COGNA EDUCAÇÃO S.A. (B3: COGN3; OTCQX: COGNY)

Market Cap at 12/31/2019: R$18.8 billion

Average daily trading volume in 4Q19: R$154.4 million

Ratings: triple A (brAAA) by Standard & Poor's and AA+(bra) by Fitch

Earnings Conference Call: March 31, 2020 at 12 p.m.

4Q19
EARNINGS RELEASE

Belo Horizonte, March 30, 2020 – Cogna Educação S.A. (B3: COGN3; OTCQX: COGNY), "Cogna" or the "Company," announces today its results for the fourth quarter of 2019 (4Q19). The Company's financial information is presented on a consolidated basis and in Brazilian real, in accordance with Brazilian Corporate Law and Generally Accepted Accounting Principles in Brazil (BRGAAP), and already conforms to International Financial Reporting Standards (IFRS), except where stated otherwise.

DISCLAIMER

This document contains forward-looking statements and information. These forward-looking statements and information are merely forecasts and not guarantees of future performance. All stakeholders are cautioned that such forward-looking statements and information involve risks, uncertainties and factors relating to the operations and business environments of Kroton and its subsidiaries and affiliates, and that the actual results of the companies could differ materially from the future results anticipated explicitly or implicitly by such forward-looking statements and information.

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HIGHLIGHTS – MANAGEMENT ANALYSIS

Due to the different PNLD payment schedule in 2019, the Company conducted pro forma analyses considering the same seasonality as in 2018 for revenue recognition to ensure a better comparison base and a better understanding of the program's revenue flow. Accordingly, note that the 3Q19 pro forma analysis considers only revenue related to the program's repurchases (although the majority of repurchases were recognized in 4Q19), while all purchases were considered in the 4Q19 pro forma analysis (although a lower portion of the payment was registered only in January and February 2020). Therefore, the pro forma result presented herein recognizes the same percentage of PNLD recorded by Somos in 2018. Lastly, the pro forma result also considers the reclassification of the publishing costs. However, it is important to note that all analyses in this document are made on a corporate basis, i.e., excluding the effects of the pro forma analysis, unless expressly stated otherwise.

Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%	2019	2018	Chg.%
Net Revenue	1,929,726	1,921,016	0.5%	1,516,007	27.3%	7,027,194	6,060,712	15.9%
EBITDA [1]	534,984	591,171	-9.5%	511,515	4.6%	2,422,084	2,482,553	-2.4%
EBITDA Margin	*27.7%*	*30.8%*	*-3.1 p.p.*	*33.7%*	*-6.0 p.p.*	*34.5%*	*41.0%*	*-6.5 p.p.*
Adjusted Net Income [2]	51,619	191,789	-73.1%	134,958	-61.8%	771,965	1,510,973	-48.9%
Adjusted Net Margin	*2.7%*	*10.0%*	*-7.3 p.p.*	*8.9%*	*-6.2 p.p.*	*11.0%*	*24.9%*	*-13.9 p.p.*
Operating Cash Generation (OCG) after Capex [3]	367,367	171,193	114.6%	122,710	199.4%	401,187	902,236	-55.5%
OCG after Capex [1] / EBITDA (unadjusted)	68.7%	29.0%	*39.7 p.p.*	24.0%	*44.7 p.p.*	16.6%	36.3%	*-19.8 p.p.*

[1] EBITDA considers interest and late-payment fees and excludes impacts from inventory surplus value; [2] Net income adjusted by the amortization of intangible assets and inventory surplus value.
[3] Excludes investments with M&A and Expansion.

Pro Forma Analysis:

Values in R$ ('000)	4Q19 Pro Forma	4Q18	Chg.%	3Q19	Chg.%	2019 Pro Forma	2018	Chg.%
Net Revenue	1,787,470	1,921,016	-7.0%	1,516,007	17.9%	7,111,925	6,060,712	17.3%
EBITDA [1]	583,185	591,171	-1.4%	511,515	14.0%	2,581,877	2,482,553	4.0%
EBITDA Margin	*32.6%*	*30.8%*	*1.9 p.p.*	*33.7%*	*-1.1 p.p.*	*36.3%*	*41.0%*	*-4.7 p.p.*
Adjusted Net Income [2]	(1,221)	191,789	n.a.	134,958	n.a.	792,775	1,510,973	-47.5%
Adjusted Net Margin	*-0.1%*	*10.0%*	*n.a.*	*8.9%*	*n.a.*	*11.1%*	*24.9%*	*-13.8 p.p.*
Operating Cash Generation (OCG) after Capex [3]	443,526	171,193	159.1%	122,710	261.4%	634,345	902,236	-29.7%
OCG after Capex [1] / EBITDA (unadjusted)	76.1%	29.0%	*47.1 p.p.*	24.0%	*52.1 p.p.*	24.6%	36.3%	*-11.8 p.p.*

[1] EBITDA considers interest and late-payment fees and excludes impacts from inventory surplus value; [2] Net income adjusted by the amortization of intangible assets and inventory surplus value.
[3] Excludes investments with M&A and Expansion.

FINANCIAL & OPERATING HIGHLIGHTS

- In 4Q19, net revenue stable in relation to the previous year, with the recognition of revenue from the PNLD 2020 and the start of recognition of the 2020 Annual Contract Value (ACV) of Somos offsetting pressures from the shift in the student mix in Postsecondary Education and the higher dropout rate
- EBITDA decreased 9.5% in the quarter, with EBITDA margin compressing 3.1 p.p. in 4Q19, due to the pressures on the Postsecondary Education segment, the accruals to PDA recorded in the period and the reclassification of publishing costs in K-12 Education. In the year, EBITDA margin compressed 6.5 p.p., due to the merger of businesses with lower profitability and to the impacts from the graduations of FIES students.
- Cash generation registered an upward trend, reaching R$367.4 million in 4Q19, with a cash conversion rate after capex of 69%. In 2019, cash generation was R$401.2 million, which reinforces the Company's sustainability and cash generation capacity, despite one of the most challenging years in terms of pressures in the Postsecondary Education segment. This perspective is further supported by pro forma cash generation after capex, which amounted to R$443.5 million in 4Q19 and R$634.3 million in 2019, with conversion rates after capex of 76% and 25%, respectively.

MESSAGE FROM MANAGEMENT

As we report our 2019 earnings, the world is facing a COVID-19 pandemic, which is significantly altering the daily life of our society and bringing potential impacts on our businesses. We are focused on creating contingency plans that (i) safeguard the health of our employees and students; (ii) ensure the continuity of our services, minimizing the impacts that the efforts to contain COVID-19 will certainly bring to our students; and (iii) adapt our organization to the new scenario post-COVID-19.

With regard to the health of our employees and students, we have taken the decision to suspend our on-campus activities at 100% of our teaching units and to migrate all workers at our corporate offices to working from home. We also have an online service channel for our employees to access our occupational healthcare team. To ensure the continuity of academic life, the on-campus activities were substituted by in-person activities mediated by technology. The same professors who lectured classes at our campuses are now giving classes via our digital platform, in synchronous and asynchronous models, depending on the program and activity. In K-12 education, our own schools and the partner schools of Somos have at their disposal the largest digital classroom platform in the country. A concentrated effort to enable millions of students to continue their studies during a period of restrictions on commuting. On the organizational front, management continues to assess the potential impact on its business to quickly make adjustments to its structures as and if necessary, in line with its history of performance excellence.

SOLID FINANCIAL SITUATION AFTER CONCLUSION OF PRIMARY OFFERING

In terms of the business plan, on February 11, we concluded a follow-on offering that raised R$2.6 billion, which significantly bolsters our cash position and leaves us poised to tackle the challenges ahead in 2020. Despite our net debt, we do not have any significant debt maturities scheduled for 2020, which leaves us in a comfortable situation in terms of financial liquidity. Clearly, the management is not losing sight of any valuable consolidation opportunities in the market (for which reason we decided to tap the capital markets). However, during these times marked by uncertainties, maintaining a comfortable cash situation is our first priority. We believe that, soon, the impacts from COVID-19 on the Company, the country and the world will become much clearer, which will enable us to concretely analyze opportunities for market consolidation.

4Q19 RESULTS & GUIDANCE

As disclosed in the material fact dated January 31, regarding the execution of our latest follow-on offering, COGNA discontinued its guidance for 2019. However, to ensure transparency, in the documents supporting its follow-on offering, the Company already indicated that net revenue in 2019 would be from 4% to 5% below the guidance previously disclosed, leading other financial indicators to also be below the previous estimates. The reporting of financial results today shows that net revenue came in 4.5% below the guidance given in May 2019, in the center of the range guided in the documents for the follow-on offering. The main justification for the lower-than-expected revenue was the higher pressures from the macroeconomic scenario, which resulted in a higher-than-expected dropout rate.

With regard to the operating results, the Company took the decision to increase its provision for doubtful accounts (PDA) by R$181 million from the current level, which reflects: (i) the non-recurring effects on historical losses in 2019 (due to the migration of the entire student base to Kroton's invoicing system and the amount of adjustments in classroom hours (PAM)); and (ii) the level of uncertainty brought by the impacts anticipated from the COVID-19 pandemic on the payment capacity of our students, which weighed on expectations for future losses. Excluding the impact from the two non-recurring items above, PDA on an annualized basis corresponded to approximately 9.2% of net revenue, up 0.9 p.p. from 4Q18, reflecting the still-challenging macroeconomic environment and the higher-than-expected dropout rates.

STUDENT RECRUITING – UNDERGRADUATE

The new enrollment process in the first semester of 2020 remains open, with conclusion slated for April. Until the shutdown of the on-campus units due to the spread of COVID-19, most of the process already had been completed, with highly satisfactory results. With our on-campus units closed and restrictions on movement in various cities, we already have observed a slowdown in the pace of new enrollments in this final phase due to the limitations imposed. Nevertheless, it is important to note that the Company will continue to implement various initiatives to mitigate the impacts, such as adopting online admission exams, actions to convert applicants into enrollments and increased engagement in digital media.

ACTIONS TO MITIGATE IMPACTS FROM COVID-19 FOR STUDENTS

As disclosed in the Notice to the Market dated March 16, Cogna has been implementing various measures – which were determined by a crisis committee formed especially for this purpose – to safeguard the health of our workers, to help contain COVID-19 and to mitigate its effects on our activities (see the Message from Management). Below we describe the main initiatives taken to date in each of Cogna's business verticals to mitigate the effects on our students and to enable them to continue their studies, despite the restrictions on commuting.

The on-campus activities of Postsecondary Education at all our on-campus units and partner centers have been suspended since Mach 16 to prevent the transmission of COVID-19 and to protect our students and employees. On the other hand, the Company was once again pioneer and quick to create a contingency plan to ensure the continuity of classes through its digital platforms, taking advantage of its entire collection of content and making it available immediately to the on-campus students to avoid impacts on the academic calendar. In addition, our professors are recording classes using audio and/or video devices and uploading them to our Virtual Learning Environment (AVA) so that students do not lose contact with the faculty and remain engaged in their programs. Note that this rapid preparation only was possible because of the characteristics of our KLS 2.0 Academic Model, which adopts, among other things, the internationally recognized flipped classroom concept. This means that our students can continue their studies wherever they are and when most convenient. We understand that this asynchronous (prerecorded) solution is the best for adapting to the infrastructure of our students' homes, since it enables the academic content to be accessed with any internet connection speed, even slower ones. To date, the measure encompasses our 13,837 classes for the 32,180 courses offered. For activities in which synchronous interaction is important, we have implemented and are in the roll-out phase of a complementary solution that enables professors to give live classes to their students. As such, we believe that we offer both stability and virtually universal access to an asynchronous solutions, along with the dynamics of a synchronous solution in the cases that require one.

In K-12 Education, the approach is not that different, although the decision to close schools is following the orders of local authorities (own schools) and the decision of each school partner. Somos has created what we are calling the "Digital School," which is a combination of three integrated platforms, namely Plural, Plural Maestro and Google Hangouts Meet, so that all partner schools can offer educational services through digital means as well. Hundreds of thousands of students are already using Somos's Digital School, including our own schools. On March 12, the Anglo preparatory courses began to make its courses available online and on March 15 it made these classes available for free to all schools. On March 19, the Digital School was made available through Plurall, the digital learning platform of Somos, which enables all partner schools to migrate their operations to the digital environment. The solution offers over 400,000 learning objects, which include: complete digital school materials, games, animations, video classes, tutoring, exercises, exams, admission exams, educational Olympics, mock tests, projects, classes, forums, essays, literature books, and many other functionalities. Plurall can draw on the support of Plural Maestro, the platform's version for faculty, through which teachers can send specific classes and activities to entire classes or individual students. On March 24, the Digital School launched its third and last solution, Google Hangouts Meet Pro, which was integrated with Plurall and Plural Maestro to support live activities, such as lectures between professors and their classes. At the Pitágoras brand, the Digital Learning Platform (PDA) has been providing the same resources to its partners since 2018. In addition to this technological support, Somos provides all the necessary orientations to the schools' principals, teachers and families, from how to install Digital School to how families can optimize their home internet connection to ensure children are able to continue studying without difficulties.

OPERATIONAL PERFORMANCE

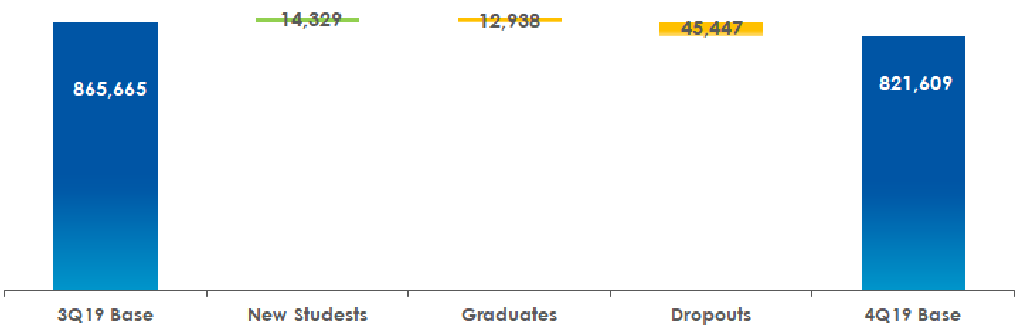
POSTSECONDARY EDUCATION

The following table presents operating indicators for the various products offered in Postsecondary Education by Cogna companies.

Description of Operating Indicators		4Q19	4Q18	Chg %
Units	Own	176	153	15.0%
	Third Party	1,410	1,310	7.6%

Description of Operating Indicators				4Q19	4Q18	Chg %
Undergraduate	On-Campus Students	On-Campus Students	Base	321,371	358,093	-10.3%
			Dropouts	6.0%	3.1%	2.9 p.p.
		FIES	% On-Campus Base	13.1%	25.3%	-12.2 p.p.
		PEP	% On-Campus Base	15.2%	16.9%	-1.7 p.p.
	DL Students	DL Students	Base	459,025	457,239	0.4%
			Dropouts	5.0%	8.9%	-3.9 p.p.
Continuing Education	Graduate	Graduate Students	New Enrollments (On-Campus + DL)	14,329	12,512	14.5%
			Base (On-Campus + DL)	41,213	40,865	0.9%
	Unregulated Programs and Courses for Exams	LFG, Unregulated and Preparatory Students	Unregulated Programs & LFG	148,211	103,673	43.0%
	SETS	SETS	Books Sold	631,994	578,291	9.3%

The operating indicators for Postsecondary Education, starting with the evolution in the student base between 3Q19 and 4Q19, are shown below.



The following table presents the evolution in the number of students by product (Undergraduate and Graduate) and teaching format (On-Campus and Distance Learning).

Students	On-Campus Undergraduate	On-Campus Graduate	On-Campus Total	Distance Learning Undergraduate	Distance Learning Graduate	Distance Learning Total
4Q18 Base	**358,093**	**7,210**	**365,303**	**457,239**	**33,655**	**490,894**
3Q19 Base	**341,951**	**8,703**	**350,654**	**483,125**	**31,886**	**515,011**
New Enrollments	-	564	564	-	13,765	13,765
Graduates	-	(916)	(916)	-	(12,022)	(12,022)
Dropouts	(20,580)	(285)	(20,865)	(24,100)	(482)	(24,582)
4Q19 Base	**321,371**	**8,066**	**329,437**	**459,025**	**33,147**	**492,172**
% 4Q19 Base / 3Q19 Base	-6.0%	-7.3%	-6.1%	-5.0%	4.0%	-4.4%
% 4Q19 Base / 4Q18 Base	-10.3%	11.9%	-9.8%	0.4%	-1.5%	0.3%

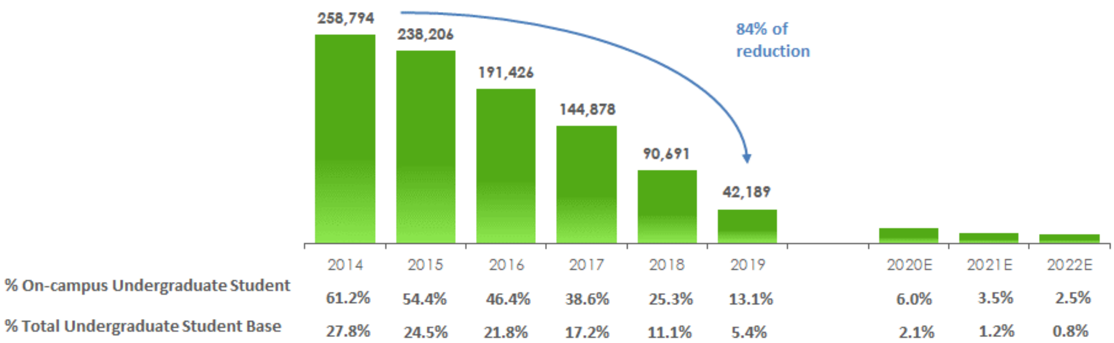
Students	Total Undergraduate	Total Graduate	Total
4Q18 Base	**815,332**	**40,865**	**856,197**
3Q19 Base	**825,076**	**40,589**	**865,665**
New Enrollments	-	14,329	14,329
Graduates	-	(12,938)	(12,938)
Dropouts	(44,680)	(767)	(45,447)
4Q19 Base	**780,396**	**41,213**	**821,609**
% 4Q19 Base / 3Q19 Base	-5.4%	1.5%	-5.1%
% 4Q19 Base / 4Q18 Base	-4.3%	0.9%	-4.0%

This 4% negative variation in the student base reflects the higher number of graduations in the period, due to the robust new enrollments in 2014 and 2015, as well as the shift in the student profile, with fewer FIES students (who traditionally have lower dropout rates) and more students enrolled in 100%-*online* DL programs (who have a higher propensity to drop out). Accordingly, there was a higher dropout rate registered in the period, mainly in on-campus education, which will be better explained in the analysis by segment. On the other hand, Cogna has been investing heavily in updating the portfolio of programs offered and in its employability channel to mitigate these effects and to ensure solid student recruiting results, as shown by the latest recruiting processes conducted over the year, in which growth was registered both in the on-campus and DL segments, with robust growth in revenue from new enrollments.

1. Undergraduate

1.1 On-Campus Undergraduate

FIES

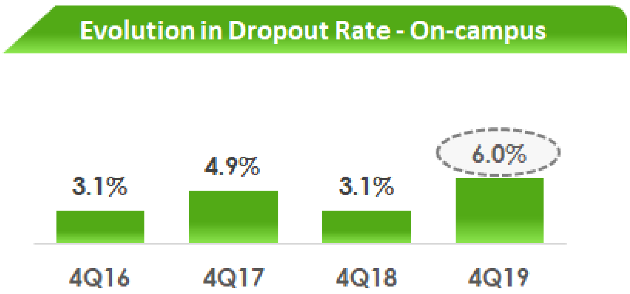


At the end of 4Q19, the Company had 42,189 students enrolled with FIES contracts, down 53.5% from the same period of 2018, following the trend of recent quarters, with increasingly fewer new students under the financing program and higher graduations of these students. To illustrate this behavior, in the new enrollment process of the second semester, FIES accounted for only 3% of new enrollments in on-campus undergraduate programs. Moreover, the number of graduations of FIES students at the end of this semester was very high, which indicates that the program should account for only a marginal share of students in the coming years. By the end of 2020, it is estimated that 6% of the on-campus base or 2.1% of the total Kroton student base will use FIES.

Private Special Installment Plan (PEP) and Late Enrollment Installment Plan (PMT)

Considering its installment payment products, Cogna closed 4Q19 with 48,729 students enrolled in PEP programs, with 21,356 enrolled in PEP30 and 27,373 in PEP50, which accounts for 15% of its on-campus student base. This percentage should decline in the following quarters, since PEP has been less relevant in the most recent recruiting processes, which means that Kroton will continue to take advantage of this product to attract new students, but with an exposure more aligned with the 2019 results and a balanced offering between PEP30 and PEP50. Meanwhile, PMT (or temporary PEP) is an alternative to the payment in installments of monthly tuitions related exclusively to periods during which new students were not yet enrolled because they were admitted after the start of classes, but still with sufficient time to complete the minimum classroom hours in the semester.

On-Campus Dropout Rate



The annual dropout rate worsened by 2.9 p.p. in On-Campus education, which is worse than expected, given the lower permanence among students enrolled in 2019, which is explained by the following factors: (i) the slower-than-expected economic recovery; and (ii) the change in student base profile, given that out-of-pocket students have a higher propensity to drop out than FIES students.

Average Net Ticket of On-Campus Undergraduate – Student by Product Perspective

The following analysis presents the performance of average tickets from the "student by product perspective" for the On-Campus Undergraduate business. This perspective considers the different sources of each product separately, i.e., the ex-FIES and ex-PEP average ticket is formed by the amounts of students paying 100% of tuition out of pocket and those contracting PMT plans. Meanwhile, the PEP and FIES average tickets are divided into Out-of-pocket, Installment/Financing and PMT. The analysis of the combination of the Ex-FIES and PEP average tickets is called "On-Campus Undergraduate Out-Of-Pocket (Ex-FIES and Ex-ProUni)." This analysis enables a better understanding of the dynamics of the average ticket across the various types of students and of products offered by the Company.

ON-CAMPUS UNDERGRADUATE		4Q19					4Q18					Chg.%	
Student	Product	Net Revenue	APV	NR Ex-APV [1]	Invoices [2]	Net Ticket	Net Revenue	APV	NR Ex-APV [1]	Invoices [2]	Net Ticket	Δ Net Ticket	Δ NR
Ex-FIES e Ex-PEP	**Ex-FIES Ex-PEP**	**335,264**	**(2,050)**	**333,214**	**528**	**631.1**	**305,771**	**(12,954)**	**292,817**	**471**	**621.7**	**1.5%**	**13.8%**
	Out-of-Pocket	308,741	-	308,741	-	-	300,475	-	300,475	-	-	-	-
	PMT	26,523	(2,050)	24,473	-	-	5,296	(12,954)	(7,658)	-	-	-	-
PEP	**PEP**	**214,057**	**(18,246)**	**195,811**	**140**	**1,398.7**	**228,420**	**9,566**	**237,986**	**198**	**1,201.9**	**16.4%**	**-17.7%**
	Out-of-Pocket	69,824	-	69,824	-	-	63,844	-	63,844	-	-	-	-
	Installment	141,769	(14,159)	127,610	-	-	164,297	9,780	174,077	-	-	-	-
	PMT	2,464	(4,087)	(1,623)	-	-	279	(214)	65	-	-	-	-
Pagante Graduação Presencial Ex-FIES Ex-Prouni		**549,321**	**(20,296)**	**529,025**	**668**	**792.0**	**534,191**	**(3,388)**	**530,803**	**669**	**793.4**	**-0.2%**	**-0.3%**
FIES	**FIES**	**288,901**	**(2,802)**	**286,099**	**171**	**1,673.1**	**486,075**	**(1,400)**	**484,675**	**300**	**1,615.6**	**3.6%**	**-41.0%**
	Out-of-Pocket	59,419	-	59,419	-	-	101,434	-	101,434	-	-	-	-
	Installment	229,088	-	229,088	-	-	384,117	-	384,117	-	-	-	-
	PEP+PMT	394	(2,802)	(2,408)	-	-	524	(1,400)	(876)	-	-	-	-
TOTAL On-Campus Undergradraduate[3] ExProuni		**838,222**	**(23,098)**	**815,124**	**839**	**971.5**	**1,020,266**	**(4,788)**	**1,015,478**	**969**	**1,048.0**	**-7.3%**	**-19.7%**
TOTAL On-Campus Undergradraduate[3]		**838,222**	**(23,098)**	**815,124**	**946**	**861.7**	**1,020,266**	**(4,788)**	**1,015,478**	**1,097**	**925.7**	**-6.9%**	**-19.7%**

[1] Revenue used to calculate net average ticket; 2 Number of bills effectively recognized in the period (including ProUni students), since, due to retroactive contract amendments, a student could be billed more than once in a certain month (amounts in thousands). [3] On-Campus ex-Graduate/Extension/ Languages/Pronatec.

As noted previously, an analysis of the above table shows that offering student financing/payment plans is important for enabling students to pursue careers with more expensive monthly tuitions, which is a policy that was adopted by the Brazilian government itself in the offering of FIES financing. Since there is no difference in the amounts of the base tuition among students in the same class, the differences in the average ticket observed among financing/payment products reinforces this point, given the higher share of students enrolled in more expensive programs. Accordingly, FIES is the segment's channel in 4Q19 with the highest average ticket, of R$1,673.1 per student, reflecting the concentration of students nearing graduation in longer-duration and higher-price programs (Healthcare and Engineering). The 6.9% reduction registered in the on-campus undergraduate ticket reflects the shift in student base profile with an increasingly higher number of out-of-pocket students, as shown by the performances observed in the latest student recruiting processes. This effect offset the higher starting ticket in student-recruiting processes this year, as well as the annual adjustment of monthly tuitions and the higher offering of PMT registered in the period.

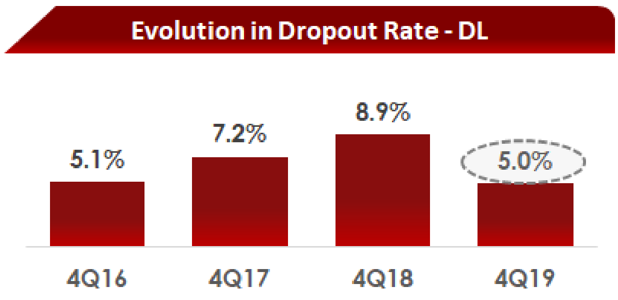
As mentioned previously and to exclude seasonality from the quarterly comparison, such as the effects from PMT, the Tuition Adjustment Process (PAM) and the different contracting curves of ProUni and FIES students, the following table presents an analysis of On-campus average ticket in the semester:

ON-CAMPUS UNDERGRADUATE		2H19					2H18					Chg.%	
Student	Product	Net Revenue	APV	NR Ex-APV [1]	Invoices [2]	Net Ticket	Net Revenue	APV	NR Ex-APV [1]	Invoices [2]	Net Ticket	Δ Net Ticket	Δ NR
Ex-FIES e Ex-PEP	Ex-FIES Ex-PEP	759,886	(7,192)	752,694	1,077	698.9	685,640	(27,510)	658,130	980	671.6	4.1%	14.4%
	Out-of-Pocket	664,457	-	664,457	-	-	645,496	-	645,496	-	-	-	-
	PMT	95,429	(7,192)	88,237	-	-	40,144	(27,510)	12,634	-	-	-	-
PEP	PEP	400,790	(21,407)	379,383	279	1,359.8	436,586	20,159	456,745	378	1,206.9	12.7%	-16.9%
	Out-of-Pocket	152,816	-	152,816	-	-	124,373	-	124,373	-	-	-	-
	Installment	239,824	(21,230)	218,594	-	-	303,274	19,843	323,117	-	-	-	-
	PMT	8,150	(177)	7,973	-	-	8,939	316	9,255	-	-	-	-
Pagante Graduação Presencial Ex-FIES Ex-Prouni		1,160,676	(28,599)	1,132,077	1,356	834.9	1,122,226	(7,351)	1,114,875	1,358	820.7	1.7%	1.5%
FIES	FIES	523,571	(664)	522,907	310	1,686.8	861,230	(2,092)	859,138	578	1,486.6	13.5%	-39.1%
	Out-of-Pocket	93,497	-	93,497	-	-	143,234	-	143,234	-	-	-	-
	Installment	429,561	-	429,561	-	-	716,844	-	716,844	-	-	-	-
	PEP+PMT	513	(664)	(151)	-	-	1,152	(2,092)	(940)	-	-	-	-
TOTAL On-Campus Undergradraduate[3] ExProuni		1,684,247	(29,263)	1,654,984	1,666	993.4	1,983,456	(9,443)	1,974,013	1,936	1,019.5	-2.6%	-16.2%
TOTAL On-Campus Undergradraduate[3]		1,684,247	(29,263)	1,654,984	1,883	878.9	1,983,456	(9,443)	1,974,013	2,197	898.5	-2.2%	-16.2%

[1] Revenue used to calculate net average ticket; 2 Number of bills effectively recognized in the period (including ProUni students), since, due to retroactive contract amendments, a student could be billed more than once in a certain month (amounts in thousands). [3] On-Campus ex-Graduate/Extension/ Languages/Pronatec.

1.2 Distance Learning Undergraduate

Distance Learning Dropout Rate



In the DL segment, the dropout rate registered an inverse trend than that observed in the on-campus segment by falling 3.9 p.p. in relation to the same period of the previous year, despite the increase in the 100% online base (which has a higher propensity to drop out). This better performance is a result of the evolution in the Net Promoter Score (NPS) observed among DL students, which reinforces the quality of the academic model available in the segment, as well as 4Q18 being adversely affected by a much more competitive environment. Lastly, the dropout rate of Cogna's DL students is lower than that of its peers, given its more comprehensive product portfolio, especially its formats with more hours of on-campus classes, which increase student engagement.

Average Net Ticket– Student by Product Perspective

For comparison purposes, Cogna reports only the effective ticket paid by the student, without discounting the transfers to the partners of the centers. Therefore, considering all (100%) revenue from DL Undergraduate, the average ticket in 4Q19 was R$247.4, down 8.8% from the same period last year, reflecting the robust growth in new students in the 100% online segment observed in the 2019 student recruitment processes, since they offer lower monthly tuitions than the once-a-week model, which up to the previous year was the main product sold. This result offset the lower volume of scholarships and discounts granted in the last new enrollment process and the evolution of Premium DL students that have monthly tuitions significantly higher than the segment's average.

DISTANCE LEARNING UNDERGRADUATE		4Q19					4Q18					Chg.%	
Student	Product	Net Revenue	APV	NR Ex-APV [1]	Invoices [2]	Net Ticket	Net Revenue	APV	NR Ex-APV [1]	Invoices [2]	Net Ticket	Δ Net Ticket	Δ NR
TOTAL DL UNDERGRAD. OUT-OF-POCKET[4] Ex-ProUni		357,768	(292)	357,476	1,356	263.6	373,001	(413)	372,588	1,256	296.6	-11.1%	-4.1%
TOTAL DISTANCE LEARNING UNDERGRAD[4]		357,768	(292)	357,476	1,445	247.4	373,001	(413)	372,588	1,373	271.4	-8.8%	-4.1%

[1] Revenue ex-Transfers; [2] Revenue used to calculate average ticket; [3] Number of bills effectively recognized in the period, maintaining ProUni students (in thousands); [4] Undergraduate only (ex-graduate and other programs).

In the semester, the average DL Undergraduate ticket was R$256.5, down 3.8% from the same period of 2018, but better than the performance observed in the quarterly analysis.

DISTANCE LEARNING UNDERGRADUATE		2H19					2H18					Chg.%	
Student	Product	Net Revenue	APV	NR Ex-APV [1]	Invoices [2]	Net Ticket	Net Revenue	APV	NR Ex-APV [1]	Invoices [2]	Net Ticket	Δ Net Ticket	Δ NR
TOTAL DL UNDERGRAD. OUT-OF-POCKET[4] Ex-ProUni		716,883	86	716,969	2,607	275.0	726,956	(1,234)	725,722	2,489	291.5	-5.7%	-1.2%
TOTAL DISTANCE LEARNING UNDERGRAD[4]		716,883	86	716,969	2,795	256.5	726,956	(1,234)	725,722	2,723	266.5	-3.8%	-1.2%

[1] Revenue ex-Transfers; [2] Revenue used to calculate average ticket; [3] Number of bills effectively recognized in the period, maintaining ProUni students (in thousands); [4] Undergraduate only (ex-graduate and other programs).

2. Continuing Education

2.1 Graduate

Considering only Graduate programs, although the student base grew by only 0.9%, it was adversely affected by the high number of graduations in the period. To analyze the real trend in the Graduate segment, it is important to focus on new enrollments, which grew by 14.5% on the prior-year period. Bear in mind that the LFG brand also offers Graduate programs, whose students are included in the total student number in the segment. Therefore, the Company ended the year with 41,200 students enrolled in Graduate programs, of whom 33,100 students were in DL programs and 8,100 were in On-Campus programs.

2.2 Preparatory Courses (LFG), Unregulated Programs, Language Courses and SETS

Through the brand LFG, the Company offers preparatory courses for the examination of the Brazilian Bar Association (OAB) and for examinations for civil servant positions. Positioned as a reference in preparatory courses, LFG registered an average student base of 26,919 in 4Q19 (note that these students were not included in the number of Postsecondary Education students reported above), practically stable from the same period of 2018.

Cogna also offers short-duration open enrollment programs that allow students to further their knowledge in various fields, such as Management, Education, Mathematics and Languages. In 4Q19, there were 121,292 students enrolled in these programs (who also are not considered in the total number of Postsecondary Education students reported above), a substantial increase of 58.1% from the previous year.

The business segment of Educational Solutions for Vocational and Postsecondary Education (SETS) was consolidated after the acquisition of Somos. SETS is responsible for the sale of books with the Saraiva brand to Postsecondary Education, learning systems to vocational programs under the brand Érica, and preparatory courses for civil servant exams. The main products offered include the sale of Scientific, Technical and Professional books, especially in the fields of Law, Business Administration, Economics and Accounting, Technical and Non-Fiction. In 4Q19, a total of 631,994 books were sold, representing an increase of 9.3% from the same period last year.

PRIMARY & SECONDARY EDUCATION (K-12)

The table below presents a summary of the key operating indicators of the K-12 Education segment with adjusted and comparable criteria.

Description of Operating Indicators			4Q19	4Q18	Chg %
K-12 Platform	Core Content	Private Schools w/ Contracts	3,400	2,945	15.4%
		Students enrolled in Private Schools w/ Contracts ('000)	1,186	1,011	17.3%
	Complementary Education Solutions	Number of Schools w/ Contracts in Complementary Education Solutions	417	384	8.6%
		Students enrolled in Complementary Education Solutions ('000)	134	120	11.7%
School Management	Management Own Schools/K-12 Contracts	Own Schools/K-12 Contracts	54	52	3.8%
		Students enrolled in Own Schools/ K-12 Contracts ('000)	36	36	-1.6%
	Red Balloon	Red Balloon Own Schools/Franchises	125	133	-6.0%
		Students enrolled in Red Balloon Own Schools/Franchises	26	28	-5.9%

Note: (1) As disclosed on the previous quarter, the Company revised the criteria for identifying operating indicators, which included eliminating the overlaps between core and extracurricular content and standardizing the cutoff dates for analyses and other definitions. As a result, small changes were made to the figures of 2018, which are now fully comparable with those of 2019. (2) The decline in the number of students enrolled at *Red Balloon* is mainly due to the end of a specific agreement with Grupo Marista Centro-Sul.

1. K-12 Platform & PNLD/Official Contracts

1.1 K-12 Platform

In accordance with the Material Fact released at the start of the year, the Company announced growth of 25% in its revenue from subscription or Annual Contract Value (ACV) for 2020 by the K-12 Integrated Services Platform. The increase reflects the new positioning of Somos, which no longer is a provider of isolated products and services, but rather a Service Platform for K-12 Schools, becoming a complete provider of solutions that meet demands from learning system offer to complementary solutions and digital services. This success reflects the new commercial strategy implemented during 2019, which included restructuring and expanding the sales team to work on an integrated basis and promoting all of the Company's products and services through an integrated platform concept, with these efforts further supported by the comprehensive portfolio of renowned brands and service excellence, as well as complementary solutions and digital services not currently offered by any other company in Brazil. This approach gives the Company a unique market positioning that enables it to serve schools nationwide, which represents an addressable market of 6.2 million students, representing expansion of 63% from the 3.8 million students enrolled in the schools using the Learning System.

Considering all of these initiatives, the growth prospects of Somos's services over the coming years is excellent. In addition to the current services, the Company has been successfully implementing new services into the Platform, such as one for interactive games to support mathematics teaching and a program focusing on computational thinking and creative entrepreneurship to better prepare students for the professions of the future. These are examples of after-school services, which are made available to over 3,400 associated schools as soon as they are included in the Platform, increasing significantly the cross-selling potential. If the current solution portfolio already enables a considerable expansion into Brazilian private schools, the increase in the number of services has potential to optimize further the future results.

1.2 PNLD/ Official Contracts

In mid-October, the Company announced the results of its sales under the National Textbook Program (PNLD) for 2020. The total sales volume of the publishers Ática, Scipione and Saraiva Educação in the 2020 PNLD was 52.0 million books, of which 20.8 million were related to the adoption of new books for Elementary School II and 31.2 million were related to the replacement of books from previous years (for Elementary School I and High School).

The revenue generated by these sales amounts to R$408 million, of which R$176 million is related to the adoption of new books for the Elementary School II segment and R$232 million to replacements of books from previous years. As previously disclosed, most of revenue was recognized in 4Q19, with around R$85 million being registered in 1Q20 (but already included in the pro forma analysis).

2. School Management

In relation to our Own Schools, the Company made progress in integrating all units with the goal of capturing efficiency gains and focused intensely on the commercial strategy for next year, seeking to reinforce the group's brands, ensure a more robust offering of complementary solutions and make a series of investments in technology to improve the experience for students and parents. Consequently, the Company expects to deliver better results for Own Schools during 2020.

New K-12 Education segment structuring

The division of Cogna's K-12 Education segment will be changed as of the 2020 results release to reflect the new business verticals (Saber and Vasta) which were created under Cogna's structure. Accordingly, the Integrated K12 Services Platform will become the B2B vertical of K-12 Education under the brand Vasta, while the B2C vertical of School Management will remain under the brand Saber. Meanwhile, PNLD/ Official Contracts will migrate to a fifth vertical called "Other." Therefore, as from 1Q20, the financial reporting of K-12 Education will be divided as follows:

1. Vasta: K-12 Integrated Services Platforms (private)
2. Saber: K-12 Education Schools (including own schools and school managed through contracts) and Red Balloon

FINANCIAL PERFORMANCE

4Q19 RESULTS

	Postsecondary		Primary and Secondary Education		Cogna Consolidated	
Values in R$ ('000)	4Q19	% Net Rev.	4Q19	% Net Rev.	4Q19	% Net Rev.
Gross Revenue	**1,479,210**	**131.5%**	**876,508**	**109.0%**	**2,355,718**	**122.1%**
Gross Revenue Deductions	(353,945)	-31.5%	(72,048)	-9.0%	(425,992)	-22.1%
Tax	(30,627)	-2.7%	(17,726)	-2.2%	(48,353)	-2.5%
ProUni	(232,854)	-20.7%	-	0.0%	(232,854)	-12.1%
Returns	(2,199)	-0.2%	(25,652)	-3.2%	(27,851)	-1.4%
Total Discounts	(88,264)	-7.8%	(28,669)	-3.6%	(116,933)	-6.1%
Net Revenue	**1,125,266**	**100.0%**	**804,460**	**100.0%**	**1,929,726**	**100.0%**
Costs (COGS)	**(282,529)**	**-25.1%**	**(406,338)**	**-50.5%**	**(688,867)**	**-35.7%**
Cost of Goods	(25,669)	-2.3%	(308,970)	-38.4%	(334,639)	-17.3%
Cost of Services	(256,860)	-22.8%	(97,368)	-12.1%	(354,227)	-18.4%
Faculty, Other Personnel and Third-Party Services	(231,581)	-20.6%	(84,767)	-10.5%	(316,348)	-16.4%
Rent	(712)	-0.1%	(4,629)	-0.6%	(5,341)	-0.3%
Materials	(5,618)	-0.5%	(814)	-0.1%	(6,432)	-0.3%
Maintenance	(4,298)	-0.4%	(7,158)	-0.9%	(11,455)	-0.6%
Other	(14,651)	-1.3%	(0)	0.0%	(14,652)	-0.8%
Gross Income	**842,737**	**74.9%**	**398,122**	**49.5%**	**1,240,859**	**64.3%**
Operating Expenses	**(98,157)**	**-8.7%**	**3,205**	**0.4%**	**(94,951)**	**-4.9%**
Personnel, General and Administrative Expenses	(98,157)	-8.7%	3,205	0.4%	(94,951)	-4.9%
Personnel Expenses	(79,427)	-7.1%	(52,811)	-6.6%	(132,238)	-6.9%
General and Administrative Expenses	(18,729)	-1.7%	56,016	7.0%	37,287	1.9%
Provision for Doubtful Accounts - PDA	**(336,472)**	**-29.9%**	**(5,766)**	**-0.7%**	**(342,239)**	**-17.7%**
(+) Interest and Penalties on Tuition	39,851	3.5%	169	0.0%	40,020	2.1%
(+) Equity	(136)	0.0%	-	0.0%	(136)	0.0%
Sales and Marketing Expenses	**(81,602)**	**-7.3%**	**(61,574)**	**-7.7%**	**(143,176)**	**-7.4%**
Operating Result	**366,221**	**32.5%**	**334,156**	**41.5%**	**700,376**	**36.3%**
Corporate Expenses					**(39,685)**	**-2.1%**
Recurring EBITDA					**660,691**	**34.2%**
(-) Nonrecurring Items					(125,707)	-6.5%
EBITDA					**534,984**	**27.7%**
Depreciation and Amortization					(231,674)	-12.0%
Financial Result					(372,016)	-19.3%
Income and Social Contribution Tax					(99,415)	-5.2%
Minority Interest					(195)	0.0%
Net Profit					**(168,316)**	**-8.7%**
(+) Intagnible Amortization (Acquisitions)					67,685	**3.5%**
(+) inventory surplus value					17,762	**0.9%**
(+) Low Tax Loss					134,489	**7.0%**
Adjusted Net Profit					**51,619**	**2.7%**

2019 RESULTS

	Postsecondary		Primary and Secondary Education		Cogna Consolidated	
Values in R$ ('000)	2019	% Net Rev.	2019	% Net Rev.	2019	% Net Rev.
Gross Revenue	**6,424,908**	**129.0%**	**2,366,876**	**115.6%**	**8,791,784**	**125.1%**
Gross Revenue Deductions	(1,445,623)	-29.0%	(318,967)	-15.6%	(1,764,590)	-25.1%
Tax	(147,503)	-3.0%	(70,613)	-3.4%	(218,116)	-3.1%
ProUni	(983,007)	-19.7%	-	0.0%	(983,007)	-14.0%
Returns	(11,552)	-0.2%	(102,910)	-5.0%	(114,462)	-1.6%
Total Discounts	(303,562)	-6.1%	(145,443)	-7.1%	(449,005)	-6.4%
Net Revenue	**4,979,285**	**100.0%**	**2,047,909**	**100.0%**	**7,027,194**	**100.0%**
Costs (COGS)	**(1,070,971)**	**-21.5%**	**(973,727)**	**-47.5%**	**(2,044,698)**	**-29.1%**
Cost of Goods	(68,428)	-1.4%	(570,692)	-27.9%	(639,121)	-9.1%
Cost of Services	(1,002,543)	-20.1%	(403,035)	-19.7%	(1,405,578)	-20.0%
Faculty, Other Personnel and Third-Party Services	(900,436)	-18.1%	(351,520)	-17.2%	(1,251,956)	-17.8%
Rent	(13,268)	-0.3%	(6,750)	-0.3%	(20,019)	-0.3%
Materials	(23,507)	-0.5%	(5,159)	-0.3%	(28,666)	-0.4%
Maintenance	(14,630)	-0.3%	(32,055)	-1.6%	(46,684)	-0.7%
Other	(50,702)	-1.0%	(7,552)	-0.4%	(58,253)	-0.8%
Gross Income	**3,908,314**	**78.5%**	**1,074,182**	**52.5%**	**4,982,496**	**70.9%**
Operating Expenses	**(575,954)**	**-11.6%**	**(132,978)**	**-6.5%**	**(708,933)**	**-10.1%**
Personnel, General and Administrative Expenses	(575,954)	-11.6%	(132,978)	-6.5%	(708,933)	-10.1%
Personnel Expenses	(348,755)	-7.0%	(158,248)	-7.7%	(507,004)	-7.2%
General and Administrative Expenses	(227,199)	-4.6%	25,270	1.2%	(201,929)	-2.9%
Provision for Doubtful Accounts - PDA	**(888,755)**	**-17.8%**	**(22,138)**	**-1.1%**	**(910,893)**	**-13.0%**
(+) Interest and Penalties on Tuition	205,922	4.1%	1,464	0.1%	207,386	3.0%
(+) Equity	(157)	0.0%	(0)	0.0%	(157)	0.0%
Sales and Marketing Expenses	**(435,934)**	**-8.8%**	**(185,681)**	**-9.1%**	**(621,615)**	**-8.8%**
Operating Result	**2,213,436**	**44.5%**	**734,849**	**35.9%**	**2,948,285**	**42.0%**
Corporate Expenses					**(239,370)**	**-3.4%**
Recurring EBITDA					**2,708,915**	**38.5%**
(-) Nonrecurring Items					(286,831)	-4.1%
EBITDA					**2,422,084**	**34.5%**
Depreciation and Amortization					(1,197,726)	-17.0%
Financial Result					(1,040,572)	-14.8%
Income and Social Contribution Tax					58,802	0.8%
Minority Interest					(924)	0.0%
Net Profit					**241,665**	**3.4%**
(+) Intagible Amortization (Acquisitions)					359,782	**5.1%**
(+) inventory surplus value					36,029	**0.5%**
(+) Low Tax Loss					134,489	**1.9%**
Adjusted Net Profit					**771,965**	**11.0%**

FINANCIAL PERFORMANCE – POSTSECONDARY EDUCATION

Postsecondary Education - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%	2019	2018	Chg.%
Gross Revenue	**1,479,210**	**1,713,417**	**-13.7%**	**1,508,481**	**-1.9%**	**6,424,908**	**6,913,307**	**-7.1%**
Gross Revenue Deductions	(353,945)	(402,054)	-12.0%	(336,633)	5.1%	(1,445,623)	(1,579,994)	-8.5%
Tax	(30,627)	(50,624)	-39.5%	(36,141)	-15.3%	(147,503)	(182,257)	-19.1%
ProUni	(232,854)	(261,823)	-11.1%	(241,451)	-3.6%	(983,007)	(1,049,509)	-6.3%
Returns	(2,199)	(446)	393.3%	(4,074)	-46.0%	(11,552)	(446)	n.a.
Total Discounts	(88,264)	(89,161)	-1.0%	(54,968)	60.6%	(303,562)	(347,782)	-12.7%
FGEDUC	(13,869)	(24,022)	-42.3%	(11,425)	21.4%	(57,905)	(99,581)	-41.9%
FIES - Administratuve Fee	(4,916)	(8,756)	-43.9%	(4,057)	21.2%	(20,701)	(36,896)	-43.9%
Other	(69,480)	(56,383)	23.2%	(39,486)	76.0%	(224,956)	(211,305)	6.5%
Net Revenue	**1,125,266**	**1,311,363**	**-14.2%**	**1,171,848**	**-4.0%**	**4,979,285**	**5,333,314**	**-6.6%**
Total of Costs	**(282,529)**	**(258,712)**	**9.2%**	**(272,501)**	**3.7%**	**(1,070,971)**	**(997,189)**	**7.4%**
Cost of Goods	(25,669)	(6,760)	279.7%	(13,754)	86.6%	(68,428)	(6,760)	912.2%
Cost of Services	(256,860)	(251,952)	1.9%	(258,747)	-0.7%	(1,002,543)	(990,429)	1.2%
Faculty, Other Personnel and Third-Party Services	(231,581)	(240,460)	-3.7%	(228,452)	1.4%	(900,436)	(938,074)	-4.0%
Rent	(712)	0	n.a.	(7,559)	-90.6%	(13,268)	(5,077)	161.3%
Materials	(5,618)	(4,719)	19.0%	(7,504)	-25.1%	(23,507)	(20,901)	12.5%
Maintenance	(4,298)	(3,101)	38.6%	(3,963)	8.5%	(14,630)	(11,848)	23.5%
Other	(14,651)	(3,671)	299.1%	(11,269)	30.0%	(50,702)	(14,528)	249.0%
Gross Income	**842,737**	**1,052,651**	**-19.9%**	**899,347**	**-6.3%**	**3,908,314**	**4,336,124**	**-9.9%**
Gross Margin	*74.9%*	*80.3%*	***-5.4 p.p.***	*76.7%*	***-1.9 p.p.***	*78.5%*	*81.3%*	***-2.8 p.p.***
Total Operating Expenses	**(98,157)**	**(172,237)**	**-43.0%**	**(135,199)**	**-27.4%**	**(575,954)**	**(623,862)**	**-7.7%**
Personnel Expenses	(79,427)	(84,718)	-6.2%	(89,177)	-10.9%	(348,755)	(346,179)	0.7%
General and Administrative Expenses	(18,729)	(87,519)	-78.6%	(46,022)	-59.3%	(227,199)	(277,683)	-18.2%
Provision for Doubtful Account - PDA	**(336,472)**	**(169,134)**	**98.9%**	**(163,235)**	**106.1%**	**(888,755)**	**(666,895)**	**33.3%**
(+) Interest and Penalties on Tuition	39,851	30,117	32.3%	72,656	-45.2%	205,922	200,933	2.5%
(+) Equity	(136)	500	n.a.	456	n.a.	(157)	500	n.a.
Selling and Marketing Expenses	**(81,602)**	**(124,155)**	**-34.3%**	**(122,555)**	**-33.4%**	**(435,934)**	**(422,735)**	**3.1%**
Operating Result	**366,221**	**617,741**	**-40.7%**	**551,470**	**-33.6%**	**2,213,436**	**2,824,064**	**-21.6%**
Operating Margin	32.5%	47.1%	*-14.6 p.p.*	47.1%	*-14.5 p.p.*	44.5%	53.0%	*-8.5 p.p.*

Net Revenue

Net revenue in Postsecondary Education decreased 14.2% due to the smaller student base in the period, especially at Own Units, which is explained by the higher number of dropouts throughout 2019 and by the impact from graduations due to the strong student-recruiting processes of 2014 and 2015, as corroborated by the lower FIES revenue in the quarter. Another factor weighing on revenue was the lower use of PEP in the last student-recruiting processes. These factors offset the higher revenue from new enrollments in the last recruiting process, the higher volume of PMT revenue in the quarter and the improved performance in Continuing Education, supported by the student base growth registered over the course 2019. In 2019, net revenue from Postsecondary Education declined 6.6% year-over-year due to the pressures on the student base mentioned above.

Gross Income

Gross income from Postsecondary Education decreased 19.9% from the same period last year due to the lower revenue in the period, which is explained by the behavior of the student base, in addition to expenses related to the new units launched and the sale of books to the SETS' Postsecondary Education segment. Accordingly, gross margin compressed 5.4 p.p. on the previous year, even considering the lower costs with faculty payroll in the period and all the efforts to capture operating efficiency gains, despite the lower occupancy at units. In 2019, gross margin compressed 2.8 p.p. to 78.5%, which is explained by the incorporation of an operation with a larger distribution cost structure, namely SETS, and by the pressures on revenue in the period.

Provision for Doubtful Accounts (PDA)

On-Campus Education - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%
Provision for Doubtful Account - PDA	(336,472)	(169,134)	98.9%	(163,235)	106.1%
PDA / Postsecondary Net Revenues[1]	*-29.9%*	*-12.9%*	*-17.0 p.p.*	*-13.9%*	*-16.0 p.p.*
PDA Out-of-pocket	(248,754)	(80,279)	209.9%	(75,048)	231.5%
PDA Out-of-pocket / Postsecondary Net Revenues Out-of-pocket[1]	*-34.3%*	*-10.6%*	*-23.7 p.p.*	*-9.4%*	*-24.9 p.p.*
PDA FIES - Financed Part	(2,062)	(3,457)	-40.4%	(1,804)	14.3%
PDA FIES / Postsecondary Net Revenues FIES[1]	*-0.9%*	*-0.9%*	*0.0 p.p*	*-0.9%*	*0.0 p.p*
PDA PEP - Installment Part	(70,884)	(82,149)	-13.7%	(49,028)	44.6%
PDA PEP / Postsecondary Net Revenues PEP[1]	*-50.0%*	*-50.0%*	*0.0 p.p*	*-50.0%*	*0.0 p.p*
PDA PMT - Installment Part	(14,773)	(3,249)	354.6%	(37,355)	-60.5%
PDA PMT / Postsecondary Net Revenues PMT[1]	*-50.0%*	*-50.0%*	*0.0 p.p*	*-50.0%*	*0.0 p.p*

[1] Net Revenue for the On-Campus excludes revenues from Pronatec

Cogna's PDA policy is based on the behavior of its historical classes combined with analyses of the projected trend in future losses. During 2019, there were two non-recurring effects that increased the need for higher provisioning: (i) the migration in 2018 of the entire student base to Kroton's systems; and ii) the increase in the amount of adjustments in classroom hours (PAM). In a scenario where the future trend of default was positive, we expected to continue gradually increasing provisions throughout the following quarters, so that when effective losses occurred, the entire amount would have been provisioned. However, with the level of uncertainty brought by the expected impacts from the COVID-19 pandemic on the payment capacity of our students, it is difficult to project the prospects for improvement in the scenario over the course of 2020. Accordingly, the Company took the decision to increase its PDA by R$181 million from the current level. Excluding the impact from the two non-recurring items above, PDA on an annualized basis corresponded to approximately 9.2% of net revenue, up 0.9 p.p. from 4Q18, reflecting the still-challenging macroeconomic environment and the higher-than-expected dropout rates. For 2020, management believes that, once resolved, these non-recurring items will cease to pressure Accounts Receivables. However, the possibility of deterioration in receivables due to the effects from the quarantine caused by the COVID-19 pandemic forces us to maintain PDA at levels above the historical average over the coming quarters.

Accounts Receivable

Postseconday Education Values in R$ (´000) net of APV and PDA	4Q19	4Q18	Chg.%	3Q19	Chg.%
Net Accounts Receivable	**2,687,902**	**2,213,437**	**21.4%**	**2,834,077**	**-5.2%**
Out-of-Pocket	**1,021,924**	**907,443**	**12.6%**	**1,148,959**	**-11.1%**
Tuition + FIES + PEP	1,016,219	904,252	12.4%	1,143,254	-11.1%
Agreements to Receive	5,705	3,191	78.8%	5,705	0.0%
Pronatec	-	-	n.a	-	n.a
Installments	**1,551,098**	**1,036,226**	**49.7%**	**1,464,339**	**5.9%**
PEP	1,113,055	819,896	35.8%	1,047,848	6.2%
PMT	438,043	216,330	102.5%	416,490	5.2%
FIES	**114,880**	**269,768**	**-57.4%**	**220,779**	**-48.0%**

The increase in Accounts Receivable in the year reflects: (i) the higher exposure to the Company's installment products, such as PEP and PMT, which are mostly repaid only after graduation; (ii) the higher revenue from out-of-pocket students due to the change in the student mix with the graduation of FIES students; and (iii) the still-high volume of overdue tuitions due to the current economic scenario, which increases delinquency and the volume of negotiations with students. On the other hand, the reduction from 3Q19 reflects the increase in provision recorded in the period, since the Accounts Receivable analysis is net of PDA.

Average Accounts Receivable Term

Postsecondary - Average Accounts Receivable Term (days)	4Q19	4Q18	Chg.%	3Q19	Chg.%
Net Accounts Receivable / Total Net Revenue Higher Education	194	146	48 Days	197	-03 Days
Net Accounts Receivable (Paying) / Net Revenue (Paying)	115	104	11 Days	128	-13 Days
Net Accounts Receivable (PEP/PMT) / Net Revenue (PEP/PMT)	691	483	208 Days	653	38 Days
Net Accounts Receivable (FIES) / Net Revenue (FIES)	42	64	-22 Days	70	-28 Days

Calculation base: net balance of short-term and long-term Accounts Receivable in the Postsecondary business related to monthly tuitions, agreements and other academic services, divided by net operating revenue in the Postsecondary business in the last 12 months, multiplied by 360 days.

In 4Q19, the average term decreased by 3 days from the previous quarter, with this performance reflecting the impact from PDA registered in the period, given that, excluding this effect, the average accounts receivables term in the Postsecondary Education segment was 207 days, or 10 days longer than in 3Q19. This performance is due to the higher dropout rate and the higher volume of discounts in renegotiations of agreements with inactive students, also impacting the out-of-pocket Net Revenue expected for the quarter. Finally, the maturation of the base of installment products was practically offset by the shorter average term for FIES.

Operating Result

The decrease of 14.7 p.p. in Postsecondary Education's operating margin in 4Q19 on the prior year is related to (i) the non-recurring impact from the shift in the provisioning policy in the period (as commented above), (ii) the contraction in the student base due to the higher graduations and dropouts, (iii) the maturation of the more-premium programs (e.g., healthcare and Premium DL) and of greenfield projects, and (iv) the expansion of the cost and expense structure related to the incorporation of new services, such a SETS, whose profitability is lower than for the other Graduate and unregulated programs. The combination of these effects ended up offsetting a higher recognition of reversal of contingencies in the General and Administrative expenses line, as well as the lower expenses with marketing, due to the anticipation of a part of these expenses in 3Q19. Despite the strong reduction observed in 4Q19, the operating margin of the Postsecondary Education segment for the whole of 2019 stood at over 44%, reflecting the solidity of the business as well as efficiency and profitability gains.

Own Units (Undergraduate) – Financial Indicators:

Undergraduate: Own Units - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%	2019	2018	Chg.%
Net Revenue - Undergraduate - Own units	**902,813**	**1,084,132**	**-16.7%**	**891,153**	**1.3%**	**3,925,083**	**4,394,006**	**-10.7%**
Net Revenue - On-Campus Out-of-pocket	437,984	481,410	-9.0%	472,787	-7.4%	1,943,176	1,916,537	1.4%
Net Revenue - FIES (financed part net of APV)	229,088	384,117	-40.4%	200,473	14.3%	975,664	1,526,387	-36.1%
Net Revenue - PEP (installment part net of APV)	141,769	164,297	-13.7%	98,055	44.6%	516,932	579,885	-10.9%
Net Revenue - On-Campus PMT (installment part net of APV)	29,381	6,099	381.7%	74,710	-60.7%	286,244	184,397	55.2%
Net Revenue - DL Out-of-pocket	64,585	48,124	34.2%	45,127	43.1%	202,772	183,553	10.5%
Net Revenue - DL PMT (installment part net of APV)	5	84	-93.7%	-	n.a.	294	3,247	-91.0%
Gross Income - Undergraduate - Own units	**665,789**	**838,221**	**-20.6%**	**652,676**	**2.0%**	**2,994,104**	**3,463,557**	**-13.6%**
Gross Margin - Undergraduate: Own units	*73.7%*	*77.3%*	*-3.6 p.p.*	*73.2%*	*0.5 p.p.*	*76.3%*	*78.8%*	*-2.5 p.p.*
Operating Result - Undergraduate - Own units	**259,197**	**491,835**	**-47.3%**	**400,736**	**-35.3%**	**1,654,959**	**2,266,425**	**-27.0%**
Operating Margin - Undergraduate: Own units	*28.7%*	*45.4%*	*-16.7 p.p.*	*45.0%*	*-16.3 p.p.*	*42.2%*	*51.6%*	*-9.4 p.p.*

From the Own Units perspective, which represents the main portion of the results from Postsecondary Education, the pressures mentioned above become clear with respect to the shift in the student base profile, since FIES graduations and installment payment products affect only this Business Unit, which is composed primarily of On-campus students, in addition to the (non-recurring) pressures from greenfield projects and the increase in PDA. However, note the evolution in revenue from DL students in Own Units, which shows not only the maturation of units launched over the last years, but also the Company's efforts to improve the conversion rate of the seats of this product at mature units.

Third-Party Units (Undergraduate) – Financial Indicators:

Undergraduate: Third-party Units - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%	2019	2018	Chg.%
Net Revenue - Undergraduation - Third-party units	**176,102**	**193,004**	**-8.8%**	**215,977**	**-18.5%**	**825,312**	**797,928**	**3.4%**
Net Revenue - Out-of-pocket	175,944	192,688	-8.7%	215,977	-18.5%	820,786	793,659	3.4%
Net Revenue - PMT (installment part net of APV)	159	315	-49.7%	-	n.a.	4,526	4,269	6.0%
Gross Income - Undergraduate - Third-party units	**164,732**	**188,088**	**-12.4%**	**202,746**	**-18.7%**	**779,647**	**755,940**	**3.1%**
Gross Margin - Undergraduate - Third-party units	*93.5%*	*97.5%*	*-3.9 p.p.*	*93.9%*	*-0.3 p.p.*	*94.5%*	*94.7%*	*-0.3 p.p.*
Operating Result - Undergraduate - Third-party units	**109,317**	**108,888**	**0.4%**	**121,333**	**-9.9%**	**489,876**	**482,977**	**1.4%**
Operating Margin - Undergraduate - Third-party units	*62.1%*	*56.4%*	*5.7 p.p.*	*56.2%*	*5.9 p.p.*	*59.4%*	*60.5%*	*-1.2 p.p.*

On the other hand, the analysis of Third-Party Units shows the Company's efficiency in the DL segment, with the achievement of consistent results despite the significant competitive pressure that the segment has faced in recent years. However, there was a reduction in revenue this quarter mainly due to the higher dropout rate registered in the period. On the other hand, this reduction was insufficient to reverse the trend for the whole of the year, since revenue in 2019 was 3.4% higher than in 2018. And it also was insufficient to reverse the high gross and operating margins registered in the period, which demonstrates the Company's resilience and the high level of management practiced with the partner units.

Continuing Education – Financial Indicators:

Continuing Education - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%	2019	2018	Chg.%
Net Revenue - Continuing Education	**46,350**	**34,227**	**35.4%**	**64,718**	**-28.4%**	**228,890**	**141,379**	**61.9%**
Gross Income - Continuing Education	**12,216**	**26,342**	**-53.6%**	**43,925**	**-72.2%**	**134,563**	**116,627**	**15.4%**
Gross Marging - Continuing Education	*26.4%*	*77.0%*	*-50.6 p.p.*	*67.9%*	*-41.5 p.p.*	*58.8%*	*82.5%*	*-23.7 p.p.*
Operating Result - Continuing Education	**(2,294)**	**17,018**	**-113.5%**	**29,401**	**-107.8%**	**68,601**	**74,663**	**-8.1%**
Operating Result - Continuing Education	*-4.9%*	*49.7%*	*-54.7 p.p.*	*45.4%*	*-50.4 p.p.*	*30.0%*	*52.8%*	*-22.8 p.p.*

Lastly, the analysis of Continuing Education reflects the positive effects of the greater autonomy adopted in the management of this operation, which led to strong growth in number of new students and revenue registered in the quarter and during 2019. Meanwhile, the lower margins are due to the expansion in the scope of the business with the incorporation of SETS (and its higher cost structure) and the increase in selling and administrative expenses to cover not only the results reached but also the development of new businesses. The negative operating result in the fourth quarter reflects not only the increase in the aforementioned costs, but also the additional PDA that affected the Continuing Education segment.

FINANCIAL PERFORMANCE – PRIMARY & SECONDARY EDUCATION (K-12)

As mentioned above, the only adjustment made to the financial figures of Primary & Secondary Education (K-12) was to reconcile the 2018 figures with the accounting standard IFRS16, i.e. no analysis was made to include the full results of Somos, only adjustments for the segment's new business units (and the exclusion of the performance of SETS). Therefore, the 4Q18 and 2018 figures represent only Somos's 80-day results (since the operation was concluded on October 11, 2018), plus Cogna's historical Primary & Secondary Education activities and the inclusion of Leonardo da Vinci, which was acquired in April 2018, and Lato Sensu, which was acquired in September 2018.

Additionally, due to the different PNLD payment schedule in 2019, the Company also conducted pro forma analyses considering the same seasonality as in 2018 for revenue recognition to ensure a better comparison base and a better understanding of the program's revenue flow. Thus, note that the 3Q19 pro forma analysis considers only revenue related to the program's repurchases (although the majority of repurchases were recognized in 4Q19), while all purchases were considered in the 4Q19 pro forma analysis (although a smaller portion of payments was registered only in January and February 2020). Therefore, the pro forma result presented herein recognizes the same percentage of PNLD recorded by Somos in 2018. Lastly, the pro forma result also considers the reclassification of the publishing costs. However, it is important to note that all analyses in this document are made on a corporate basis, i.e., excluding the effects of the pro forma analysis, unless expressly stated otherwise.

Primary and Secondary Education - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%	2019	2018	Chg.%
Gross Revenue	**876,508**	**627,436**	**39.7%**	**417,894**	**109.7%**	**2,366,876**	**767,465**	**208.4%**
Gross Revenue Deductions	(72,048)	(17,783)	305.1%	(73,734)	-2.3%	(318,967)	(40,066)	696.1%
Tax	(17,726)	(18,890)	-6.2%	(17,382)	2.0%	(70,613)	(24,076)	193.3%
Returns	(25,652)	1,107	n.a.	(18,375)	39.6%	(102,910)	(15,991)	543.6%
Total Discounts	(28,669)	-	n.a.	(37,978)	-24.5%	(145,443)	-	n.a.
Net Revenue	**804,460**	**609,653**	**32.0%**	**344,159**	**133.7%**	**2,047,909**	**727,398**	**181.5%**
Total of Costs	**(406,338)**	**(189,724)**	**114.2%**	**(187,685)**	**116.5%**	**(973,727)**	**(245,545)**	**296.6%**
Cost of Goods	(308,970)	(66,680)	363.4%	(84,462)	265.8%	(570,692)	(79,632)	616.7%
Cost of Services	(97,368)	(123,044)	-20.9%	(103,223)	-5.7%	(403,035)	(165,913)	142.9%
Faculty, Other Personnel and Third-Party Services	(84,767)	(97,537)	-13.1%	(91,502)	-7.4%	(351,520)	(133,472)	163.4%
Rent	(4,629)	(2,684)	72.5%	(114)	3949.8%	(6,750)	(5,612)	20.3%
Materials	(814)	(90)	807.9%	(1,498)	-45.7%	(5,159)	(1,926)	167.9%
Maintenance	(7,158)	(4,476)	59.9%	(6,955)	2.9%	(32,055)	(4,940)	548.9%
Other	(0)	(18,258)	n.a.	(3,154)	n.a.	(7,552)	(19,964)	-62.2%
Gross Income	**398,122**	**419,929**	**-5.2%**	**156,474**	**154.4%**	**1,074,182**	**481,853**	**122.9%**
Gross Margin	*49.5%*	*68.9%*	-19.4 p.p.	*45.5%*	4.0 p.p.	*52.5%*	*66.2%*	-13.8 p.p.
Total Operating Expenses	**3,205**	**(44,505)**	**-107.2%**	**(43,098)**	**-107.4%**	**(132,978)**	**(57,748)**	**130.3%**
Personnel Expenses	(52,811)	(50,301)	5.0%	(31,860)	65.8%	(158,248)	(60,965)	159.6%
General and Administrative Expenses	56,016	5,796	866.5%	(11,239)	n.a.	25,270	3,217	685.4%
Provision for Doubtful Account - PDA	(5,766)	(11,747)	-50.9%	(7,664)	-24.8%	(22,138)	(12,671)	74.7%
(+) Interest and Penalties on Tuition	169	477	-64.6%	295	-42.8%	1,464	1,679	-12.8%
(+) Equity	-	-	n.a.	(0)	n.a.	(0)	-	n.a.
Selling and Marketing Expenses	**(61,574)**	**(82,427)**	**-25.3%**	**(46,891)**	**31.3%**	**(185,681)**	**(96,969)**	**91.5%**
Operating Result	**334,156**	**281,727**	**18.6%**	**59,116**	**465.3%**	**734,849**	**316,144**	**132.4%**
Operating Margin	*41.5%*	*46.2%*	*-4.7 p.p.*	*17.2%*	*24.4 p.p.*	*35.9%*	*43.5%*	*-7.6 p.p.*

Net Revenue

The strong growth of 32% in net revenue for the Primary & Secondary Education segment in 4Q19 was due to the consolidation of Somos (since the conclusion of the operation occurred on October 11, 2018, which means 11 fewer days in the quarter) and the excellent result obtained by the K-12 platform in commercial activities for 2020, given that the recognition of subscription revenue occurs mainly between October 1 of one fiscal year until September 30 of the subsequent fiscal year. It is important to consider the seasonality of the operation, with the distribution of materials concentrated at the start of the year. Therefore, roughly 30% of the Annual Contract Value (ACV) reported for 2020 was already recognized in this quarter, driving revenue performance. Lastly, the School Management business unit presents lower seasonality, i.e., revenue growth reflects the monthly tuition adjustment in the period, while the robust growth in the year reflects the consolidation of the various schools acquired in 2018 by both Somos and Saber.

Pro Forma Analysis:
Excluding PNLD repurchases and including all purchases that historically affect the fourth quarter results, but with the recognition this year, exceptionally, of R$85 million in 1Q20, net revenue from Primary and Secondary Education would be R$662.2 million in the quarter and R$2,132.6 million in 2019, growing 8.6% on the previous year, but at a slower pace compared to the corporate result, since it was extraordinarily affected by the recognition of almost all PNLD in a single quarter.

Gross Income

The 19.4 p.p. reduction in gross margin from Primary & Secondary Education in 4Q19 reflects the higher costs related to the PNLD and the reclassification of publishing costs (R$110 million in 4Q19). This adjustment ended up offsetting the capture of synergies observed in the period from the integration of Somos. Nevertheless, note that, despite this impact and with the inclusion of fixed costs involving the School Management business and publishers, the segment's margin remained very high and has the potential to further expand with the capture of additional synergy gains with Somos and the expected higher share of more scalable businesses, especially those related to the K-12 platform.

Pro Forma Analysis:
In the pro forma analysis, the compression in pro forma gross margin for 4Q19 was less than that in the corporate result, at -4.9 p.p. compared to 4Q18 and -8.7 p.p. compared to 2018.

Provision for Doubtful Accounts (PDA)

Primary and Secondary Education - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%
Provision for Doubtful Account - PDA	(5,766)	(11,747)	-50.9%	(7,664)	-24.8%
PCLD / Net Revenues Primary and Secondary Education	*-0.7%*	*-1.9%*	*1.2 p.p.*	*-2.2%*	*1.5 p.p.*
PCLDK12 Integrated Platform & PNLD	(4,371)	(11,473)	-61.9%	(4,406)	-0.8%
PCLD Integrated Platform/ Net Revenues. Integrated Platform	*-0.7%*	*-2.5%*	*1.8 p.p.*	*-2.8%*	*2.1 p.p.*
PCLD School Management	(1,395)	(275)	408.2%	(3,258)	-57.2%
PCLD School Management/ Net Revenues School Management	*-0.8%*	*-0.2%*	*-0.6 p.p.*	*-1.8%*	*1.0 p.p.*

Provisioning for the K-12 segment corresponded to 0.7% of net revenue in 4Q19, which is 1.2 p.p. lower than in the same period last year as a result of higher PNLD sales recognized in the quarter, since the program has a low risk provisioning policy. This effect more than offset the more intense commercial activity registered in the period. Moreover, note that the 2018 result is extraordinarily affected by the provisioning made to cover the deterioration in the credit of bookstores under court-supervised reorganization.

Accounts Receivables from K-12

Primary and Secondary Education	4Q19	4Q18	Chg.%	3Q19	Chg.%
Net Accounts Receivable	**653,312**	**420,631**	**55.3%**	**271,232**	**140.9%**
K12 Integrated Platform	615,108	381,319	61.3%	233,102	163.9%
School Management	38,205	39,312	-2.8%	38,130	0.2%

Net accounts receivable from K-12 Education reported a significant increase compared to the same period of 2018, supported by the consolidation of Somos into the result, as well as the delay in recognizing PNLD revenue and the segment's natural seasonality, with all commercial activity concentrated between the end and start of the year.

Average Accounts Receivable Term

Primary and Secondary Education - Days	4Q19	4Q18	Chg.%	3Q19	Chg.%
Net Accounts Receivable of Basic Education / Net Revenue of Basic Education	**115**	**76**	**39 Days**	**45**	**70 Days**
Net Accounts Receivable - K12 Integrated Platform / Net Revenue - K12 Integrated Platform	**151**	**96**	**55 Days**	**51**	**100 Days**
Net Accounts Receivable - School Management / Net Revenue - School Management	**24**	**25**	**-01 Days**	**32**	**-08 Days**

Calculation base: net balance of short-term and long-term Accounts Receivable in the K-12 business related to monthly tuitions, agreements and other academic services, divided by net operating revenue in the K-12 business in the last 12 months, multiplied by 360 days.

In 4Q19, the average term increased 39 days from the same period last year, due to the different schedule of receivables from PNLD revenue. On the other hand, note the reduction of 1 day in the average term in School Management, which reinforces the low seasonality of this business model.

Operating Result

The operating margin in Primary & Secondary Education decreased 4.7 p.p. in 4Q19 in relation to 4Q18, exclusively due to the reclassification made in the period, which started to incorporate the Somos publishing costs, thereby affecting the segment's margins. Excluding this effect, operating margin was higher, due to a series of factors, including: (i) the revenue growth in the K-12 Platform driven by the strong growth in subscription revenue for the 2020 school year (with part of this result already affecting 4Q19); (ii) the receipt of PNLD revenues concentrated in a single period, (iii) the reversal of contingencies with the consolidation of Somos, which has a positive effect on operating expenses, (iv) the lower PDA in the period, and (v) the lower marketing expenses, since most commercial campaigns occurred in the previous quarter. On the other hand, operating margin in 2019 was 7.6 p.p. lower than in 2018, due to the consolidation of businesses with less scalable cost structures, such as the School Management segment.

Pro Forma Analysis:
In the pro forma analysis, the performance of operating margin increases, or a growth of 9.7 p.p. in 4Q19 and a reduction of 2.1 p.p. in relation to 2018. The pro forma operating margin of approximately 41% in the year confirms the effectiveness of the strategy adopted by the Company to increase efficiency in the operation through capture of synergy gains, while simultaneously laying the foundation for future growth with a new commercial strategy, in addition to new investments in marketing and capex for the publishing business to further strengthen the brands in the portfolio.

K-12 & PNLD/Official Contracts Platform – Financial Indicators:

K12 Integrated Platform & PNLD/ Official Contracts - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%	2019	2018	Chg.%
Net Revenue - K12 Integrated Platform & PNLD/ Official Contracts	**629,643**	**453,675**	**38.8%**	**160,154**	**293.1%**	**1,309,460**	**504,447**	**159.6%**
Net Revenue - K12 Integrated Platform	313,373	266,594	17.5%	133,064	135.5%	909,019	317,366	186.4%
Net Revenue - PNLD / Official Contracts	316,271	187,081	69.1%	27,090	1067.5%	400,441	187,081	114.0%
Gross Income - K12 Integrated Platform & PNLD/ Official Contracts	**308,898**	**347,893**	**-11.2%**	**59,809**	**416.5%**	**691,594**	**384,522**	**79.9%**
Gross Margin - K12 Integrated Platform & PNLD/ Official Contracts	*49.1%*	*76.7%*	-27.6 p.p.	*37.3%*	11.7 p.p.	*52.8%*	*76.2%*	-23.4 p.p.
Operating Result - K12 Integrated Platform & PNLD/ Official Contracts	**229,737**	**224,484**	**2.3%**	**2,418**	**9399.3%**	**459,017**	**244,996**	**87.4%**
Operating Result - K12 Integrated Plat. & PNLD/ Official Contracts	*36.5%*	*49.5%*	-13.0 p.p.	*1.5%*	35.0 p.p.	*35.1%*	*48.6%*	-13.5 p.p.

From the perspective of the K-12 Platform & PNLD/Official Contracts, you can see the impact of two significant effects in this quarter: 1) the strong growth in subscription revenue for the 2020 school year, part of which is recognized in 4Q19, and 2) the extraordinary recognition of most repurchases and the purchases of the PNLD program in a single quarter. When analyzing the performance of the year, the strong growth in figures is a result of the consolidation of Somos and the commercial activity for 2020. Meanwhile the contraction in margins reflects not only the impact from the reclassification that started to consider publishing costs, but also the consolidation of other businesses such as PNLD. Nevertheless, the margin reported still represents solid profitability.

School Management – Financial Indicators:

School Management - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%	2019	2018	Chg.%
Net Revenue - School Management	**174,817**	**155,978**	**12.1%**	**184,005**	**-5.0%**	**738,449**	**222,951**	**231.2%**
Net Revenue - Own Schools	163,296	145,189	12.5%	172,314	-5.2%	674,194	212,163	217.8%
Net Revenue - Counter Shift	11,521	10,789	6.8%	11,691	-1.5%	64,255	10,789	495.6%
Gross Income - School Management	**89,224**	**72,036**	**23.9%**	**96,665**	**-7.7%**	**382,588**	**97,331**	**293.1%**
Gross Margin - School Management	*51.0%*	*46.2%*	4.9 p.p.	*52.5%*	-1.5 p.p.	*51.8%*	*43.7%*	8.2 p.p.
Operating Result - School Management	**104,418**	**57,243**	**82.4%**	**56,697**	**84.2%**	**275,832**	**71,148**	**287.7%**
Operating Result - School Management	*59.7%*	*36.7%*	23.0 p.p.	*30.8%*	28.9 p.p.	*37.4%*	*31.9%*	5.4 p.p.

In 4Q19, the increase in revenue reflects the monthly tuition adjustments made from one year to another, in addition to the opening of new schools, while the better margin is a result of operating efficiency gains, since most of the management integration is occurring this year, with strong potential for future results.

FINANCIAL PERFORMANCE – COGNA

Consolidated - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%	2019	2018	Chg.%
Gross Revenue	**2,355,718**	**2,340,853**	**0.6%**	**1,926,375**	**22.3%**	**8,791,784**	**7,680,772**	**14.5%**
Gross Revenue Deductions	(425,992)	(419,837)	1.5%	(410,367)	3.8%	(1,764,590)	(1,620,060)	8.9%
Tax	(48,353)	(69,514)	-30.4%	(53,523)	-9.7%	(218,116)	(206,333)	5.7%
ProUni	(232,854)	(261,823)	-11.1%	(241,451)	-3.6%	(983,007)	(1,049,509)	-6.3%
Returns	(27,851)	661	n.a.	(22,449)	24.1%	(114,462)	(16,436)	596.4%
Total Discounts	(116,933)	(89,161)	31.1%	(92,945)	25.8%	(449,005)	(347,782)	29.1%
Net Revenue	**1,929,726**	**1,921,016**	**0.5%**	**1,516,007**	**27.3%**	**7,027,194**	**6,060,712**	**15.9%**
Total of Costs	**(688,867)**	**(448,436)**	**53.6%**	**(460,187)**	**49.7%**	**(2,044,698)**	**(1,242,735)**	**64.5%**
Cost of Goods	(334,639)	(73,440)	355.7%	(98,216)	240.7%	(639,121)	(86,392)	639.8%
Cost of Services	(354,227)	(374,996)	-5.5%	(361,970)	-2.1%	(1,405,578)	(1,156,342)	21.6%
Faculty, Other Personnel and Third-Party Services	(316,348)	(337,998)	-6.4%	(319,954)	-1.1%	(1,251,956)	(1,071,546)	16.8%
Rent	(5,341)	(2,683)	99.0%	(7,674)	-30.4%	(20,019)	(10,689)	87.3%
Materials	(6,432)	(4,809)	33.7%	(9,002)	-28.6%	(28,666)	(22,827)	25.6%
Maintenance	(11,455)	(7,577)	51.2%	(10,918)	4.9%	(46,684)	(16,788)	178.1%
Other	(14,652)	(21,929)	-33.2%	(14,423)	1.6%	(58,253)	(34,492)	68.9%
Gross Income	**1,240,859**	**1,472,580**	**-15.7%**	**1,055,821**	**17.5%**	**4,982,496**	**4,817,977**	**3.4%**
Gross Margin	*64.3%*	*76.7%*	*-12.4 p.p.*	*69.6%*	*-5.3 p.p.*	*70.9%*	*79.5%*	*-8.6 p.p.*
Total Operating Expenses	**(94,951)**	**(216,743)**	**-56.2%**	**(178,297)**	**-46.7%**	**(708,933)**	**(681,610)**	**4.0%**
Personnel, General and Administrative Expenses	(94,951)	(216,743)	-56.2%	(178,297)	-46.7%	(708,933)	(681,610)	4.0%
Personnel Expenses	(132,238)	(135,019)	-2.1%	(121,036)	9.3%	(507,004)	(407,144)	24.5%
General and Administrative Expenses	37,287	(81,723)	n.a.	(57,260)	n.a.	(201,929)	(274,466)	-26.4%
Provision for Doubtful Account - PDA	**(342,239)**	**(180,881)**	**89.2%**	**(170,899)**	**100.3%**	**(910,893)**	**(679,567)**	**34.0%**
(+) Interest and Penalties on Tuition	40,020	30,594	30.8%	72,951	-45.1%	207,386	202,612	2.4%
Equity	(136)	500	n.a.	456	n.a.	(157)	500	n.a.
Selling and Marketing Expenses	(143,176)	(206,582)	-30.7%	(169,447)	-15.5%	(621,615)	(519,704)	19.6%
Operating Result	**700,376**	**899,468**	**-22.1%**	**610,586**	**14.7%**	**2,948,285**	**3,140,208**	**-6.1%**
Operating Margin	*36.3%*	*46.8%*	*-10.5 p.p.*	*40.3%*	*-4.0 p.p.*	*42.0%*	*51.8%*	*-9.9 p.p.*
Corporate Expenses	(39,685)	(108,900)	-63.6%	(62,732)	-36.7%	(239,370)	(274,321)	-12.7%
Recurring EBITDA	**660,691**	**790,567**	**-16.4%**	**547,854**	**20.6%**	**2,708,915**	**2,865,887**	**-5.5%**
Recurring EBITDA Margin	*34.2%*	*41.2%*	*-6.9 p.p.*	*36.1%*	*-1.9 p.p.*	*38.5%*	*47.3%*	*-8.7 p.p.*
(-) Non-Recurring Items	(125,707)	(199,396)	-37.0%	(36,339)	245.9%	(286,831)	(383,333)	-25.2%
EBITDA	**534,984**	**591,171**	**-9.5%**	**511,515**	**4.6%**	**2,422,084**	**2,482,553**	**-2.4%**
EBITDA Margin	*27.7%*	*30.8%*	*-3.1 p.p.*	*33.7%*	*-6.0 p.p.*	*34.5%*	*41.0%*	*-6.5 p.p.*
Depreciation and Amortization	(231,674)	(366,211)	-36.7%	(328,899)	-29.6%	(1,197,726)	(816,122)	46.8%
Financial Result	(372,016)	(174,019)	113.8%	(246,063)	51.2%	(1,040,572)	(328,203)	217.1%
Income Tax / Social Contribution	(25,899)	21,607	n.a.	(16,215)	59.7%	(90,504)	(45,426)	99.2%
Deferred Income Tax / Social Contribution	(73,516)	15,269	n.a.	99,872	n.a.	149,306	58,893	153.5%
Income Tax / Social Cont.	-	-	n.a.	-	n.a.	-	-	n.a.
Minority Interest	(195)	129	n.a.	(210)	-7.2%	(924)	129	n.a.
Net Income	**(168,316)**	**87,947**	**n.a.**	**20,001**	**n.a.**	**241,665**	**1,351,825**	**-82.1%**
Net Margin	*-8.7%*	*4.6%*	*n.a.*	*1.3%*	*n.a.*	*3.4%*	*22.3%*	*-18.9 p.p.*
(+) Intagible Amortization (Acquisitions)	67,685	77,172	-12.3%	101,488	-33.3%	359,782	132,478	171.6%
(+) inventory surplus value	17,762	26,670	-33.4%	13,470	31.9%	36,029	26,670	35.1%
(+) Write-off of tax loss	134,489	-	n.a.	-	n.a.	134,489	-	n.a.
Adjusted Net Income	**51,619**	**191,789**	**-73.1%**	**134,958**	**-61.8%**	**771,965**	**1,510,973**	**-48.9%**
Adjusted Net Margin	*2.7%*	*10.0%*	*-7.3 p.p.*	*8.9%*	*-6.2 p.p.*	*11.0%*	*24.9%*	*-13.9 p.p.*

Corporate Expenses

Consolidated - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%
Corporate Expenses	(39,685)	(108,900)	-63.6%	(62,732)	-36.7%
Personnel Expenses	(43,807)	(68,365)	-35.9%	(59,648)	-26.6%
General and Administrative Expenses	4,122	(40,535)	n.a.	(3,084)	n.a.

% of Net Revenue	4Q19	4Q18	Chg.%	3Q19	Chg.%
Corporate Expenses	-2.1%	-5.7%	3.6 p.p.	-4.1%	2.1 p.p.
Personnel Expenses	-2.3%	-3.6%	1.4 p.p.	-3.9%	1.7 p.p.
General and Administrative Expenses	0.2%	-2.1%	2.3 p.p.	-0.2%	0.4 p.p.

Personnel expenses decreased 1.4 p.p. due to the cost control initiatives under the strategy to capture synergy and efficiency gains. Meanwhile, general and administrative expenses as a ratio of net revenue registered an inversion, due to the nonrecurring effect from the expiration and reversal of contingencies at levels above normal.

Nonrecurring Items

Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%
Severance	(56,418)	(36,106)	56.3%	(14,297)	294.6%
Restructuring of units	-	(12,665)	n.a.	-	n.a.
M&A and expansion	(69,289)	(132,629)	-47.8%	(22,042)	214.4%
Other projects	-	(17,996)	n.a.	-	n.a.
Total Nonrecurring	**(125,707)**	**(199,396)**	**-37.0%**	**(36,339)**	**245.9%**

As mentioned since the start of the year, the Company opted to incorporate the lines restructuring of units and other projects under recurring results for the year, i.e., to recognize each project in its original business unit. Therefore, nonrecurring items came to R$125.7 million, which were related to: (i) severance payments arising from staff restructurings, the Somos acquisition and the reduction in classroom hours resulting from the efficiency initiatives; and (ii) non-recurring costs related to the implementation of new units, as well as the improvements and costs with consulting and other firms engaged in asset expansion and integration projects. Also note that nonrecurring items this quarter had a negative impact of R$47 million due to the anticipation of the corporate reorganization initially slated for early 2020 to December 2019, causing a significant increase in severance payments and causing non-recurring pressure on the result for the year.

Financial Result

Consolidated - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%
(+) Financial Revenues	40,842	83,792	-51.3%	13,845	195.0%
Interest on Financial Investment	14,732	22,444	-34.4%	9,181	60.5%
Others	26,111	61,348	-57.4%	4,664	459.8%
(-) Financial Expenses	(412,858)	(178,270)	131.6%	(259,908)	58.8%
Banks Expenses	(4,110)	(10,663)	-61.5%	(5,604)	-26.7%
Interest on leasing	(168,400)	-	n.a.	(75,847)	122.0%
Interest on Loans	(126,215)	(144,536)	-12.7%	(140,007)	-9.9%
Interest and Tax on Late Payment	(10,188)	(8,829)	15.4%	(2,450)	315.8%
Interest on Loans for Acquisitions	(10,246)	(2,849)	259.7%	(820)	1,149.6%
Restatement of Contingencies	(89,018)	(137)	n.a.	(19,536)	355.7%
Others	(4,681)	(11,256)	-58.4%	(15,644)	-70.1%
Financial Result [1]	**(372,016)**	**(94,478)**	**293.8%**	**(246,063)**	**51.2%**

[1] Excludes interest and fines on late monthly tuition payments.

In 4Q19, the Company posted a net financial expense of R$372.0 million, reflecting the financial charges on the debt secured to acquire Somos and the impact from the adoption of IFRS16. Nevertheless, the current level is aligned with the higher debt expected by the Company after the Somos acquisition and will have a direct impact on Company's Net Income over the coming years, but to a lesser degree given the follow-on concluded at the start of 2020. Also note the negative impact from the restatement of the line contingencies due to the inflation adjustment retroactive to the start of the year in long-term liabilities during the second half.

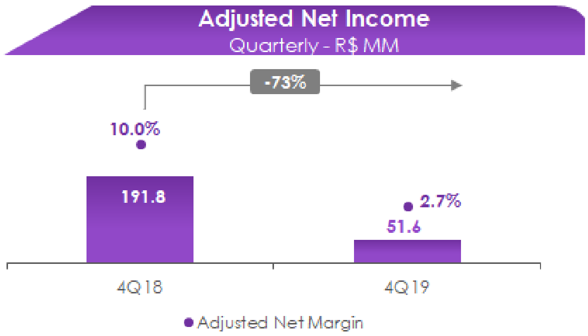
Net Income

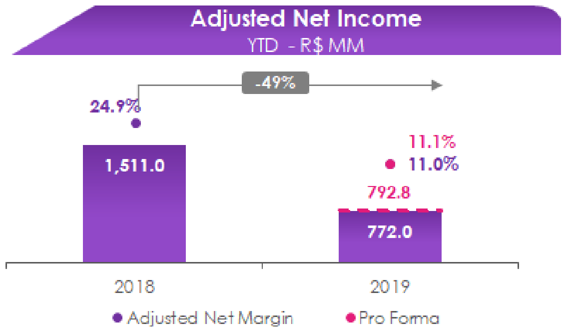
Consolidated - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%
Operating Result	**700,376**	**899,468**	**-22.1%**	**610,586**	**14.7%**
(+) Corporate Expenses	(39,685)	(108,900)	-63.6%	(62,732)	-36.7%
(+) Nonrecurring Items	(125,707)	(199,396)	-37.0%	(36,339)	245.9%
(+) Depreciation and Amortization ex-Intangible	(231,674)	(366,211)	-36.7%	(328,899)	-29.6%
(+) Financial Result[1]	(372,016)	(174,019)	113.8%	(246,063)	51.2%
(+) Income Tax / Social Contribution	(25,899)	21,607	n.a.	(16,215)	59.7%
(+) Deferred Income Tax / Social Contribution	(73,516)	15,269	n.a.	99,872	n.a.
(+) Participation of Minority	(195)	129	n.a.	(210)	-7.2%
(+) Intangible Amortization (Acquisitions)	67,685	77,172	-12.3%	101,488	-33.3%
(+) Inventory surplus value	17,762	26,670	-33.4%	13,470	31.9%
(+) Low Tax Loss	134,489	-	n.a.	-	n.a.
Adjusted Net Income	**51,619**	**191,789**	**-73.1%**	**134,958**	**-61.8%**
Adjusted Net Margin	*2.7%*	*10.0%*	*-7.3 p.p.*	*8.9%*	*-6.2 p.p.*
(-) Intangible Amortization (Acquisitions)	(67,685)	(77,172)	-12.3%	(101,488)	-33.3%
(-) Inventory surplus value	(17,762)	(26,670)	-33.4%	(13,470)	31.9%
(-) Write-off of tax loss	(134,489)	-	n.a.	-	n.a.
Net Income	**(168,316)**	**87,947**	**n.a.**	**20,001**	**n.a.**
Net Margin	*-8.7%*	*4.6%*	*n.a.*	*1.3%*	*n.a.*

[1] Excludes interest and fines on late monthly tuition payments.

The decrease in adjusted net income and adjusted net margin in 4Q19 reflects the lower operating result registered in the period, due to the pressures on Postsecondary Education, as well as the increase in financial expenses and the higher impact from deferred tax. Note that, since the start of the year, an important change was made to the composition of adjusted net income, which no longer excludes non-recurring items. Therefore, adjustments are now made for the amortization of intangible assets from acquisitions and for inventory surplus value, absorbing all other items that in some way are inherent to the operation. The only exception refers to the write-off of tax losses due to the corporate reorganization and the spin-off conducted in Somos, which was exceptionally allocated in net income adjustments this quarter. Meanwhile, adjusted net margin in 2019 decreased 13.9 p.p., mainly due to the higher debt, depreciation and amortization resulting from the adoption of IFRS 16 and investments in content and technology production, which have a shorter useful life, in addition to the aforementioned pressures on Postsecondary Education.

Pro Forma Analysis:
Including the revenue from PNLD repurchases in the results of 3Q19 (in line with the historical seasonality) and all purchases in 4Q19, adjusted net income was a loss of R$1.2 million. In the year, adjusted Net Income amounted to R$792.8 million, with adjusted net margin of 11.1%.





Considering Cogna's standalone performance, i.e., excluding the impact from the consolidation of Somos, adjusted net income was R$107.1 million in 4Q19 and R$871.3 million in 2019, with adjusted net margin of 5.5% and 12.4%, respectively.

Excluding the adjustments for the amortization of intangible assets and inventory surplus value, net income was actually a net loss R$168.3 million in 4Q19, but a net income of R$241.7 million in 2019 (or net loss of R$221.2 million and net income

R$262.5 million, respectively, in the pro forma analysis). However, because of the significant impact from these adjustments, especially given the relevance of the latest acquisition, the Company recommends the adjusted result as the best metric for accompanying its financial performance.

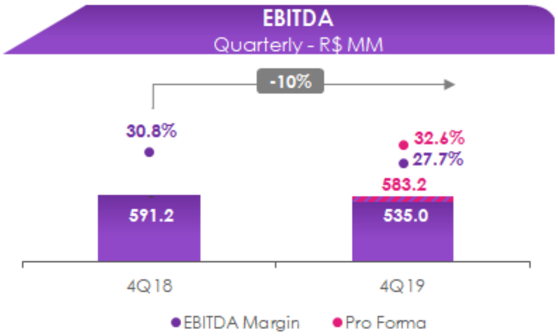
EBITDA[1]

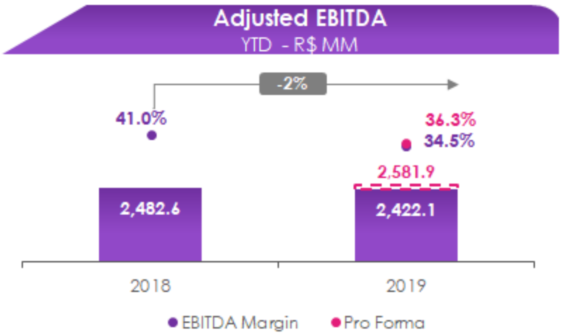
Consolidated - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%
Net Income (Loss)	**(168,316)**	**87,947**	**n.a.**	**20,001**	**n.a.**
(+) Depreciation and Amortization	231,674	366,211	-36.7%	328,899	-29.6%
(+) Financial Result	372,016	174,019	113.8%	246,063	51.2%
(+) Income Tax / Social Contribution	25,899	(21,607)	n.a.	16,215	59.7%
(+) Deferred Income Tax / Social Contribution	73,516	(15,269)	n.a.	(99,872)	n.a.
(+) Minority Participation	195	(129)	n.a.	210	-7.2%
EBITDA	**534,984**	**591,171**	**-9.5%**	**511,515**	**4.6%**
EBITDA Margin	*27.7%*	*30.8%*	*-3.1 p.p.*	*33.7%*	*-6.0 p.p.*
(+) Nonrecurring Items	125,707	199,396	-37.0%	36,339	245.9%
Recurring EBITDA	**660,691**	**790,567**	**-16.4%**	**547,854**	**20.6%**
Recurring EBITDA Margin	*34.2%*	*41.2%*	*-6.9 p.p.*	*36.1%*	*-1.9 p.p.*

[1] Includes interest and late-payment fees on monthly tuition payments and excludes inventory surplus value.

In 4Q19, EBITDA decreased by 9.5% from the year-ago period, accompanied by EBITDA margin compression of 3.1 p.p. due to the aforementioned factors, mainly the additional provisioning in Postsecondary Education and the cost increase in K-12 Education. Bear in mind that, despite all the detractors from the result and the increased relevance of a segment with a distinct level of profitability compared to Postsecondary Education, the Company has been able to maintain very healthy margins. The best example of this is the result for the year, when EBITDA grew 4.6%, with EBITDA margin compression of only 6.0 p.p., in line with the new business models, which demonstrates the high level of efficiency of the Company's different verticals.

Pro Forma Analysis:
EBITDA came to R$583.2 million, down by 1.4%, but with margin of 1.9 p.p. higher than in 4Q18, or 32.6%. In the year, pro forma EBITDA was R$2.6 billion, up 4.0% compared to 2018, but with margin of 36.3%, down 4.7 p.p.





Analysis ex-IFRS16

Complementing the previous analyses, the following table shows the result of the main lines of 4Q19 and 2019 excluding the adoption of IFRS 16.

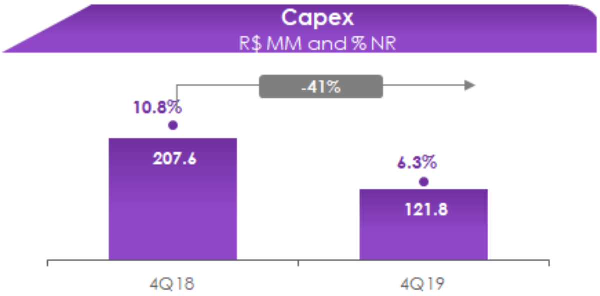
Consolidated - Values in R$ ('000)	4Q19	4Q18	Chg.%	2019	2018	Chg.%
Net Revenue	1,929,726	1,921,016	0.5%	7,027,194	6,060,712	15.9%
EBITDA [1]	388,914	464,891	-16.3%	1,868,365	2,070,400	-9.8%
EBITDA Margin	*20.2%*	*24.2%*	*-4.0 p.p.*	*26.6%*	*34.2%*	*-7.6 p.p.*
Adjusted Net Income [2]	107,092	206,267	-48.1%	871,324	1,552,274	-43.9%
Adjusted Net Margin	*5.5%*	*10.7%*	*-5.2 p.p.*	*12.4%*	*25.6%*	*-13.2 p.p.*

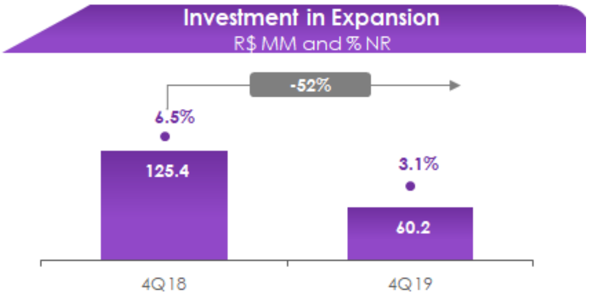
Excludes the impacts from adoption of IFRS16 on the results of 2019 and 2018.
[1] EBITDA considers interest and late-payment fees and excludes impacts from inventory surplus.
[2] Net income adjusted by the amortization of intangible assets and inventory surplus value.

Capex and Investments in Expansion

In 4Q19, Cogna invested R$121.8 million, allocated as follows:

- Information technology and library equipment: R$7.8 million (6%);
- Content and systems development and software licenses: R$71.6 million (59%);
- Laboratory and related equipment: R$9.9 million (8%);
- Expansions - construction and improvements: R$32.5 million (27%).





During 4Q19, capex corresponded to 6.3% of net revenue, down from 10.8% in 4Q18, which is a trend that has been observed during the year and that should continue in 2020. Most of the capex was allocated to the development of content, systems and software licenses, which accounted for 59% of the total amount and accompanied the expansion and maturation of the Postsecondary Education portfolio in recent years, especially the maturation of programs in the fields of Engineering and Healthcare and the new Premium DL programs, in addition to the renewal of K-12 content. In 2019, capex amounted to R$482.5 million, which corresponds to 6.9% of net revenue for the year.

Note that, since the start of the year, investments in special projects are now recognized as recurring capex, in other words, all investments, except expansion, are included in the line "Capex." Accordingly, investments in expansion amounted to R$60.2 million in the quarter and R$195.1 million in 2019, representing 3.1% and 2.8% of net revenue, respectively.

Net Debt

Consolidated - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%
Cash and Cash Equivalents	843,073	2,595,570	-67.5%	436,260	93.3%
Cash	63	3,076	-98.0%	550	-88.5%
Securities	843,010	2,592,494	-67.5%	435,710	93.5%
Loans and Financing	8,084,565	7,683,622	5.2%	8,011,026	0.9%
Short-term Debt	579,529	527,517	9.9%	393,305	47.3%
Long-term Debt	7,505,036	7,156,105	4.9%	7,617,721	-1.5%
Net Cash (Debt) [1]	**(7,241,492)**	**(5,088,052)**	**42.3%**	**(7,574,766)**	**-4.4%**
Other Short and Long Term Debt [2]	315,466	367,617	-14.2%	317,926	-0.8%
(1) Net Cash (Debt)	**(7,556,958)**	**(5,455,669)**	**38.5%**	**(7,892,692)**	**-4.3%**
Short Term Accounts Receivable [3]	**138,262**	**132,854**	**4.1%**	**137,567**	**0.5%**
Uniasselvi Disposal	122,865	119,611	2.7%	122,822	0.0%
FAIR and FAC/FAMAT Disposal	15,397	13,243	16.3%	14,745	4.4%
Long-Term Accounts Receivable [3]	**251,431**	**361,551**	**-30.5%**	**381,130**	**-34.0%**
Uniasselvi Disposal	227,308	327,751	-30.6%	346,336	-34.4%
FAIR and FAC/FAMAT Disposal	24,124	33,800	-28.6%	34,795	-30.7%
(2) Other Accouts Receivable [3]	**389,694**	**494,405**	**-21.2%**	**518,697**	**-24.9%**
(1)+(2) Pro Forma Net Cash (Debt)	**(7,167,264)**	**(4,961,264)**	**44.5%**	**(7,373,995)**	**-2.8%**

[1] Net cash (debt) considering only bank obligations.

[2] Considering all short- and long-term obligations related to the taxes paid in installments and the acquisitions, including the amount to be paid within 6 years related to the Uniasselvi acquisition, in addition to debentures issued by both Companies (Kroton and Somos).

[3] Considers the short-term receivables related to the Uniasselvi, FAIR and FAC/FAMAT divestment and long-term receivables related to the other installments of Uniasselvi, FAIR and FAC/FAMAT to be earned from 2020 to 2022 adjusted to present value (excluding the earn-out amounts).

At the end of 4Q19, total cash and financial investments amounted to R$843.0 million, up 93.3% from the previous quarter, reflecting the receipt of significant installments from PNLD in a single quarter, as well as the lower operating outlays. Moreover, we received one of the installments from the sale of Uniasselvi and resources raised from the sale and leaseback of properties, which were sufficient to offset the payment of interest on debentures, expansion investments and dividend distributions. Net debt, which stood at R$7.2 billion at the end of the quarter (or R$7.6 billion including other obligations related to the payment of acquisitions and tax installments), does not consider the capital increase conducted in February 2020, in which the Company raised R$2.6 billion, which considerably decreased its financial leverage and put Cogna in a comfortable and solid cash situation.

Cash Flow

Consolidated - Values in R$ ('000)	4Q19	4Q18	Chg.%	3Q19	Chg.%	2019	2018	Chg.%
Net Income before Income Interest	**(68,706)**	**65,400**	**-205.1%**	**(62,934)**	**n.a.**	**183,786**	**1,379,384**	**-86.7%**
(+) Net Income adjustments before Income Interest	905,042	656,215	37.9%	723,999	25.0%	3,031,417	1,506,007	101.3%
Depreciation and Amortization	231,674	158,591	46.1%	328,912	-29.6%	1,197,739	476,776	151.2%
Provision for Doubtful Accounts (PDA)	342,239	173,823	96.9%	170,899	100.3%	910,793	672,490	35.4%
Others	331,129	323,801	2.3%	224,188	47.7%	922,885	356,741	158.7%
(+) Income Tax and Social Contribution	(18,206)	(24,399)	-25.4%	(11,160)	63.1%	(76,646)	(80,857)	-5.2%
(+) Changes in Working Capital	(329,002)	(318,404)	3.3%	(393,818)	-16.5%	(2,254,964)	(1,364,520)	65.3%
(Increase) Reduction in Accounts Receivable ex-FIES	(575,776)	(462,609)	24.5%	(239,031)	140.9%	(1,576,686)	(1,074,142)	46.8%
(Increase) Reduction in Accounts Receivable FIES	102,240	118,006	-13.4%	97,028	5.4%	142,780	(45,522)	n.a.
Others	144,534	26,199	451.7%	(251,815)	n.a.	(821,058)	(244,856)	235.3%
Operating Cash Generation before Capex	**489,128**	**378,812**	**29.1%**	**256,087**	**91.0%**	**883,593**	**1,440,014**	**-38.6%**
Capex	(121,761)	(207,620)	-41.4%	(133,376)	-8.7%	(482,406)	(537,778)	-10.3%
Operating Cash Generation after Capex	**367,367**	**171,193**	**114.6%**	**122,710**	**199.4%**	**401,187**	**902,236**	**-55.5%**
(+) Investments in Expansion	(60,151)	(125,444)	-52.0%	(37,002)	62.6%	(195,148)	(265,938)	-26.6%
(+) M&A Activities	132,216	(4,521,363)	n.a.	(103,103)	n.a.	(1,773,934)	(4,712,509)	-62.4%
(+) Cash Flow from Financing Activities	(33,948)	(435,834)	-92.2%	(562,002)	-94.0%	(190,351)	4,231,113	-104.5%
Free Cash Flow	**405,484**	**(4,911,448)**	**n.a.**	**(579,397)**	**n.a.**	**(1,758,246)**	**154,901**	**n.a.**

Consolidated - Values in R$ ('000)	4Q19	4Q18	Chg.%	2019	2018	Chg.%
Operating Cash Generation (OCG) before Capex	**489,128**	**378,812**	**29.1%**	**883,593**	**1,440,014**	**-38.6%**
OCG / EBITDA	*91.4%*	*64.1%*	27.4 p.p.	*36.5%*	*58.0%*	-21.5 p.p.
Operating Cash Generation after Capex	**367,367**	**171,193**	**114.6%**	**401,187**	**902,236**	**-55.5%**
OCG / EBITDA	*68.7%*	*29.0%*	39.7 p.p.	*16.6%*	*36.3%*	-19.8 p.p.
Free Cash Flow	**405,484**	**(4,911,448)**	**n.a.**	**(1,758,246)**	**154,901**	**n.a.**

Operating cash flow before capex amounted to R$489.1 million in 4Q19, up 29.1% from 4Q18, with this performance reflecting the receipt of a significant portion of PNLD 2020 and the lower operating expenditures compared to the last quarters of the year. The combination of these factors more than offset the higher working capital consumption of both the Company's installment payment products and the receipts from out-of-pocket students. Including capex disbursements, operating cash flow in 4Q19 was R$367.4 million, up significantly from R$33.8 million in 9M19. In terms of cash conversion, this result accounts for 69% of EBITDA, up significantly from 29% in 4Q18. Furthermore, note that the Company also has cash of R$233 million related to PNLD that will have a positive impact on the result for 2020, of which at least R$142 million was already received in 1Q20. Meanwhile, free cash flow was positive R$405.5 million, reflecting the higher operating cash generation.

Pro Forma Analysis:
Excluding the cash generated by PNLD repurchases in 4Q19 (in line with historical seasonality) and including all the program's purchases, operating cash generation after capex in the quarter was R$443.5 million, representing 76% of EBITDA. In 2019, pro forma operating cash generation after capex was R$634.3 million, with a cash conversion rate of 25%.

CAPITAL MARKETS AND SUBSEQUENT EVENTS

OWNERSHIP STRUCTURE

Cogna's capital is composed of 1,876,606,210 common shares and is distributed as follows:

*Cogna Ownership Structure**	Quantity	%
Treasury	7,870,464	0.42%
Free Float	1,868,735,746	99.58%
Total	**1,876,606,210**	**100.00%**

* Position as of 3/10/2020.

STOCK PERFORMANCE

Cogna's stock (COGN3) is a component of several indices, such as the Bovespa Index (Ibovespa), Special Corporate Governance Stock Index (IGC), Special Tag-Along Stock Index (ITAG), Consumption Sector Index (ICON) and MSCI Brazil.

The stock was traded in 100% of trading sessions during 4Q19, registering financial trading volume of R$12.8 billion and 2,143,908 trades in the period, which represents average daily trading volume of R$154.4 million. Cogna's stock is currently covered by research analysts at 11 different local and international institutions. On December 31, 2019, Cogna's market capitalization was R$18.8 billion.

In the fourth quarter of 2019, Cogna's stock price increased 13.4%, while the Ibovespa advanced 14.3%. In the same period, the IGC ITAG and ICON gained 12.5%, 12.5% and 9.0%, respectively. In the year, Cogna's stock price increased 28.9%, while the Ibovespa, IGC, ITAG and ICON gained 31.6%, 38.5%, 35.9% and 55.2%, respectively.

Highlights- COGN3	4Q19	2019
Average Daily Trade Volume (average)	R$ 154.4 million	R$ 147.8 million
Maximum (R$ per share)	R$ 12.20	R$ 13.66
Minimum (R$ per share)	R$ 9.50	R$ 8.80
Average (R$ per share)	R$ 10.60	R$ 10.75
Closing Quote	R$ 11.43	R$ 11.43
Variation in the period (%)	13.4%	28.9%

CREDIT RATINGS

Cogna is currently rated triple A (brAAA) by Standard & Poor's and AA+(bra) by Fitch Rating.

DIVIDENDS

In the Meeting held on March 30, 2020, the Board of Directors decided not to distribute dividends for the fourth quarter of 2019, since the minimum mandatory dividend related to the distribution of 25% of corporate net income, after deducting legal reserve, already had been reached.

ABOUT COGNA EDUCAÇÃO

Cogna Educação is one of the largest private educational organizations in the world. Operating for over 50 years, the Company has a nationwide presence in all Brazilian states. At the end of 4Q19, Cogna had 822,000 students enrolled in its On-Campus and Distance Learning Postsecondary Education programs at its 176 Postsecondary units and its 1,410 accredited Distance Learning centers. On October 11, 2018, Cogna concluded the acquisition of Somos Educação, the leading primary and secondary education group in Brazil, making it a complete educational platform with an important presence in all K-12 businesses. In K-12 Education, in 4Q19, the consolidated operation had 36,000 students in 54 own schools/schools managed through contracts, 26,000 students in 125 Red Balloon units, and 1.3 million students served through approximately 4,000 associated schools our solutions of core content, complementary content and digital services.

APPENDIX 1 – CORPORATE BALANCE SHEET

R$ ('000) Assets	4Q19	% AV	3Q19	% AV
Current Assets	**4,478,450**	**13.1%**	**3,916,252**	**12.0%**
Cash and cash equivalents	63	0.0%	550	0.0%
Financial Investments	371,620	1.1%	173,792	0.5%
Securities	453,952	1.3%	245,809	0.8%
Accounts Receivable	2,586,529	7.6%	2,336,243	7.1%
Inventories	407,120	1.2%	431,919	1.3%
Prepayments	77,078	0.2%	45,340	0.1%
Recoverable Taxes	346,162	1.0%	407,011	1.2%
Deferred Taxes	139,162	0.4%	137,566	0.4%
Other Accounts Receivable	96,764	0.3%	138,022	0.4%
Non current Assets	**29,639,996**	**86.9%**	**28,796,567**	**88.0%**
Securities	17,438	0.1%	16,109	0.0%
Accounts Receivables	754,687	2.2%	732,824	2.2%
Accounts receivable on sale of subsidiaries	250,531	0.7%	381,131	1.2%
Deferred Taxes	776,733	2.3%	785,970	2.4%
Judicial Deposits	95,671	0.3%	79,719	0.2%
Prepayments	1,680	0.0%	1,680	0.0%
Taxes to Recover	130,428	0.4%	6,447	0.0%
Guarantee for social security, labor and civil provisions	1,130,019	3.3%	1,096,093	3.4%
Other	97,107	0.3%	66,264	0.2%
Investments	8,213	0.0%	8,339	0.0%
Fixed Assets	5,855,264	17.2%	5,360,731	16.4%
Intangible	20,522,225	60.1%	20,261,260	61.9%
Total Assets	**34,118,446**	**100.0%**	**32,712,818**	**100.0%**
Liabilities and Equity				
Current Liabilities	**2,750,625**	**8.1%**	**2,224,664**	**6.8%**
Suppliers	147,773	0.4%	292,872	0.9%
Suppliers drawn risk	537,430	1.6%	307,258	0.9%
Loans and Financing	531	0.0%	531	0.0%
Debenture	578,998	1.7%	392,774	1.2%
Lease	341,656	1.0%	209,525	0.6%
Social security and labor liabilities	463,527	1.4%	552,005	1.7%
Income Tax and Social Contribution	60,608	0.2%	48,578	0.1%
Taxes and Contribution	101,792	0.3%	88,742	0.3%
Advances from Clients	318,409	0.9%	185,750	0.6%
Tax and Contribution Payment Installments	14,384	0.0%	14,446	0.0%
Accounts Payable - Acquisitions	117,976	0.3%	106,330	0.3%
Dividends Payable	42	0.0%	343	0.0%
Other	67,499	0.2%	25,510	0.1%
Non current Liabilities	**15,532,552**	**45.5%**	**14,423,470**	**44.1%**
Loans and Financing	161	0.0%	281	0.0%
Debenture	7,504,875	22.0%	7,617,440	23.3%
Lease	3,873,701	11.4%	3,073,665	9.4%
Provision for Tax, Labor and Civil Lawsuit Losses	471,924	1.4%	364,326	1.1%
Liabilities assumed in the business combination	2,631,543	7.7%	2,556,873	7.8%
Tax and Contribution Payment Installments	17,846	0.1%	20,346	0.1%
Accounts Payable - Acquisitions	165,260	0.5%	176,804	0.5%
Deferred Taxes	786,947	2.3%	600,836	1.8%
Others	80,295	0.2%	12,899	0.0%
Consolidated Equity	**15,835,269**	**46.4%**	**16,064,685**	**49.1%**
Total Liabilities and Equity	**34,118,446**	**100.0%**	**32,712,819**	**100.0%**

APPENDIX 2 – QUARTERLY INCOME STATEMENT RECONCILIATION

		Non-accounting adjustments					
	4Q19 Results (Book)	Interest and Penalties on Tuition	Depreciation	Intangible Amortization (Acquisitions)	Non-recurring Items/ Capital Gain	Reclassification between Costs and expenses	4Q19 Results (Release)
		(In thousand reais, except otherwise indicated)					
Gross Revenue	2,355,968	-	-	-	-	(249)	2,355,719
Postsecondary	1,479,211	-	-	-	-	-	1,479,211
Primary and Secondary	876,757	-	-	-	-	(249)	876,508
Deductions from Gross Revenue	**(425,992)**	**-**	**-**	**-**	**-**	**-**	**(425,992)**
Postsecondary	(353,944)	-	-	-	-	-	(353,944)
Primary and Secondary	(72,048)	-	-	-	-	-	(72,048)
Net Revenue	**1,929,976**	**-**	**-**	**-**	**-**	**(249)**	**1,929,727**
Postsecondary	1,125,267	-	-	-	-	-	1,125,267
Primary and Secondary	804,709	-	-	-	-	(249)	804,460
Costs of Goods/Services	**(812,418)**	**-**	**162,375**	**-**	**5,959**	**(44,784)**	**(688,867)**
Cost of Goods Sold	(291,249)	-	-	-	-	(43,391)	(334,640)
Cost of Services Rendered	(521,169)	-	162,375	-	5,959	(1,393)	(354,228)
Gross Income	**1,117,558**	**-**	**162,375**	**-**	**5,959**	**(45,033)**	**1,240,860**
Operating Expenses	**(854,351)**	**-**	**-**	**69,297**	**119,747**	**45,117**	**(620,189)**
Selling Expenses	(144,318)	-	-	-	1,041	100	(143,177)
Provision for Doubtful Accounts	(342,139)	-	-	-	-	(100)	(342,239)
Personnel Expenses	-	-	-	-	-	(132,238)	(132,238)
General and Administrative Expenses	(408,789)	-	-	69,297	122,673	254,105	37,287
Other Operating Income (Expenses)	41,031	-	-	-	(3,967)	(37,064)	-
Corporate Expenses	-	-	-	-	-	(39,685)	(39,685)
Equity	(136)	-	-	-	-	-	(136)
Income before Financial Result	**263,207**	**-**	**162,375**	**69,297**	**125,707**	**84**	**620,671**
Interest and Penalties on Tuition	-	40,020	-	-	-	-	40,020
Adjusted EBITDA	**263,207**	**40,020**	**162,375**	**69,297**	**125,707**	**84**	**660,691**
(-) Nonrecurring itens	-	-	-	-	(125,707)	-	(125,707)
Depreciation and Amortization	-	-	(162,375)	(69,297)	-	-	(231,673)
Financial Result	**(331,914)**	**(40,020)**	**-**	**-**	**-**	**(82)**	**(372,016)**
Financial Expenses	(402,095)	-	-	-	-	(21,958)	(424,053)
Financial Revenues	70,181	(40,020)	-	-	-	21,876	52,037
Income from Operations	**(68,707)**	**-**	**-**	**-**	**(0)**	**2**	**(68,705)**
Income and Social Contribution Tax	**(99,416)**	**-**	**-**	**-**	**-**	**-**	**(99,416)**
Current	(25,900)	-	-	-	-	-	(25,900)
Deferred	(73,516)	-	-	-	-	-	(73,516)
Participation of Minority Shareholders	(194)	-	-	-	-	(1)	(195)
Net Income Attributed to Controlling Shareholders	**(168,317)**	**-**	**-**	**-**	**(0)**	**1**	**(168,316)**

APPENDIX 3 – YEARLY INCOME STATEMENT RECONCILIATION

	2019 Results (Book)	Non-accounting adjustments: Interest and Penalties on Tuition	Depreciation & Amortization	Intangible Amortization (Acquisitions)	Non-recurring Items/ Capital Gain	Reclassification between Costs and expenses	2019 Results (Release)
(In thousand reais, except otherwise indicated)							
Gross Revenue	**8,791,784**	**-**	**-**	**-**	**-**	**-**	**8,791,784**
Postsecondary	6,424,908	-	-	-	-	-	6,424,908
Primary and Secondary	2,366,876	-	-	-	-	-	2,366,876
Deductions from Gross Revenue	**(1,764,590)**	**-**	**-**	**-**	**-**	**-**	**(1,764,590)**
Postsecondary	(1,445,623)	-	-	-	-	-	(1,445,623)
Primary and Secondary	(318,967)	-	-	-	-	-	(318,967)
Net Revenue	**7,027,194**	**-**	**-**	**-**	**-**	**-**	**7,027,194**
Postsecondary	4,979,285	-	-	-	-	-	4,979,285
Primary and Secondary	2,047,909	-	-	-	-	-	2,047,909
Costs of Goods/Services	**(2,809,622)**	**-**	**837,943**	**-**	**12,819**	**(85,838)**	**(2,044,698)**
Cost of Goods Sold	(515,201)	-	-	-	-	(123,920)	(639,121)
Cost of Services Rendered	(2,294,421)	-	837,943	-	12,819	38,082	(1,405,578)
Gross Income	**4,217,573**	**-**	**837,943**	**-**	**12,819**	**(85,838)**	**4,982,496**
Operating Expenses	**(3,200,633)**	**-**	**-**	**359,782**	**274,012**	**85,871**	**(2,480,968)**
Selling Expenses	(626,198)	-	-	-	4,483	100	(621,615)
Provision for Doubtful Accounts	(910,793)	-	-	-	-	(100)	(910,893)
Personnel Expenses	-	-	-	-	-	(507,004)	(507,004)
General and Administrative Expenses	(1,702,760)	-	-	359,782	268,402	872,646	(201,930)
Other Operating Income (Expenses)	39,275	-	-	-	1,127	(40,402)	-
Corporate Expenses	-	-	-	-	-	(239,370)	(239,370)
Equity	(157)	-	-	-	-	-	(157)
Income before Financial Result	**1,016,939**	**-**	**837,943**	**359,782**	**286,831**	**33**	**2,501,528**
Interest and Penalties on Tuition	-	207,386	-	-	-	-	207,386
Adjusted EBITDA	**1,016,939**	**207,386**	**837,943**	**359,782**	**286,831**	**33**	**2,708,914**
(-) Nonrecurring itens	-	-	-	-	(286,831)	-	(286,831)
Depreciation and Amortization	-	-	(837,943)	(359,782)	-	-	(1,197,725)
Other Operating Revenues (Expenses)	-	-	-	-	-	-	-
Financial Result	**(833,153)**	**(207,386)**	**-**	**-**	**-**	**(33)**	**(1,040,572)**
Financial Expenses	(1,179,670)	-	-	-	-	(139,011)	(1,318,681)
Financial Revenues	346,517	(207,386)	-	-	-	138,978	278,109
Income from Operations	**183,786**	**-**	**-**	**-**	**-**	**(0)**	**183,786**
Income and Social Contribution Tax	**58,802**	**-**	**-**	**-**	**-**	**-**	**58,802**
Current	(90,504)	-	-	-	-	-	(90,504)
Deferred	149,306	-	-	-	-	-	149,306
Participation of Minority Shareholders	(7,344)	-	-	-	-	6,420	(924)
Net Income Attributed to Controlling Shareholders	**235,244**	**-**	**-**	**-**	**-**	**6,420**	**241,665**

APPENDIX 4 – QUARTERLY INCOME STATEMENT

(In thousand reais, except otherwise indicated)

	4Q19	% Net Rev.	4Q18	% Net Rev.	4Q19 / 4Q18	3Q19	% Net Rev.	4Q19 / 3Q19
Gross Revenue	**2,355,968**	**122.1%**	**2,441,475**	**127.1%**	**-3.5%**	**1,926,125**	**127.1%**	**22.3%**
Postsecondary	1,479,211	76.6%	1,726,232	89.9%	-14.3%	1,508,480	99.5%	-1.9%
Primary and Secondary	876,757	45.4%	715,243	37.2%	22.6%	417,644	27.6%	109.9%
Deductions from Gross Revenue	**(425,992)**	**-22.1%**	**(520,463)**	**-27.1%**	**-18.2%**	**(410,368)**	**-27.1%**	**3.8%**
Postsecondary	(353,944)	-18.3%	(430,527)	-22.4%	-17.8%	(336,633)	-22.2%	5.1%
Primary and Secondary	(72,048)	-3.7%	(89,936)	-4.7%	-19.9%	(73,735)	-4.9%	-2.3%
Net Revenue	**1,929,976**	**100.0%**	**1,921,012**	**100.0%**	**0.5%**	**1,515,756**	**100.0%**	**27.3%**
Postsecondary	1,125,267	58.3%	1,295,705	67.4%	-13.2%	1,171,847	77.3%	-4.0%
Primary and Secondary	804,709	41.7%	625,307	32.6%	28.7%	343,909	22.7%	134.0%
Costs of Goods/Services	**(812,418)**	**-42.1%**	**(630,120)**	**-32.8%**	**28.9%**	**(676,587)**	**-44.6%**	**20.1%**
Cost of Goods Sold	(291,249)	-15.1%	(166,628)	-8.7%	74.8%	(17,168)	-1.1%	1,596.5%
Cost of Services Rendered	(521,169)	-27.0%	(463,492)	-24.1%	12.4%	(659,419)	-43.5%	-21.0%
Gross Income	**1,117,559**	**57.9%**	**1,290,892**	**67.2%**	**-13.4%**	**839,169**	**55.4%**	**33.2%**
Operating Expenses	**(854,350)**	**-44.3%**	**(1,161,368)**	**-60.5%**	**-26.4%**	**(729,562)**	**-48.1%**	**17.1%**
Selling Expenses	(486,457)	-25.2%	(679,500)	-35.4%	-28.4%	(341,670)	-22.5%	42.4%
General and Administrative Expenses	(408,789)	-21.2%	(496,155)	-25.8%	-17.6%	(403,145)	-26.6%	1.4%
Other Operating Income (Expenses)	41,031	2.1%	16,314	0.8%	151.5%	14,681	1.0%	179.5%
Equity in the results of investees	(136)	-0.0%	(2,027)	-0.1%	-93.3%	573	0.0%	-123.7%
Income before Financial Result	**263,208**	**13.6%**	**129,524**	**6.7%**	**103.2%**	**109,607**	**7.2%**	**140.1%**
Financial Result	**(331,914)**	**-17.2%**	**(64,125)**	**-3.3%**	**417.6%**	**(172,541)**	**-11.4%**	**92.4%**
Financial Expenses	(402,095)	-20.8%	(173,812)	-9.0%	131.3%	(269,806)	-17.8%	49.0%
Financial Revenues	70,181	3.6%	109,687	5.7%	-36.0%	97,265	6.4%	-27.8%
Income from Operations	**(68,706)**	**-3.6%**	**65,399**	**3.4%**	**-205.1%**	**(62,934)**	**-4.2%**	**9.2%**
Income and Social Contribution Tax	(99,416)	-5.2%	36,877	1.9%	-369.6%	83,657	5.5%	-218.8%
Current	(25,900)	-1.3%	(55,389)	-2.9%	-53.2%	(16,215)	-1.1%	59.7%
Deferred	(73,516)	-3.8%	92,266	4.8%	-179.7%	99,872	6.6%	-173.6%
Net Income	**(168,122)**	**-8.7%**	**102,276**	**5.3%**	**-264.4%**	**20,723**	**1.4%**	**-911.3%**
Net Income Attributed to Controlling Shareholders	**(168,316)**	**-8.7%**	**113,167**	**5.9%**	**-248.7%**	**20,386**	**1.3%**	**-925.6%**
Net Income Attributed to Non-Controlling Shareholders	**194**	**0.0%**	**(10,891)**	**-0.6%**	**-101.8%**	**337**	**0.0%**	**-42.4%**

APPENDIX 5 – YEARLY INCOME STATEMENT

	2019	% Net Rev.	2018	% Net Rev.	2019 / 2018
	(In thousand reais, except otherwise indicated)				
Gross Revenue	**8,791,784**	**125.1%**	**7,903,417**	**130.4%**	**11.2%**
Postsecondary	6,424,908	91.4%	7,048,145	116.3%	-8.8%
Primary and Secondary	2,366,876	33.7%	855,272	14.1%	176.7%
Deductions from Gross Revenue	**(1,764,590)**	**-25.1%**	**(1,842,709)**	**-30.4%**	**-4.2%**
Postsecondary	(1,445,623)	-20.6%	(1,730,489)	-28.6%	-16.5%
Primary and Secondary	(318,967)	-4.5%	(112,220)	-1.9%	184.2%
Net Revenue	**7,027,194**	**100.0%**	**6,060,708**	**100.0%**	**15.9%**
Postsecondary	4,979,285	70.9%	5,317,656	87.7%	-6.4%
Primary and Secondary	2,047,909	29.1%	743,052	12.3%	175.6%
Costs of Goods/Services	**(2,809,622)**	**-40.0%**	**(2,268,804)**	**-37.4%**	**23.8%**
Cost of Goods Sold	(515,201)	-7.3%	(183,934)	-3.0%	180.1%
Cost of Services Rendered	(2,294,421)	-32.7%	(2,084,870)	-34.4%	10.1%
Gross Income	**4,217,573**	**60.0%**	**3,791,904**	**62.6%**	**11.2%**
Operating Expenses	**(3,200,633)**	**-45.5%**	**(2,547,006)**	**-42.0%**	**25.7%**
Selling Expenses	(1,536,991)	-21.9%	(1,502,580)	-24.8%	2.3%
General and Administrative Expenses	(1,702,760)	-24.2%	(1,051,990)	-17.4%	61.9%
Other Operating Income (Expenses)	39,275	0.6%	9,591	0.2%	309.5%
Equity in the results of investees	(157)	-0.0%	(2,027)	-0.0%	-92.3%
Income before Financial Result	**1,016,939**	**14.5%**	**1,244,898**	**20.5%**	**-18.3%**
Financial Result	**(833,153)**	**-11.9%**	**134,491**	**2.2%**	**-719.5%**
Financial Expenses	(1,179,670)	-16.8%	(286,318)	-4.7%	312.0%
Financial Revenues	346,517	4.9%	420,809	6.9%	-17.7%
Income from Operations	**183,786**	**2.6%**	**1,379,389**	**22.8%**	**-86.7%**
Income and Social Contribution Tax	58,802	0.8%	13,467	0.2%	336.6%
Current	(90,504)	-1.3%	(122,422)	-2.0%	-26.1%
Deferred	149,306	2.1%	135,889	2.2%	9.9%
Net Income	**242,588**	**3.5%**	**1,392,856**	**23.0%**	**-82.6%**
Net Income Attributed to Controlling Shareholders	**235,244**	**3.3%**	**1,403,747**	**23.2%**	**-83.2%**
Net Income Attributed to Non-Controlling Shareholders	**7,344**	**0.1%**	**(10,891)**	**-0.2%**	**-167.4%**

APPENDIX 6 – CASH FLOW STATEMENT

R$ 000	4Q19	4Q18	3Q19
Net Income before Income Taxes	**(68,706)**	**65,400**	**(62,934)**
Net Income (Loss) Adjustments before Income Taxes			
Depreciation and Amortization	231,674	158,591	328,912
Editorial Costs	109,990	-	-
Provision for Doubtful Accounts	342,239	173,823	170,899
Provision for Tax, Labor and Civil Losses	(118,464)	152,585	(35,935)
Provision (Reversal) for Invetories Losses	(16,731)	26,596	(38,440)
Financial Charges	220,110	185,812	170,399
Income from Securities	(15,293)	(47,991)	(14,804)
Grant of Stock Options	(2,425)	40	25,478
Income from disposal of subsidiaries	-	(497)	-
Finance lease	168,400	-	75,847
Income from sale or disposal of assets and other investments	(14,322)	5,229	42,258
Result of Equity Restatement	(136)	2,027	(615)
Changes in Working Capital	**(329,002)**	**(318,404)**	**(393,818)**
(Increase) Reduction in Accounts Receivable (ex-FIES)	(575,776)	(462,609)	(239,031)
(Increase) Reduction in Accounts Receivable FIES	102,240	118,006	97,028
(Increase) Reduction in Inventories	(31,765)	(58,221)	978
(Increase) Reduction in Advances	(31,738)	(409)	38,305
(Increase) Reduction in Recoverable Taxes	(44,926)	(2,825)	(12,019)
(Increase) Decrease in Escrow Deposits	(15,952)	(24,753)	23,230
Increase (Decrease) in Other Assets	8,442	271,343	40,229
Increase (Reduction) in Suppliers	285,927	142,167	(70,726)
Finance Lease Payment Rentals	(35,786)	-	(40,654)
Leasing interest paid	(98,998)	-	(112,465)
Increase (Decrease) in Payroll and Related Taxes	(88,478)	(136,891)	52,394
Increase (Decrease) in Fiscal Obligations	36,772	29,050	2,458
Increase (Decrease) in Advances to Clients	132,659	89,219	(77,045)
(Decrease) in Taxes Installments	(2,562)	663	(3,093)
(Decrease) in Provision for Tax, Labor and Civil Losses	(42,371)	(35,616)	(47,176)
Increase (Decrease) in Other Liabilities	73,310	(247,529)	(46,231)
Income Tax and Social Contribution	**(18,206)**	**(24,399)**	**(11,160)**
Capex	**(121,761)**	**(207,620)**	**(133,376)**
Additions to Fixed Assets	(78,698)	(95,264)	(125,393)
Additions to Intangible Assets	(43,063)	(112,356)	(7,984)
Cash Flow from Operating Activities after Capex - Recurring	**367,367**	**171,193**	**122,710**
Capex - Special Projects	**(60,151)**	**(125,444)**	**(37,002)**
Brownfields	(60,151)	(125,444)	(37,002)
Cash Flow from Operating Activities after total Capex	**307,216**	**45,748**	**85,709**
(+) M&A Activities	**132,216**	**(4,521,363)**	**(103,103)**
Investment acquisitions	(0)	(4,526,210)	(139,810)
Accounts Receivable from former owners	133,834	(18,476)	(1,806)
Payment for acquisition of companies	(3,491)	-	-
M&A Costs and Expenses	1,873	23,323	60,368
Proceeds from sale of investments	-	-	(21,855)
(+) Cash Flow from Financing Activities	**(33,948)**	**(435,834)**	**(562,002)**
Sale (Acquisition) of Treasury Shares	3,984	14,976	25,189
Capital Increase, Net of Issuance Costs	-	1,321	-
Issuance of CCB, net of issuance costs	-	-	-
Borrowings and financing	-	-	(125)
Debentures, Loans and Financing Payments	-	-	-
Payments of Borrowings and Financing	(21,385)	(337,953)	(283,475)
Interest Paid on Borrowings and Debentures	(22,822)	(13,043)	(264,357)
Redemption (Investment) of Securities	14,022	31,034	15,841
Payment of Dividends	(7,747)	(132,170)	(55,075)
(=) Cash Flow from Non-Operating Activities	**98,268**	**(4,957,197)**	**(665,105)**
Total Cash Generation	**405,484**	**(4,911,449)**	**(579,397)**
Net Increase (Decrease) in Cash and Cash Equivalents			
Cash and Cash Equivalents at the Start of the Period	420,151	7,495,255	999,548
Cash and Cash Equivalents at the End of the Period	825,635	2,583,806	420,151
Net Increase (Decrease) in Cash and Cash Equivalents	**405,484**	**(4,911,449)**	**(579,397)**