Company Presentation

June 2023

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AGENDA

1. Arco today
2. How we got here
3. What is coming ahead
4. ESG agenda
5. Last quarter in a glance
6. Appendix

Our mission is to transform the way students learn, by delivering high quality education at scale

ARCO TODAY

Arco is a **full operating system for private K-12 segment** with solutions to schools and families

Market **leader**, still **scratching the surface of a huge market**, delivering high **growth & profitability**

+24%
ACV 2023 growth YoY

22%
Students' market share for core solutions

3%
ACV market share for supplemental solutions[3]

36.5% - 38.5%
Adj. EBITDA margin guidance
For pedagogical segment in FY23

PEDAGOGICAL SOLUTIONS

R$ 1,930M
2023 ACV guidance[1]

2.6M
Students[2]
as of March.23

>8k
Partner Schools[2]
as of March.23

arco

The world's largest operating system for schools

FINANCIAL & MANAGEMENT SOLUTIONS

R$ 300-350M
2023 revenue guidance

R$ 2.9B
Total payment value
as of March.23

>1k
Partner Schools
as of March.23

+99%
Revenue 2023 growth[4] YoY

~4%
Market share for revenue guarantee solution[5]

~(10)%
Adj. EBITDA margin guidance
For F&M segment in FY23

1) We define ACV Bookings as the revenue we would contractually expect to recognize in each school year pursuant to the terms of our contracts, assuming no further additions or reductions in the number of students that will access our content in such school year.
2) Considers all students of our core and supplemental solutions for the 2023 school year. 3) Considers the total addressable market (TAM) for supplemental solutions, estimated at R$15.4 billion. Source: EducaInsights survey, 2021. 4) Considering middle point of guidance.
5) Considering revenue guarantee TAM of R$ 8 billion.

PEDAGOGICAL SOLUTIONS

R$ 1,930M	36.5%-38.5%	>8k schools
ACV guidance 2023 cycle (Oct.22-Sep.23)	Adj. EBITDA margin guidance FY 2023	As of Mar.23

Pedagogical

Our Core solutions **enables K-12 schools pedagogical offering** with high quality proprietary content and software

Infrastructure for education

Complete pedagogical system for K-12 curriculum with technology-enabled features to improve student and aggregate school learning performance

Wide range of methodologies and price points

6 brands catering to all income brackets and pedagogical approaches and hybrid & fully digital delivery

Schools may opt for an Arco Core solution

that best fits their pedagogical needs in every aspect

Proprietary content, software and tools

Online homework assessment, adaptative and interactive learning, content web portal

Strong reputation & brand awareness with broad distribution

Brand perception and reputation allow partner schools to attract and retain students leveraging our national reach with local expertise

Pedagogical

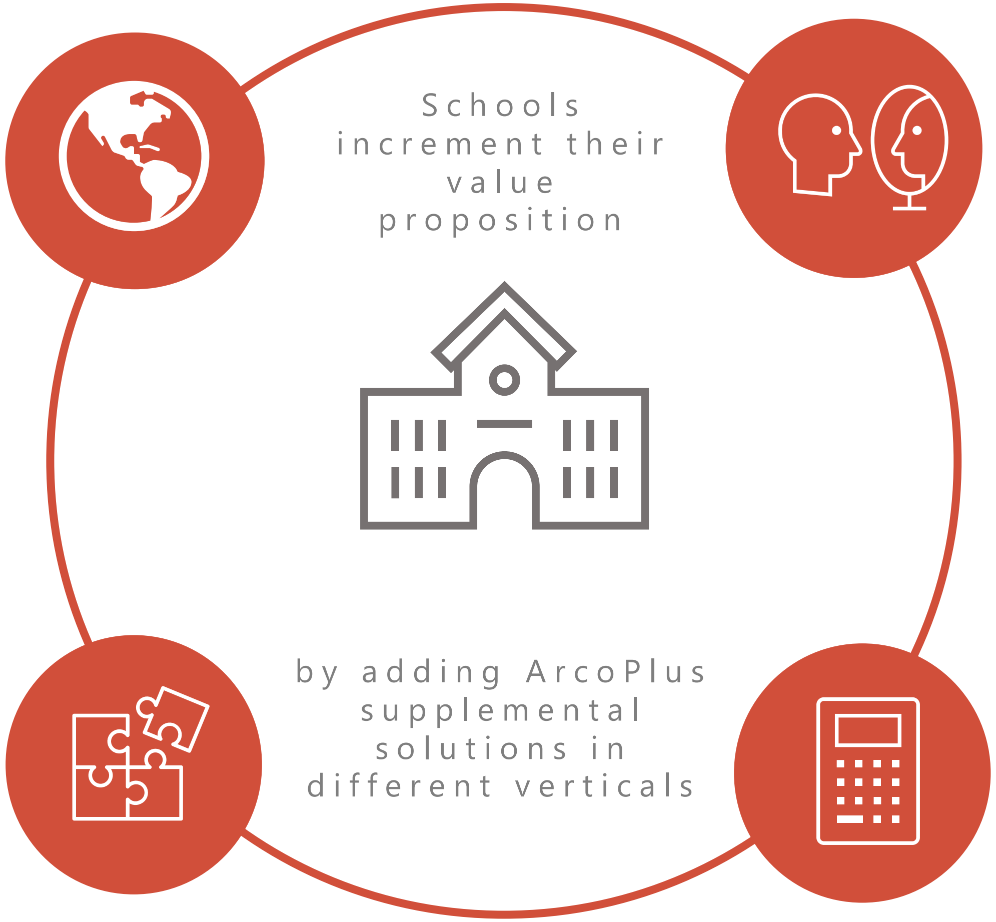
Additionally, we have a complete **Supplemental offering** to cater to school's **growing demand for supplementary verticals**

English as a second language (ESL)

3 brands empowering schools in forming bilingual students in an increasingly globalized context

Socioemotional learning (SEL)

4 brands helping students to evolve their emotional self-awareness, self control and cognitive development



Maker solution

One brand delivering a competence-based curriculum of innovation skills & maker program

Financial education

One brand focused in introducing financial literacy into K-12 curriculum

Supplemental solutions complement K-12 curriculum and are offered in addition to core learning system.
All Arco supplemental solutions are meant to be in regular school shift alongside mandatory subjects

Pedagogical

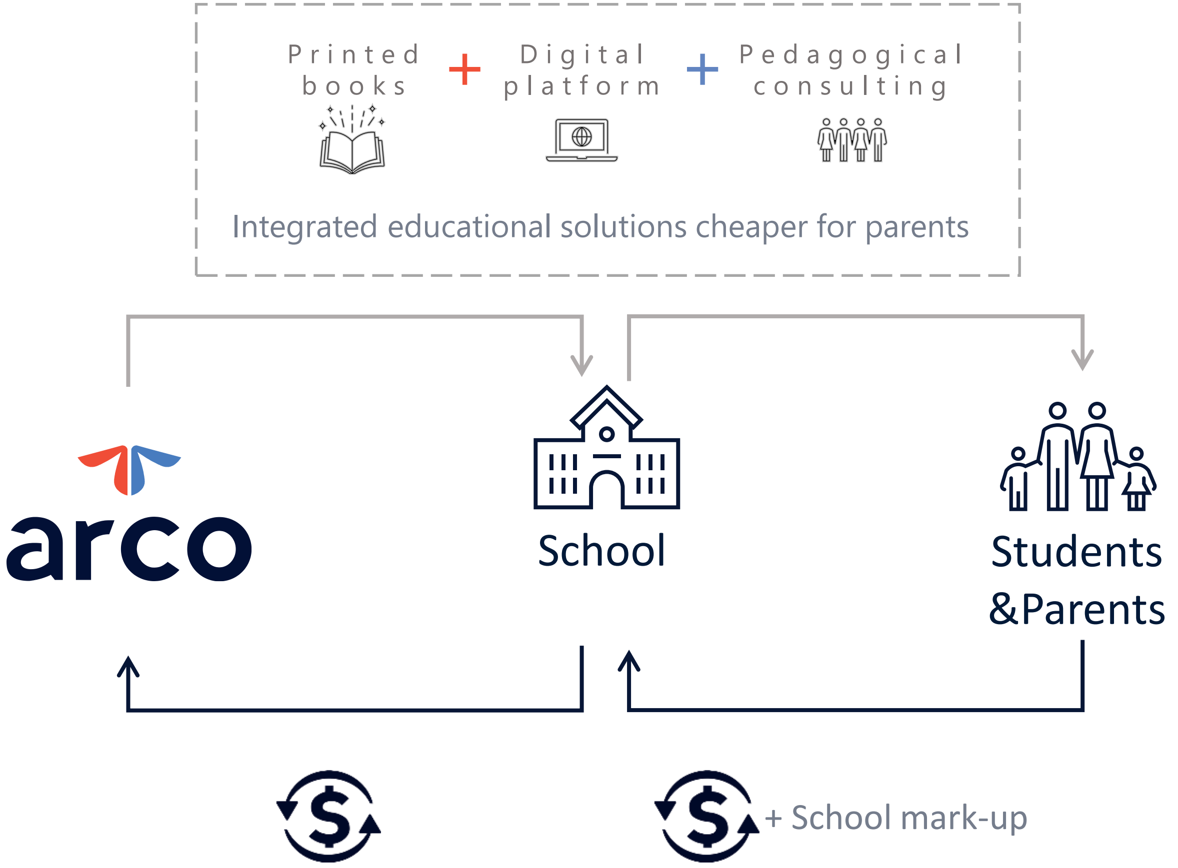
Learning systems are disrupting textbooks: our business model delivers **tech-enabled, high-quality content** and **pedagogical consulting**

arco LEARNING SYSTEMS	VS.	TRADITIONAL TEXTBOOKS MODEL
100% subscription, long term contracts, low churn Hybrid solution: printed content + digital platform Covers all subjects for each grade	Business fundamentals	One time sale Fragmented books per subject
Cheaper for parents vs. textboooks Additional source of revenues for schools	Price Point	Expensive for parents No additional revenues for schools
No significant royalties No retailers	Cost Structure	Expensive royalties fee Long and inefficient chain
Content + Tech platform + Pedagogical consulting Dynamic and ever evolving solutions and support based on data and track record from partner schools' network	Customer Experience	Printed books Static No customer support
Branded content allows student attraction Partners Service oriented business model	Relationship with Schools	Product oriented business model/ Distant relationship with clients

Pedagogical

Attractive B2B2C business model that enables partner **schools as a distribution channel**

Pedagogical B2B2C business model...



... results in resilient and predictable business dynamics

Efficient distribution model

High LTV/CAC
>10x

With high switching costs

Low churn
~5%
Avg. historical churn of core solutions

Long term contracts, mandatory for all students of each grade

High Revenue Predictability
<1% deviation
ACV guided vs. Cycle revenue
last 4 cycles (ex-21 & 20 - covid years)

Pedagogical

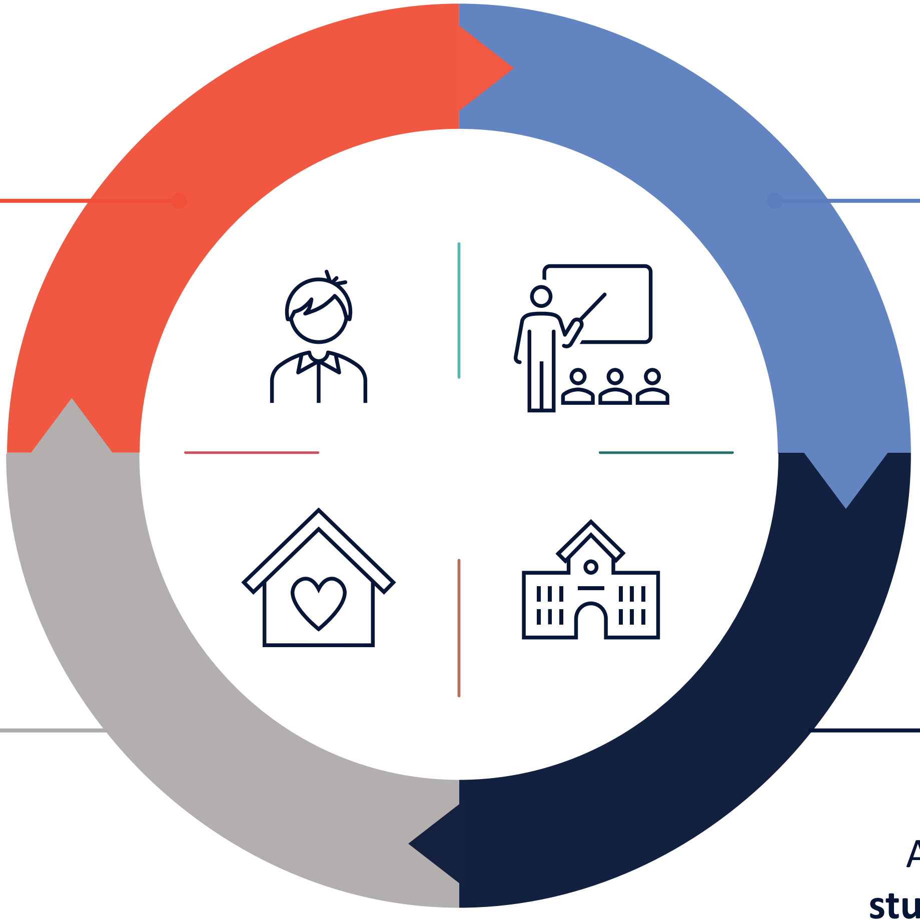
Resulting in a **win-win value proposition** for **all stakeholders**

STUDENTS

Personalized, engaging, omni- channel learning experience improving performance

TEACHERS

Training and tools that **augment the educational process, improve results** and **saves ~45 hours** per month per teacher[1]



FAMILY

Greater involvement in children's academic development**, at lower cost**

SCHOOLS

Additional sources of revenue, Arco's brand **reputation allowing student attraction** and pedagogical consulting

1) Internal data

FINANCIAL & MANAGERIAL SOLUTIONS

R$ 300M-350M	**~(10)%**	**>1k schools**
Revenue guidance FY 2023	Adj. EBITDA margin guidance FY 2023	As of Mar.23

Arco has created a **financial & management segment** offering solutions to **help schools** and **families beyond** their **pedagogical** needs

F&M

"REVENUE GUARANTEE"

Solution that eliminates delinquency risks for schools and enables financial planning

ERP & MANAGERIAL SYSTEMS

One software ERP solution tailor made for schools with different functionalities to maximize administrative routines

FINANCING & PAYMENT

Invoicing, insurance and financial solutions in order to strengthen schools' financial perspectives

COMMUNICATION APP.

One solution to connect families, students and schools in a single platform

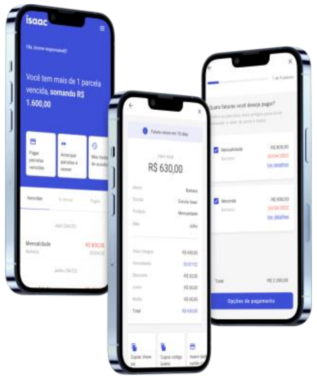
isaac was a **game changer** in F&M segment: an **all-in-one platform** that provides **financial and software solutions to K-12 schools**

In October 2022 Arco announced the acquisition of isaac, one of the most successful startups of recent years in Latin America

Operating metrics as of June/23

R$284M

Annual recurring revenue (ARR)[1]



R$2.9B

Total Payment Value (TPV)

Innovative and strong product fit…

- Schools use **legacy tools and processes** and have **low access to funding** from incumbent, one-size fits all players
- Isaac created **“revenue guarantee”:** financial product that streamlines **billing and collection processes** while **eliminating financial volatility to schools**

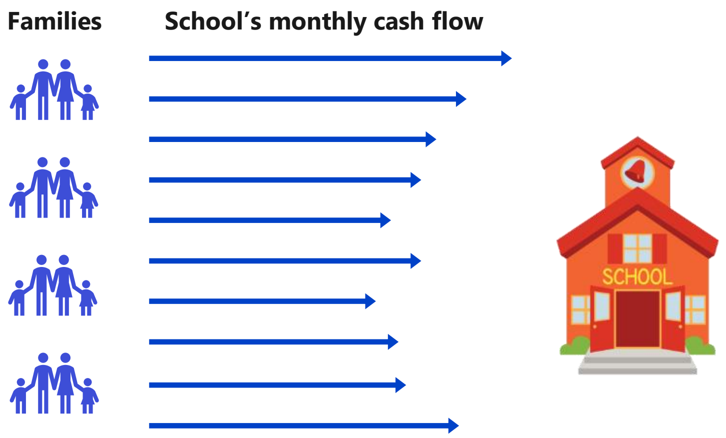
…With solid business fundamentals…

- **Revenue is recurring and monthly:** schools are paid in monthly installments during a 12-year long education cycle
- **Working capital is reduced** as most parents only delay a few days and **delinquency is structurally low** as delinquent students cannot reenroll

1) Annual Recurring Revenue (ARR) is the annualized revenue of the latest month, as of June 2023.

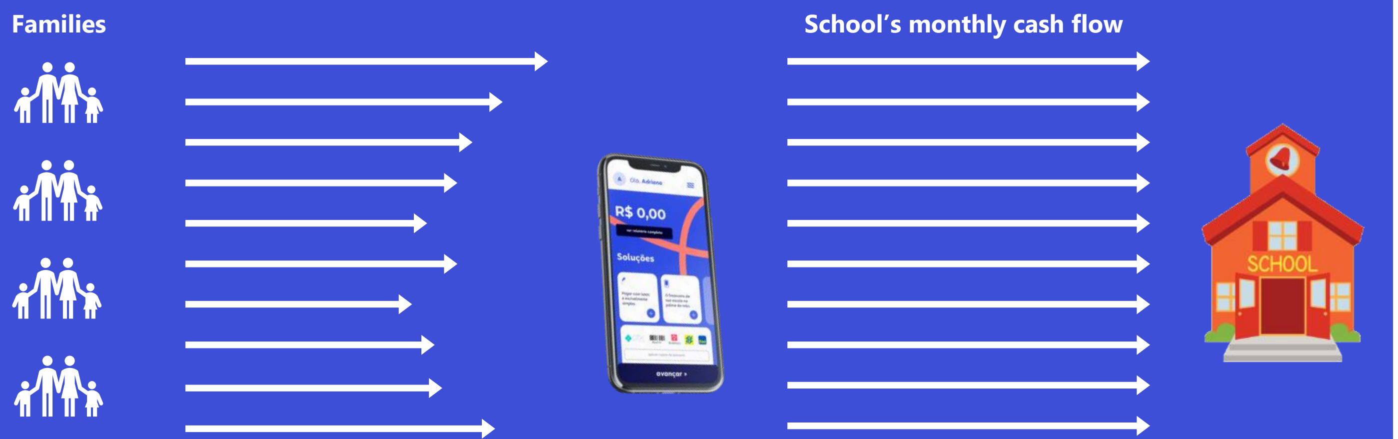
isaac's unique business model, **"Revenue guarantee"**, streamlines billing and collections, while **eliminating financial risk for schools**

without Isaac "revenue guarantee"



- Delinquency and delays hindering predictability
- Collection effort and friction with parents

with Isaac "revenue guarantee"



+ **Guaranteed monthly payment**
+ **Cashflow predictability allowing investments**
+ **Saves time & reduces collection costs**

Isaac's vertical lending approach to education allows it to be uniquely positioned to create innovative financial products to stack in current offering

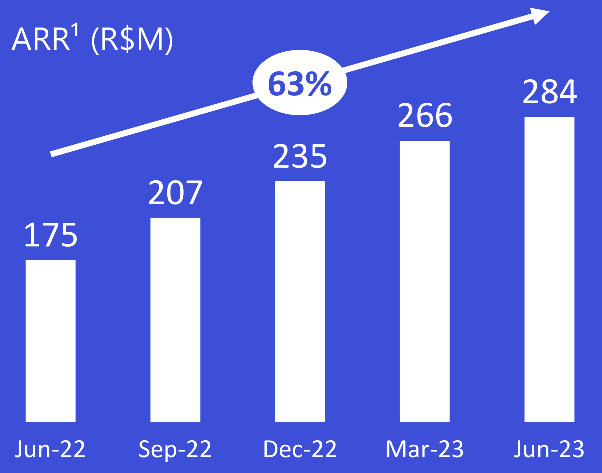
With isaac and F&M strategy we add a **powerful and complementary earnings driver**

Rapidly growing school base	Unlocking value with complementary products	With a scalable and tech-enabled model

Growth

Year-long sales with shorter sales cycle and proven market fit

ARR[1] (R$M)

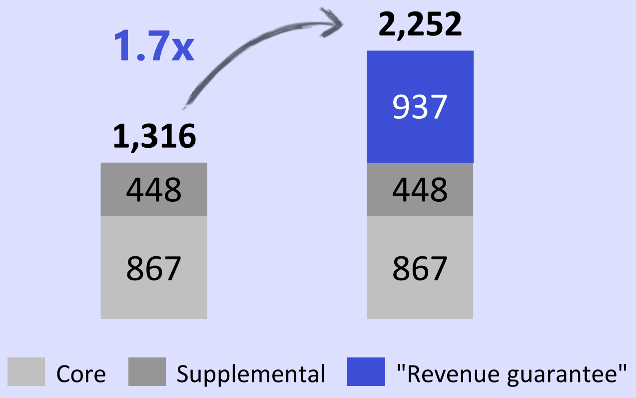


Revenue per customer

+1.7x ARPAC from customers using Core and Supplemental

ARR[1] (R$ M)

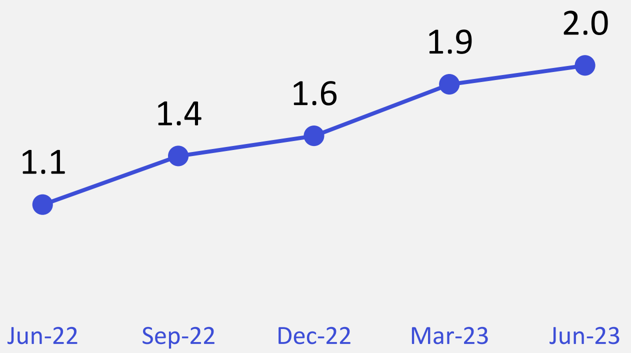
Average revenue per student (R$)



Operating margin

+75p.p Adj. EBITDA Margin Expansion YoY (2Q23 vs. 2Q22[2])

Base 100 Schools / Total HC



1) Annual Recurring Revenue (ARR) is the annualized revenue of the latest month.

2) 2022 figures are prior acquisition, being disclosed for comparisons purposes only.

HOW WE GOT HERE

Arco is a growth case both **organically** and by adding **new solutions to the portfolio**

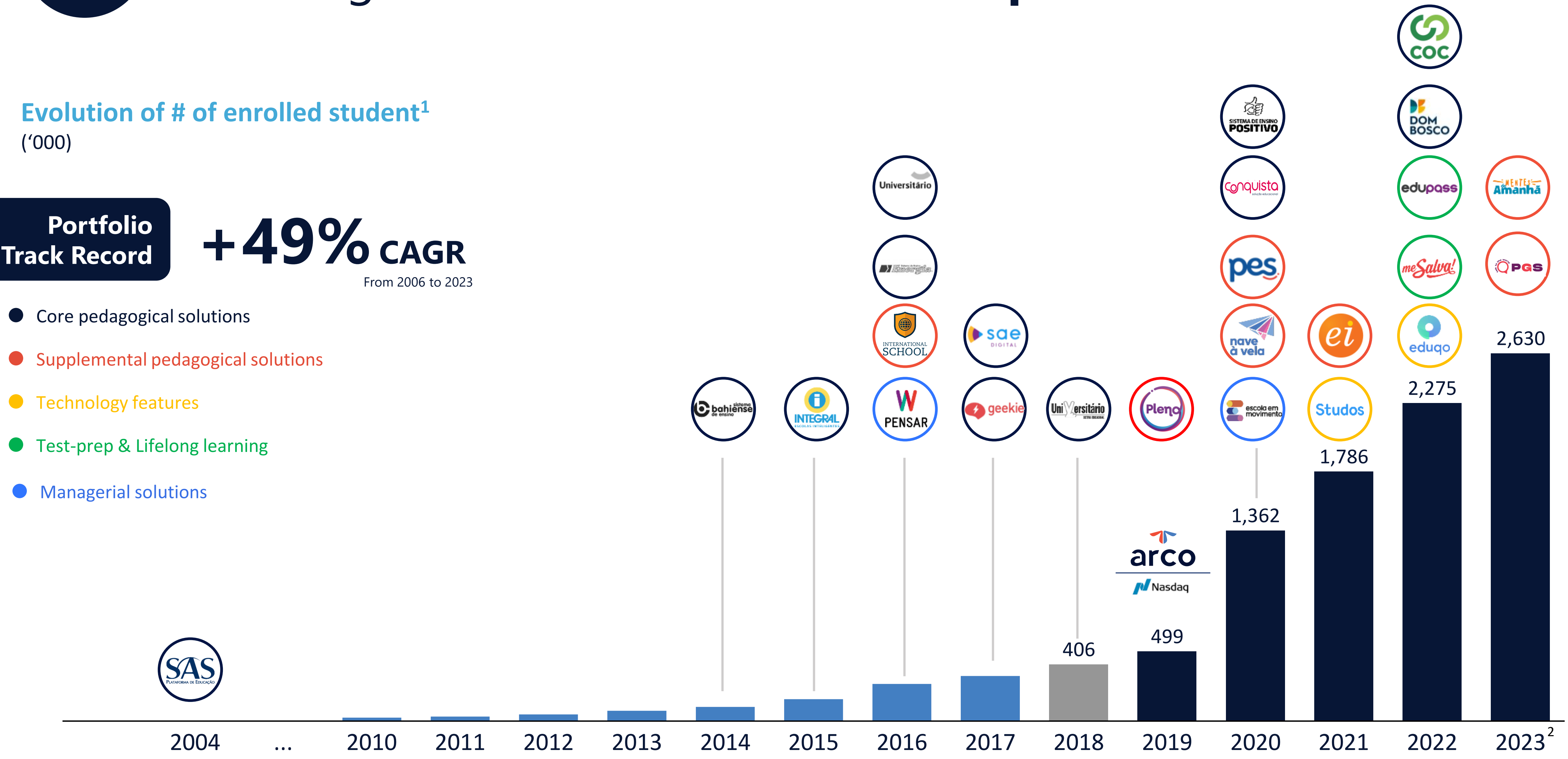
Evolution of # of enrolled student[1]

(‘000)

Portfolio Track Record

+49% CAGR

From 2006 to 2023



1) Based on number of enrolled students in our pedagogical solutions as of March 31 of each year. A student at a partner school that is enrolled in (and pays for) more than one of our solutions is counted as one student for each such solution. For example, a student at a partner school that is enrolled in (and pays for) one Core Solution and two Supplemental Content Solutions is counted as three students for purposes of calculating this metric. 2) Student count does not include Isaac solution for 2023.

And has **created a virtuous cycle of competitive advantages** over the last 19 years

Inspired by over 50 years of educational experience of De Sá Cavalcante family in the state of Ceará

Investment in content, technology and talent

Superior academic results

Brand equity, track record and referrals

Go-to-market: Retention and organic growth

Complete portfolio, unmatched scale and data

Founder-led company able to develop and retain a **qualified and experienced team**

Ari de Sá Cavalcante Neto
CEO & Founder

						
Roberto Otero CFO	**Renata Machado** COO	**Bernardo Dorigo** CRO	**David Peixoto** CSO & Business Unit CEO	**João Cunha** CPO & Business Unit CEO	**Daniel Moreira** Business Unit CEO	**Heitor Martins** Business Unit CEO

At Arco since

2021	2019	2018	2023 Previously: 2014 - 2021	2011	2018	2020

Education

FGV	USP, Chicago Booth	UFMG, Columbia University	USP, Yale	Unicamp, Stanford University	USP, Columbia University	USP, MIT

Selected experience

Bank of America	McKinsey & Company	Bain & Company	Credit Suisse	BCG	Itaú	McKinsey & Company

Delivering **high quality at scale** and a layer of pedagogical consulting

Access below a walkthrough into Arco's digital and printed content

Mission critical offering to improve learning

Potentialized by scale and track-record

Content development
Proprietary content IP and question database, books and video-classes

- Annual updates reflecting data-driven feedback from school network and students' performance
- Independent editorial teams allowing methodology diversity

+35k
Questions for 23 collection

+60k
New pages yearly[1]

Tech offering
Digital content, Learning management system, online assessment, gamified applications, tools for teachers

- Personalized and adaptative learning experience
- Real-time assessment tools
- Increase teacher productivity

SAS Eureka
Gamified learning

Pedagogical consulting
Teacher training, performance assessment and advisory

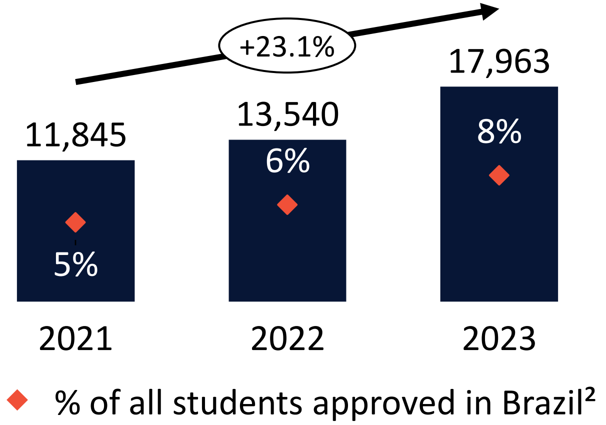
- Highly qualified and experienced consultant network
- Advisory relationship focused on value fostering long-term retention

>500
Educational-trained consultants

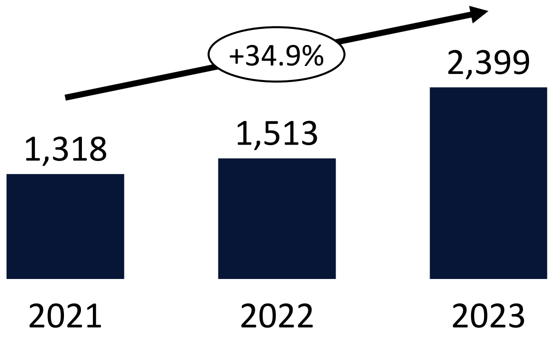
1. In 2023 cycle

Outstanding academic & approval results in ENEM[1] reflecting Arco's impact on schools' performance

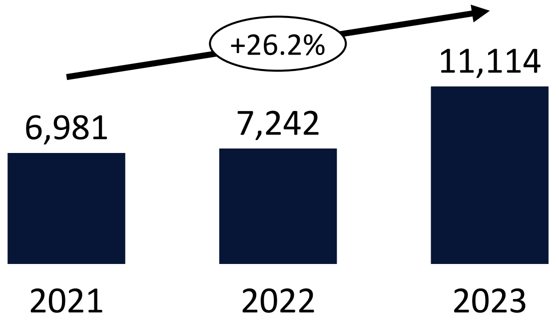
Total students admitted



Students admitted in 1st place



Students admitted in the top 10



IMPACT ON ENEM SCORES[3]

Average improvement in ENEM scores

1. ENEM is the National High School Exam (Exame Nacional do Ensino Médio), main national standardized test for university entrance in Brazil.. 2. Number of Arco students approved in SISU as a percentage of all seats available in Brazil for the SISU. 3. According to EY Parthenon 2019 assessment.

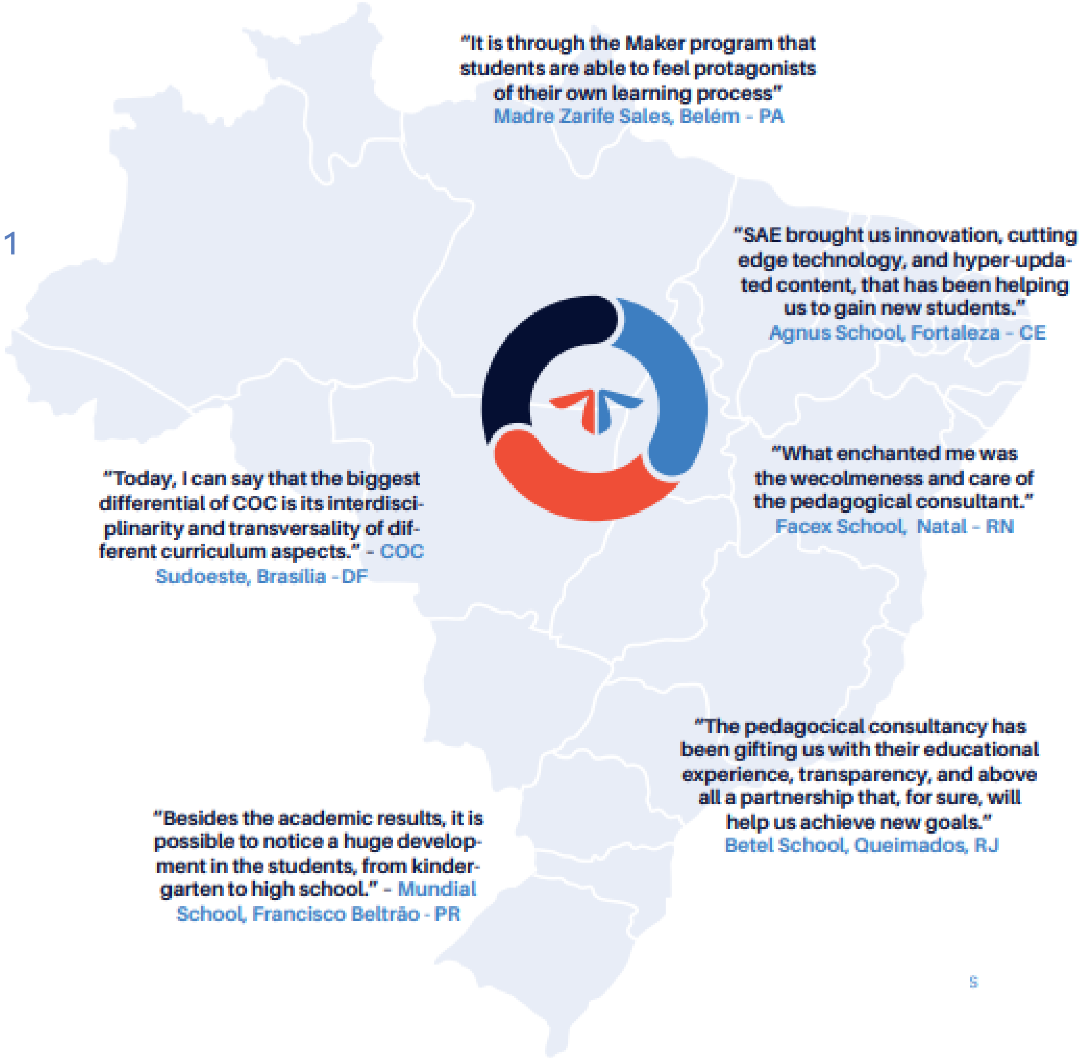
Resulting in outstanding **customer satisfaction** and **value perception**

First option for schools' **principals**[1]

SAS
PLATAFORMA DE EDUCAÇÃO

Top of mind brand for **parents**[2]

SISTEMA DE ENSINO POSITIVO



91%

RETENTION RATE[3]

WATCH HERE THE STATEMENTS OF OUR PARTNER SCHOOLS

1. According to Educa Insight research 2021. 2. According to Expertise Research 2021. 3. Retention rate calculated as the weighted average of renewed ACV of all brands as of March 31st 2023.

And consolidating this **state-of-the-art brand portfolio,** offering the **complete infrastructure to improve education**

arco
PORTFOLIO

B2B2C - Pedagogical solutions to K-12 private schools

B2B – F&M solutions to schools

CORE LEARNING SYSTEMS

Core solutions offer printed and digital content alongside learning tools to K-12 curriculum

SAS Plataforma de Educação · Sistema de Ensino Positivo · geekie O poder de aprender · sae Digital · COC · conquista solução educacional

arcoplus SUPPLEMENTAL SOLUTIONS

English as a second language (ESL)

International School · PGS talk to the world · pes English

Socioemotional learning (SEL)

ei · Pleno · Mestre dos Mestres A inteligência de Jesus · Mentes do Amanhã

Maker solution & Financial education

nave à vela · Gênio das Finanças Educação Financeira Comportamental

FINANCIAL & MANAGEMENT SOLUTIONS ("F&M")

Financial products

isaac

Communication App. (School & Parents & Students)

ClassApp

ERP for schools

Activesoft Soluções em Gestão Educacional

arco:tech_

Unique tech-backbone that support all our solutions and clients

WHAT IS COMING AHEAD

We are **just getting started!** We are still **scratching** the surface **of huge markets**

	Core Learning Systems	Supplemental solutions	Financial & Management
TAM[1]	R$ 5.2B	R$ 15.4B	R$ 8.0B
Market share[2]	22%	3%	4%

1) Source: (i) Core & Supplemental TAM from EducaInsights survey, 2021. (ii) TAM from "revenue guarantee" product calculated by the Company considering the number of private K-12 Brazilian students according to INEP's Census Escolar L5Y average (as of 2022) and Arco school base average tuition in 2022, resulting in a R$ 88.5B Brazil's private K-12 total Total payment value (TPV) multiplied by average take rate). 2) Core market share calculated in number of students according to INEP CENSUS 2022. Market Share for Supplemental and F&M calculated according to 2023-year revenue guidance's and respective TAMs.

Arco is well positioned to **unlock value** in **different** and **complementary avenues**

1

Strengthen Core dominance and unlock incipient Supplemental market

2

Capture the enormous potential of cross-sell

3

Consolidate Isaac and expand financial and management solutions stack

4

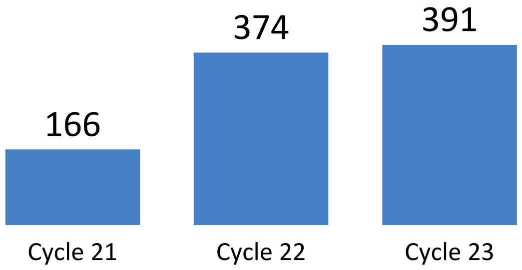
Integrate and continue to follow the efficiency roadmap to scale synergies

Strengthen Core dominance and **unlock incipient Supplemental market**

Pedagogical

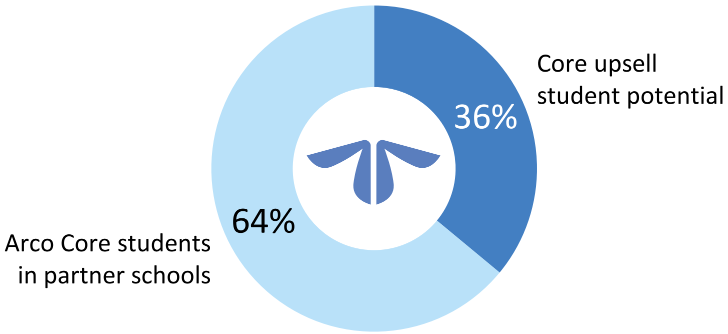
New schools' intake

New schools' intake and upsell (R$M)



- Use proprietary sales process and strong reputation to increase market share
- Continue disrupting traditional textbooks (~40% of private K-12)
- Positive trends for supplementals as schools and parents are looking to add new skills

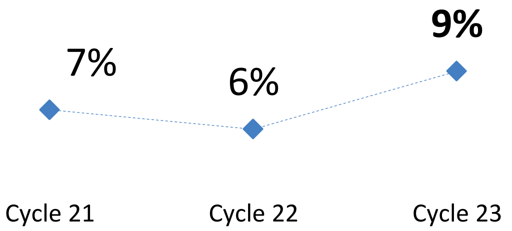
Upselling



100% = total number of students of partner core schools as of March 2023

- Same-school-growth by increasing the number of grades that adopt our core curriculum at each partner school

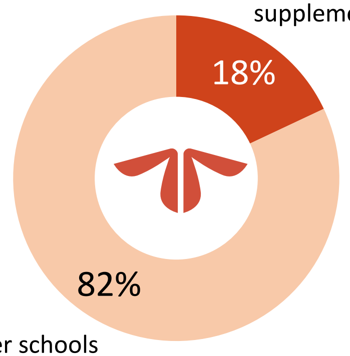
Price Increase

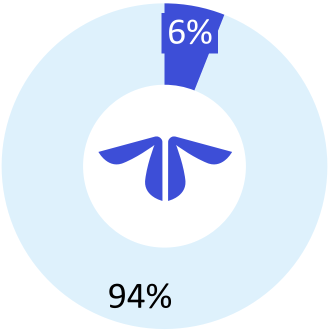


- Constant update and improvement of our solutions allow us to place above-inflation price increases
- Leverage sector dynamics as schools typically adjust tuition above inflation
- Learning system expenses within parents' total share of wallet are low

Capture the **enormous potential of cross-sell**

Headroom for growth within current base[1]



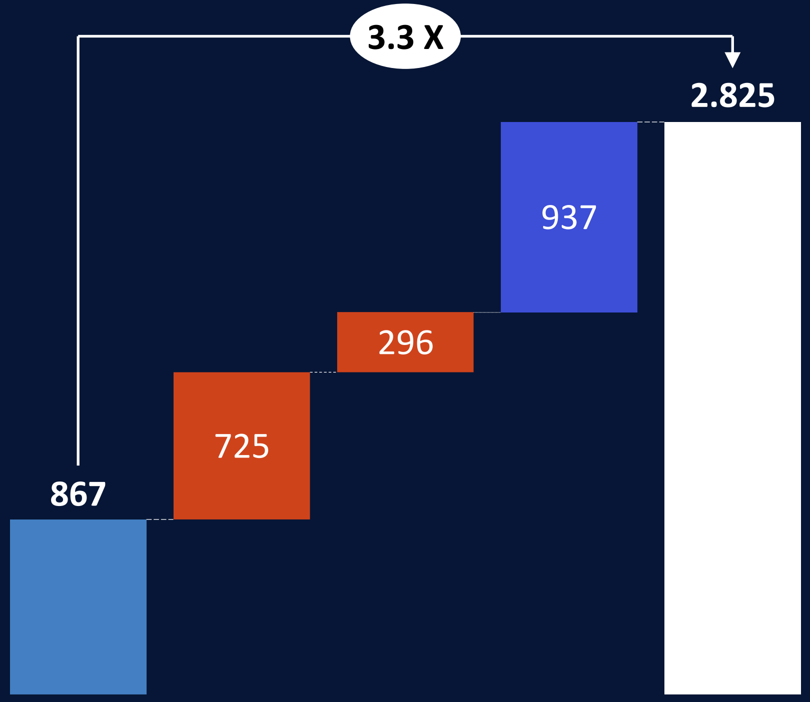


- ✓ **71%** of new school intake for Supplemental content solutions originated from cross-sell initiatives in 23 cycle
- ✓ Cross-sell initiatives (referrals) increased ~**23x** the lead conversion of Supplemental content solutions and having a Supplemental solution reduced Core's churn by **50%**

- ✓ Isaac potential in Arco pedagogical base reaches approx. **R$ 1.7B**
- ✓ There also is cross-sell potential the other way around: Arco's pedagogical solutions are being used in approx. **38%** of isaac partner schools

Complementary portfolio allows Core ARPU increase over 3x

Average ticket per student (R$) – Cycle 2023

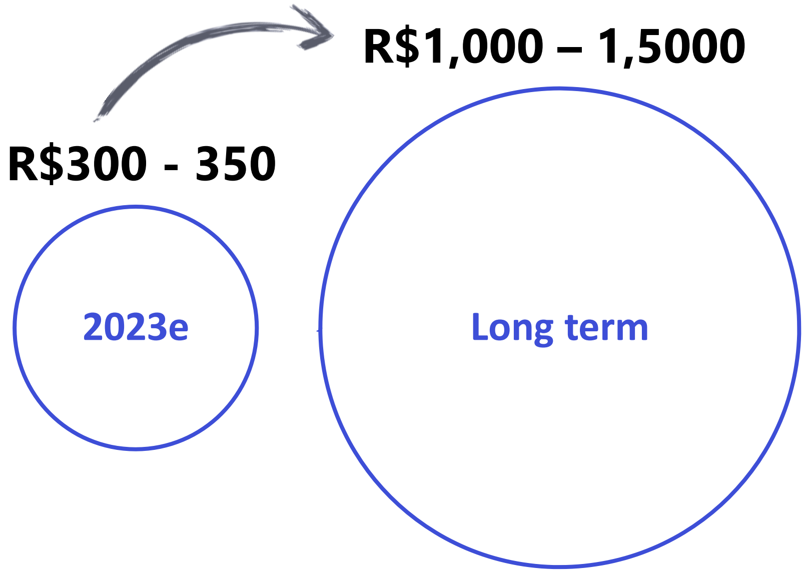


1. As of March 2023

F&M

Expand F&M solutions stack as isaac's attractive unit economics translate into strong profitability while the company gains scale

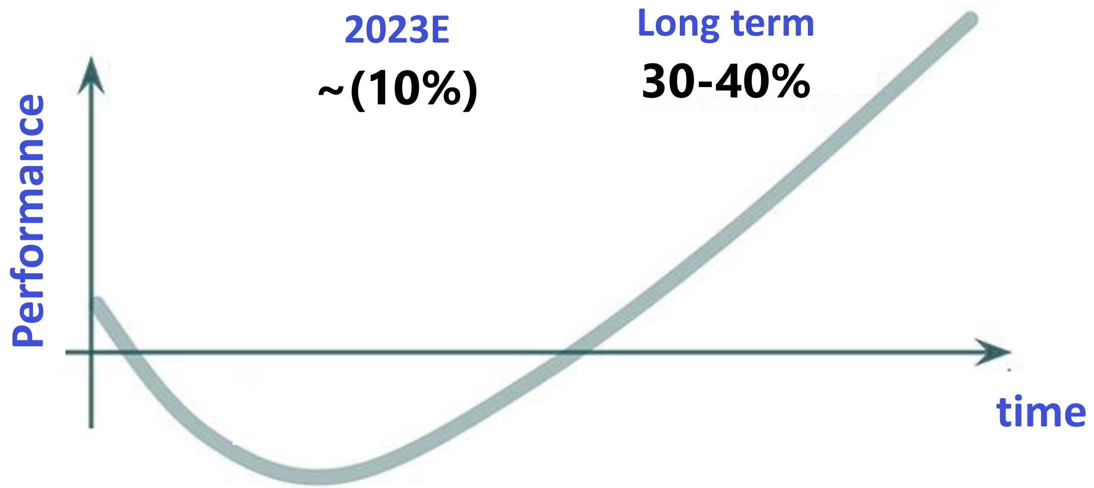
Revenue growth



High growth trajectory in following years as isaac products expand their penetration in pedagogical client base and capture new schools

Profitability

EBITDA Margin



EBITDA improvement enabled by scale gains driven by tech investment and new product launches. EBITDA break-even expected by 2024 year-end

1) Cash generated from operations over EBITDA

Looking ahead, isaac is building a **comprehensive platform** to power **financial and software** solutions within the education ecosystem

SCHOOLS

Financial Solutions

- "Revenue Guarantee"
- Invoicing
- Collection
- POS
- Digital Banking
- Payroll
- Discount Receivables

Software Solutions

- Communication
- Enrollment
- Reporting & Analytics
- Student CRM
- Accounting
- Pricing Intelligence

FAMILIES

Financial Solutions

- Online Checkout
- Insurance
- Tuition Extension
- Tuition Refinancing
- Digital Account
- Credit Card

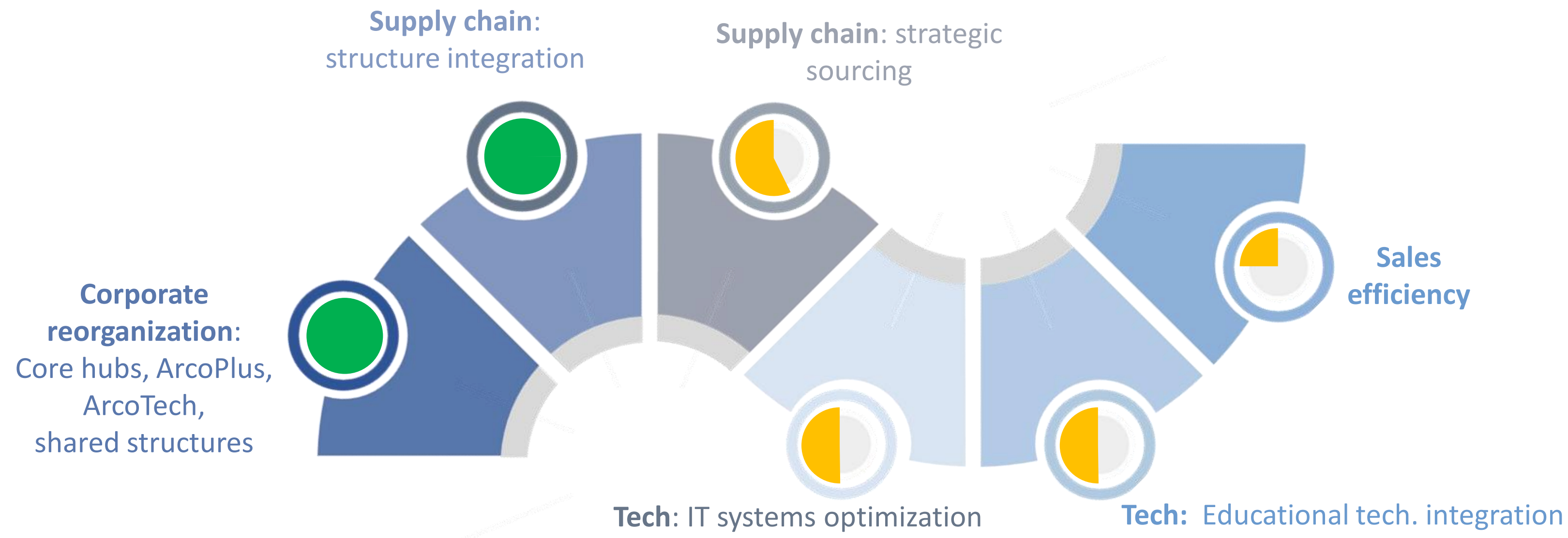
Adjacent Solutions

- Communication
- Tuition Management
- Loyalty
- Rewards
- School Discovery Marketplace
- Education Marketplace

Common Platforms + API Ecosystem

Solutions under pilot operations or to be launched

Integrate and continue to follow the **efficiency roadmap** to scale **synergies**



SUPPLY CHAIN

Main initiatives include:

- Printing
- Logistics
- Discards/losses: redesign S&OP processes/rules

TECHNOLOGY

Goals for Technology projects include:

- Continue reducing redundancies
- Improve the quality of the platform
- Integrate ERP and CRM systems

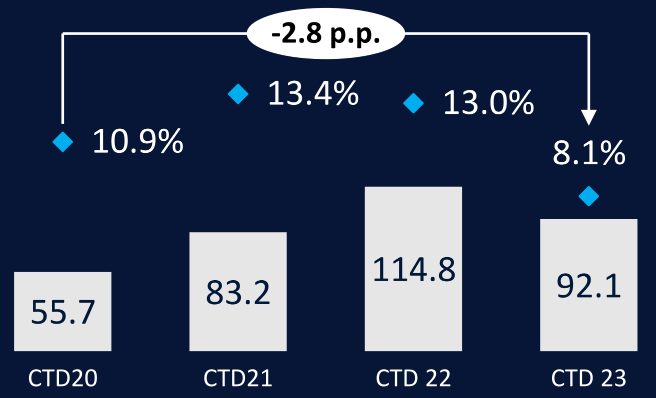
SALES EFFICIENCY

Creation of an Operational Excellence Center aiming to:

- Increase performance (productivity & efficiency)
- Elevate our planning and monitoring capacity
- Support optimal capital allocation between BUs
- Lead cross-brand initiatives

Early results already reflect significant efficiency improvement

G&A cycle to date (March23)[1] (ex-D&A and adjustments[2])



1. Cycle to date includes 4Q G&A expenses (ex-D&A) from previous year and three-month G&A expenses (ex-D&A) for the year. 2) For this analysis, we excluded all EBITDA adjustments that impacts G&A, such as: i) "Share-base compensation plan"; ii) "M&A expenses"; iii) "non-recurring expenses"; iv) "Effects related to Covid-19 pandemic".

ESG AGENDA

2022 ESG report shows sound improvement in key metrics

OUR MANIFEST

Click to access

Impact on Education

- Number of students impacted by our pedagogical solutions **up 15% to 2.6 mm** for the 2023 school year
- Number of students impacted by Arco Instituto's initiatives **up 423%**
- Students approved in universities through SISU **up 33%** (or 8% of total students approved through SISU, vs 6% in 2021)

Focus on People

- **42%** of women in leadership positions (vs. 41% in 2021)
- **35%** of ethnical diversity (vs. 33% in 2021)
- Voluntary turnover **down 4.6 p.p. to 15.8%** (vs. 20.4% in 2021)
- e-NPS **up 6 points to 62** (vs. 56 in 2021)

Strong & Sustainable Structure

- **100%** of our paper is FSC certified and properly disposed and/or recycled
- **First Carbon Footprint measurement** (scopes 1 & 2)
- **Inside of our Board of Directors**

Arco impacts the future of **millions of students** and builds **strong and long-lasting relationships with its clients**

We work everyday to deliver an excellent content that generates proven evolution in learning, develop the skills of the 21st century citizens, support our students to get into Universities and our schools to have excellent results in Education

4MM STUDENTS IMPACTED
2025 goal

> 95%
Retention rates
goal for 2025

> 85
NPS
goal for 2025

our 2025 goals in this pillar:

80% OF OUR SCHOOLS WITH PROVEN EVOLUTION IN LEARNING

100% OF OUR SCHOOLS LEARNING 21st CENTURY SKILLS BY 2025

We are developing a **learning evolution measurable tool** that is comparable to industry benchmarks to quantify the impact of our solutions over student learning.

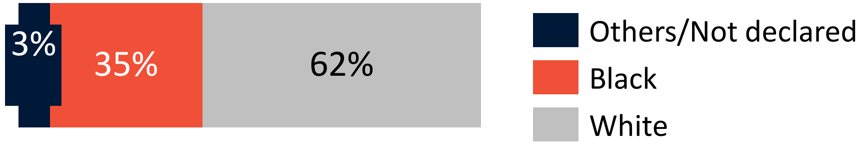
We are **building a playbook that ensures our materials comply with the National Common Brazilian Curriculum (BNCC)**, which defines what 21st century skills students must learn.

We **believe** and **promote diversity** in our company

CURRENT FIGURES

Gender Diversity –
Senior Leadership position[1]

Ethnical Diversity



Discrimination reported

our 2025 goals in this pillar:

50% of woman in senior leadership position

40% of ethnical diversity

>5% discrimination reported

Gender Diversity:
We launched **Mentora Elas**, a program created with the purpose of **leveraging the career of our female managers and increasing the number of women in senior leadership positions[1] at Arco.**

Racial Diversity:
For the ethnic-racial diversity front, we created a **dialogue group with monthly meetings**, providing a space for **reception, reflection and representation**. The main purpose of the group is to **expand our people's knowledge of structural racism and contribute to reducing the rate of discrimination**.

1. We consider executive managers and directors as leadership positions.

We are constantly working to **reduce our impact on the environment**

We recognize our responsibility towards the paper used in our books and we know that our reputation in the sector is capable of driving a relevant sustainability transformation

CURRENT FIGURES

100% of the paper we use is FSC certified[1]

Our printer suppliers:

100%
Have an environmental management system & discard its chemical waste

78%
Considers Environmental criteria's when hiring their own suppliers

89%
Conduct training and education against slavery work, child labor and discrimination

- Aiming to evolve in our **environmental responsibility journey**, we committed to become carbon neutral in scopes 1 and 2[2] by 2025.
- In 2022, we took the first step, mapping our carbon footprint, and we are on our way to analyze the best ways and actions to reduce and/or compensate theses emissions to achieve our 2025 goal.

our 2025 goals in this pillar:

100% of the paper we use is FSC certified and correctly disposed or recycled

Become **carbon neutral on scope 1 and 2[2]**

1. FSC certification ensures that products come from responsibly managed forests that provide environmental, social and economic benefits. 2. Scope 1 refers to emissions coming from company facilities and vehicles – in Arco's case, would be represented by the machinery from our distribution centers. Scope 2 refers to purchased electricity steam, heating & cooling for own use – in Arco's case, would be represented by the energy purchased to use of our offices. The scope 3 refers to indirect emissions not included in Scope 3, - in Arco case, would be the emissions from travels of our sales force.

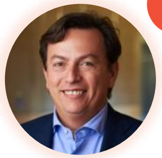
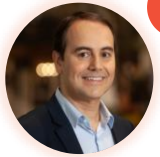
Inside our **Board of Directors**

I *Independent Board Member*







Skills	**Oto de Sá Cavalcante** **Chairman of the Board** + 50 years experience in education	**Ari de Sá Cavalcante Neto** **CEO/Founder** +20 years experience in education	**Paula Soares de Sá Cavalcante** 4 years experience in Auditing at Deloitte	**Beatriz Amary Faccio** (I) 12 years experience in Financial Markets. Partner at Amadeus Capital	**Carla Schmitzberger** (I) 14 years' experience in Retail. Was vice-president at Alpargatas	**Edward Ruiz** (I) 48 years' experience in Accounting and Auditing. Was review partner at Deloitte	**Martin Escobari** (I) 25 years' experience in Financial Markets, Retail and Consultancy	**Stelleo Tolda** (I) 20 years' experience in Retail. Was COO at Mercado Libre
Education	●	●	●	●				
Auditing			●		●	●		
Financial				●		●	●	
Consultancy		●		●			●	
Retail					●		●	●
Internationalization					●		●	
ESG					●			
BoD presence	**Since 2018**		**Since 2021**	Since 2021	Since 2021	Since 2019	Since 2018	Since 2020
Audit Committee				●	●	●		
Compensation Committee					●	●		
Other Boards presence	-	-	-		Natura&Co/ Marisa	Nexa Resources	General Atlantic/Pague Menos SA/Invekra/XP	

Main numbers:

63% Independent

38% of Woman

55 yrs average age

Click here to access the full bio

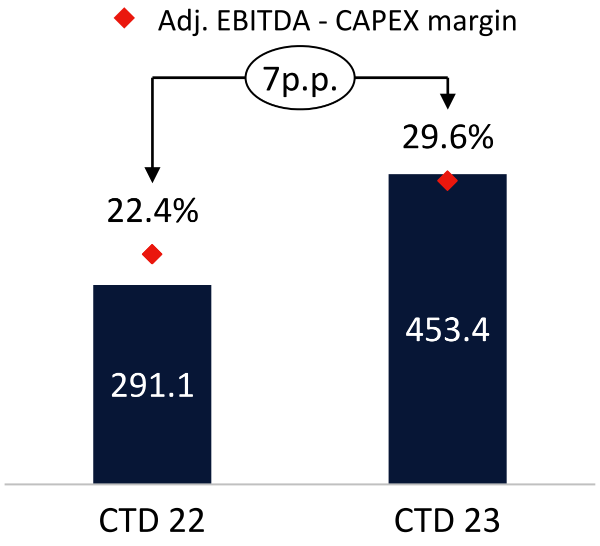
LAST QUARTER IN A GLANCE

2Q23: Positive cash generation trend continues

In R$, M

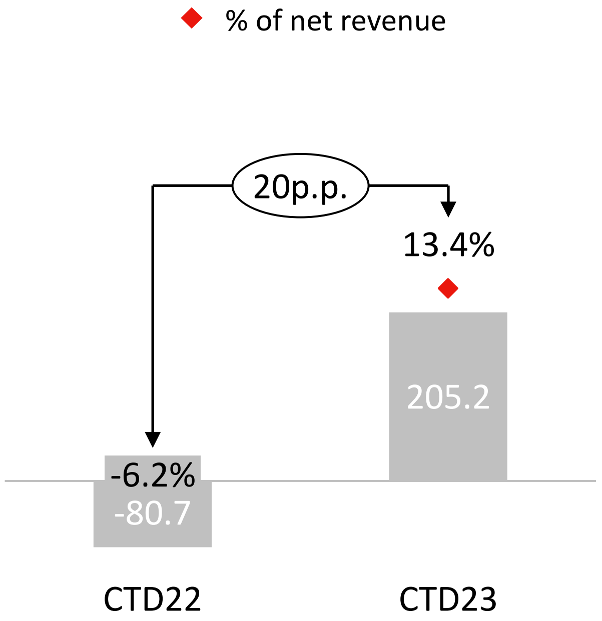
Pedagogical cycle continues with solid operational results…

Adj. EBITDA-CAPEX Cycle to Date[1]



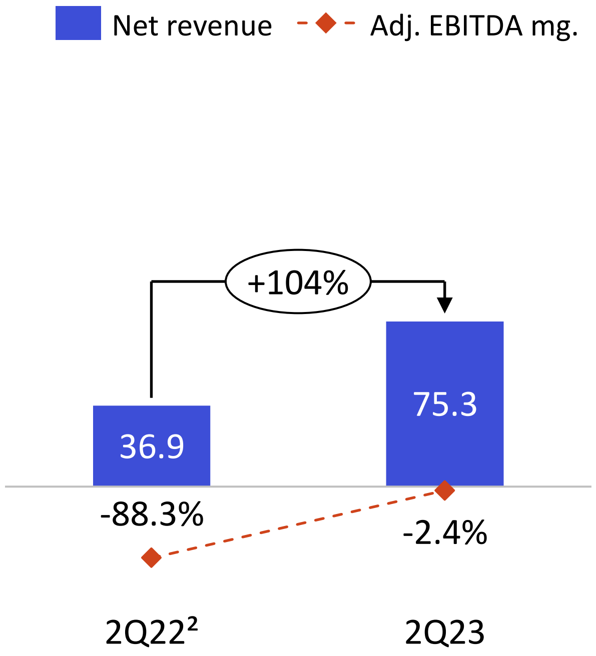
… And consistent cash generation profile improvement

Pedagogical Free Cash Flow to Firm[3]



F&M delivered record quarterly margins with strong growth

Net revenue Adj. EBITDA margin

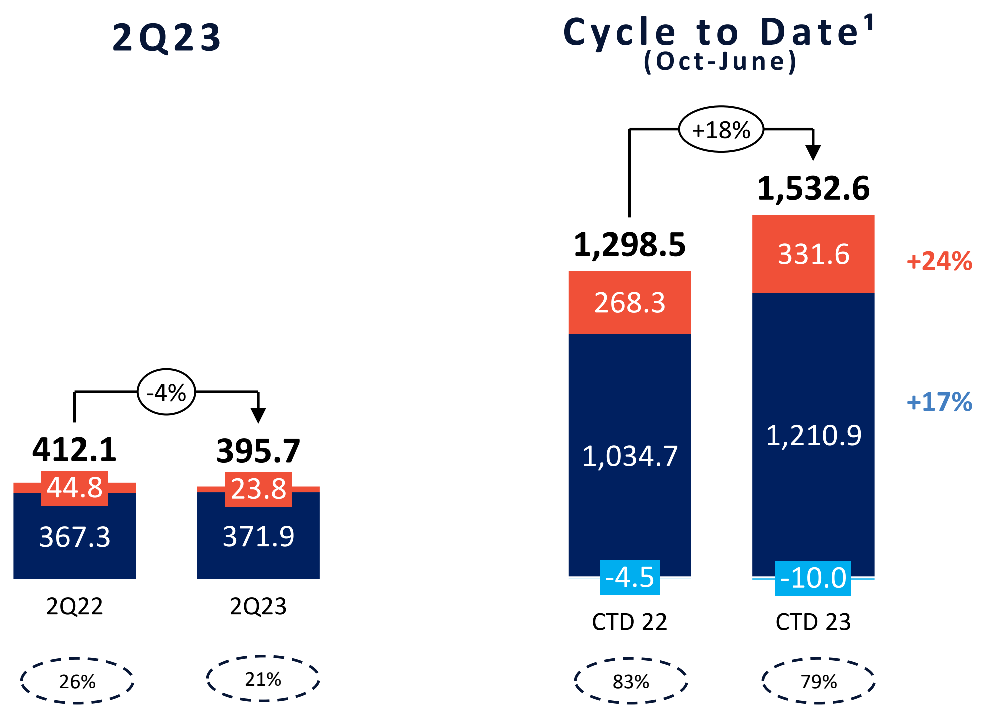


1) Cycle to date ("CTD") figures includes 4Q results from previous year and 1Q and 2Q results for the year and cut-offs, reflecting pedagogical business cycle. 2) 2022 figures are prior to isaac's acquisition by Arco and are being disclosed for comparisons purposes only.
3) Refers to managerial free cash flow on slide 30 for additional details.

2Q23 ACV with lower recognition as expected and a portion of June deliveries deferred to July

Net Revenues

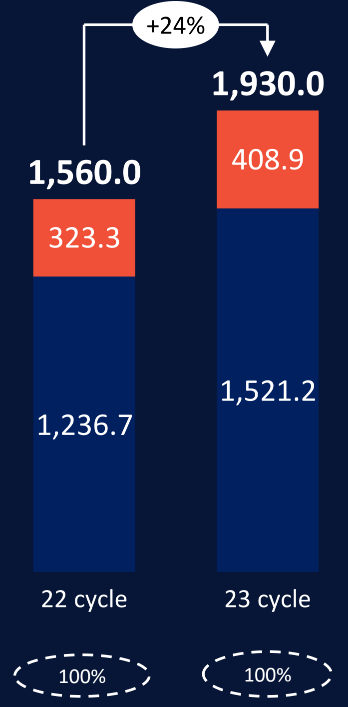
PEDAGOGICAL



Lower quarterly YoY recognition given the new supply strategy to reduce the delivery count to schools. Additionally, R$36M of June deliveries were rescheduled to early July, impacting 2Q23 ACV recognition.

Core | Supplemental | Cut-Off | % of ACV from the respective cycle

ACV Guidance



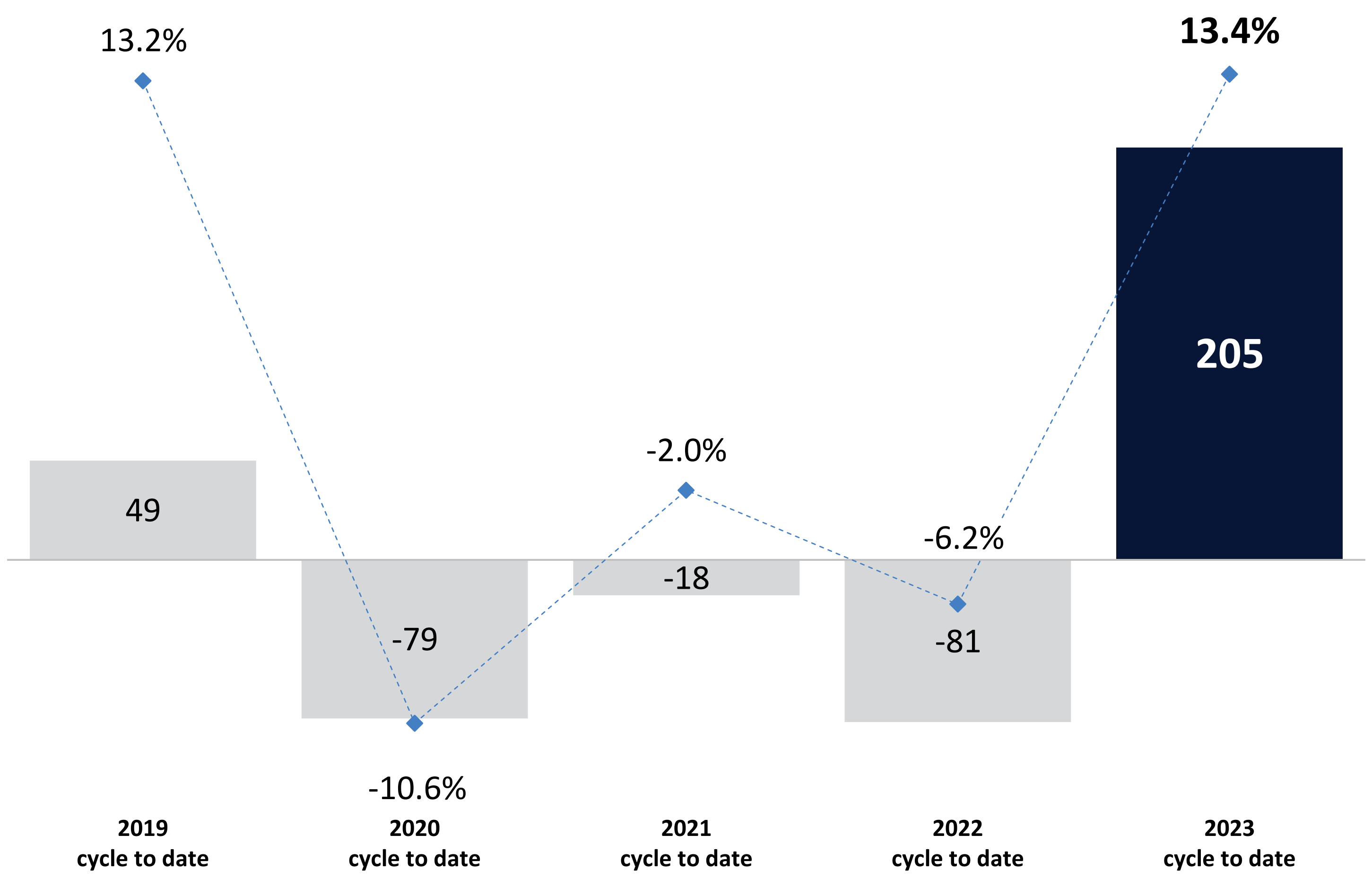
Our pedagogical solutions operate through annual contracts; therefore, **we recommend investors to analyze our results on an annual cycle (Oct-Sep) basis**

1) Cycle-to-date figures include 4Q revenues from the previous year and three-month revenue for the year, excluding (i) cut-offs (content from previous cycle delivered after Sep 30)

Pedagogical

A **20-p.p. expansion** of FCFF over net revenues in the cycle YoY

Historical FCFF Cycle to date (Oct-June)



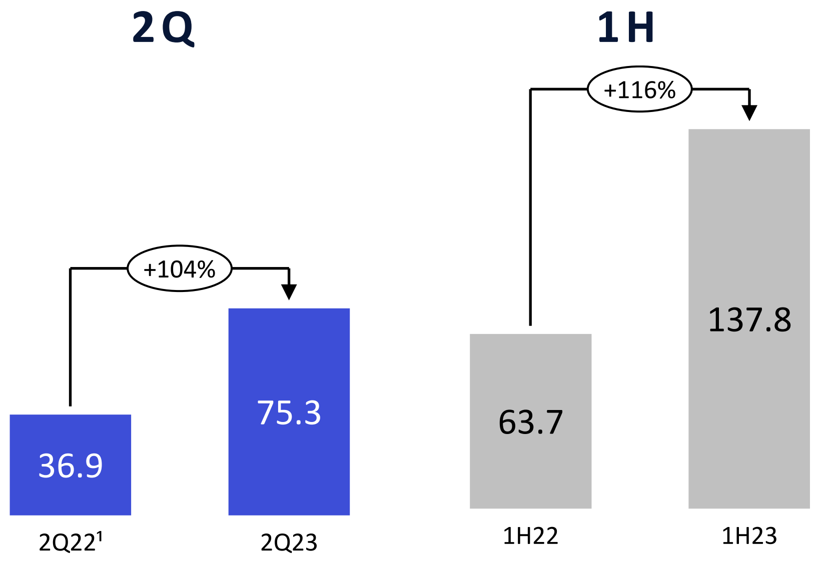
* Refers to managerial free cash flow cycle to date for pedagogical business

F&M delivered strong 104% revenue growth YoY[1] alongside margin expansion

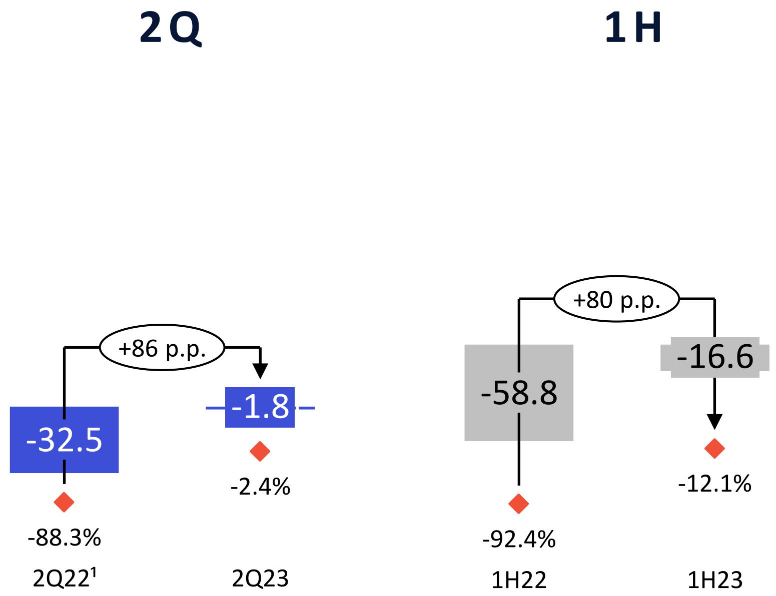
F&M

In R$, M

Net Revenue
F&M SEGMENT



Adj. EBITDA
F&M SEGMENT



We continue committed to our 2023 guidance for F&M:

R$ **300-350** | **Net Revenue** FY

(10)% | **Adj. EBITDA** Margin FY

1) 2022 figures are pro forma once are prior to isaac's acquisition by Arco and are being disclosed for comparisons purposes only.

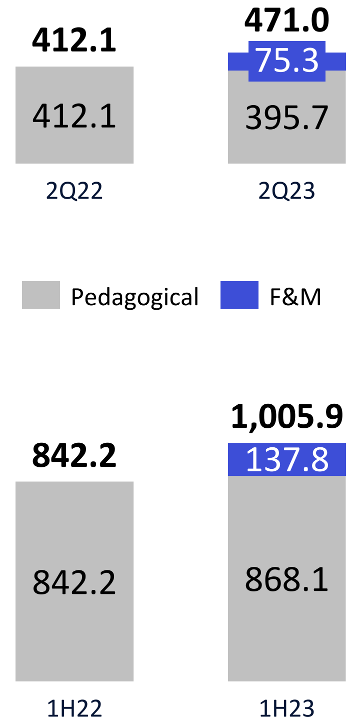
2Q23 results: Consolidated snapshot

Consolidated Results
(Pedagogical + F&M)

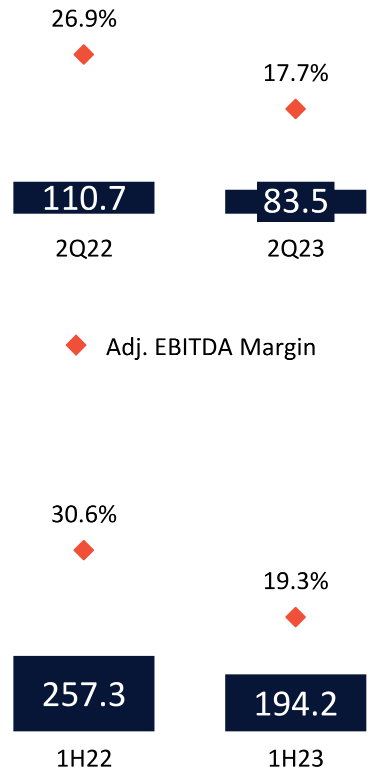
2Q23

1H23

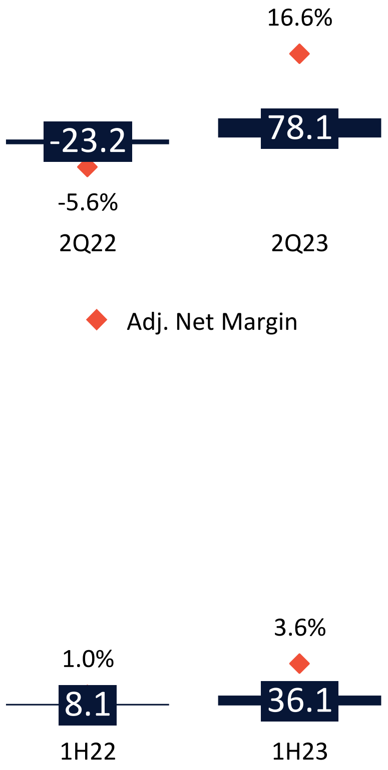
Net Revenue



Adj. EBITDA[1]



Adj. Net Income



1. Consolidated Adj. EBITDA was a combination of both pedagogical and financial & management segments.

Consolidated

Consolidated 25.1% free cash flow to firm in the first half of 2023 (including isaac)

	R$ M		% of revenue		
	6M22	6M23	6M22	6M23	Δ YoY
Adj. EBITDA	**257.3**	**194.2**	30.6%	19.3%	(11.3) p.p
(+/-) Non-cash adj.	(15.6)	60.1	-1.9%	6.0%	+ 7.8 p.p
(+/-) Working Capital	52.6	111.2	6.2%	11.1%	+4.8 p.p
(-) Income taxes paid	(47.5)	(33.4)	-5.6%	-3.3%	+2.3p.p
(-) CAPEX	(90.2)	(79.4)	-10.7%	-7.9%	+2.8 p.p
Free cash flow to firm*	**156.6**	**252.7**	**18.6%**	**25.1%**	**+6.5 p.p**

* Refers to managerial free cash flow (consolidated). Please see reconciliation on slide 30 for additional details.

APPENDIX

PEDAGOGICAL SOLUTIONS
FINANCIAL & MANAGEMENT SOLUTIONS

Pedagogical

Annual contract value ("ACV") bookings

What is it?

Revenue we would contractually expect to recognize from a partner school in each school year, assuming no further additions or reductions in enrolled students in such school

Equivalent to the number of enrolled students at each partner school times the average ticket per student per year

Why is it important?

Meaningful indicator of demand for our platform and the market's response to it

Used by investors and securities analysts in their evaluation of companies

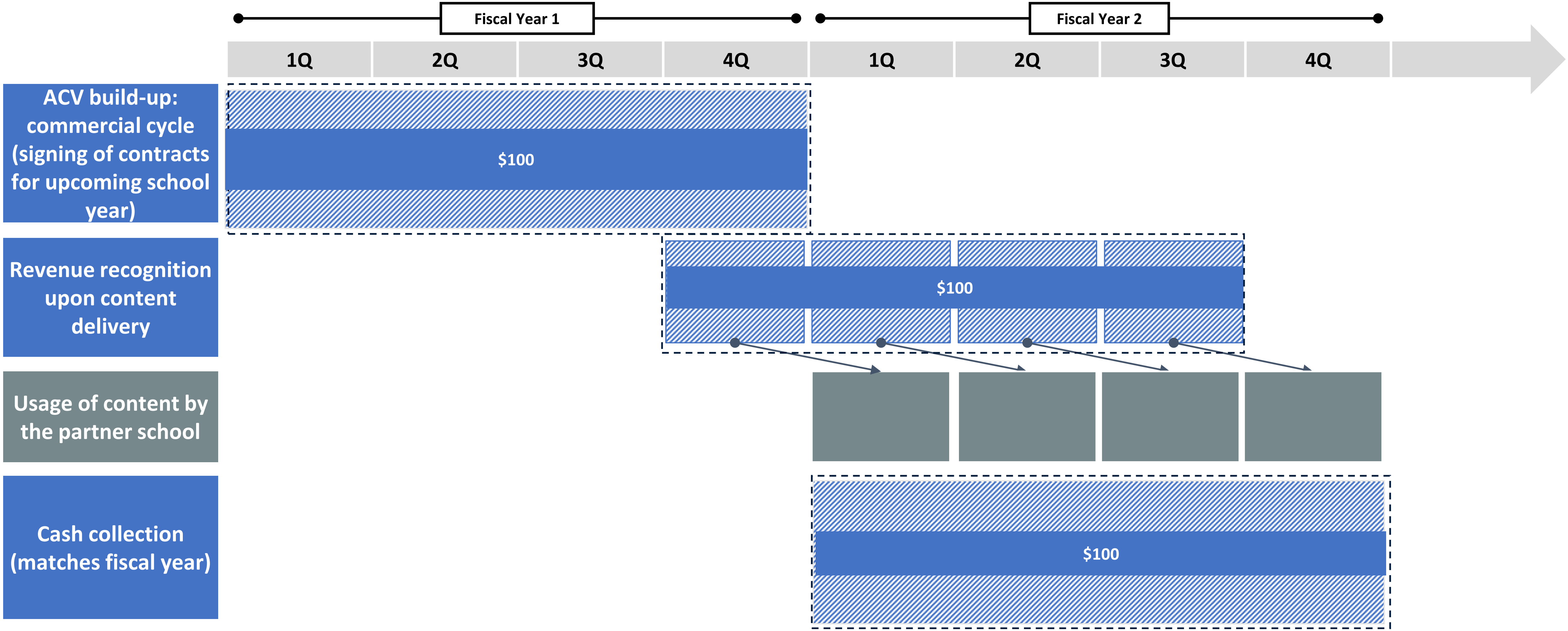
Difference Between ACV Bookings and Revenues

While ACV bookings is recorded upon the signing of contracts for a full school year, revenue is recognized at the moment content is delivered to partner schools

Content is delivered two to four times a year and typically two to three months prior to the start of each school quarter

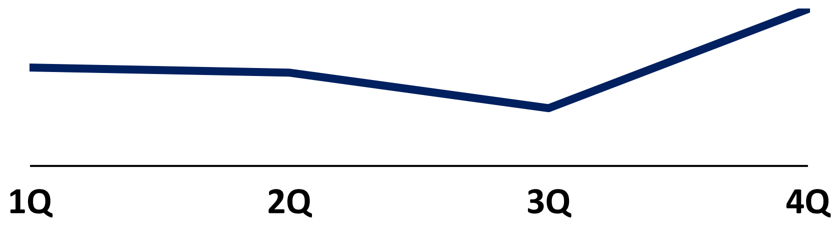
Annual contract value revenue dynamics

ACV bookings x revenue recognition x cash collection

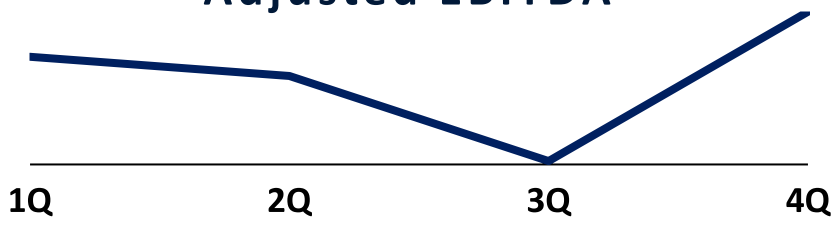


A quarterly seasonality perspective for **operating results and cash flow**

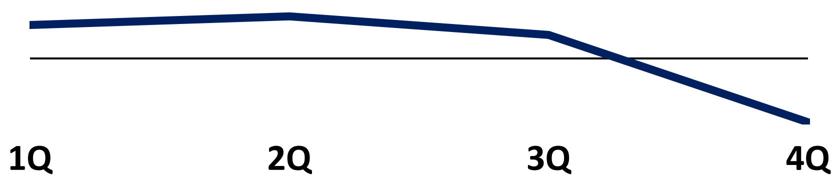
Net Revenues[1]



Adjusted EBITDA[1]



Cash flow from operating activities[1]



Illustrative historic figures

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**

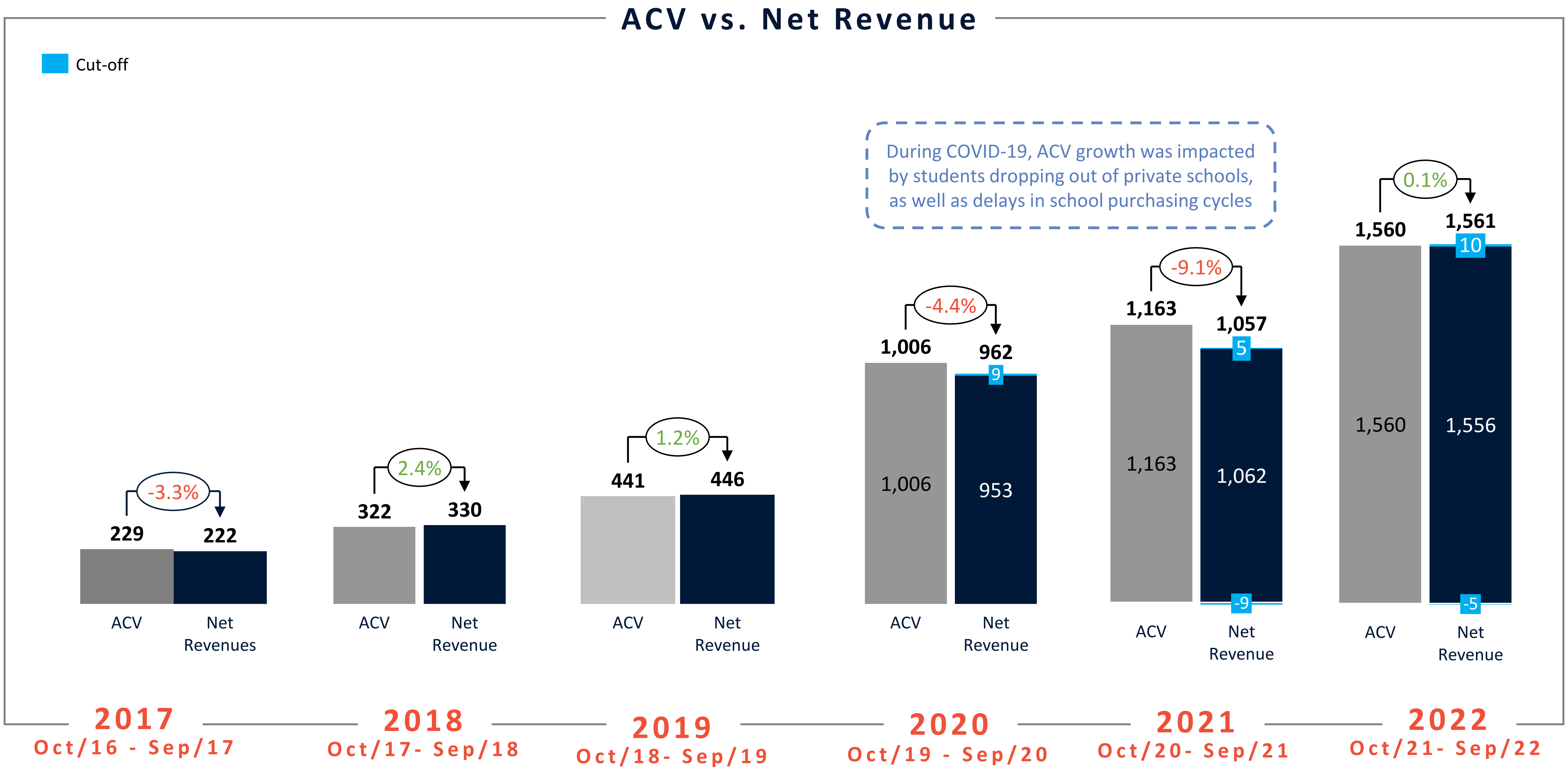
- Regarding **cash flow from operating activities**, as the majority of schools pay for our solutions in up to 8 installments starting in ~Feb, **Q2 is usually the strongest cash generator**, while **Q4 is the weakest**

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. EBITDA adjusted for share-based compensation plan, M&A expenses, non-recurring expenses and effects related to COVID-19 pandemic.

Business model consistently confirms **high revenue predictability**

Pedagogical

In R$ M



Note: For comparison purposes, net revenue 2021 excludes businesses acquired after 2021 guidance disclosure (Me Salva!, Eduqo, Edupass) and net revenue 2022 excludes new business developed in 2022, not included in the ACV (pilot of managerial & financial solution). Cut-off relates to content of the cycle delivered after Sep 30th

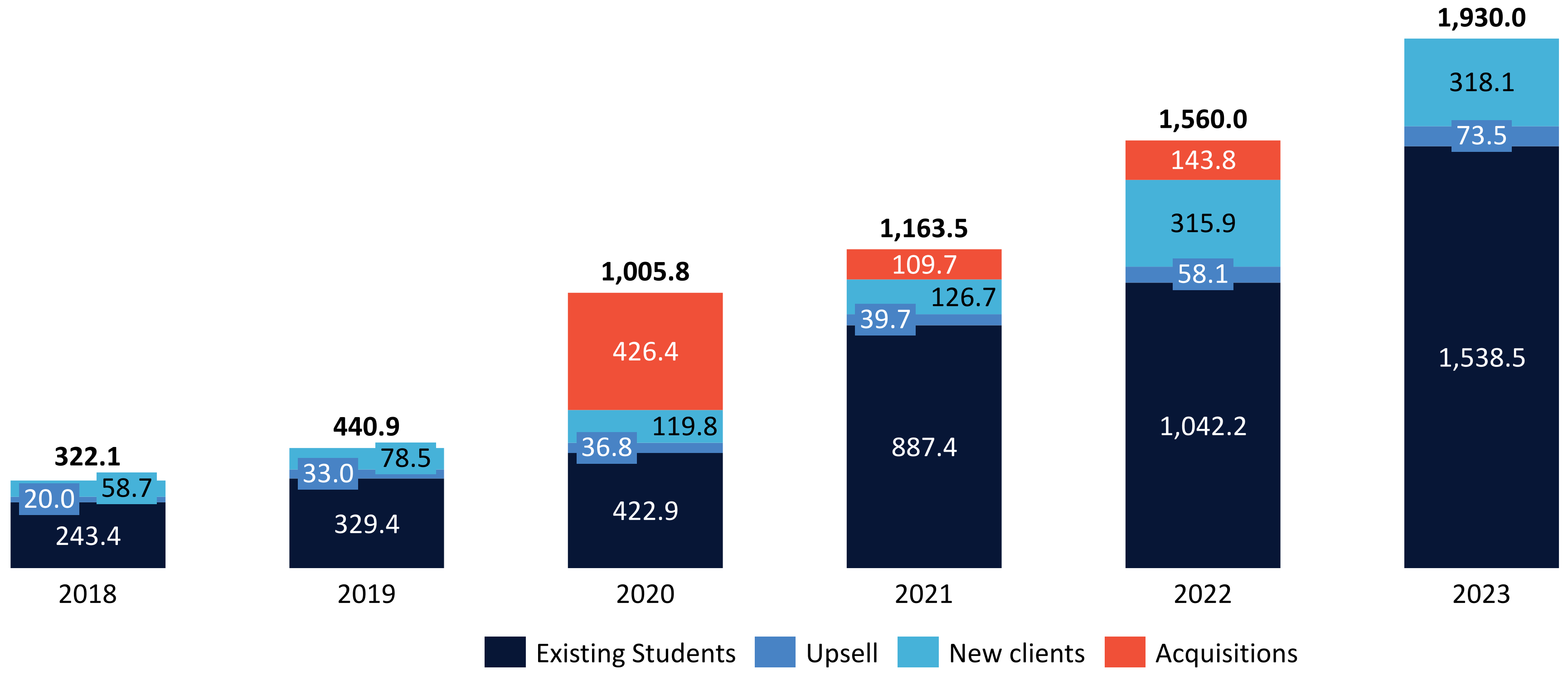
ACV Land and Expand & Top 10 Schools ACV Concentration

Pedagogical

In R$ M

Top 10 Schools' ACV Concentration (%)	10%	6%	4%	3%	3%	3%

Cycle ACV
(R$M)

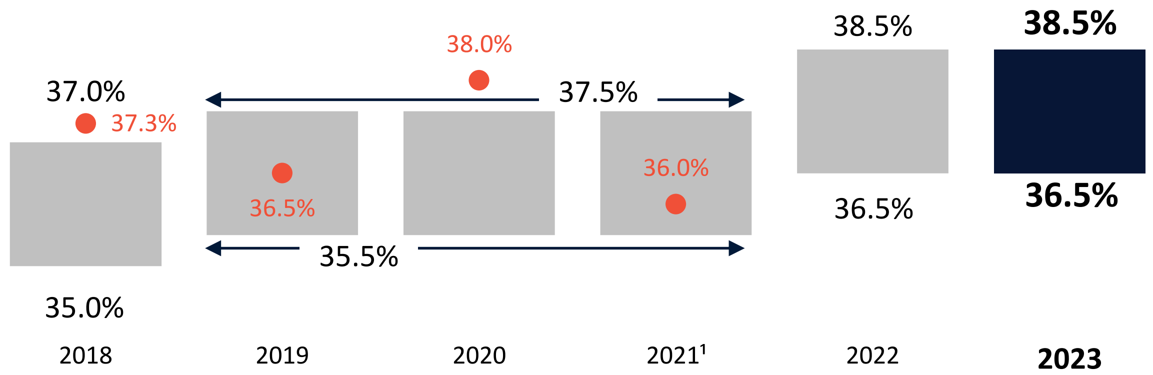


Adj. EBITDA – CAPEX for 2023 reflects scale gains, higher integration and continuous efficiency initiatives

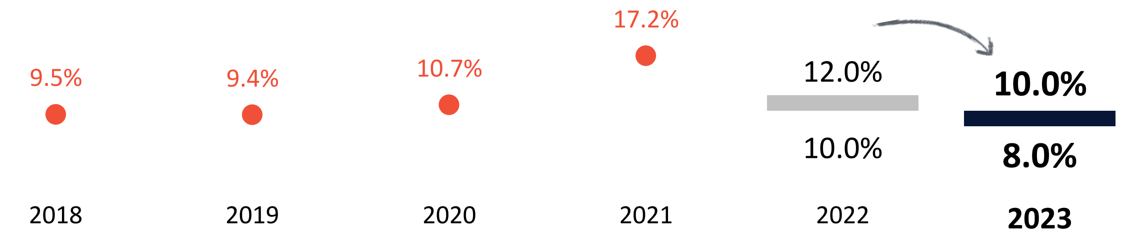
Pedagogical

Historic range guidances   % of net revenue

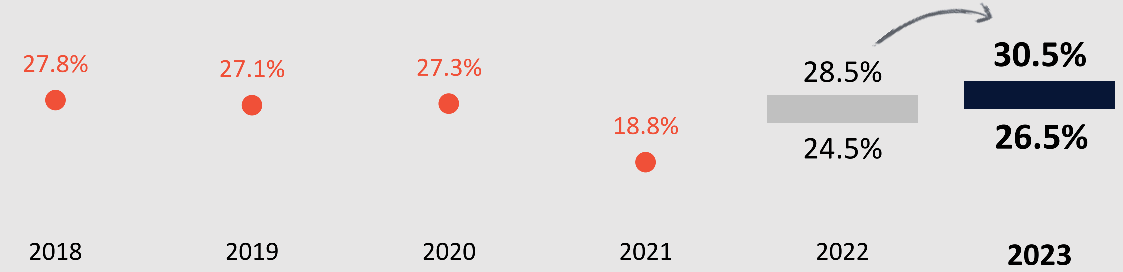
2023 ADJ. EBITDA MARGIN
RANGE GUIDANCE **MAINTAINED**
AT 36.5% – 38.5%



2023 CAPEX
RANGE GUIDANCE **REDUCED TO**
8% – 10% OF REVENUE



2023 ADJ. EBITDA – CAPEX
RANGE **INCREASED TO**
26.5% – 30.5% OF REVENUE



1) For historical comparison purpose the chart above shows the 2021 adj. EBITDA margin excluding M&A announced after guidance disclosure. Consolidate adj. EBITDA margin for 2021, including M&A announced in 2021 after the guidance disclosure, was 35.0%.

Financial solutions: Key concepts to understand isaac business model, "revenue guarantee"

Contracted schools

- Primary operating metric
- Represents total number of schools with active contracts with isaac
- Schools may not yet be yielding revenue due to the onboarding process of recently signed schools
- Schools sign contracts as long as or longer than 1 year for isaac to guarantee tuition from all of the enrolled students

TPV
Total payment volume

- Primary revenue driver
- TPV indicates the full amount to be transacted by isaac to contracted schools. It is calculated by the total tuition fee owed by parents to their schools

Take Rate
Gross take rate

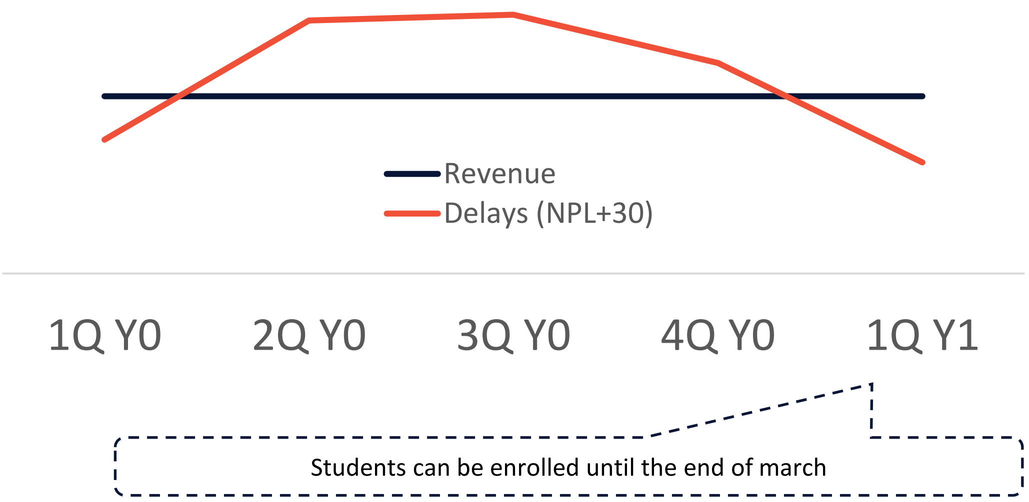
- Revenue driver
- Percentage of TPV agreed upon contract signing
- Take rate is priced upon school sign-up based on school historical delinquency rate, risk profile and operating costs
    - It may be renegotiated or adjusted based on the contract's performance

ARR
Annual recurring revenue

- Best proxy metric for revenue growth
- ARR is the contracted annualized revenue for a given month
- Annual contracts and recurring nature make ARR a good proxy for growth, given isaac's high growth profile, mitigating seasonal and onboarding effects

Financial solutions: Income statement and cash flow dynamics for isaac "revenue guarantee"

Theoretical school
% of TPV



HISTORICAL SEASONALITY:

Revenue

- Calculated as the product of the monthly guaranteed TPV and the take rate for each school in addition to late payments fees and interest
- Revenue is recognized monthly upon the payment to the school and is stable throughout the year, varying as

COGS + Selling expenses

- Transactional costs and cost to serve is accrued on a monthly basis
- Includes provision for credit losses and write-offs. We currently provision a % of each month's TPV - such % is defined based on our predictive model of expected loss and consider current performance of our receivables as well as historical behavior of cohorts

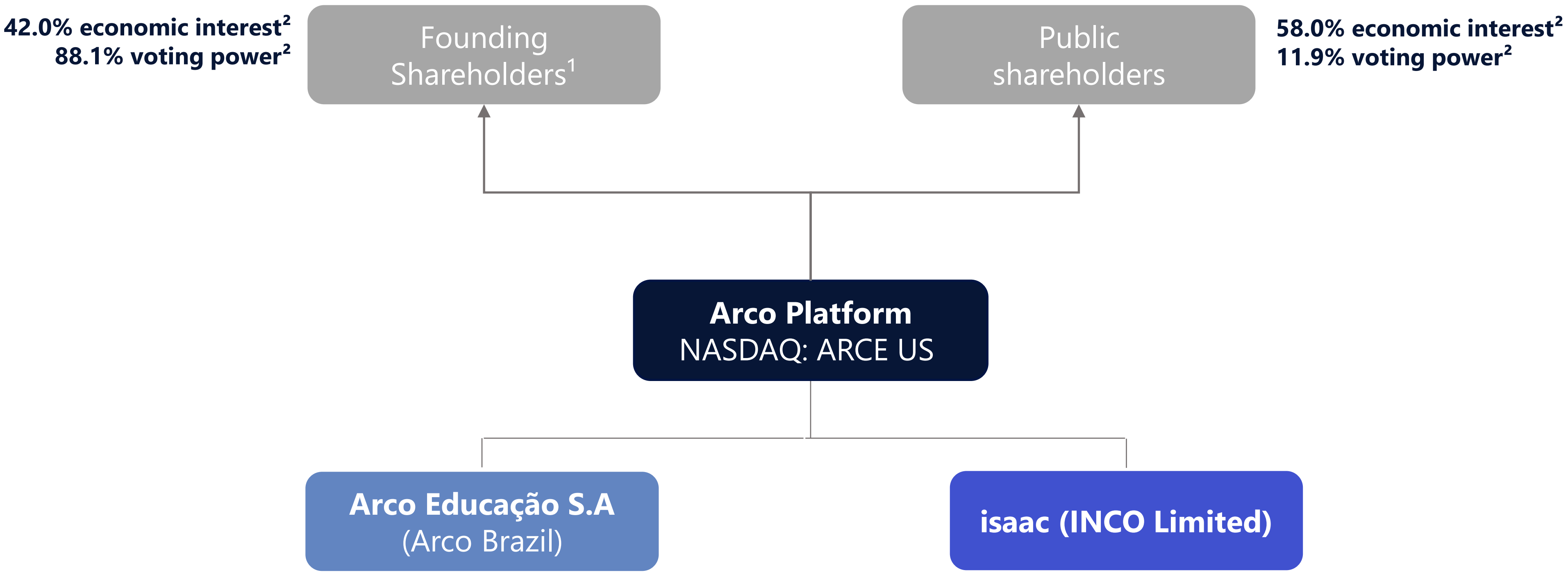
Cashflow

- 2Q – Neutral working capital dynamics
- 3Q - 4Q – Negative working capital dynamics
- 1Q - Positive working capital dynamics

APPENDIX

FINANCIAL STATEMENTS &
ADDITIONAL FINANCIAL INFORMATION

Our dual-class share ownership structure reassures **our founder's commitment to the business** while **allowing for equity funding possibilities**

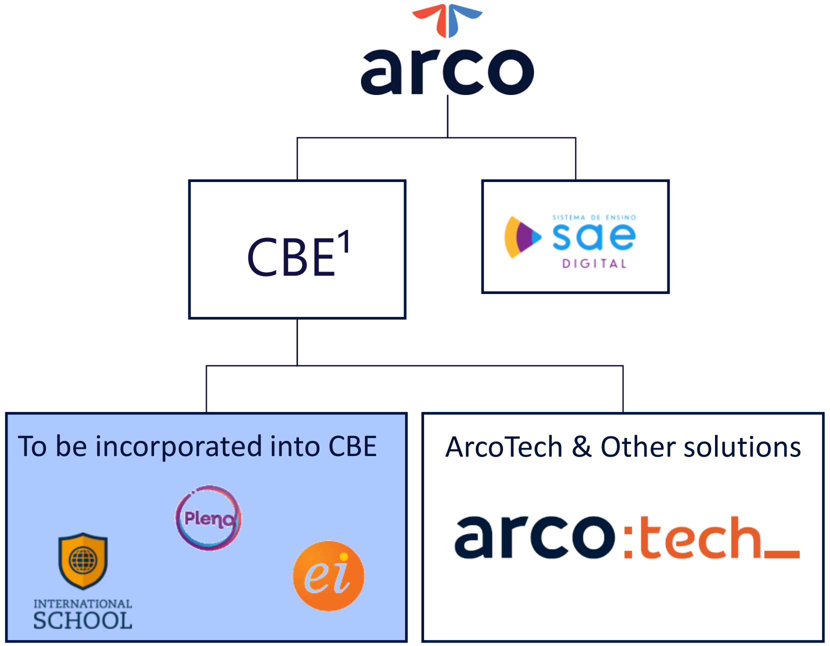


1) Founding shareholders stake includes Class B shares. Class B shares (Super-voting shares) have10X voting power vs. Class A shares. 2) Over shares outstanding as of March 31 2023. 3) Companhia Brasileira de Educação e Sistemas de Ensino S.A., entity incorporating pedagogical acquired businesses (more details over incorporation schedule on slide 77).

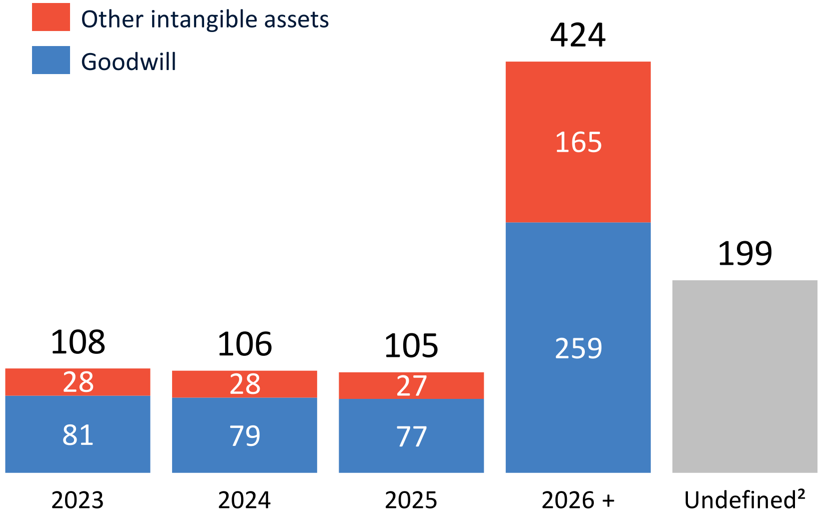
Ongoing corporate restructuring will further contribute to **future cash generation**

In R$ M

Corporate restructuring



Current tax benefit from business combinations



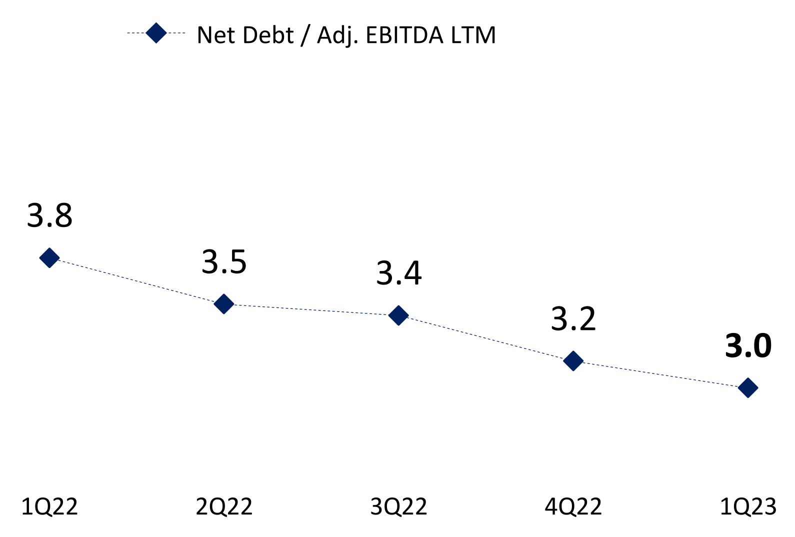
- Expected incorporation schedule[3]: Escola da Inteligência (2023), Pleno (2023) and SAE Digital (2024)
- As we incorporate other businesses into CBE we expect to capture additional tax benefits and therefore further reduce our effective tax rate, currently at 18.9% in 1Q23 (details on taxable income on slide 33)

1) Companhia Brasileira de Educação e Sistemas de Ensino S.A., entity incorporating acquired businesses. 2) Business not yet incorporated. 3) Subject to change.

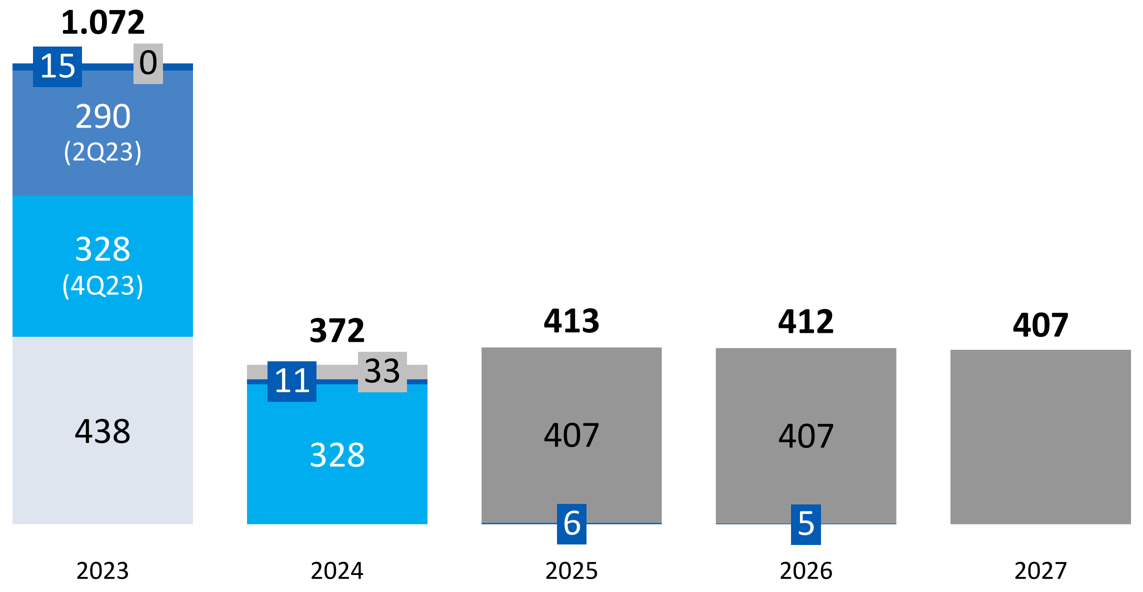
Ongoing deleveraging process due to strong EBITDA growth and operating cash flow generation

In R$, M

Net Debt[1] / Adj. EBITDA LTM



Obligations (R$M)



Obligations	Breakdown by type	Index
LOANS AND FINANCING[1] R$1,254 M	Debentures (R$1,220 M)	CDI+2.30% p.a. – paid semi annually
	Other (R$33 M)	Miscellaneous
ACCOUNTS PAYABLE TO SELLING SHAREHOLDERS R$1,422 M	Others sellers notes (R$37 M)	Earn-outs & CDI
	Escola da Inteligência (R$290 M)	Earn-out (ACV multiple)
	Positivo (R$657 M)	SELIC
	International School[2] (R$438 M)	CDI

1) Excludes Convertible notes: considers the conversion into equity of the convertible senior notes with no future disbursement of principal (US$150 M) issued on Nov 30, 2021. These notes mature in 7 years, on Nov 15, 2028, and bear interest at 8% per year fixed in Brazilian reais (R$66 M per year). 2) Amount subject to an arbitration process. Please reference the Financial Statements as of March 31st, 2023, for additional details.

Balance Sheet

Assets	2020	2021	2022	1Q23
Cash and cash equivalents	424.410	211.143	216.360	693.908
Financial investments	712.645	973.294	391.785	119.963
Trade receivables	415.282	593.263	856.887	1.016.611
Inventories	74.076	158.582	254.060	219.245
Recoverable taxes	19.304	38.811	67.166	69.570
Derivative financial asset	-	301	-	-
Related parties	9.970	4.571	3.956	4.079
Other assets	24.073	66.962	82.515	121.548
Total current assets	**1.679.760**	**2.046.927**	**1.872.729**	**2.244.924**
Financial instruments from acquisition of interest	-	-	-	-
Deferred income tax	236.903	321.223	337.267	449.766
Recoverable taxes	1.121	22.216	11.108	11.010
Financial investments	10.349	40.762	30.861	23.834
Derivative financial asset	-0	560	-	-
Related parties	10.508	6.819	-	-
Other assets	22.239	57.534	78.038	78.334
Investments and interests in other entities	9.654	126.873	111.631	23.093
Property and equipment	26.087	73.885	59.031	56.870
Right-of-use assets	30.022	35.960	68.696	69.136
Intangible assets	2.549.637	3.257.360	3.184.047	3.851.953
Total non-current assets	**2.896.520**	**3.943.192**	**3.880.679**	**4.563.996**
Total asset	**4.576.280**	**5.990.119**	**5.753.408**	**6.808.920**

Liabilities & Equity	2020	2021	2022	1Q23
Trade payables	40.925	103.292	182.748	218.138
Labor and social obligations	85.069	157.601	89.044	134.054
Taxes and contributions payable	9.676	7.953	9.488	19.232
Income taxes payable	44.731	37.775	28.576	13.352
Advances from customers	23.080	35.291	16.079	223.299
Lease liabilities	12.742	20.122	34.329	35.124
Loans and financing	107.706	228.448	102.873	55.373
Derivative financial liabilities	-	-	3.693	5181
Accounts payable to selling shareholders	656.014	799.553	1.060.746	1.073.957
Other liabilities	331	3.176	6.013	8.155
Total current liabilities	**980.274**	**1.393.211**	**1.533.589**	**1.785.865**
Labor and social obligations	36.570	661	1.451	2.605
Lease liabilities	22.478	22.996	42.576	42.459
Loans and financing	203.413	1.602.879	1.833.956	1.819.346
Derivative financial liabilities	-	223.561	110.154	63.800
Provision for legal proceedings	1.366	1.398	3.174	2.358
Accounts payable to selling shareholders	1.130.501	869.233	330.457	347.980
Other liabilities	794	946	621	600
Total non-current liabilities	**1.395.122**	**2.721.674**	**2.322.389**	**2.279.148**
Share capital	11	11	11	14
Capital reserves	2.200.645	2.203.857	2.009.799	2.757.393
Treasury shares	-	(180.775)	(8.205)	-
Share-based compensation reserve	80.817	90.813	95.008	95.061
Accumulated losses	(80.589)	(238.672)	(199.183)	(108.561)
Total Equity	**2.200.884**	**1.875.234**	**1.897.430**	**2.743.907**
Total liabilities and equity	**4.576.280**	**5.990.119**	**5.753.408**	**6.808.920**

P&L

P&L	2020	2021	2022	1Q23	1Q22
Net revenue	**1.001.710**	**1.232.074**	**1.775.427**	**534.906**	**430.037**
Cost of sales	(221.130)	(294.407)	(500.526)	(215.734)	(116.578)
Gross profit	**780.580**	**937.667**	**1.274.901**	**319.172**	**313.459**
Selling expenses	(372.269)	(496.298)	(665.014)	(191.171)	(164.353)
General and administrative expenses	(270.558)	(328.643)	(338.262)	(163.682)	(86.100)
Other income (expense), net	(2.258)	16.673	23.904	156.187	17.394
Operating profit (loss)	**135.495**	**129.399**	**295.529**	**120.506**	**80.400**
Finance income	45.211	91.212	445.237	102.931	159.233
Finance costs	(142.013)	(372.086)	(638.483)	(161.902)	(125.101)
Finance result	**(96.802)**	**(280.874)**	**(193.246)**	**(58.971)**	**34.132**
Share of profit (loss) of equity-accounted investees	409	(22.182)	(34.365)	(852)	(5.642)
Profit (loss) before income tax and social contribution	**39.102**	**(173.657)**	**67.918**	**60.683**	**108.890**
Current	(87.379)	(65.609)	(44.473)	(15.085)	(21.847)
Deferred	65.057	81.183	16.044	45.024	15.616
Income tax and social contribution	**(22.322)**	**15.574**	**(28.429)**	**29.939**	**(6.231)**
Net profit (loss) for the period/year	**16.780**	**(158.083)**	**39.489**	**90.622**	**102.659**

Adjusted EBITDA reconciliation

In R$, M
(unaudited)

Adjusted EBITDA Reconciliation	1Q23	1Q22
Profit (loss) for the period/year	**90.622**	**102.659**
(+/-) Income taxes	(29.939)	6.231
(+/-) Finance result	58.971	(34.132)
(+) Depreciation and amortization	93.176	65.781
(+/-) Share of loss of equity-accounted investees	852	5.642
EBITDA	**213.682**	**146.181**
(+) Share-based compensation plan (RSU - restricted stock units)[1]	36.980	15.423
(+) Share-based compensation plan and restricted stock units	20.824	8.020
(+) Provision for payroll taxes (restricted stock units)	16.156	7.403
(+) M&A expenses	3.089	1.472
(-) Other changes to equity accounted investees[2]	(156.414)	(16.413)
(+) Non-recurring expenses[3]	13.348	-
Adjusted EBITDA	**110.685**	**146.663**
Net revenue	534.905	430.037
EBITDA Margin	39,9%	34,0%
Adjusted EBITDA Margin	**20,7%**	**34,1%**

1) RSU was punctually impacted in 1Q23 due to incorporation/emission of isaac team plans. 2) Refers to (gains) losses related to capital contribution from others on investees leading to an increase in equity of the investee, and non-recurring expenses related to acquisitions. 3) Non-recurring expenses mainly relate to SOx implementation in acquired businesses.

Adjusted net income reconciliation

In R$, M

(unaudited)

Adjusted Net Income Reconciliation	1Q23	1Q22
Profit (loss) for the period	**90.622**	**102.659**
(+) Share-based compensation plan[1]	36.980	15.423
(+) Share-based compensation plan and restricted stock units	20.824	8.020
(+) Provision for payroll taxes (restricted stock units)	16.156	7.403
(+) M&A expenses	3.089	1.472
(-) Other changes to equity accounted investees[2]	(156.414)	(16.413)
(+) Non-recurring expenses[3]	13.348	-
(+/-) Adjustments related to business combination	56.995	49.903
(+) Amortization of intangible assets from business combinations	30.363	28.457
(+/-) Changes in accounts payable to selling shareholders	17.601	7.028
(+) Interest expenses, net (adjusted by fair value)	9.031	14.418
(+/-) Non-cash adjustments related to derivative instruments and convertible notes[4]	(54.983)	(105.649)
(+/-) Tax effects	(31.662)	(16.140)
Adjusted Net Income	**(42.025)**	**31.255**
Net Revenue	534.905	430.037
Adjusted Net Income Margin	**-7.9%**	**7.3%**
Weighted average shares	65,778	56,100
Adjusted EPS	(0,64)	0,56

1) RSU was punctually impacted in 1Q23 due to incorporation/emission of isaac team plans . 2) Refers to (gains) losses related to capital contribution from others on investees leading to an increase in equity of the investee. 3) Non-recurring expenses relate to (i) SOx implementation in acquired businesses. 4) Adjustment previously named "(+/−) Changes in fair value of derivative instruments".

Free cash flow

In R$, M

(unaudited)

Free cash flow (managerial)	1Q23	1Q22
(Loss) profit before income taxes	**60.683**	**108.890**
(+/-) Adj. to reconcile profit (loss) before income taxes to cash from operations	65.115	16.577
(+/-) Working Capital (changes in assets and liabilities)	150.026	(22.681)
Cash from operations	**275.824**	**102.786**
% of Net revenues	*62,5*	*23,9%*
(-) Income taxes paid	(31.165)	(42.682)
(-) CAPEX[1]	(37.040)	(46.977)
Free cash flow to firm (managerial)[1]	**207.619**	**13.127**
% of Net revenues	38,8%	3,1%
(-) Interest paid on loans and financing & lease liabilities	(112.957)	(16.887)
(-) Interest paid on accounts payable to selling shareholders	(227)	(378)
Free cash flow (managerial)	**94.435**	**(4.138)**
% of Net revenues	*17,7%*	*-1,0%*
(+/-) M&A related	119.473	(7.502)
(-) Repurchase of shares & foreign cash	(580)	(36.751)
(+/-) Loans and financing	(15.959)	(212.153)
(+/-) Financial investments (net)	1.330	20.560
Change in cash & financial investments	**198.699**	**(239.984)**
Cash & financial investments[3] at the beginning of the period	639.006	1.225.199
Cash & financial investments[3] at the end of the period	837.705	985.215

1) In 1Q22, the Acquisition of Intangible Assets line in our IFRS cash flow statement includes R$ 5.5 million from PGS and Mentes acquisition. For managerial disclosure purposes, in the table above CAPEX did not includes such operation. The R$ 5.5 M was classified in "(+/-) M&A related" line.

Taxable income reconciliation

In R$, M

(unaudited)

Taxable Income Reconciliation	1Q23	1Q22
Profit before income taxes	**60.683**	**108.890**
(+) Share-based compensation plan, RSU and provision for payroll taxes[1]	25.129	(2.232)
(+) Amortization of intangible assets from business combinations before incorporation[1]	4.181	7.752
(+/-) Changes in accounts payable to selling shareholders[1]	(9.226)	29.873
(+/-) Share of loss of equity accounted investees	852	5.642
(+) Net income from Arco Platform (Cayman)	(177.442)	(109.515)
(+) Fiscal loss without deferred	1.930	5.151
(+/-) Provisions booked in the period	103.356	31.285
(+) Tax loss carryforward	69.887	29.679
(+) Others	528	5.080
Taxable income	**79.878**	**111.604**
Current income tax under actual profit method	**(27.159)**	**(37.945)**
% Tax rate under actual profit method	*34%*	*34%*
(+) Effect of presumed profit benefit	-	-
Effective current income tax	**(27.159)**	**(37.946)**
% Effective tax rate	*-34%*	*-34%*
(+) Recognition of tax-deductible amortization of goodwill and added value[2]	20.693	11.322
(+/-) Other additions (exclusions)	(8.619)	4.777
Effective current income tax accounted for goodwill benefit	**(15.084)**	**(21.847)**
% Effective tax rate accounting for goodwill benefit	**18,9%**	**19,6%**

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.

VIDEOS

Our history, impact, strategy & people

Arco Manifest

Arco’s history
by Ari de Sá (CEO & Founder)

ESG Report

Arco Day 2021

Partner schools' statements

Meet our Management Team

arco

ir@arcoeducacao.com.br