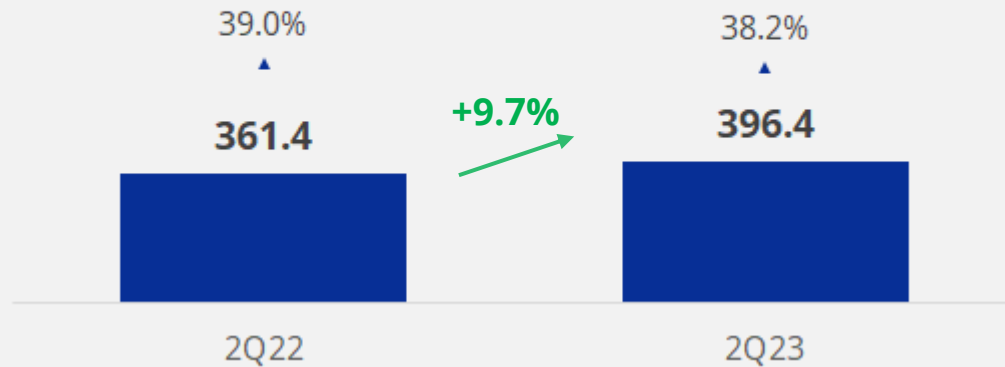
Coverage Ratio (Total) and PDA/NOR



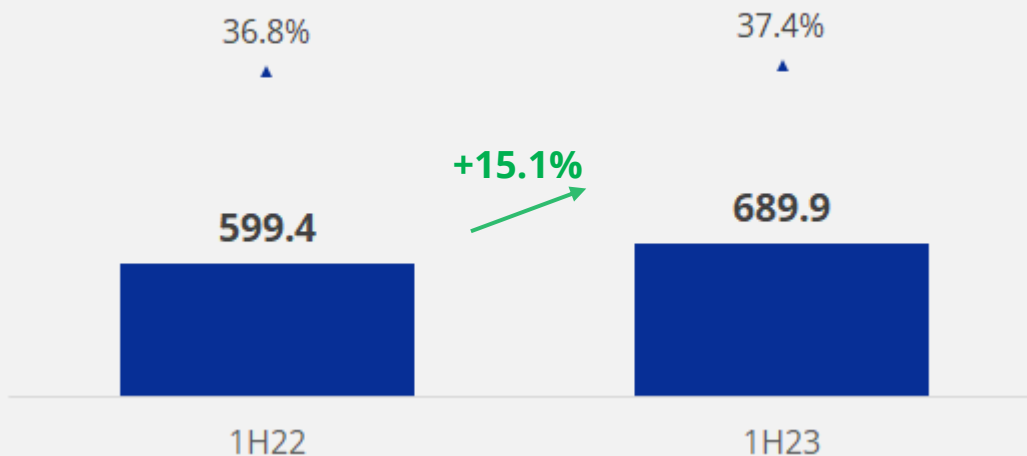
Stability of the Coverage Ratio at a healthy level and reduction in the PDA/NOR, demonstrating the assertiveness in the strategy of attracting students and the payment capacity.

Recurring EBTIDA

Recurring EBTIDA and EBITDA Margin – Quarter (R\$ million)



Recurring EBTIDA and EBITDA Margin – Semester (R\$ million)



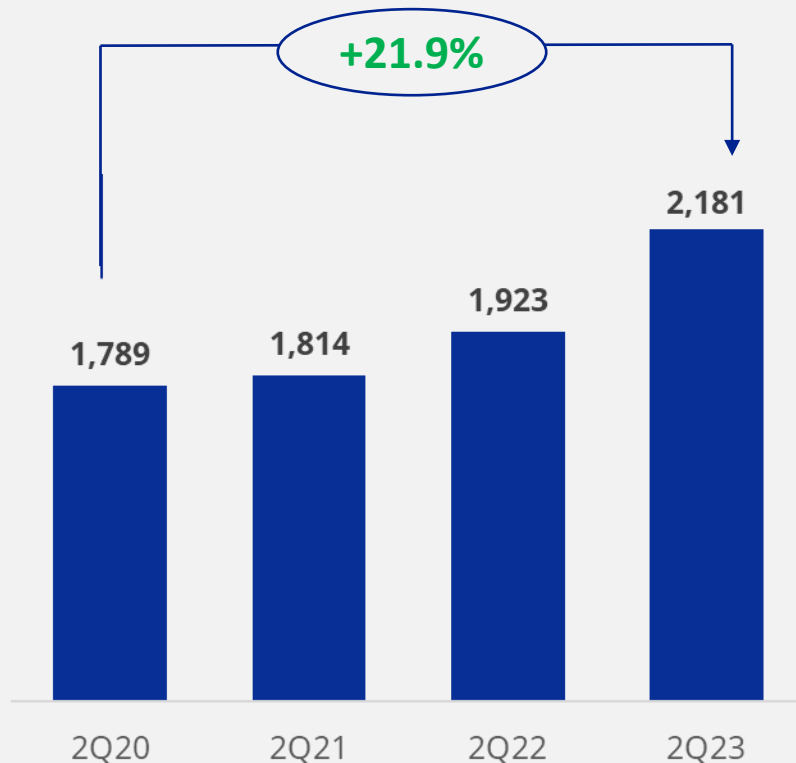
Recurring EBITDA reached R\$ 396.4 million in 2Q23, an increase of 9.7%. For the half year, recurring EBITDA grew by 15.1%. EBITDA margins for both the quarter and the six months were in line with last year due to:

- i. 3.0 p.p. gross margin improvement driven by operating leverage in the quarter;
- ii. Improvement in PDA, demonstrating the effectiveness of the student acquisition strategy and their ability to pay;
- iii. Higher operating expenses, primarily due to labor negotiations in line with inflation for the period and the new executive compensation program (ILP);
- iv. Increased investments in marketing and sales, as anticipated and mentioned in previous releases, to improve student acquisition and strengthen the national Anhanguera brand.

Productivity Increase by Campuses

Productivity by Kroton Campus

Number of students High On-Site Attendance (HOA) by Campus (#)



At the end of 2Q23 we had 112 campi, the rationalization of Campuses, started in 2020, enabling a **21.9% increase in the number of HOA/Kroton Campus students** Kroton;

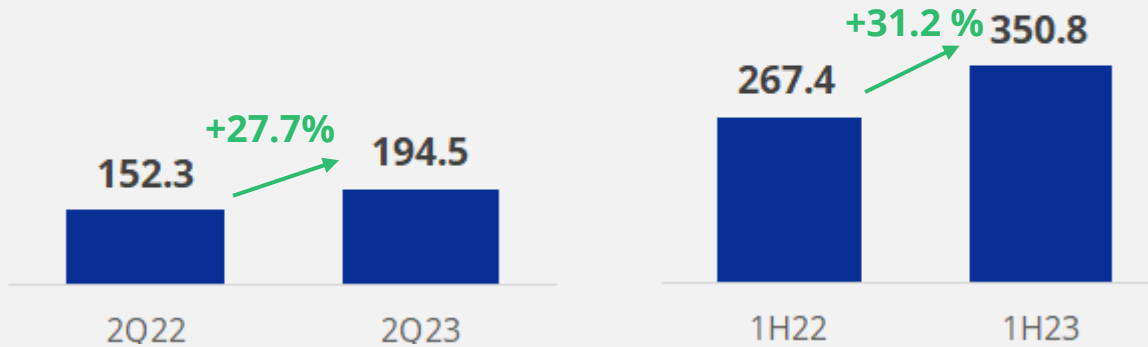
Operating Success in migrating a **high proportion of students from own units to partner units**;

This rationalization allows Kroton to reduce its rental expenses despite the incidence of more than 46% of IGP-M in this period¹.

Net Revenue (R\$ million)

Quarter

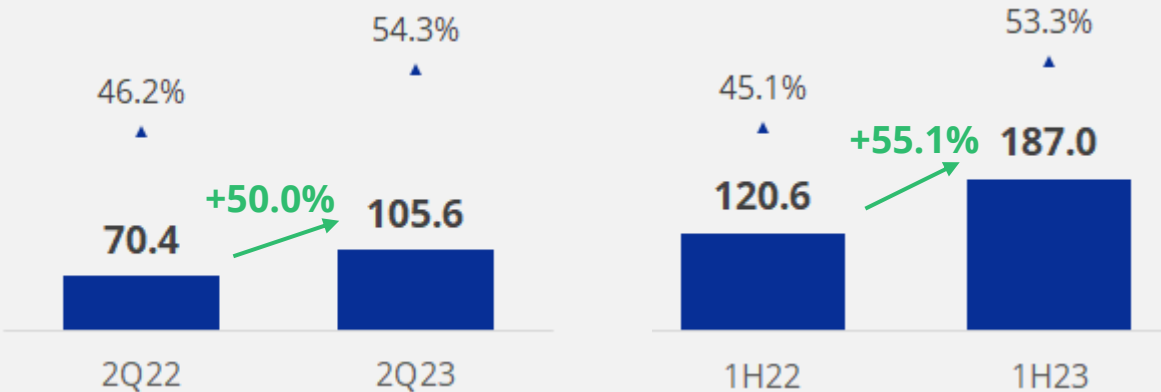
Semester



Recurring EBTIDA and EBITDA Margin (R\$ million)

Quarter

Semester



▲ Recurring EBITDA Margin

The 27.7% growth in Net Revenue contributed to a 50.0% higher Recurring EBITDA in 2Q23.

The good results are the result of improvements implemented such as:

- (i) Maturation of medicine course vacancies, mainly in Bacabal, Eunápolis and Codó;
- (ii) Increase in Freshman Price above inflation for maturing units;
- (iii) Transfer of Inflation to Freshmen (Medicine) and Senior Students (Medicine and other courses);
- (iv) Other operational improvements.

In the semester we had a growth of Recurring EBITDA by 55.1% in relation to the same period of the previous year.



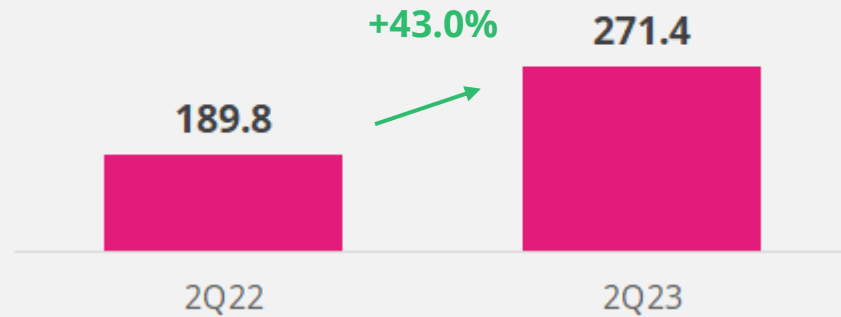
Vasta

K-12 Education

Net Revenue

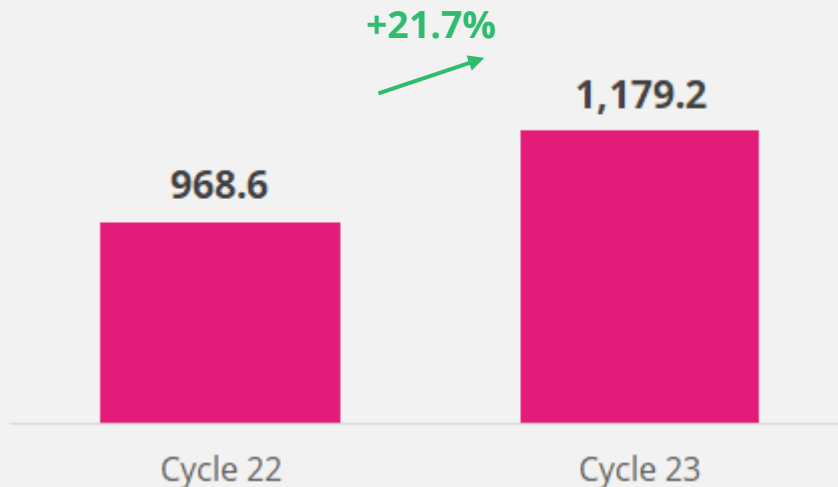
Net Revenue – Quarter

(R\$ million)



Net Revenue – Cycle

(R\$ million)



In the quarter, **Net Revenue is 43.0% higher** than 2Q22 totaling **R\$ 271.4 million** due to:

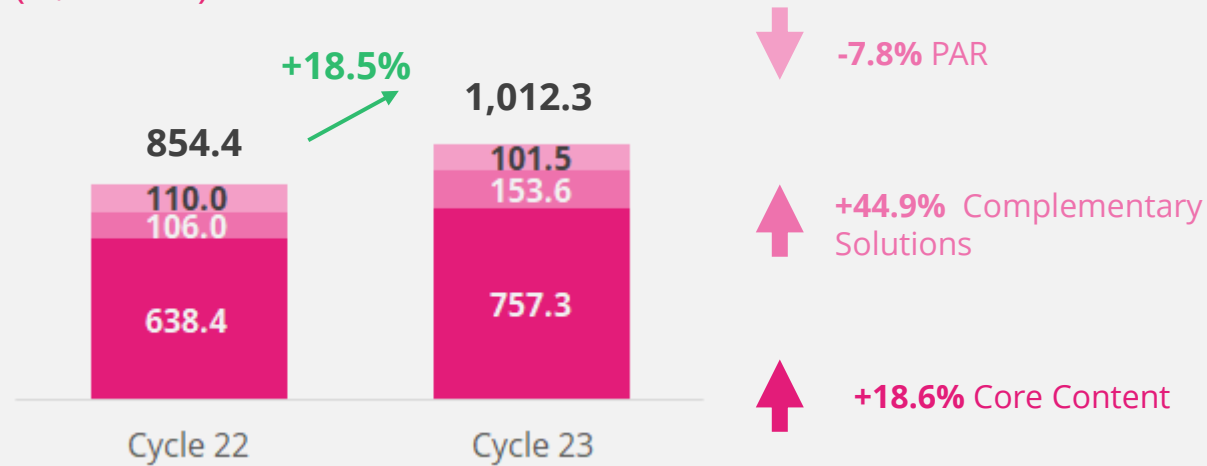
- (i) Improvement of commercial performance, with a **65.2% growth in complementary solutions.**
- (ii) First **B2G** Contract: sale of educational solutions to State and Municipal Governments.

Net Revenue grew 21.7% in the 2023 Cycle versus 2022 and reached R\$ 1,179.2 million

Net Revenue

Net Revenue - Subscription

(R\$ million)

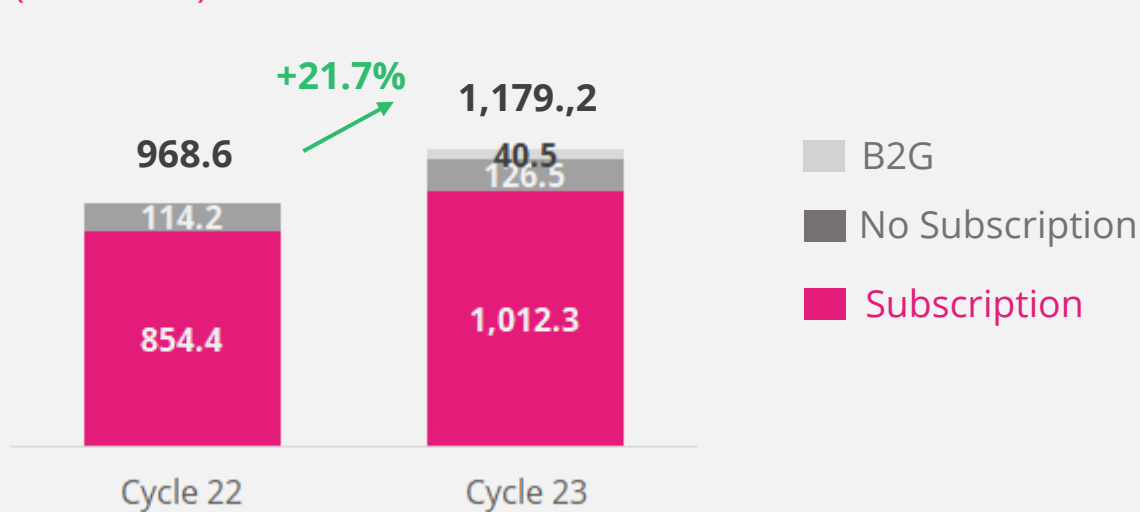


Subscription Revenue grew 18.5% between 2022 and 2023 Cycles.

Subscription share totaling 85.8% of total Net Revenue, reaching 82.3% of ACV for 2023 cycle.

Net Revenue by Product

(R\$ million)

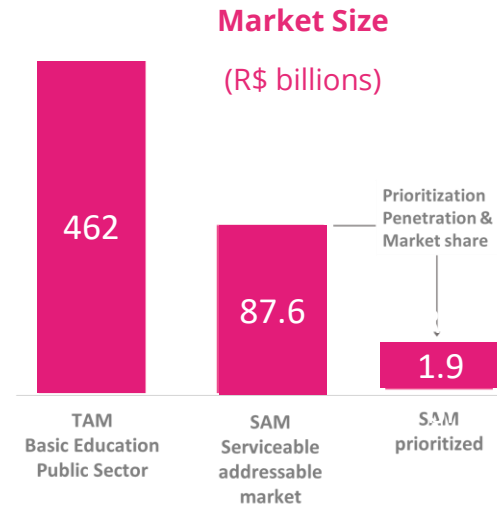
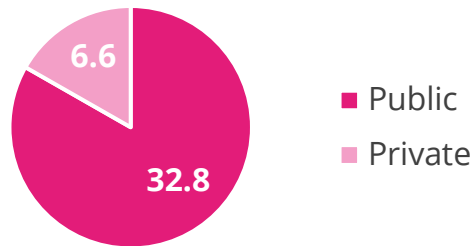


Revenue from Complementary Solutions grew 44.9% between 2023 and 2022 Cycles, reinforcing the importance of this growth vector.

B2G: Business to Government

MARKET SIZE

K-12 Public sector in Brazil comprises more than 33 million students or 5X the Brazilian K-12 Private students.



GO TO MARKET

- Allocation of managerial resources (Business Director)
- Target are States and Large Cities;
- Creation an attractive portfolio of products and services;
- Content developed for specific needs of public sector
- Regular participants in public tenders;

FIRST RESULTS

- R\$ 40.5 million in Net Revenue
- More than 300 Thousand students benefiting from better education

ESG

Social

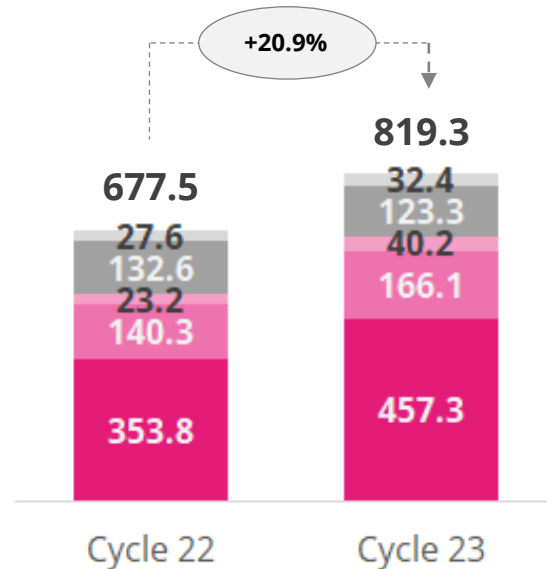
- Aiming to reduce inequality and improve low result in the IDEB

Governance

- Dedicated compliance team with:
 - (i) background check on stakeholders involved in public tenders;
 - (ii) monitor exchanged information with public agents;
 - (iii) audit of all bidding process according to applicable laws;

Costs and Expenses

Costs and Expenses¹ - Cycle (R\$ million)



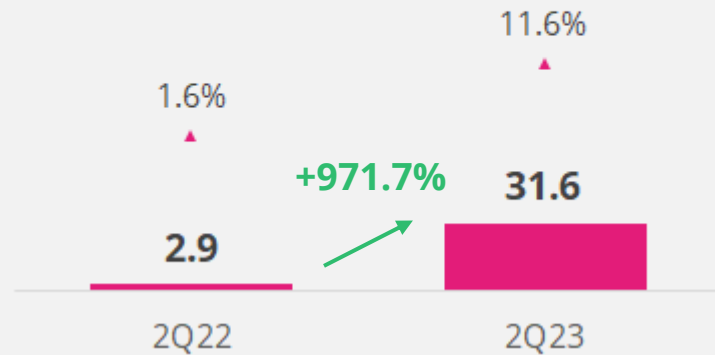
% NOR	Cycle 2022	Cycle 2023	Δ
Total Costs	36.5%	38.8%	+2.3p.p
Corporate Expenses	2.9%	2.7%	-0.2p.p
Operational Expenses	13.7%	10.5%	-3.2p.p
Selling and Marketing expenses	14.5%	14.1%	-0.4p.p
PDA	2.4%	3.4%	+1.0p.p
Total de C&E	69.9%	69.5%	-0.4p.p

In the 2023 cycle, there was a lower incidence of costs relative to net revenue, which now represents 69.5% of net revenue, compared to 69.9% in the prior year's cycle. Notable items include:

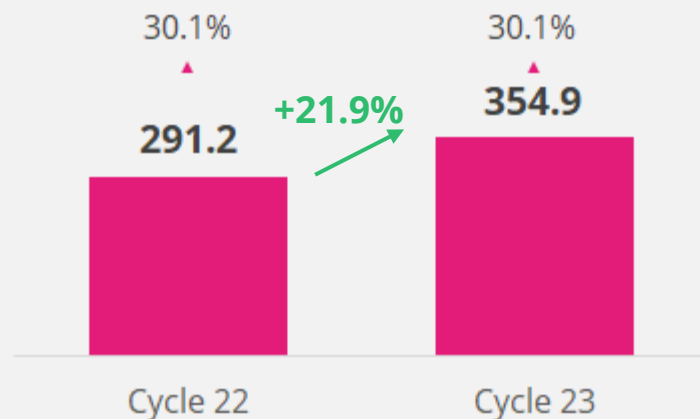
- i. **Operating and Corporate expenses** decreased by 3.2 and 0.2 p.p., respectively, due to improved commercial performance driven by operational efficiencies and team optimization;
- ii. **PDA/NOR** increased by 1.0 p.p. due to the provision of accounts receivable from a retailer in legal collection;
- iii. Gross margin was impacted by production costs due to global inflation impacting paper costs.

Recurring EBITDA

Recurring EBITDA and EBITDA Margin - Quarter
(R\$ million)



Recurring EBITDA and EBITDA Margin - Cycle
(R\$ million)



Recurring EBITDA grew 971.7% in 2Q23, reflecting the good performance of complementary products and the new avenue growth for B2G;

In the comparison between cycles, the Recurring EBITDA grew 21.9%, reaching R\$ 354.9 million.

In the Cycle, despite the increase in the paper cost and the additional provision made with the retailer, the Recurrent EBITDA margin remains unchanged, at 30.1%, demonstrating the company's efficiency

Saber

PNLD, *Red Balloon*, SETs
e Other Businesses

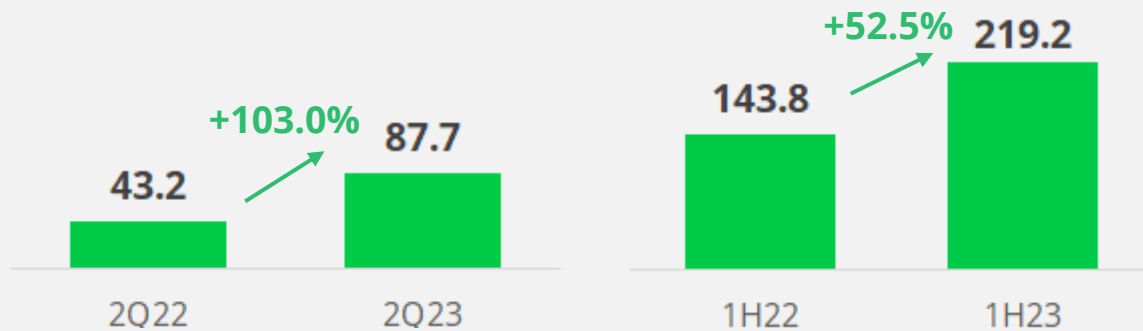


Financial Highlights

Net Revenue (R\$ million)

Quarter

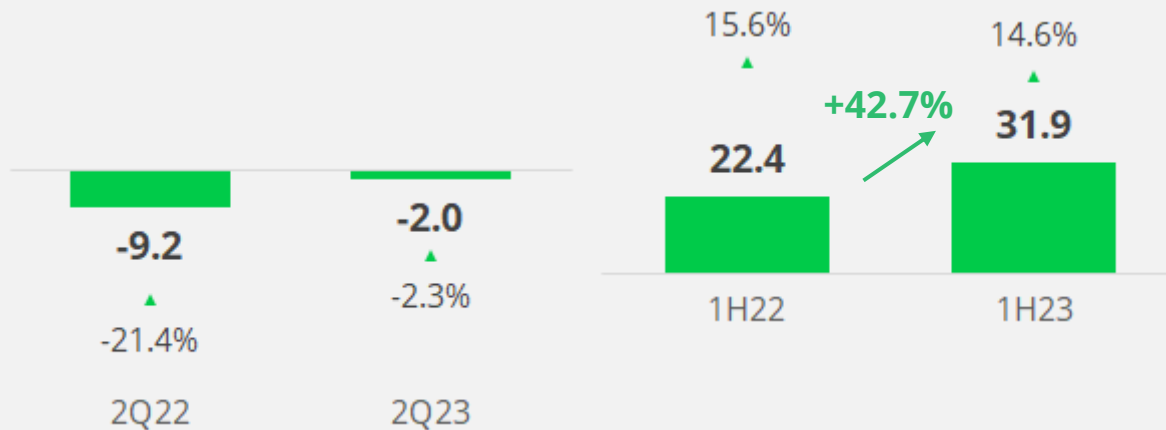
Semester



Recurring EBITDA and EBITDA Margin (R\$ million)

Quarter

Semester



Saber's Net Revenue grew 103.0% in 2Q23, due to the good performance of all Saber operations: NBTP, Languages and Other Businesses,

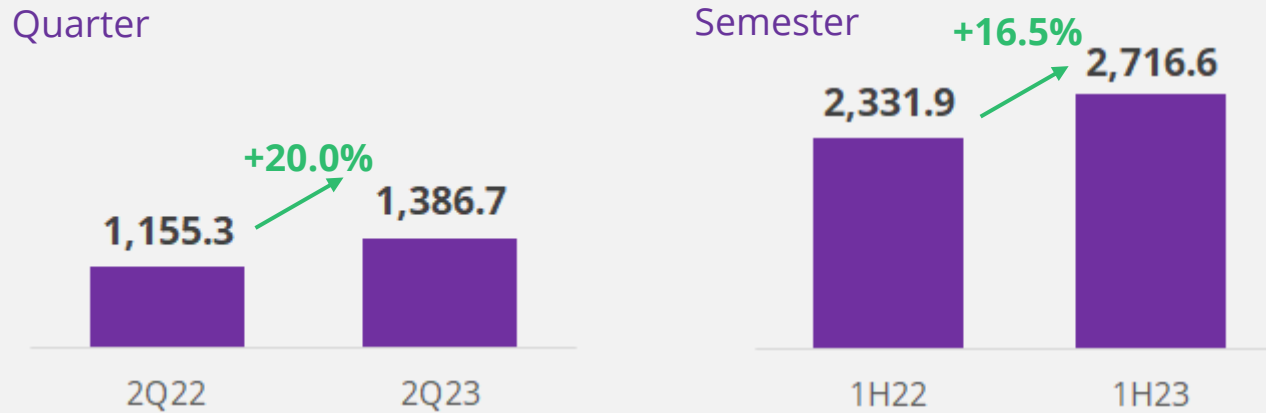
Saber experienced a significant 42.7% growth in Recurring EBITDA during 1H23, attributable to the increase in Net Revenue. This compensated for the reduction in the Recurring EBITDA margin due to rising paper and printing costs. Although the quarter produced a negative result, it exceeded the Company's expectations, this can be attributed to the timing of production and sales/billing cycles of the 2023 and 2024 programs. This reinforces the Company's confidence in a significant increase in Saber's Recurring EBITDA for the year.

Cogna



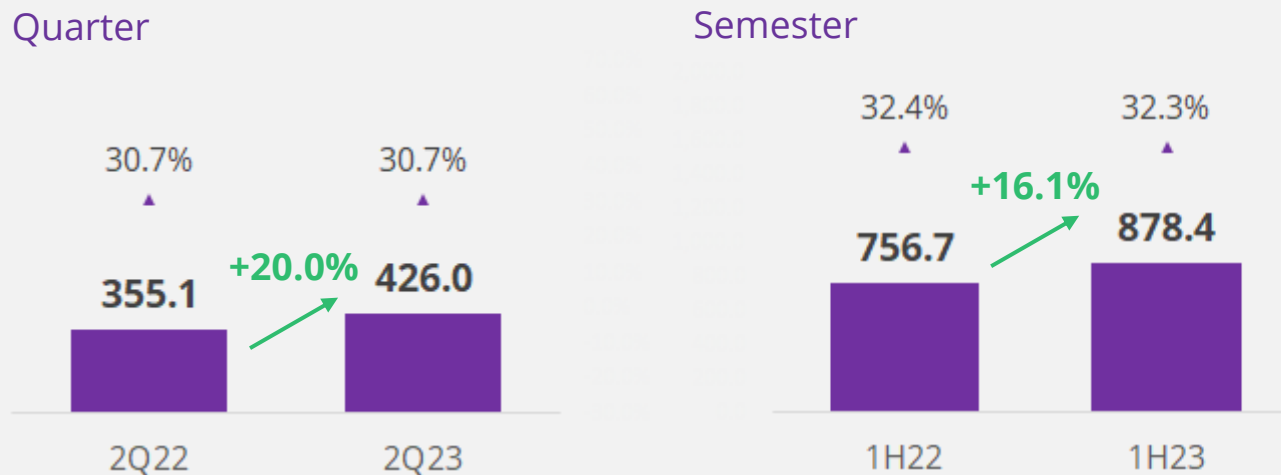
Net Revenue e Recurring EBITDA

Net Revenue (R\$ million)



Growth of 20.0% in Net Revenue in 2Q23, driven by growth in the three business units;

Recurring EBITDA and EBITDA Margin (R\$ million)

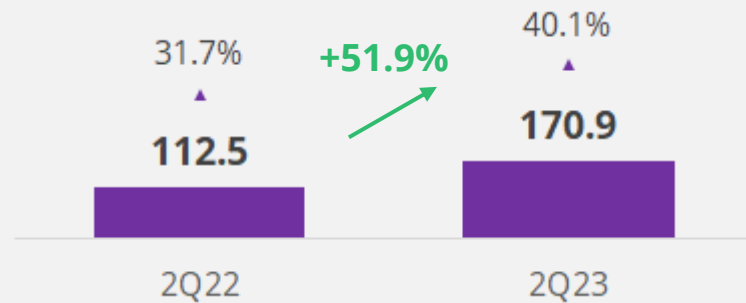


Growth of 20.0% in Recurring EBITDA in 2Q23 represents the ninth consecutive quarter of recurring EBITDA growth at Cogna.

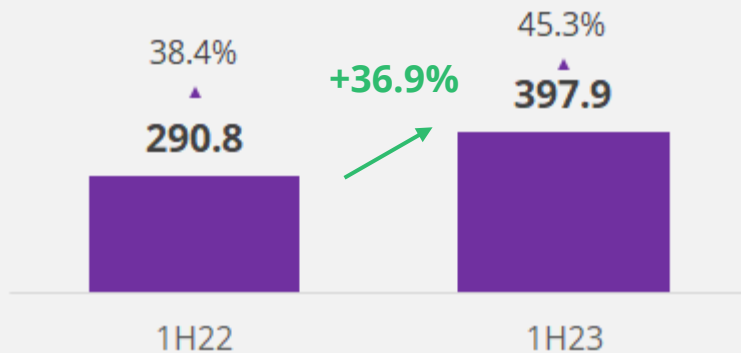
▲ Recurring EBITDA Margin

Operating Cash Generation (OCG) after Capex

Quarter (R\$ million)



Semester (R\$ million)



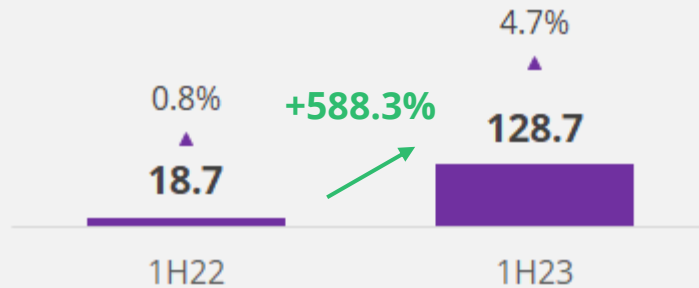
Post-Capex Operating Cash Generation (OCG) grew 51.9% in 2Q23, reaching R\$ 170.9 million;

The conversion of Recurring EBITDA into OCG is 40.1% in 2Q23, accounting for a growth of 8.4 p.p. versus 2Q22;

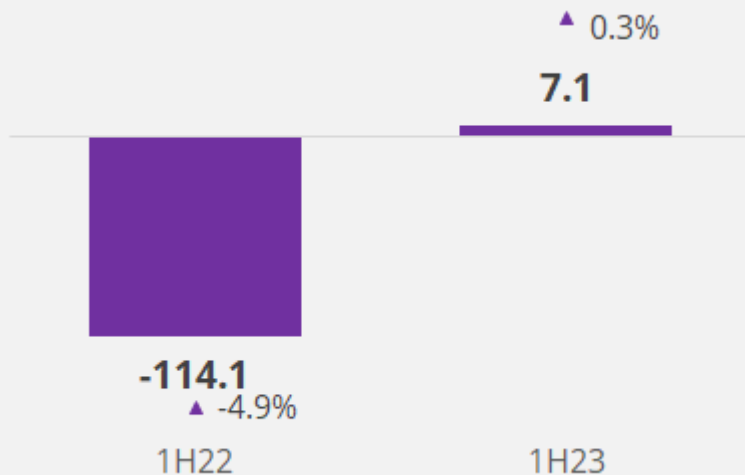
This growth is the result of the operational improvement in the three units, but mainly due to the improvement in timely payments at Kroton.

Net Profit

Adjusted Net Profit and Adjusted Net Margin (R\$ million)



Net Profit (Loss) and Net Margin (R\$ million)



▲ Net Margin

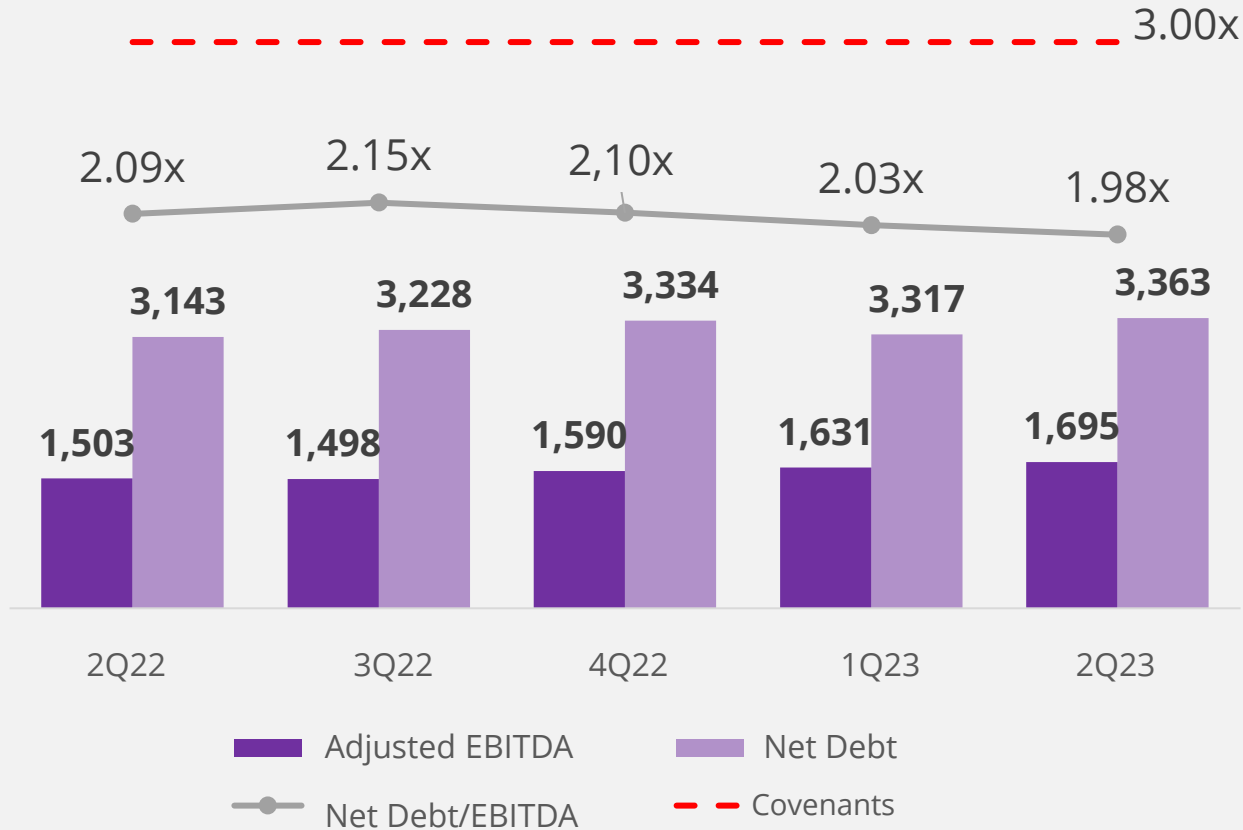
Adjusted Net Profit grew 588.3% in the semester, reaching R\$ 128.7 million, with an increase of 3.9 pp in the Adjusted Net Margin.

This result was achieved based on the combination of:

- (i) 18.4% increase in Operating Result;
- (ii) 58.9% increase in Reversals of contingencies;
- (iii) Improvement of 5.1% of the Financial Result.

Net Profit was positive by R\$ 7.1 million in the semester, due to strong operating results, which offset the amortization of intangible assets

Leverage and Indebtedness

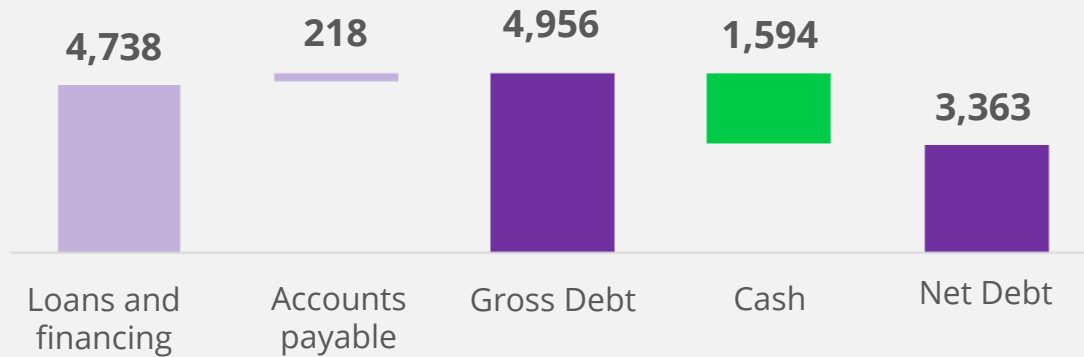


The Leverage indicator reduced to 1.98x, reaching the lowest level since 4Q20, as a result of the consistent growth of the Company's EBITDA and cash generation;

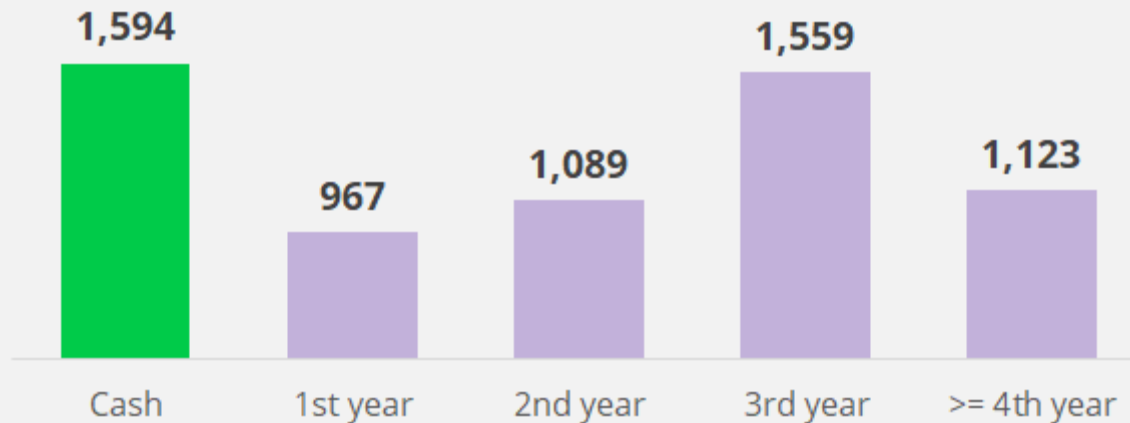
Net Debt increased 1.4% compared to 2Q22, due to the earn-out from the acquisition of Vasta and the Eleva Group price adjustment. For informational purposes, excluding the two effects, Net Debt would have reduced to R\$3,304.0 million.

Cash Position and Indebtedness

Breakdown of Net Debt
(R\$ million)



Amortization Schedule
(R\$ million)



In April 2023, we secured subsidized financing of R\$ 85.0 million from FINEP. This financing is directed towards innovation projects, with an average cost of approximately 63% of the CDI.

In August 2023, in line with our liability management agenda, Cogna secured first issuance of ESG-labeled debentures with a social bias in the education sector. The debenture amounts to R\$ 500 million at CDI + 1.90%, with a term of 24 months.

Taken together with our robust generation in 2023, these actions enable us to fulfill our amortizations and obligations without the need for new capital raising in the year.

The Free Cash Flow (FCF) in the 2Q23 amounted to +R\$90.2 million, excluding funding and interest payments, the FCF in 2Q23 was R\$38.9 million.

Final Considerations



The 8th consecutive period of growing revenue and volume, together with a controlled dropout, supports growth in student enrollment and revenues



The Gross Margin Expansion demonstrates operational leverage and improvement in PDA, indicating the effectiveness of the student acquisition strategy and their payment capacity.



Rationalization of Campi conducted effectively, increasing efficiency and conversion of Recurring EBITDA into OCG, reducing expenses with rentals and infrastructure.



Net Revenue continues to grow, with new segments starting to generate value for the Company



Paper and printing cost pressures, provision for retailer and higher selling expenses should offset operating leverage and a more premium mix – without reducing expected margins for the stable business



Net Revenue grows 20.0% due to good performance in the three business units



The combination of Recurring EBITDA growth and cash conversion allow for greater OCG, reduction of Net Debt and leverage



Good operating performance and Liability Management actions offer security over the liquidity horizon and leverage reduction



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