arco

2Q21 Earnings Presentation
August 2021

Disclaimer

This presentation contains forward-looking statements as pertains to Arco Platform Limited (the “Company”) within the meaning of the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. All statements other than statements of historical fact could be deemed forward looking, including risks and uncertainties related to statements about our competition; our ability to attract, upsell and retain customers; our ability to increase the price of our solutions; our ability to expand our sales and marketing capabilities; general market, political, economic, and business conditions, and our financial targets such as revenue, share count and IFRS and non-IFRS financial measures including gross margin, operating margin, net income (loss) per diluted share, and free cash flow.

We undertake no obligation to update any forward-looking statements made in this presentation to reflect events or circumstances after the date of this press release or to reflect new information or the occurrence of unanticipated events, except as required by law.

The achievement or success of the matters covered by such forward-looking statements involves known and unknown risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, our results could differ materially from the results expressed or implied by the forward-looking statements we make. You should not rely upon forward-looking statements as predictions of future events. Forward-looking statements represent our management’s beliefs and assumptions only as of the date such statements are made. Further information on these and other factors that could affect our financial results is included in filings we make with the Securities and Exchange Commission from time to time, including the section titled “Risk Factors” in our most recent Forms 20-F, 6-K and our Rule 424(b) prospectus. These documents are available on the SEC Filings section of the Investor Relations section of our website at: https://investor.arcoplatform.com/.

We prepared this presentation solely for informational purposes. The information in this presentation does not constitute or form part of, and should not be construed as, an offer or invitation to subscribe for, underwrite or otherwise acquire, any of our securities or securities of our subsidiaries or affiliates, nor should it or any part of it form the basis of, or be relied on in connection with any contract to purchase or subscribe for any of our securities or any of our subsidiaries or affiliates nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

We have included in this presentation our Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Adjusted Net Income Margin, Free Cash Flow and Adjusted Free Cash Flow, which are non-GAAP financial measures, together with their reconciliations, for the periods indicated. We understand that, although Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Adjusted Net Income Margin, Free Cash Flow and Adjusted Free Cash Flow are used by investors and securities analysts in their evaluation of companies, these measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results of operations as reported under IFRS. Additionally, our calculations of Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Adjusted Net Income Margin, Free Cash Flow and Adjusted Free Cash Flow may be different from the calculation used by other companies, including our competitors in the education services industry, and therefore, our measures may not be comparable to those of other companies.

Key messages

OPERATING RESULTS REFLECT SEASONALITY, PRODUCT DEVELOPMENT AND INVESTMENTS IN SALES & MARKETING, WHILE CASH FLOW IMPROVES

- Net revenue was 9% higher in 2Q21 versus 2Q20, representing a 21.9% recognition of the 2021 ACV, and 18% higher for the 6M21 versus 6M20
- Adj. EBITDA margin was 28.2% in 2Q21 due to revenue seasonality, product development and investments in sales & marketing, leading to a 32.4% margin for the 6M21.
  - Excluding M&As[1], margin was 32.8% for the 6M21 - we maintain the 2021 adjusted EBITDA margin guidance (35.5% - 37.5%)
- FCF improved as receivables started to be collected, following the extension of the payment terms provided to partner schools in the beginning of the year

POSITIVE MOMENTUM CONTINUES FOR THE COMMERCIAL CYCLE

- Positive perspectives for the commercial cycle for 2022 school year as pandemic-related restrictions are lifted and we leverage on our superior value proposition
- Organic growth pace for core solutions in line with pre-pandemic levels, while supplemental solutions accelerate versus last cycle
- Cross-sell initiatives continue to play an important role in our commercial strategy and are now powered by the creation of a centralized supplemental business unit: ArcoPlus

PRODUCT EVOLUTION BENEFITS OUR CLIENTS AND INCREASES OUR REACH

- Innovative mindset and client-oriented strategy consolidate our leadership position by improving our value proposition and engaging premium schools
- Addition of Eduqo to Arco's technology portfolio further improves the backbone of our platform

FIRST ESG REPORT RELEASED

- An important step towards disclosure improvement and commitment to increase our impact

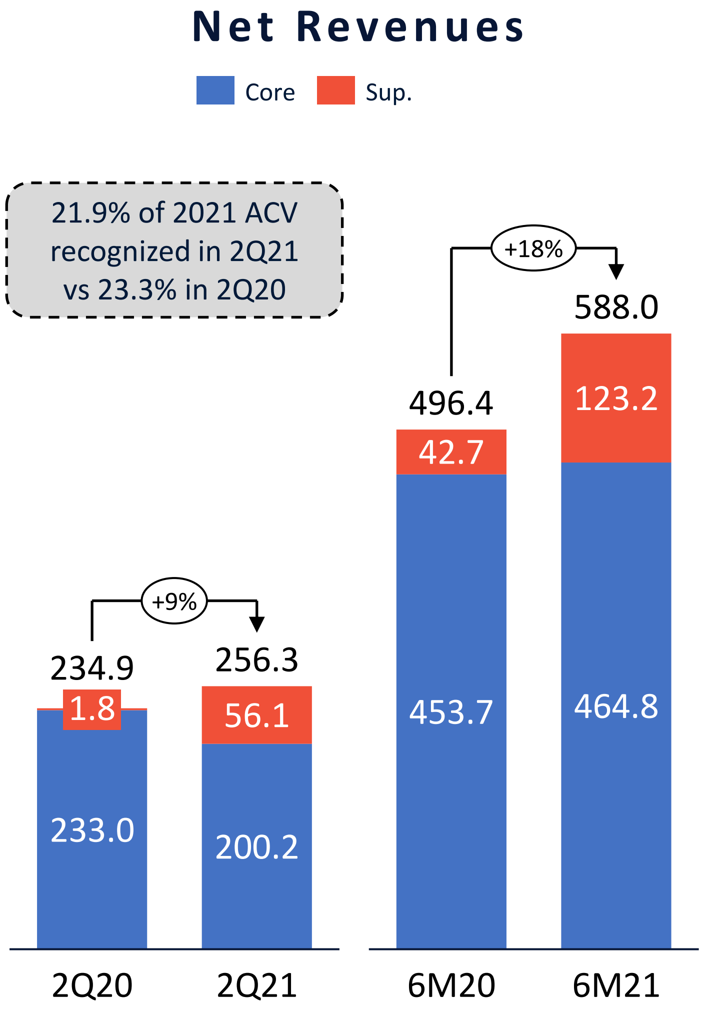
1) Adjusted EBITDA margin excluding business combination concluded in the year (MeSalva!), and therefore not incorporated in the guidance for 2021 adjusted EBITDA margin.

2Q21 AND 6M21 RESULTS

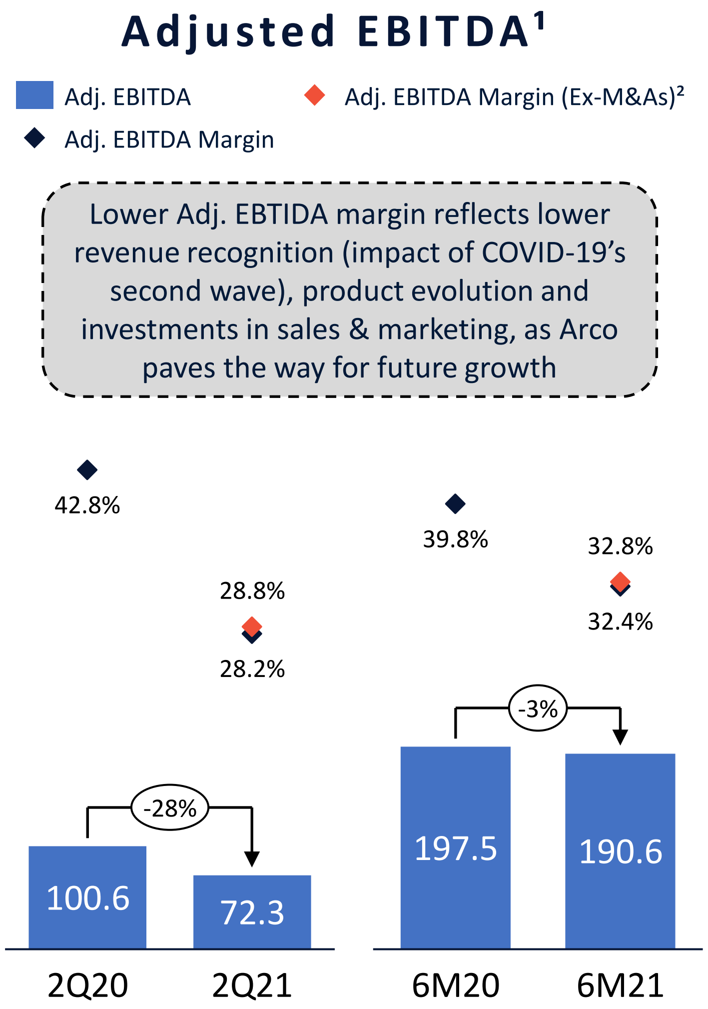
Operating results reflect revenue seasonality, product development and investments in sales & marketing

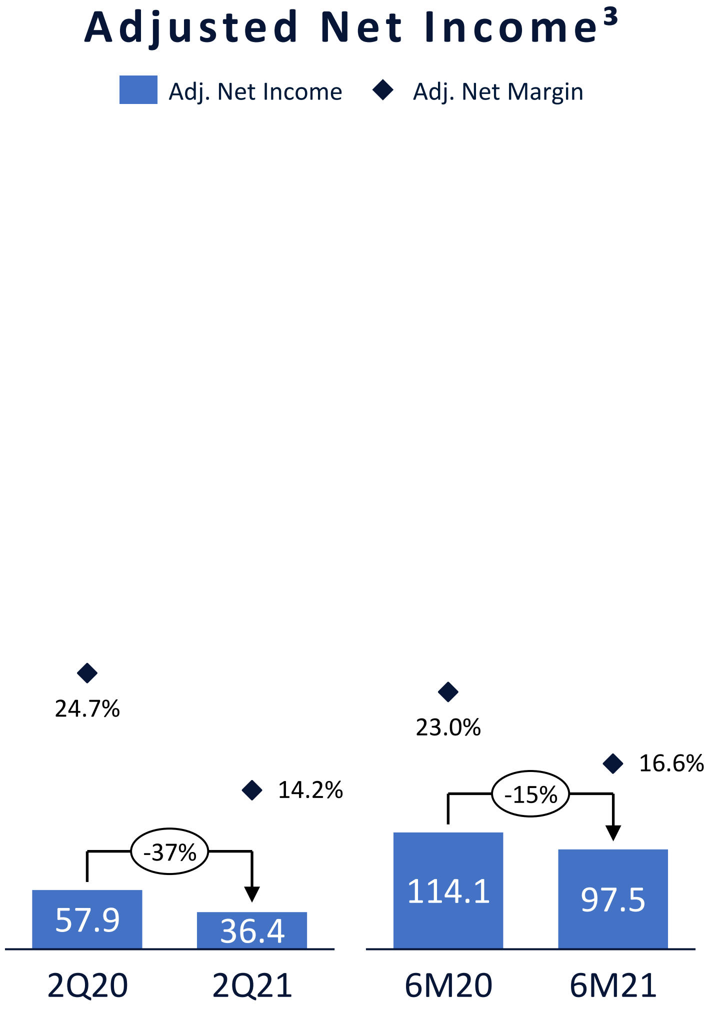
In R$, mm

21.9% of 2021 ACV recognized in 2Q21 vs 23.3% in 2Q20



Lower Adj. EBTIDA margin reflects lower revenue recognition (impact of COVID-19's second wave), product evolution and investments in sales & marketing, as Arco paves the way for future growth



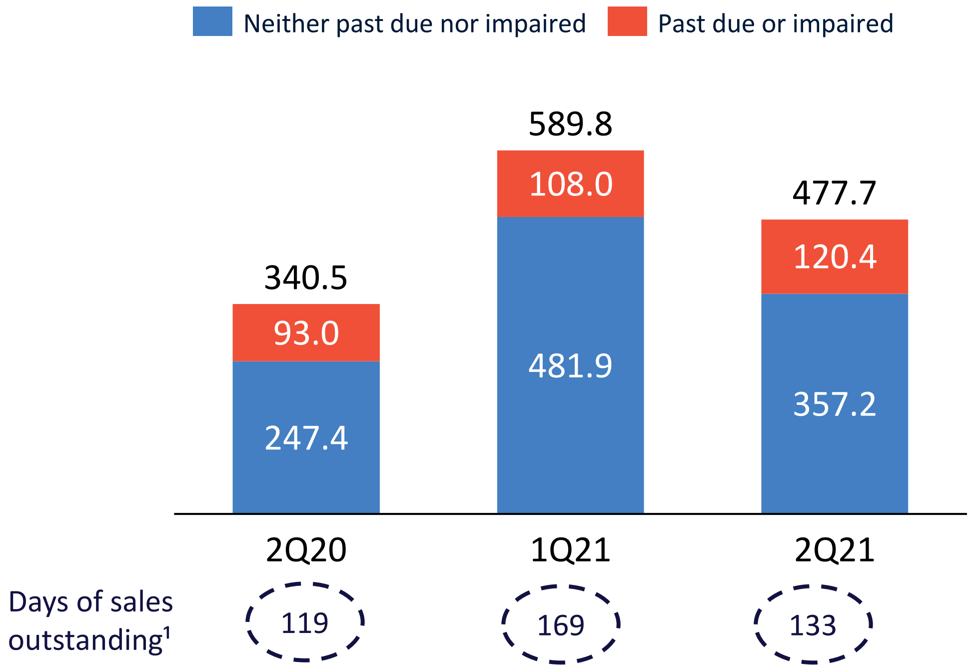


1) EBITDA adjusted for share-based compensation plan, M&A expenses, non-recurring expenses and effects related to COVID-19 pandemic. 2) Adjusted EBITDA margin excluding business combination concluded in the year (MeSalva!), and therefore not incorporated in the guidance for adjusted EBITDA margin. 3) Net income adjusted for share-based compensation plan, amortization of intangible assets from business combinations, changes in fair value of derivative instruments, changes in accounts payable to selling shareholders, share of loss of equity-accounted investees, changes in current and deferred tax recognized in statements of income applied to all adjustments to net income, foreign exchange gains/loss on cash and cash equivalents, interest expenses, M&A expenses, non-recurring expenses and effects related to COVID-19 pandemic. Detailed explanation on our Financial Statements for the period ended June 30, 2021.

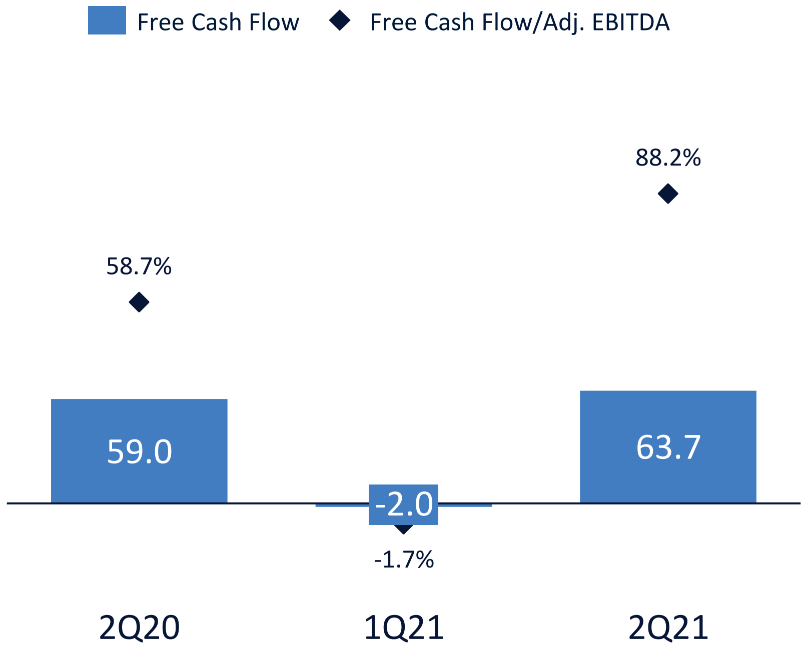
Cash flow significantly improves as receivables are collected and the company resumes its cash generation profile

In R$, mm

Trade receivables



Free cash flow[2]



- Reduction in trade receivables reflects business resilience and Arco's capacity to collect from partner schools to whom we provided support through more flexible payment terms
- Free cash flow improves due to collection of receivables and lower effective tax rate

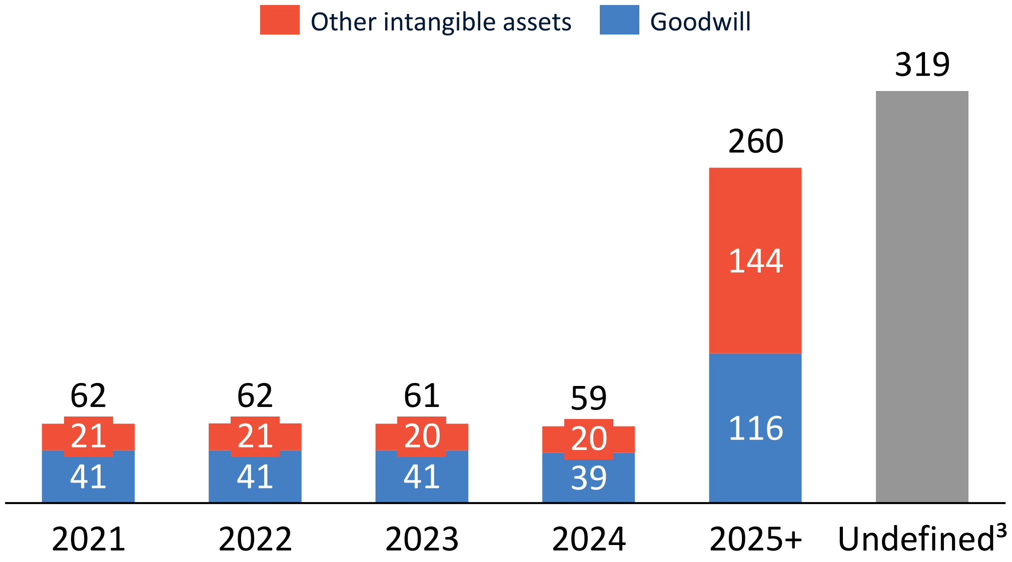
1) Calculated as trade receivables net of the balance of allowance for doubtful accounts divided by the pro forma net revenue for the last twelve months, including pro forma revenues from businesses acquired in the period. 2) Free cash flow calculated as net cash flows from (used in) operating activities, discounted of acquisition of property, plant and equipment and intangible assets.

Ongoing corporate restructuring will further contribute to future cash generation

In R$, mm

Corporate restructuring

Current tax benefit from business combination

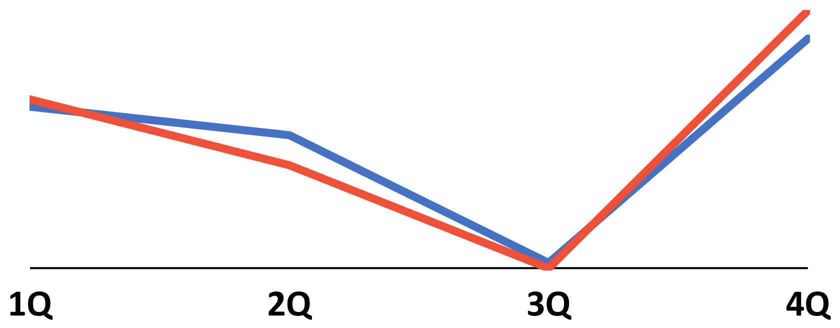


- We **concluded the incorporation of SAS subsidiaries** on July 1st, leading to annual savings amounting ~R$30 mm
- Expected incorporation schedule[4]: Nave à Vela (2021), Escola Em Movimento (2022), Pleno (2022), Studos (2022)
- As we incorporate other businesses into CBE we will be able to capture additional tax benefits and therefore further reduce our effective tax rate, currently at 19.4% for 6M21 (details on taxable income on slide 27)

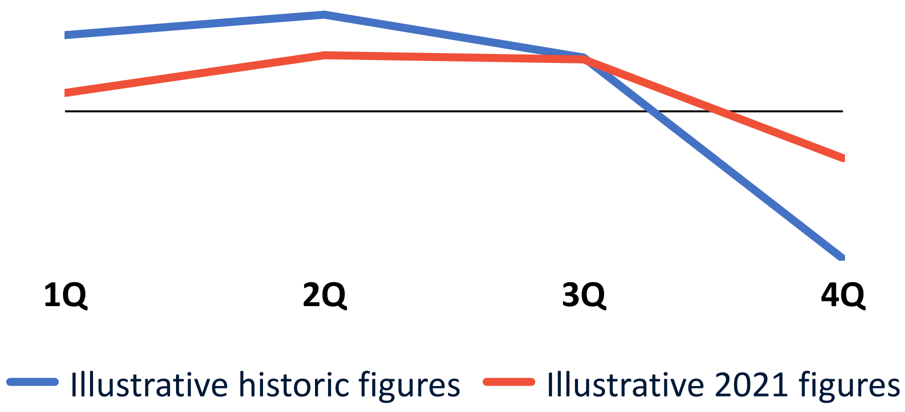
1) Companhia Brasileira de Educação e Sistemas de Ensino S.A., entity incorporating acquired businesses. 2) Excluding COC and Dom Bosco acquisition as it is still pending anti-trust approval and acquisitions closed after June 30, 2021.. 3) Business not yet incorporated. 4) Subject to change.

A quarterly seasonality perspective for operating results and cash flow

Adjusted EBITDA[1]



Cash flow from operating activities[1]



HISTORICAL SEASONALITY:

- **Best performing quarter for revenue recognition is Q4**, when all solutions have their first content delivery. On the other hand, the **worst performing quarter is Q3**, as most of the content has been delivered in previous quarters. As a result, **Adj. EBITDA peaks in Q4** and **bottoms in Q3**

- Regarding **cash flow from operating activities**, as the majority of schools pay for our solutions in up to 8 installments starting in ~Feb, **Q2 is usually the strongest cash generator**, while **Q4 is the weakest**

2021:

- Despite presenting a more accentuated seasonality, we expect operating results to follow the historic trends, with a **lower Adj. EBTIDA in Q3** and a **higher figure in Q4**

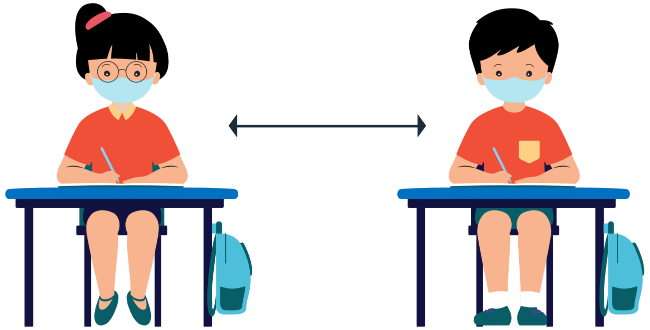
- As for **cash flow**, it will **peak in Q3** as we extended payment terms to assist our partner schools

1) Figures for illustrative purposes only to clarify quarterly dynamics for the company. Figures represent the weight of each quarter in the total for the year. Adj. EBITDA calculated as describe in footnote of slide 5. Detailed explanation on our Financial Statements for the period ended June 30, 2021.

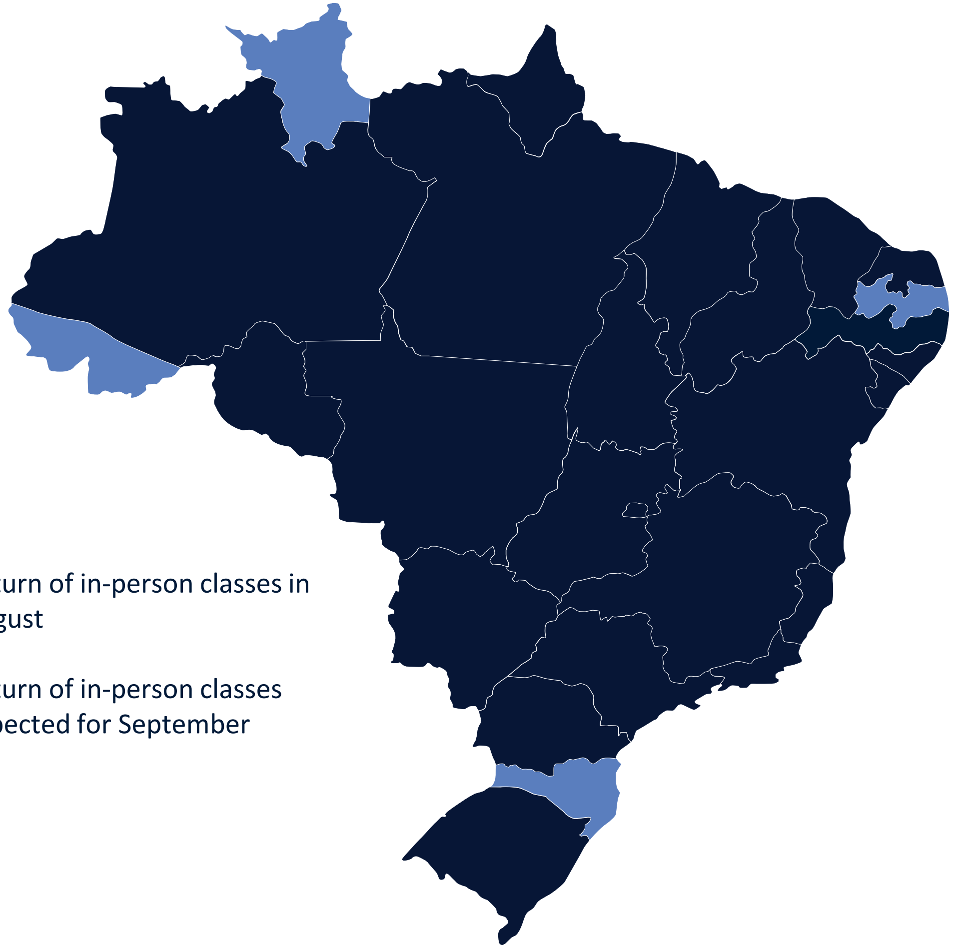
UPDATE ON COMMERCIAL CYCLE

Resumption of in-person classes increases effectiveness of commercial activities

- **Teachers and educational professionals** included in the **priority group** for vaccination in Q2
- **56% of the population** received at least the **first dose** and **24%** are **fully vaccinated**[2]
- **Vaccination of teenagers** starting this month in some states[3]
- **59%[4] of the population** expected to be **fully vaccinated** until year end



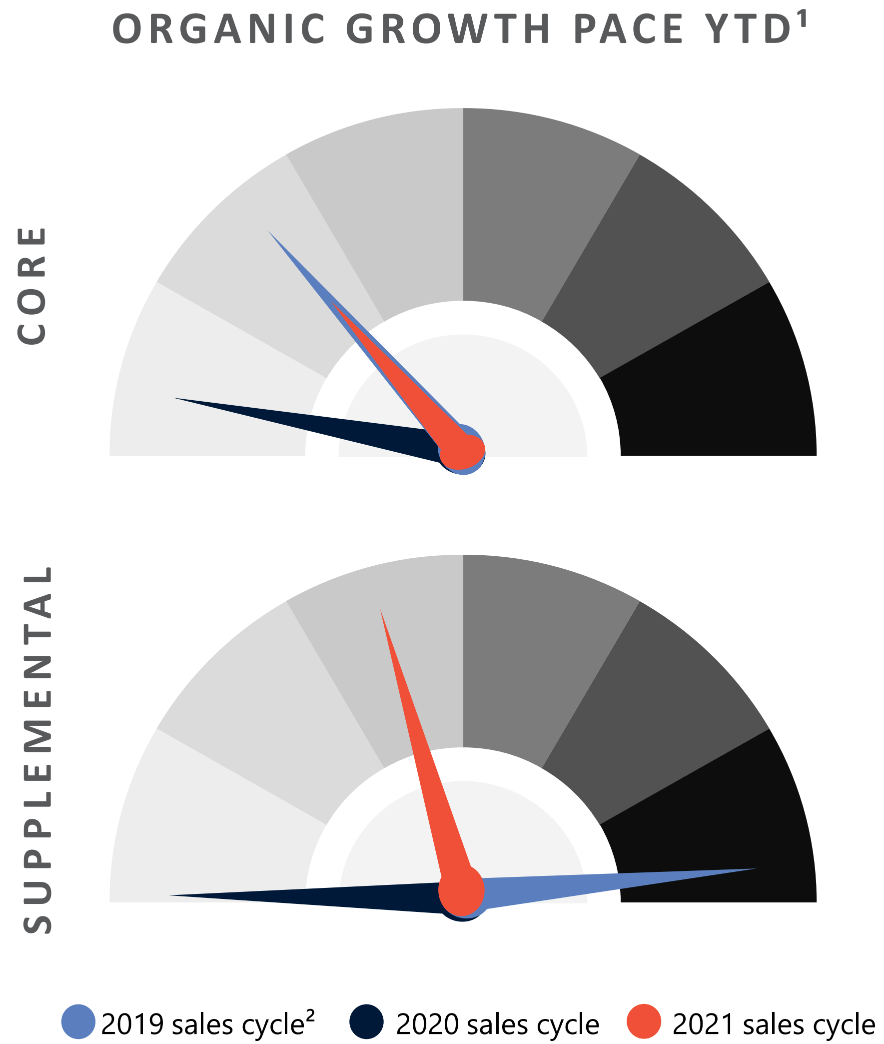
Most states approved the return of in-person classes[1]



- Return of in-person classes in August
- Return of in-person classes expected for September

1) Data collected from state governments authorizations. Return of in-person classes subject to safety measures. 2) Data from state health departments as of August 18, 2021. 3) State of São Paulo published vaccination scheduled for teenagers from 12 to 17 years, starting in August. Other states as Pernambuco and Rio Grande do Sul already started the vaccination of teenagers with comorbidities. 4) Data from economic research “Projeção da Vacinação e Impactos sobre a Pandemia – 2º ed. – Jul/21” from Propague & Stone Pagamentos S.A.

Positive momentum continues for the **2022 school year commercial cycle**



- Despite **early in the commercial cycle**, we see a **clear acceleration for additional students** versus 2020
- **YTD organic growth pace for Core solutions is in line with pre-pandemic level**, indicating a strong lead conversion on top of a **suppressed demand**
  - **Positivo is the leading performer** for the Core segment (~2x ahead of 2019 sales cycle), proving the **effectiveness of our "acquire and improve" strategy**
- **YTD organic growth pace for Supplemental solutions shows exciting early signs**, but indicates a **2-step recovery to pre-pandemic levels**
- At this point **renewal rates for core solutions are in line with historical levels**, while **supplemental solutions are presenting a stronger renewal performance**

1) YTD organic ACV year-over-year growth from new school intake and upsell in existing clients for Arco's Core and Supplemental brands, considering same brands in each period. Do not consider price increase and organic variation on renewed contracts. 2) 2019 proforma numbers consider Positivo and Conquista.

Cross-sell initiatives continue to play an important role in our commercial strategy…

RECENT CROSS-SELL EXAMPLES:

Cross-sell Intake
Large school (1,000 students) that did not use any Arco product before signed contracts with **SAE** and **NAVE**

Renewal Core + Cross-sell Supplemental
Positivo's partner school extended contract term to 5 years in a new contract that also included **Pleno**

Upselling Supplemental + Cross-sell Core
IS' partner school extended contract term, added other branches and included **SAS** (increase of Arco ACV by ~5x)

Renewal Supplemental + Cross-sell
EI's partner school extended contract term to 4 years and included **SAE, PES** and **Pleno** (increase of Arco ACV by ~10x)

85% of supplemental intake YTD 2021 coming from **cross-sell initiatives**

CROSS-SELL HAS BETTER ECONOMICS

- Faster lead conversion
- Longer contracts
- Larger contracts
- Higher stickiness

CROSS-SELL HAS HIGHER LTV/CAC AND ~3X BETTER MARGIN

...and are now **powered** by the creation of a **centralized supplemental business unit**: ArcoPlus

INTERNATIONAL SCHOOL

pes English

ei

Pleno

arcoplus

nave à vela

WITH THE CENTRALIZATION, WE WILL MAINTAIN:

- Strong **brands**
- Pedagogical approach with **clear identities**
- **Fast response** to customer needs
- Focus on **quality** and **innovation**

AND WILL ENABLE FURTHER SYNERGIES, SUCH AS:

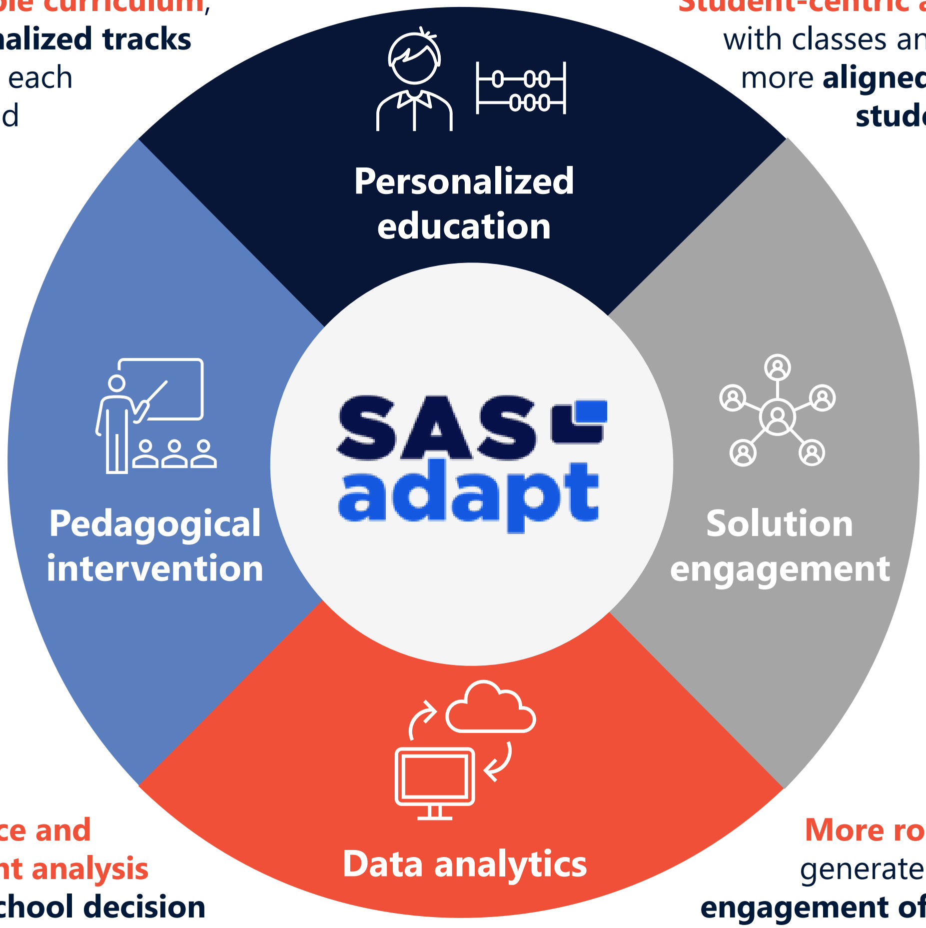
- Centralization of activities leading to **cost savings**
- Reduce time spent with **repeated demands** and **challenges**
- **Stimulate cooperation** between brands
- Provide access to **tools and resources**
- Leverage on **Arco's employer branding**

PRODUCT EVOLUTION

Product evolution benefits our clients and increases our reach

More flexible curriculum, with **personalized tracks** adapted for each student need

Student-centric approach, with classes and content more **aligned with the student needs**



Performance and engagement analysis guide the **school decision making process**

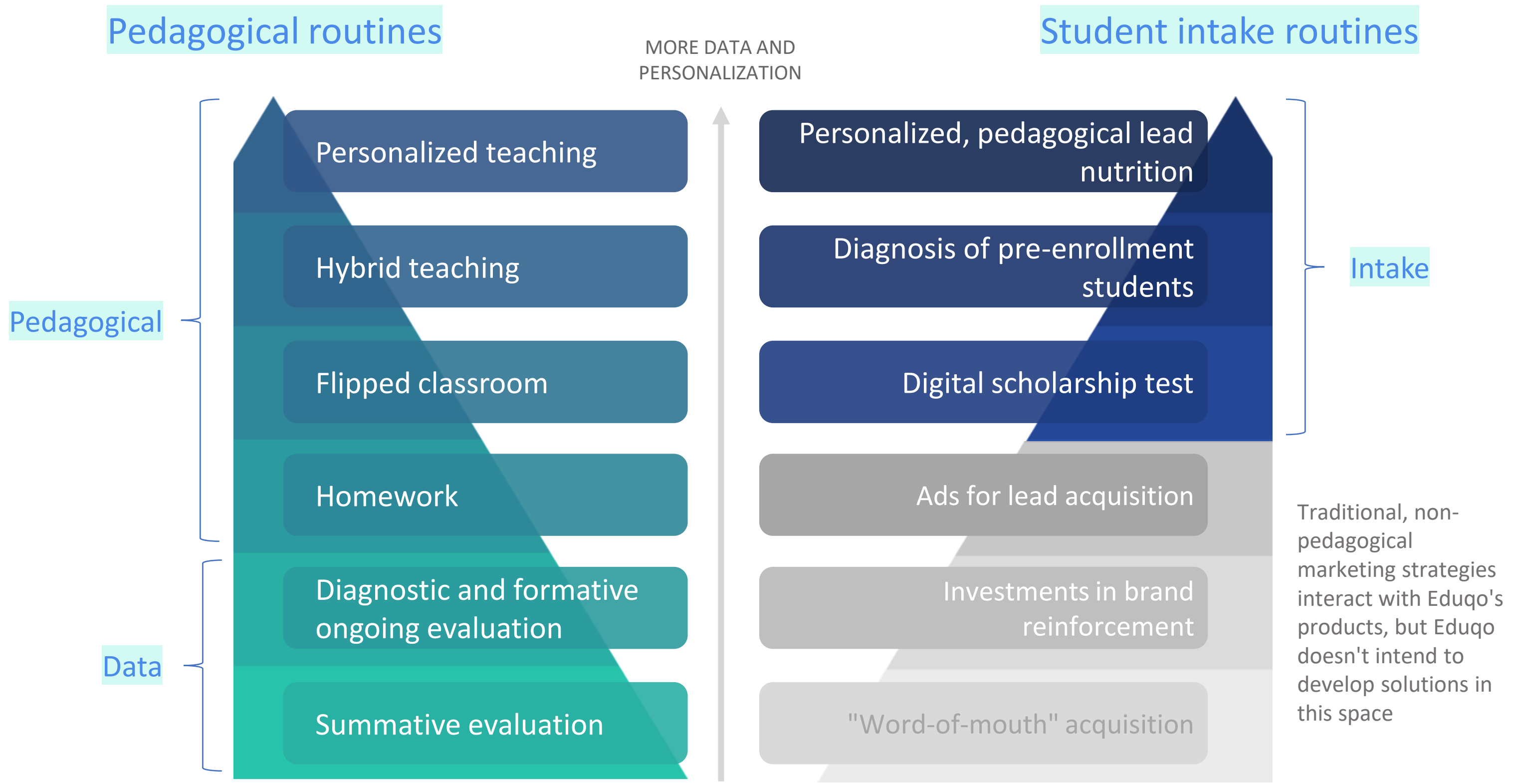
More robust data generated with the **engagement of students and teachers** on the platform

- **Addressing the premium segment**, which demands **more customization possibilities** so schools can adapt their curriculum and plan pedagogical interventions to fulfill their students' needs
- **Allowing for more detailed information** on students' engagement and pedagogical gaps **and higher connectivity** among all content available in the platform by merging **Studos** and **eduqo**[1] features
- **Leading the innovation race** by further improving our solutions in **partnership with the best schools in the country**

1. Eduqo ("Quadrado Mágico"), a LMS platform, was acquired in July 2021.

Addition of **Eduqo** to Arco's tech portfolio further improves the backbone of our platform

Eduqo's solutions fit into every school routine, with the mission of providing a personalized learning experience and helping schools to acquire more students based on data intelligence



1) Escola Em Movimento, Arco's communication solution. 2) WPensar, Arco's ERP solution.

ESG AGENDA

Arco releases its **first ESG Report** highlighting our business priorities

REPORT

MANIFEST

IMPACT ON EDUCATION
(14 INDICATORS)

Quality, scalable and increasingly accessible education

9 years among the 10 top schools in Brazil

21% higher scores for students who use Eureka SAS platform

11.845 students approved in the National Exam 2020

Highest NPS of the industry – **88** for core legacy brands and **75** for Positivo

FOCUS ON PEOPLE
(10 INDICATORS)

Our team is built by high performance people, aligned with our values, diverse and engaged in delivering our purpose

12% of voluntary turnover

64 employee NPS

100% of employees participating on our performance evaluation

51% of female leaders

STRONG AND SUSTAINABLE STRUCTURE
(13 INDICATORS)

Based on ethical principles and aligned with the pursuit of transparency, data security and greater environmental sustainability

63% of our board members are independent

38% of women on our board

APPENDIX

Guidance & next events

GUIDANCE	
2021 ACV Recognition on 3Q21	15% - 17%
Adjusted EBITDA Margin 2021	35.5% to 37.5%

NEXT EVENTS	1Q Call	2Q Call	3Q Call	4Q Call
2022 ACV guidance			✓	
2022 ACV confirmation				✓
% of ACV recognition for next quarter	✓	✓	✓	✓
Current fiscal year EBITDA margin	✓	✓	✓	
Next fiscal year EBITDA margin				✓

Revenue recognition and annual contract value bookings

1. How does Arco recognize revenue?

We recognize our revenue when the content is made available to our partner schools.

2. When is Arco's content usually made available to partner schools?

We typically deliver our Core Curriculum content four times a year, in December - prior to the beginning of the school year - then March, June and August. We typically deliver our Supplemental Solutions twice a year, in December and June. In both cases, we deliver content two to three months prior to the start of each school quarter.

3. What is Annual Contract Value (ACV) Bookings?

We define it as the revenue we would contractually expect to recognize from a partner school in each school year pursuant to the terms of our contract with such school, assuming no further additions or reductions in enrolled students in such school year. We calculate ACV Bookings by multiplying the number of enrolled students at each partner school with the average ticket per student per year, net of discounts or courtesies.

Arco's business units

arco

CORE LEARNING SYSTEMS
- SAS Plataforma de Educação
- Sistema de Ensino Positivo
- sae Digital
- Conquista Solução Educacional Positivo
- geekie O poder de aprender
- COC, Dom Bosco [1]

arcoplus
- International School
- ei
- pes English
- Pleno
- nave à vela

B2C
- meSalva!

arco:tech_
- escola em movimento
- Studos
- Pensar
- eduqo

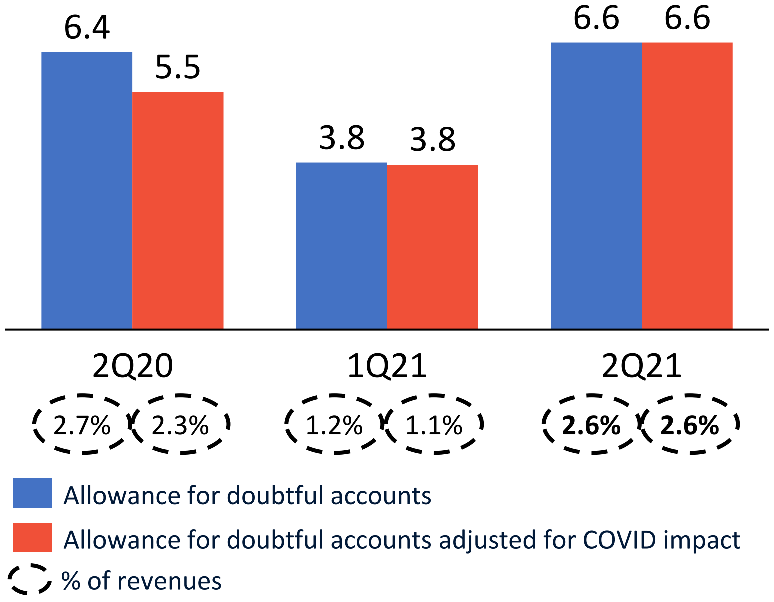
1) Pending anti-trust approval.

Update on selected financial indicators

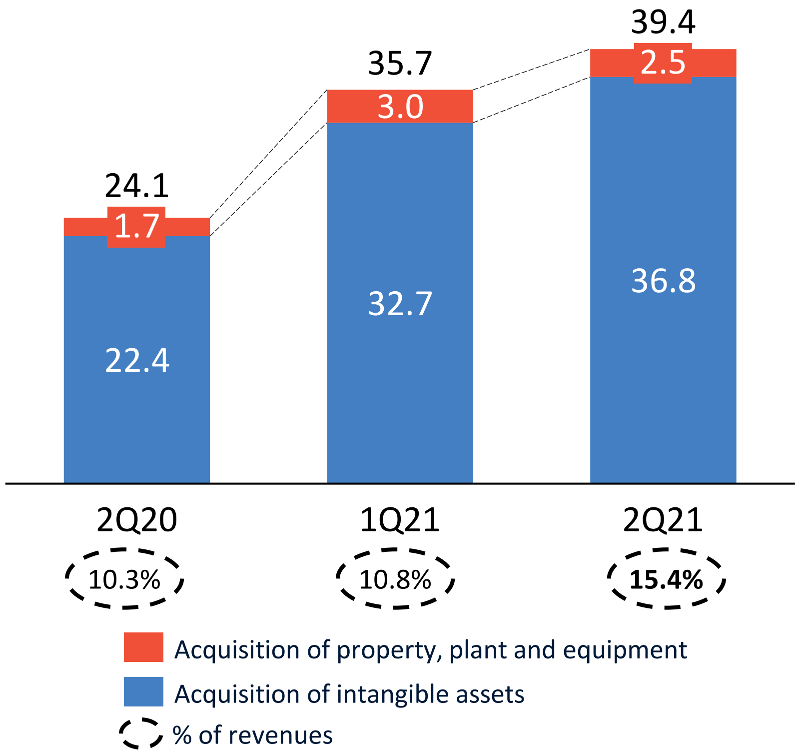
In R$, mm

Allowance for doubtful account

Allowance for doubtful under control reflects solid receivables profile and a good collection process

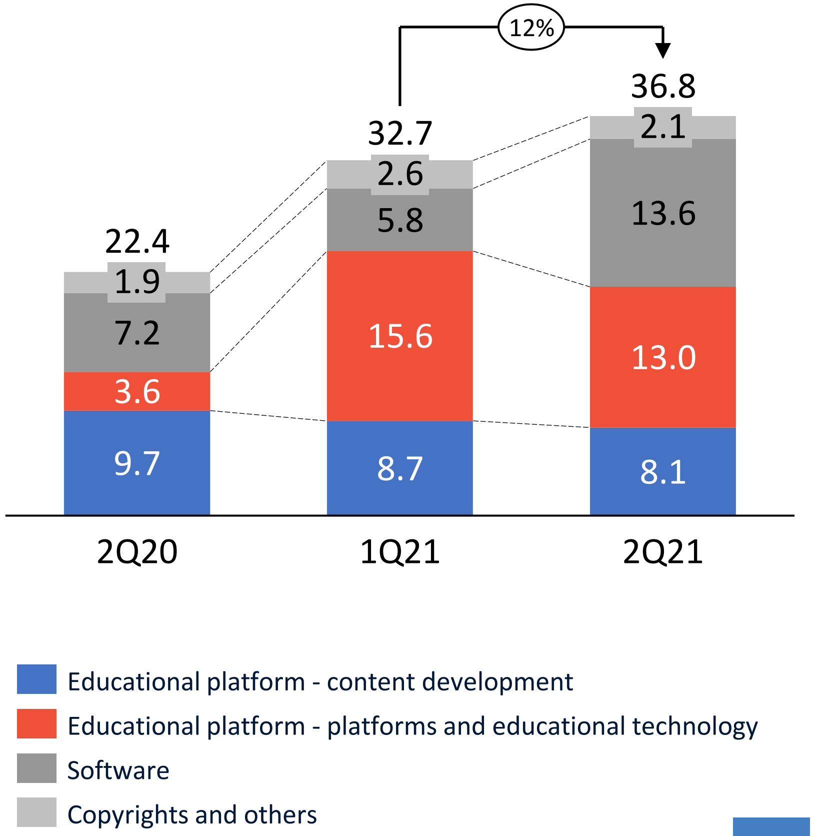


CAPEX



Intangible assets

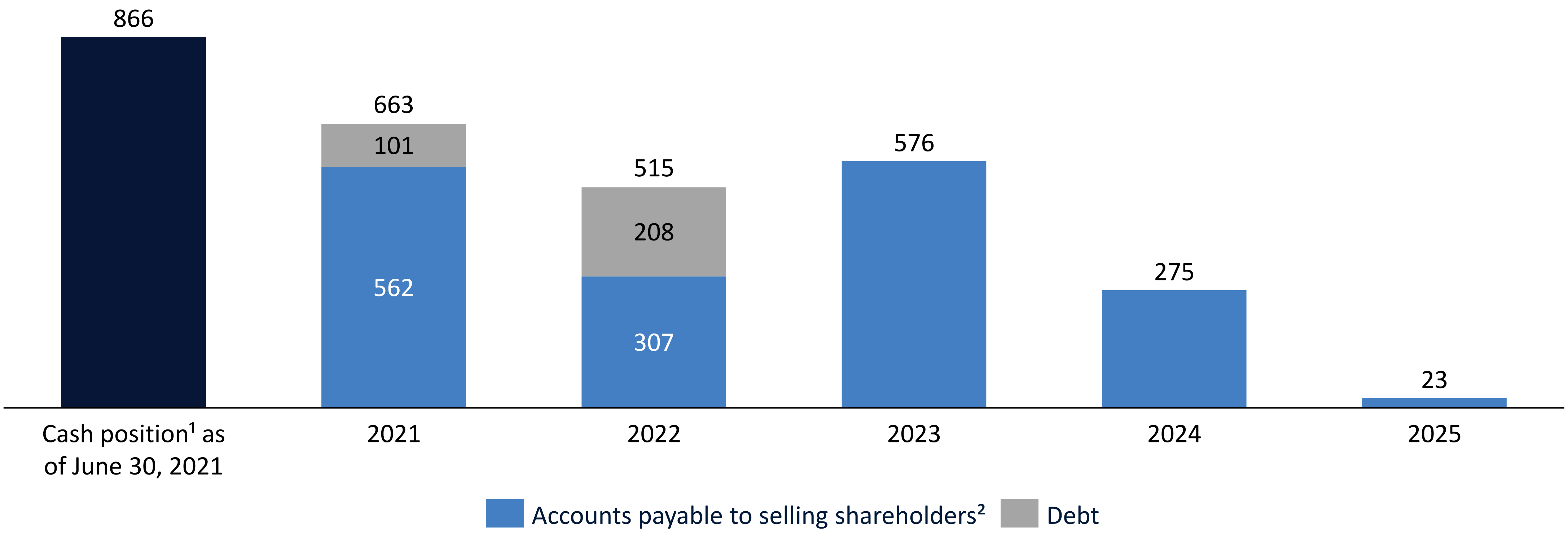
Higher software capex in 2Q21 reflects the conclusion of Positivo's operational system integration



Update on cash position and current obligations

In R$, mm

Arco is currently working on a credit line of ~R$900 million at attractive conditions to finance COC and Dom Bosco's acquisition and refinance existing debt



1) Sum of cash and cash equivalents and short-term investments. 2) Accounts payable to selling shareholders do not include acquisitions announced still pending anti-trust approval or acquisitions closed after June 30, 2021.

Adjusted EBITDA reconciliation

In R$, 000´s
(unaudited)

Adjusted EBITDA Reconciliation	2Q21	2Q20	6M21	6M20
(Loss) profit for the period	**(20,019)**	**16,244**	**(8,208)**	**20,065**
(+/-) Income taxes	(6,815)	6,385	3,785	12,994
(+/-) Finance result	33,564	17,960	62,238	46,912
(+) Depreciation and amortization	45,423	31,373	93,475	60,048
(+/-) Share of loss of equity-accounted investees	1,728	3,293	2,751	3,999
EBITDA	**53,881**	**75,255**	**154,041**	**144,018**
(+) Share-based compensation plan, RSU and provision for payroll taxes	9,324	15,480	21,048	31,440
(+) M&A expenses	3,853	2,427	7,850	3,991
(+) Non-recurring expenses	4,683	2,827	6,558	10,058
(+) Effects related to COVID-19 pandemic	523	4,591	1,152	7,993
Adjusted EBITDA	**72,264**	**100,580**	**190,649**	**197,500**
Net revenue	256,301	234,864	587,973	496,443
EBITDA Margin	21.0%	32.0%	26.2%	29.0%
Adjusted EBITDA Margin	**28.2%**	**42.8%**	**32.4%**	**39.8%**

Adjusted net income reconciliation

In R$, 000´s
(unaudited)

Adjusted Net Income Reconciliation	2Q21	2Q20	6M21	6M20
Profit (loss) for the year	**(20,019)**	**16,244**	**(8,208)**	**20,065**
(+/-) Adjustments related to business combination	54,210	35,024	104,265	79,625
(+) Amortization of intangible assets from business combinations	24,890	18,252	49,752	36,235
(+/-) Changes in accounts payable to selling shareholders	2,677	294	489	6,894
(+) Interest on acquisition of investments, net (linked to a fixed rate)[1]	9,545	7,558	14,452	16,256
(+) Interest on acquisition of investments, net (adjusted by fair value)[2]	17,098	8,920	39,572	20,240
(+) Share-based compensation plan, RSU and provision for payroll taxes	9,324	15,480	21,048	31,440
(+/-) Changes in fair value of derivative instruments	0	(913)	0	(859)
(+) Share of loss of equity-accounted investees	1,728	3,293	2,751	3,999
(+) Foreign exchange on cash and cash equivalents	3,813	922	4,092	180
(+) M&A expenses	3,853	2,427	7,850	3,991
(+) Non-recurring expenses	4,683	2,827	6,558	10,058
(+) Effects related to COVID-19 pandemic	523	4,591	1,152	7,993
(+/-) Tax effects	(21,733)	21,996	(42,055)	(42,424)
Adjusted Net Income	**36,382**	**57,899**	**97,453**	**114,068**
Net revenue	256,301	234,864	587,973	496,443
Adjusted Net Income Margin (%)	**14.2%**	**24.7%**	**16.6%**	**23.0%**

1) Refer to interest expenses on liabilities related to business combinations and investments in associates that are linked to a fixed rate (CDI or SELIC). 2) Refer to interest expense on liabilities related to business combinations and investments in associates that are adjusted by the fair value of the acquired business.

Taxable income reconciliation

In R$, 000´s
(unaudited)

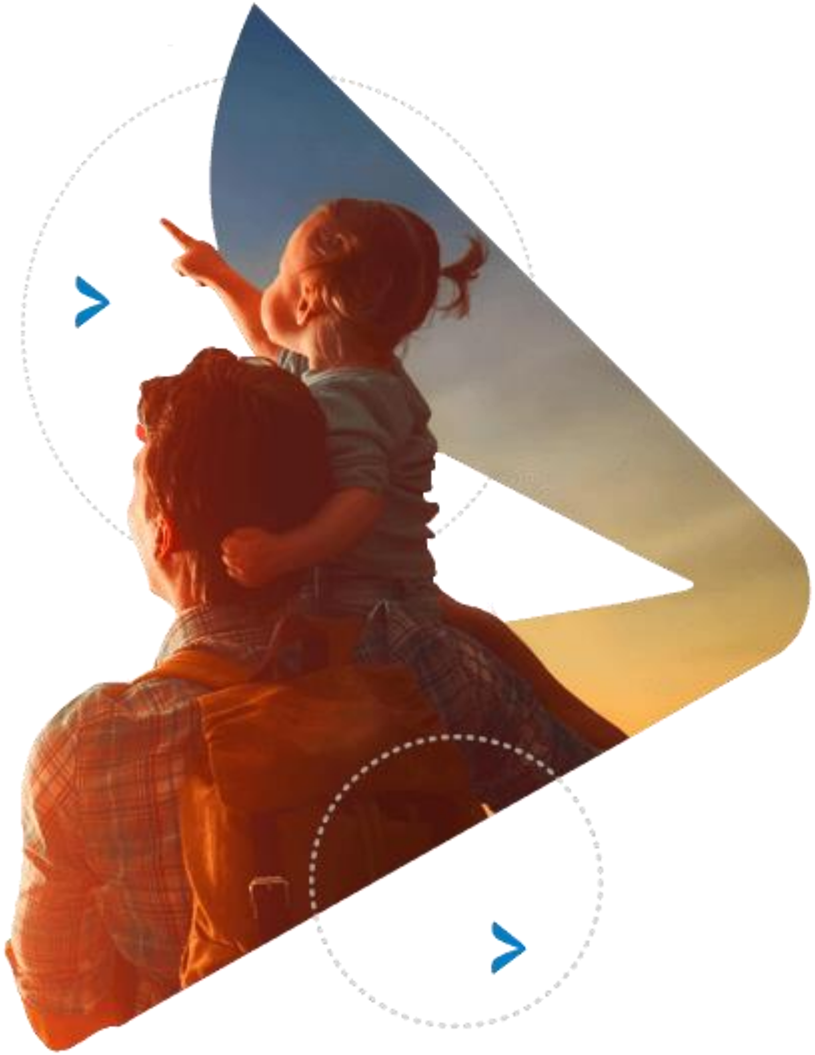
Taxable Income Reconciliation	2Q21	2Q20	6M21	6M20
(Loss) profit before income taxes	**(26,834)**	**22,629**	**(4,423)**	**33,059**
(+) Share-based compensation plan, RSU and provision for payroll taxes[1]	466	16,567	9,036	25,776
(+) Amortization of intangible assets from business combinations before incorporation[1]	4,859	25,025	9,760	39,549
(+/-) Changes in accounts payable to selling shareholders[1]	21,765	15,765	39,411	32,883
(+/-) Share of loss of equity-accounted investees	(587)	(1,120)	(935)	(1,360)
(+) Net income from Arco Platform (Cayman)	8,151	4,649	13,800	5,279
(+) Fiscal loss without deferred	3,383	1,150	4,767	2,463
(+/-) Provisions booked in the period	8,854	13,288	13,327	24,598
(+) Tax loss carryforward	74,312	(12,493)	91,366	17,276
(+) Others	4,756	2,105	8,519	7,831
Taxable income	**99,125**	**87,565**	**184,628**	**187,353**
Current income tax under actual profit method	**(33,702)**	**(29,773)**	**(62,773)**	**(63,700)**
% Tax rate under actual profit method	*34.0%*	*34.0%*	34.0%	34.0%
(+) Effect of presumed profit benefit	2,774	4,368	3,266	4,929
Effective current income tax	**(30,928)**	**(25,405)**	**(59,507)**	**(58,771)**
% Effective tax rate	*31.2%*	*29.0%*	32.2%	31.4%
(+) Recognition of tax-deductible amortization of goodwill and added value[2]	11,097	923	21,935	1,845
(+/-) Other additions (exclusions)	1,287	2,047	1,675	2,303
Effective current income tax accounted for goodwill benefit	**(18,544)**	**(22,435)**	**(35,897)**	**(54,623)**
% Effective tax rate accounting for goodwill benefit	***18.7%***	***25.6%***	**19.4%**	**29.2%**

1) Temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base that will yield amounts that can be deducted in the future when determining taxable profit or loss. 2) Added value refers to the fair value of intangible from business combinations.

Free cash flow reconciliation

In R$, 000´s
(unaudited)

Free Cash Flow Reconciliation	2Q21	2Q20	6M21	6M20
Cash generated from operations	**113,157**	**89,878**	**202,385**	**193,607**
(-) Income tax paid	(4,529)	(6,477)	(51,517)	(64,020)
(-) Interest paid on lease liabilities	(743)	(285)	(1,603)	(710)
(-) Interest paid on investment acquisition	(70)	-	(4,223)	-
(-) Interest paid on loans and financing	(4,378)	-	(7,945)	-
(-) Payments for contingent consideration	(332)	-	(332)	(3,696)
Cash Flow from Operating Activities	**103,105**	**83,116**	**136,765**	**125,181**
(-) Acquisition of property, plant and equipment	(2,534)	(1,665)	(5,532)	(4,042)
(-) Acquisition of intangible assets	(36,842)	(22,421)	(69,543)	(39,480)
Free cash flow	**63,729**	**59,030**	**61,690**	**81,659**



IR Contact:
ir@arcoeducacao.com.br
https://investor.arcoplatform.com

arco