3Q21 Earnings Presentation

November 2021

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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

3Q results conclude 2021 cycle with Net Revenues of R$1,057 million

- **Net Revenues for 3Q21 represent 16% of the 2021 ACV**, leading to Net Revenues of R$1,057 million for the 2021 cycle[1]
- **G&A expenses excluding new businesses[2]** start to reflect **efficiency measures**, while **Selling expenses** increase aligned with the **successful 2022 commercial cycle**
- **Allowance for doubtful accounts dropped 61.8% YoY**, returning to historical levels
- **Adj. EBITDA margin was 8.6% in 3Q21**, reflecting revenue seasonality, product development and investments in sales & marketing, and leading to a **26.8% margin for the 9M21**
  - **Excluding businesses acquired in 2021[1]**, margin was **27.3% for 9M21**

2021 Adj. EBITDA Margin guidance reiterated

- We expect **EBITDA margin in 2021 to be between 35.5% and 36.0%**
- **4Q** is traditionally the **strongest** quarter as **all solutions** deliver content to partner schools
- Starting this year, 4Q will benefit from recent **Cost & Expenses cutting initiatives** and **integration efforts**

2022 guidance: Solid ACV growth and a more efficient structure

- **Strong commercial cycle** turning into **strong ACV growth.** We expect **Revenues to grow 27%-29%** organically in the 2022 cycle**, or 38%-42% with recent M&A**
- Arco continues to reinforce its platform profile, benefiting from a more **efficient structure.** We are moving our **EBITDA guidance range to 36.5%-38.5% for 2022**

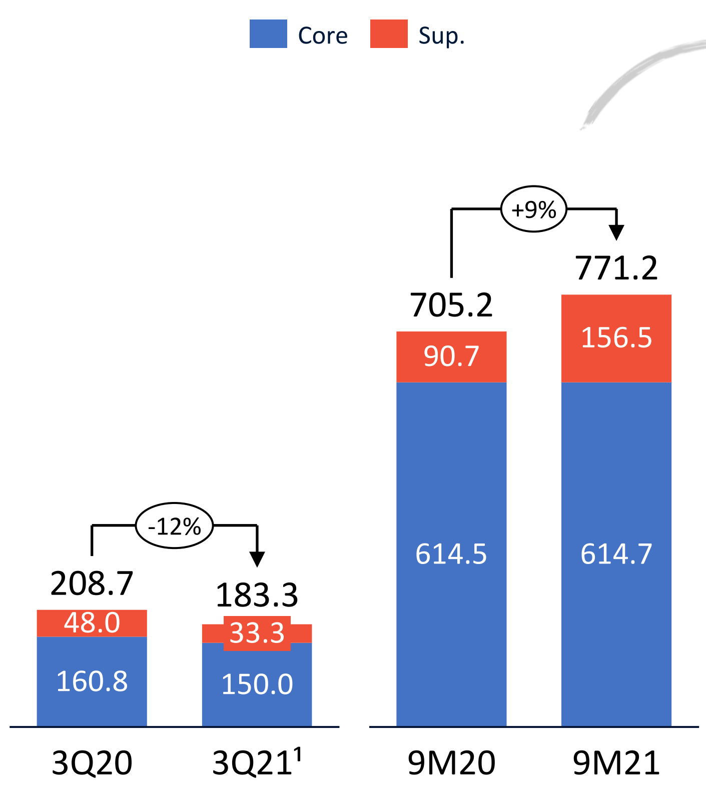
1) Businesses acquired in 2021 were not considered in the 2021 ACV Bookings and 2021 adjusted EBITDA margin guidance (Me Salva!, Eduqo, Edupass). 2) Businesses acquired or consolidated in the last twelve months and therefore not into our financial statements for the same period last year (EI, Geekie, W Pensar, Studos, Me Salva!, Eduqo, Edupass).

3Q21 AND 9M21 OPERATING RESULTS

Net Revenues for 3Q21 represent 16% of the 2021 ACV, leading to Net Revenues of R$1,057 million for the 2021 cycle

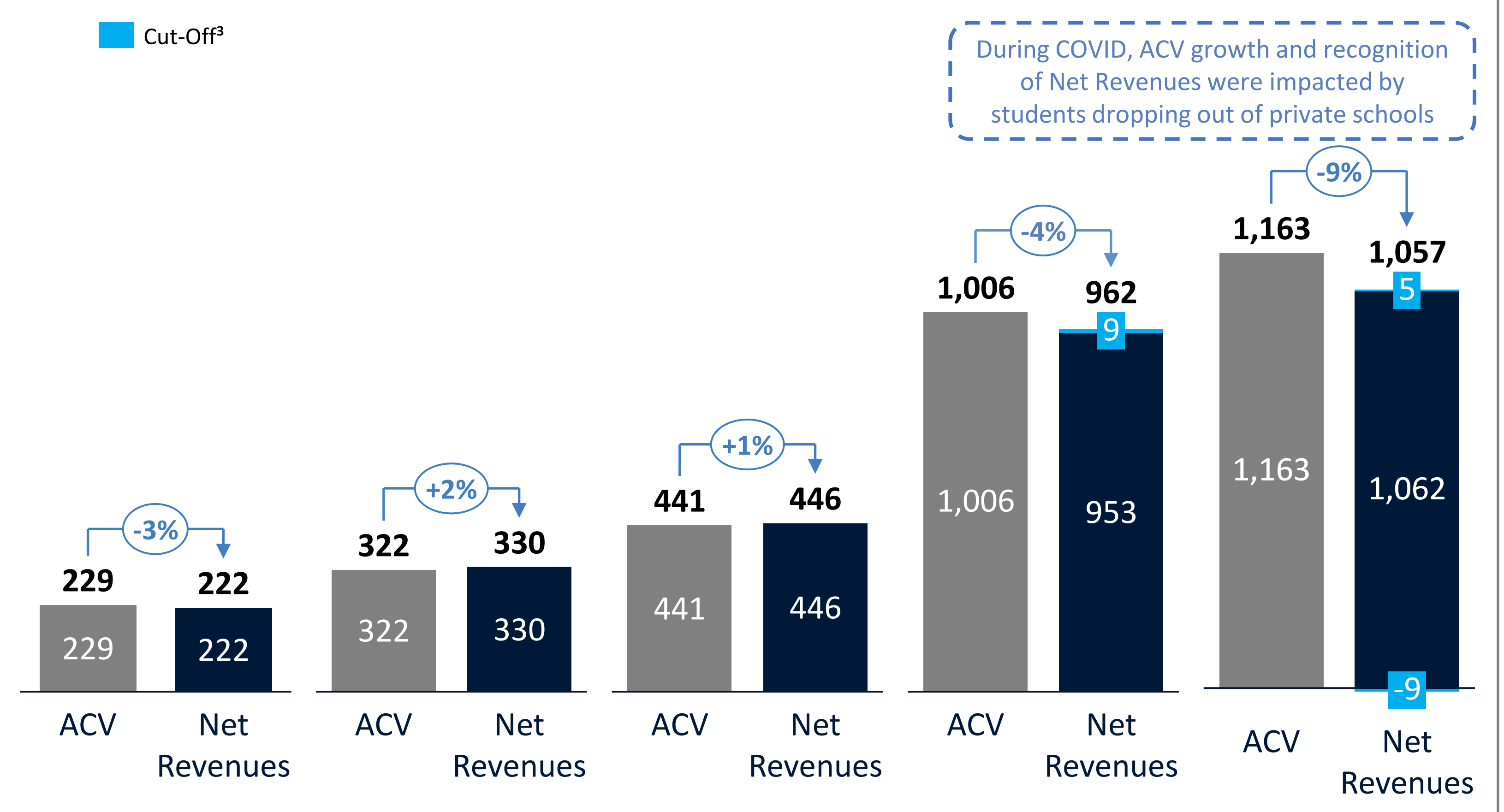
In R$, mm

Net Revenues



16% of 2021 ACV (R$184.7 mm[1]) recognized in 3Q21 vs 22% in 3Q20

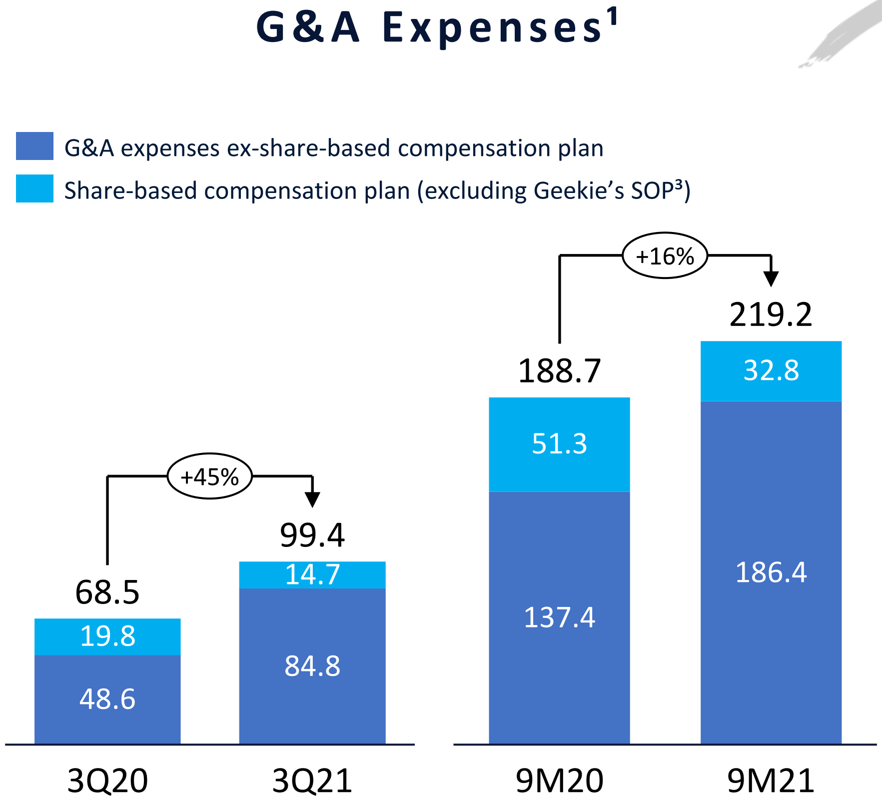
Historical Net Revenues vs ACV Bookings

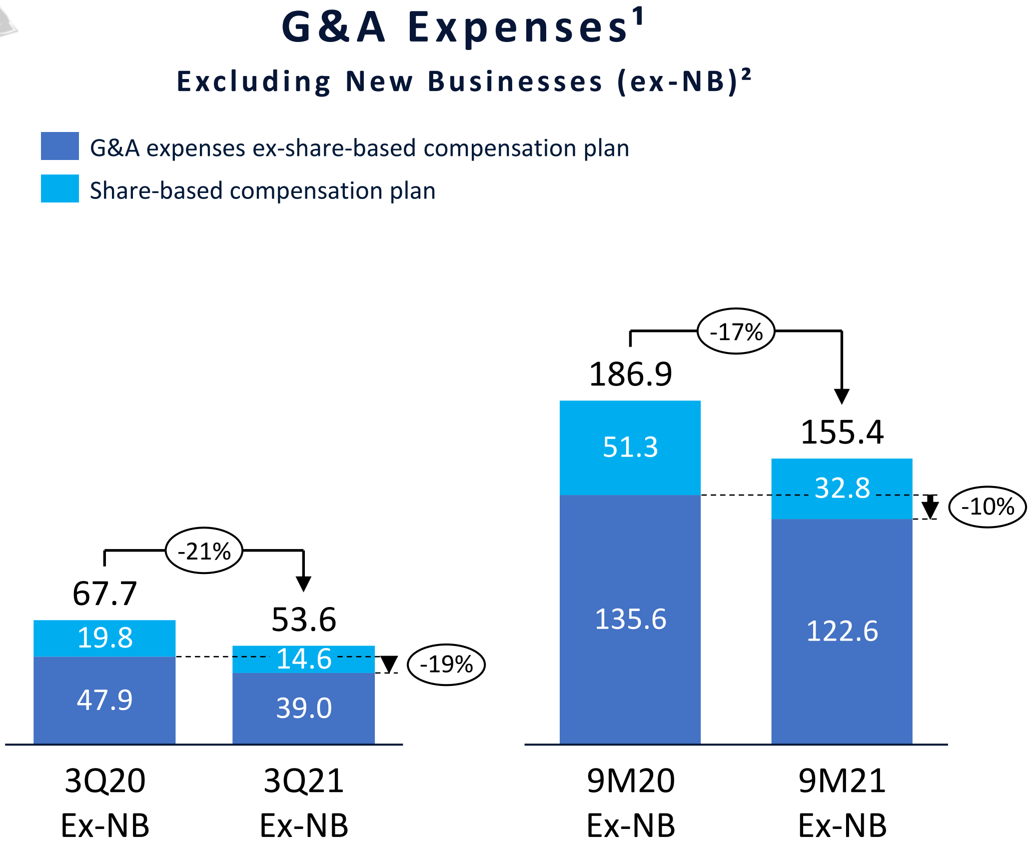


1)) Net revenues of R$183.3 million include revenues from business acquired in 2021 (Me Salva!, Eduqo, Edupass) and do not consider cut-offs. For ACV comparison purposes, 3Q21 revenues excludes revenues from business acquired in 2021 and considers Cut-Offs. 2) For comparison purposes, 2021 Net revenues figure does not include revenues from business acquired in 2021 (Me Salva!, Eduqo, Edupass). 3) Cut-Offs relate to content delivered after September 30.

9M21 **G&A expenses** excluding new businesses **reflect initial efforts toward increased efficiency**

In R$, mm





Higher 3Q and 9M G&A reflect (i) expenses related to **new businesses[2]**, (ii) **non-recurring third-party services** related to new businesses acquired (mainly COC/Dom Bosco), and (iii) fair value update on **Geekie's SOP[3]** (management's stock option plan)

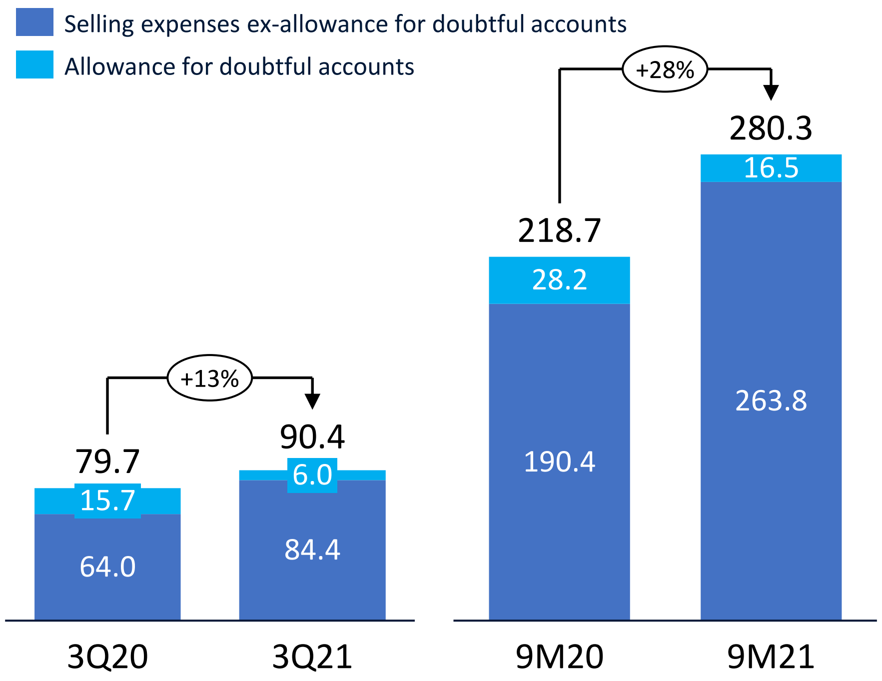
Excluding the impact of new businesses in all lines, G&A contracted 21% YoY in 3Q and 17% YoY in 9M21. Excluding RSU expenses, **G&A contracted 19% YoY in 3Q and 10% YoY in 9M**

1) Excluding depreciation & amortization. 2) Businesses acquired or consolidated in the last twelve months and therefore not into our financial statements for the same period last year (EI, Geekie, W Pensar, Studos, Me Salva!, Eduqo, Edupass, COC/Dom Bosco). 3) When Arco acquired Geekie in 2016, as part of the deal Arco acquired Geekie's management future stake in Geekie, resulting from the exercise of their existing SOP. The fair value of SOP is calculated using the same valuation method as the accounts payable to selling shareholders for the acquisition of the remaining interest, resulting in the final transaction price, which are updated quarterly for Geekie's most recent fair value, until its effective settlement in 2022. As a result of Geekie's recent strong commercial performance, its updated fair value impacted both SOP and accounts payable to selling shareholders.

... while investments in **Selling Expenses** excluding new businesses grew to support Arco's strong commercial cycle

In R$, mm

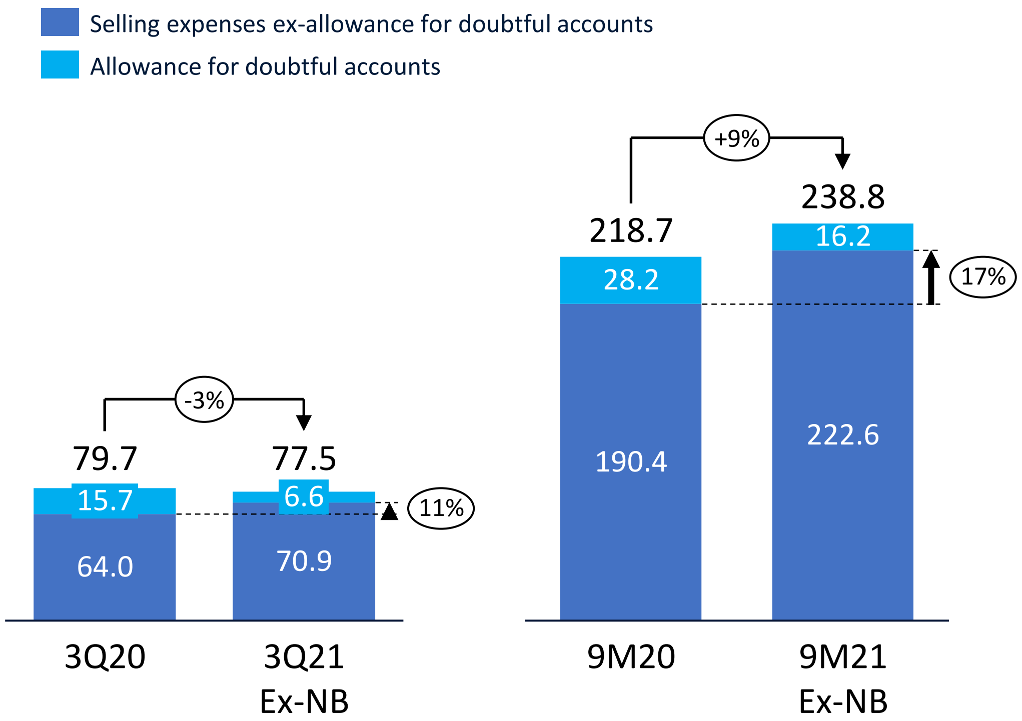
Selling Expenses[1]



Higher 3Q and 9M Selling expenses reflect (i) expenses related to **new businesses[2]**, and (ii) **the resumption of traveling and events**, key factors of our commercial strategy. **Reduction in allowance for doubtful** accounts reflects good cash collection performance

Selling Expenses[1]

Excluding New Businesses (ex-NB)[2]



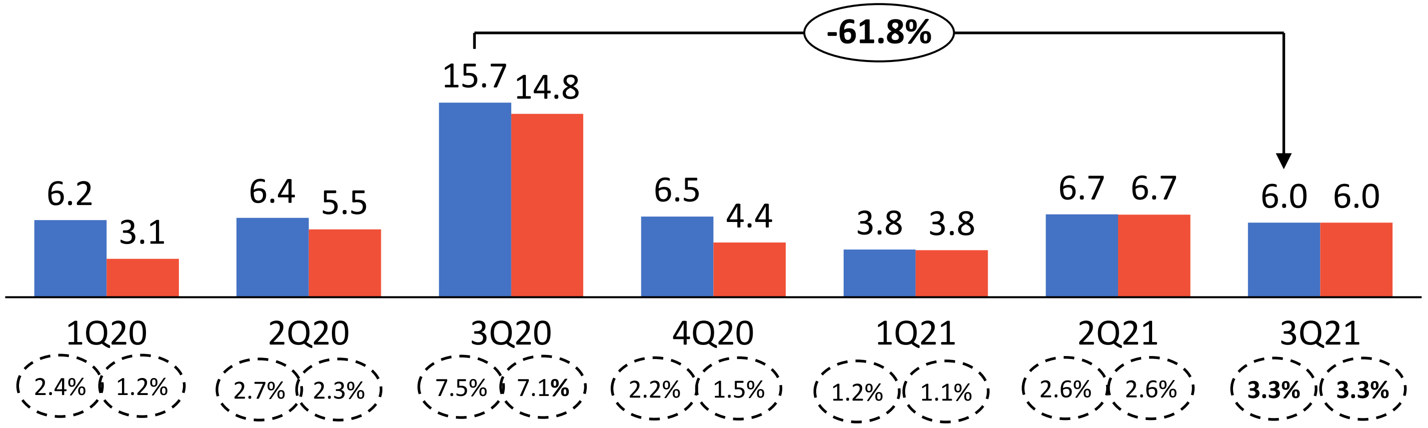
Excluding the impact of new businesses in all lines, Selling expenses contracted 3% YoY in 3Q and increased 9% YoY in 9M21. Excluding allowance for doubtful accounts, **Selling expenses increased 11% YoY in 3Q and 17% YoY in 9M**

1) Excluding depreciation & amortization. 2) Businesses acquired or consolidated in the last twelve months and therefore not into our financial statements for the same period last year (EI, Geekie, W Pensar, Studos, Me Salva!, Eduqo, Edupass).

Solid receivables' profile and good collection process takes **allowance for doubtful accounts back to historical levels**

In R$, mm

Allowance for doubtful accounts

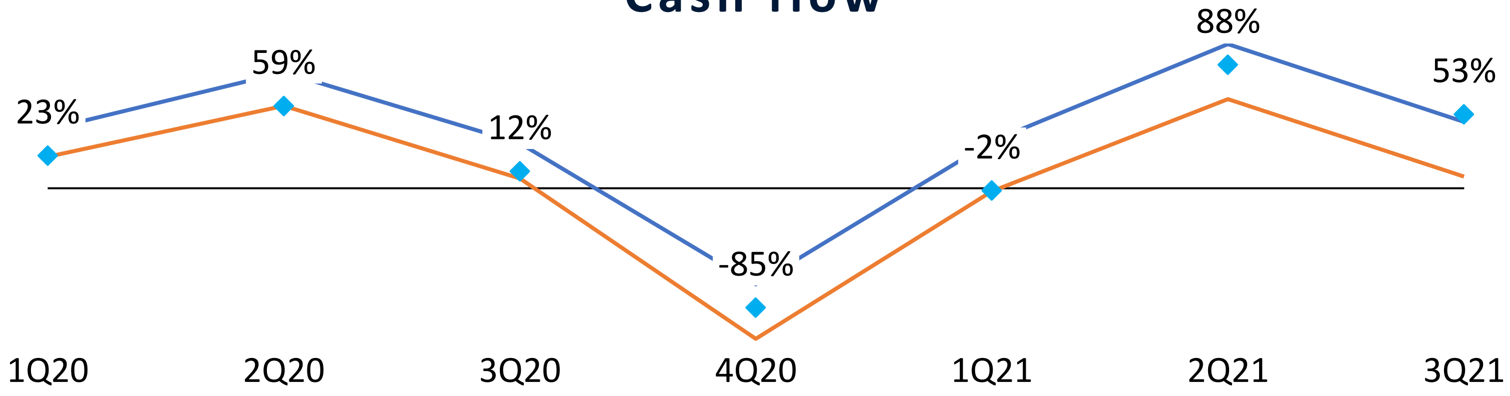


ALLOWANCE FOR DOUBTFUL ACCOUNTS DROPPED 61.8% YOY

- Since the COVID-19 pandemic outbreak we supported our partner schools
- Delinquency also dropped, from 8.4% in 9M20 to 6.1% in 9M21
- Coverage index increased to 25%[1], from 19% in 3Q20

Allowance for doubtful accounts
% of revenues
Allowance for doubtful accounts adjusted for COVID impact[2]

Cash flow



Cash flow from operating activities
Free Cash Flow
Free Cash Flow/Adj. EBITDA

1) Additional details in slide 29. 2) Excludes the effect of delayed payments during pandemic from non-defaulting customers, considering historical average default instead.

Temporary effect of COVID and **new businesses,** added to **traditionally weaker seasonality,** leads to lower 9M21 Adj. EBITDA and Adj. Net Income margins

In R$, mm

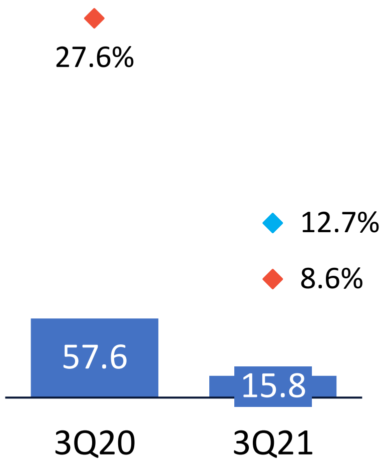
HISTORICALLY, MOST OF THE CONTENT IS DELIVERED IN PREVIOUS QUARTERS

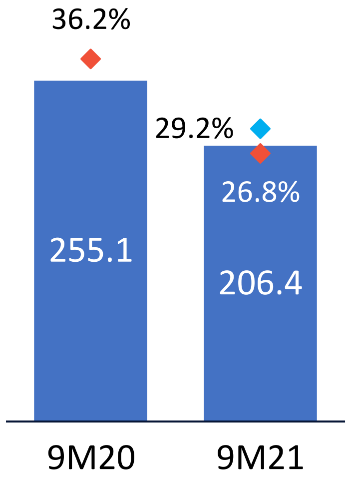
- **3Q20** had an atypical higher ACV recognition that led to **higher than usual margins**
- **3Q21** margin reflects the impact of **COVID's second wave**, **product evolution** and **investments** in **sales & marketing**, as Arco paves the way for **future growth**
- 9M21 adj. EBITDA margin **excluding businesses acquired in 2021** was 27.3%

Q3 YoY | **9M YoY**

Adj. EBTIDA[1]

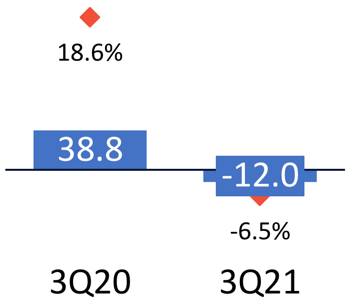
- Adj. EBITDA
- Adj. EBITDA[1] Margin
- Adj. EBITDA Margin (ex-NB)[3]

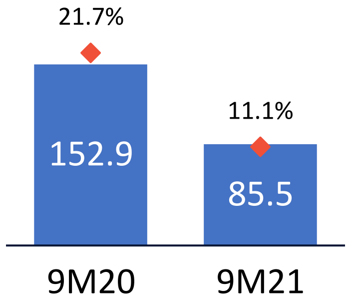




Adj. Net Income[2]

- Adj. Net Income
- Adj. Net Margin



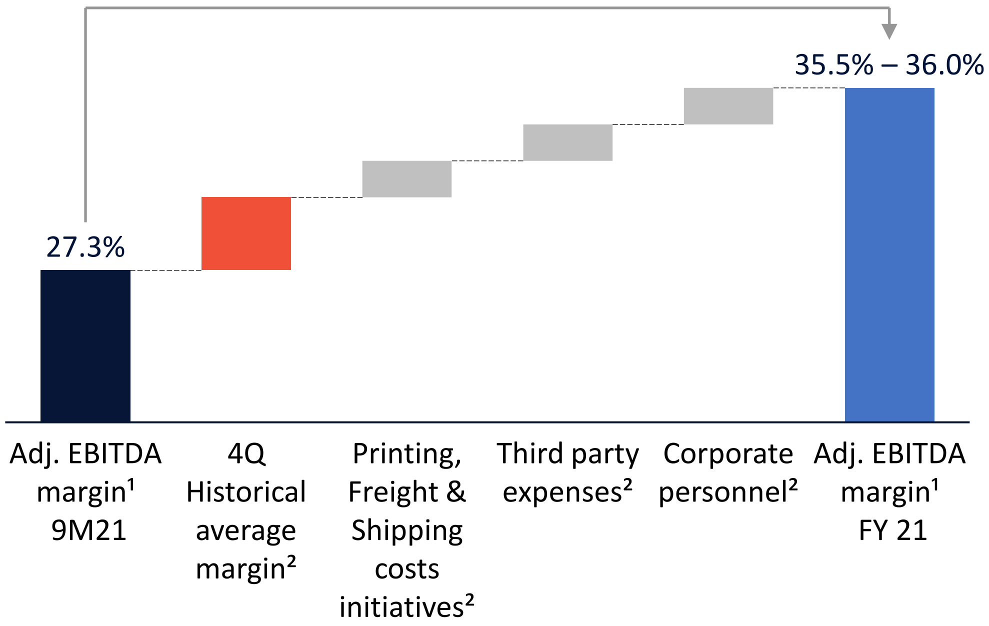


1) EBITDA adjusted for share-based compensation plan, M&A expenses, non-recurring expenses and effects related to COVID-19 pandemic. 2) Net income adjusted for share-based compensation plan, amortization of intangible assets from business combinations, changes in fair value of derivative instruments, 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 September 30, 2021. 3) Businesses acquired or consolidated in the last twelve months and therefore not into our financial statements for the same period last year (EI, Geekie, W Pensar, Studos, Me Salva!, Eduqo, Edupass).

2021
ADJ. EBITDA MARGIN GUIDANCE REITERATED

2021 Adj. EBITDA margin guidance reiterated as 4Q21 benefits from Cost & Expenses cutting initiatives and initial integration efforts

2021 ADJ. EBITDA MARGIN EXPECTED AT THE LOWER END OF THE RANGE



Historically, **Q4** is the **best performing quarter** for revenue recognition, delivering higher Adj. EBTIDA margins.

Additionally, **4Q21** will further **benefit from efficiency initiatives** that will deliver:

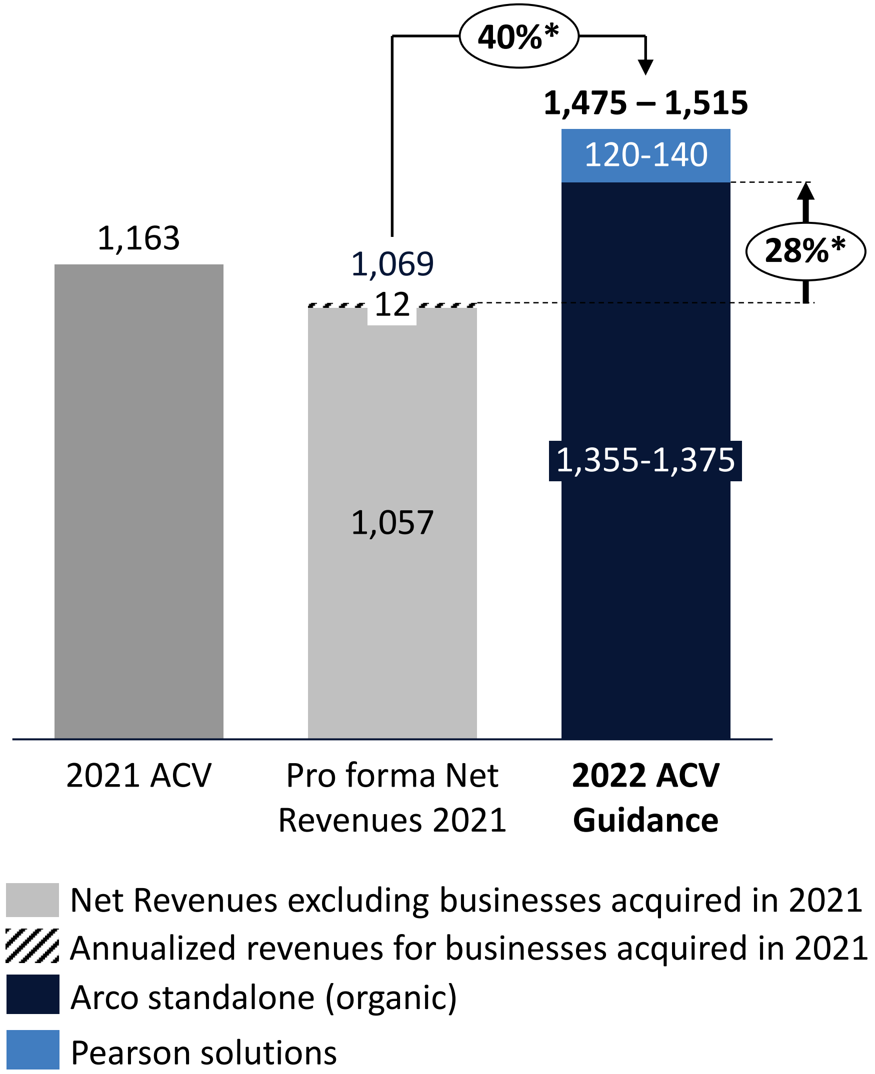
- **Reduction in printing, freight & shipping costs** as the new integrated logistics structure led to better terms negotiated with suppliers
- **Revaluation of third-party** services in an **integrated manner** to increase synergies
- Reduction in **corporate personnel** expenses as we start **integrating some corporate areas** of our solutions

1) Adj. EBITDA calculated as explained in slide 9, considering all solutions except those acquired after March 2021. 2) Figures for illustrative purposes only.

2022 GUIDANCE

Strong ACV growth recovery despite COVID-19 pandemic effects in commercial cycle

In R$, mm



2022 ACV GUIDANCE	
2022 ACV guidance	**R$1,475mm - 1,515mm**
2022 ACV organic growth vs 2021 pro forma Net Revs.	27% - 29%
2022 ACV growth vs 2021 pro forma Net Revs. *(expected Revenue growth in the 2022 cycle)*	38% - 42%

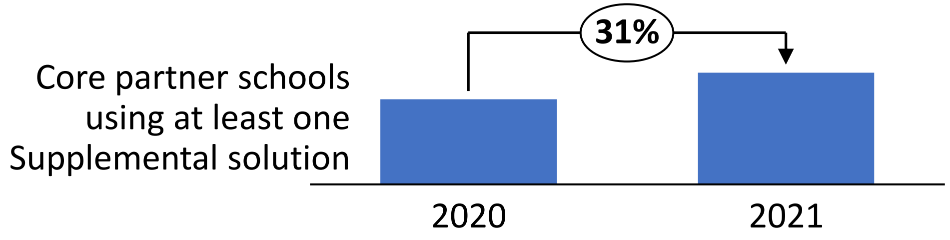
* Percentage growth rates in chart represent the mid-point of the ACV guidance rage.

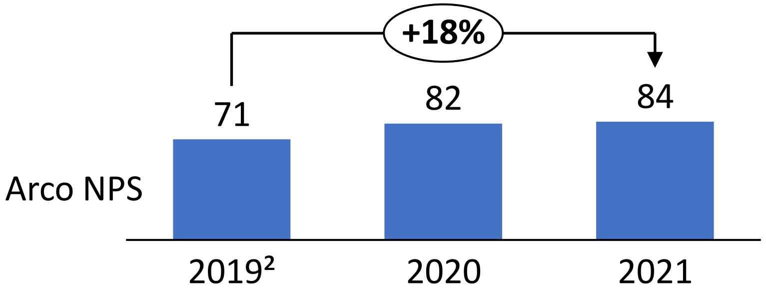
Core segment to deliver **growth above pre-pandemic level**, while **Supplemental solutions recover significantly vs 2020**

- **New student intake** and **upsell** for **Core and Supplemental solutions** show **strong growth YoY**
- Strong first year of structured **cross-sell initiatives**, increasing by **31% the number of schools** in our core base that use at least one Supplemental solution
- **Retention rates** consistent with historical trends
- Once again **healthy average price increase dynamics** despite the macro
- **Continuous focus on client satisfaction and investments in technology** translates into best-in-class NPS for our Core solutions, with highlight to Positivo's brands strong improvement

2022 YoY EXPECTED ORGANIC ACV GROWTH[1]

- Arco Core ex-Positivo brands: ~37%
- Positivo brands: ~17%
- Supplemental solutions: ~35%

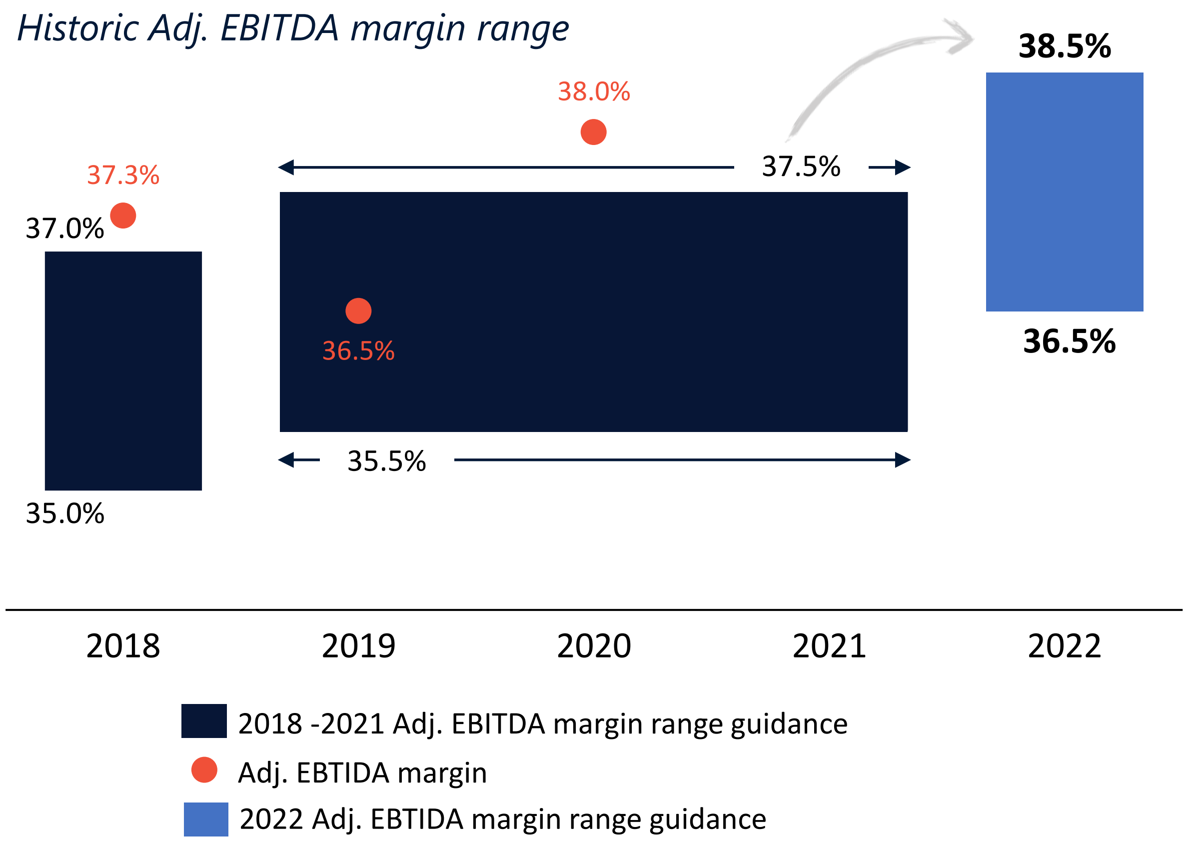




1) YoY growth versus 2021 cycle Net Revenues considering the mid-point of the ACV guidance range. 2) 2019 NPS includes Positivo brands pro forma figure.

Higher 2022 Adj. EBITDA margin **guidance range** reflects **scale gains** resulting from **integration initiatives**

2022 ADJ. EBITDA MARGIN RANGE GUIDANCE EXPANDED TO 36.5% - 38.5%



MARGIN EXPANSION DRIVERS:

- Strategic sourcing
- Supply chain: printing costs & freight
- IT systems optimization
- Corporate reorganization
- Supplemental synergies
- Sales & operations planning
- Increased cooperation among core units
- Technology integration

Guidance includes **operations still in early cycle of maturation[1],** which carry **negative margins but higher growth (~260% YoY)**

When excluding these operations, 2022 Adj. EBTIDA margin range **expands ~180bps**

1) Me Salva!, Eduqo, Edupass.

INVESTMENT FROM DRAGONEER & GA

Arco announced in November a **US$150 million investment** from **Dragoneer** and **General Atlantic**

DRAGONEER
INVESTMENT GROUP

GENERAL ATLANTIC

TRANSACTION RATIONALE:

PARTNERSHIP WITH LONG-TERM GROWTH EQUITY INVESTORS

ALTERNATIVE FUNDING CHANNEL BALANCING ARCO'S CAPITAL STRUCTURE

ATTRACTIVE ECONOMIC TERMS VIS-A-VIS PUBLIC MARKETS

Summary

- **Dragoneer and GA** will purchase Convertible Senior Notes for a cash purchase price equal to **US$150 million aggregate principal amount,** maturing in **7 years, on November 15, 2028**
- The Notes will bear interest at **8% per year fixed in BRL**, **payable quarterly in cash**, **mitigating currency risk**

Stock Conservion

- Each Note will be **convertible** at the option of the holder at the set conversion rate, reflecting an initial conversion price of **US$29**
- The conversion rate represents a **65% premium** to the trailing 30-day volume-weighted share price and a **39% premium** to the trailing 30-day volume-weighted share price on October 19, 2021, when the deal was agreed to in principle
- Dragoneer and GA will beneficially own **5.6% and 2.8%, respectively, of the total shares of the Company** (on an as-converted basis).

Use of proceeds

- Arco will use the proceeds to **fund its growth strategy**, which aims to **further growth in current markets and expand Arco's platform** in new verticals

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December 6th
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Leading through Education.

APPENDIX

Guidance & next events

2022 CYCLE GUIDANCE	
2022 ACV guidance	R$1,475 mm – R$1,515 mm
2022 ACV growth[1]	38% – 42% (or 27% – 29% organic)
2022 ACV recognition on 4Q21	24% – 26%

FISCAL YEAR GUIDANCE	
2021 adjusted EBITDA margin guidance	35.5% – 37.5%
2022 adjusted EBITDA margin guidance	36.5% – 38.5%

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

1) Versus 2021 pro forma Net Revenues (including the annualized revenues for businesses acquired in 2021), which is the best proxy for Revenue growth in the 2022 cycle.

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?

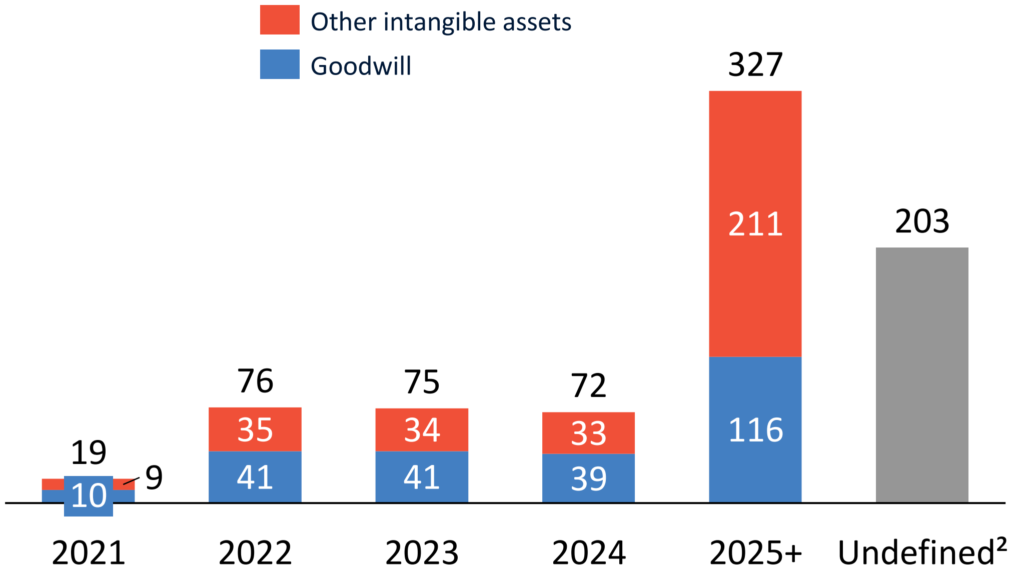
We define it as the revenue we would contractually expect to recognize from a partner school in each school year pursuant to the terms of our contract with such school, assuming no further additions or reductions in enrolled students in such school year. We calculate ACV Bookings by multiplying the number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

Ongoing corporate restructuring will further contribute to future cash generation

In R$, mm

Corporate restructuring

Current tax benefit from business combination



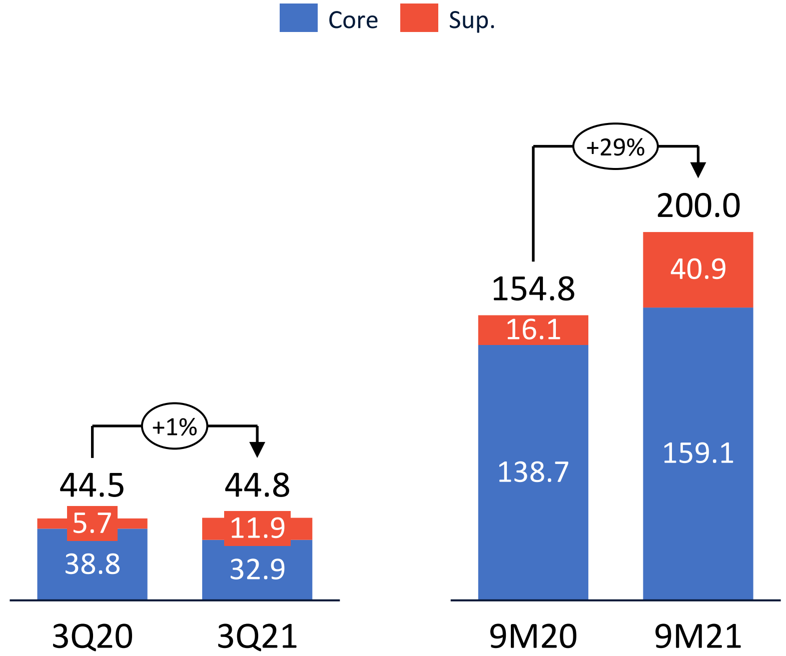
- We **concluded the incorporation of SAS subsidiaries** (July 1, 2021) and **Nave a Vela** (October 1, 2021)
- Expected incorporation schedule[3]: COC/Dom Bosco (2022), Escola Em Movimento (2022), Pleno (2022), Studos (2022)
- As we incorporate other businesses into CBE we will be able to capture additional tax benefits and therefore further reduce our effective tax rate, currently at 17.3% for 9M21 (details on taxable income on slide 32)

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

Perspective on consolidate costs impacted by the acquired business and the costs ex-acquired business

In R$, mm

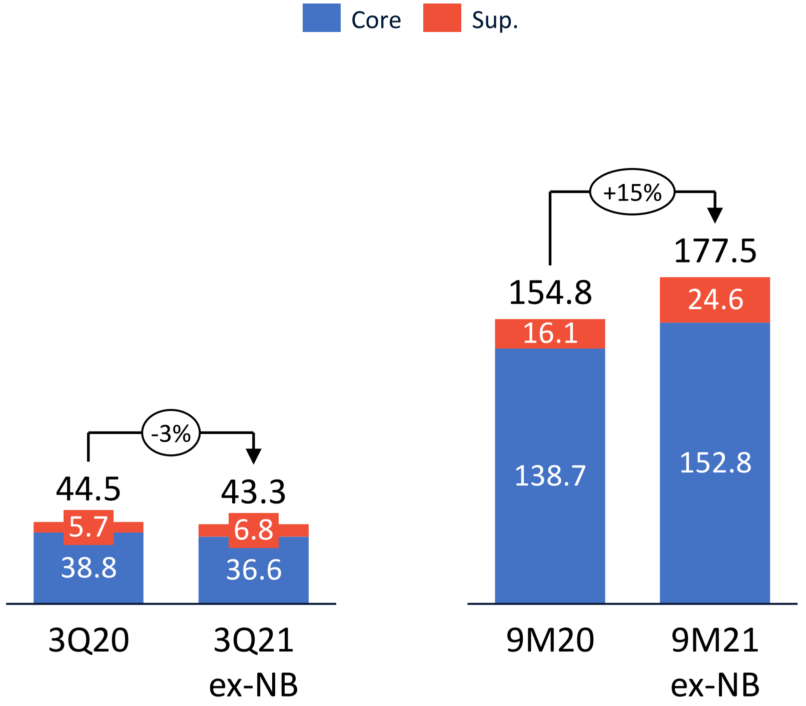
Cost of Sales



Higher costs reflect the **addition of new businesses**[2], which carry lower gross margins.

Cost of Sales

Excluding New Businesses (ex-NB)[1]



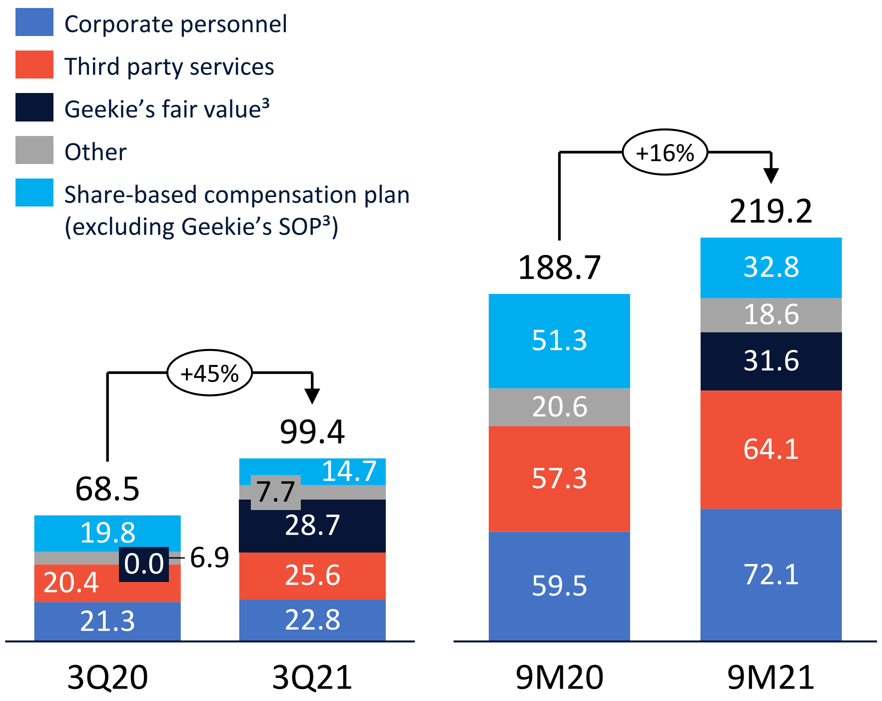
Q3 YoY delivered **3% cost reduction**
9M period YoY indicates 15% cost increase aligned with our enhanced structured

1) Businesses acquired or consolidated in the last twelve months and therefore not into our financial statements for the same period last year (EI, Geekie, W Pensar, Studos, Me Salva!, Eduqo, Edupass).

Detailed breakdown of G&A expenses

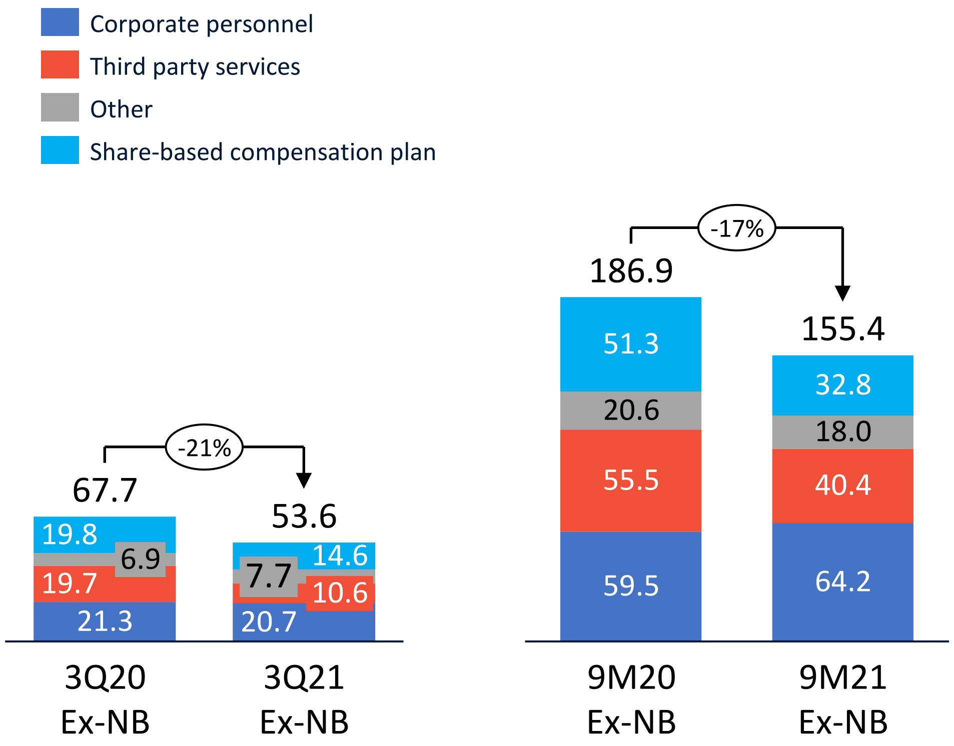
In R$, mm

G&A Expenses[1]



G&A Expenses[1]

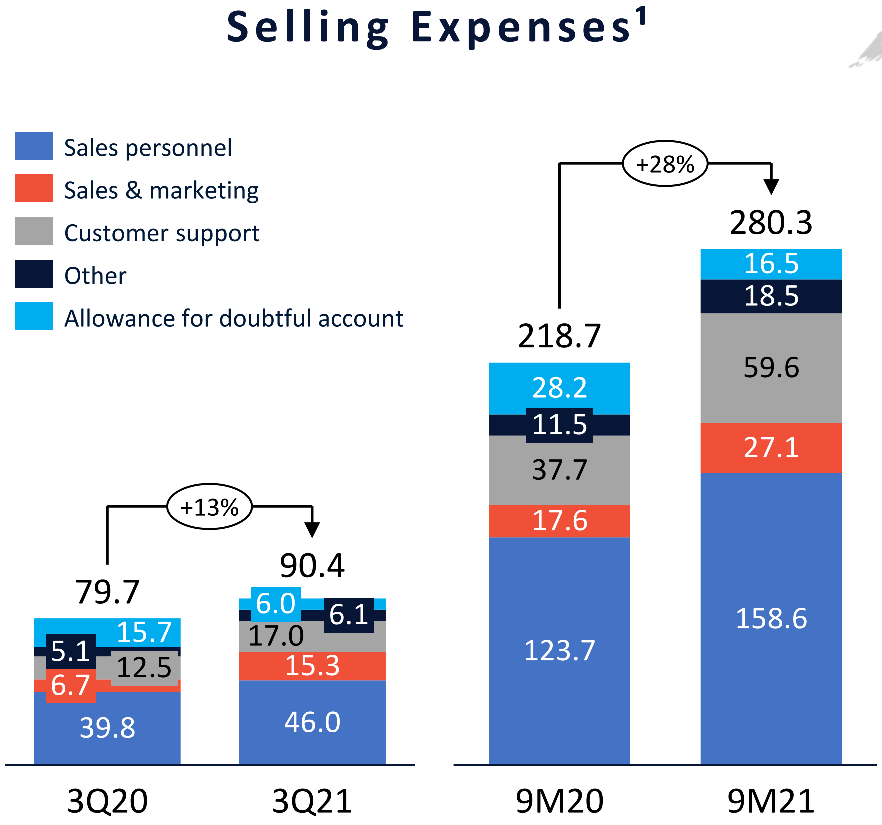
Excluding New Businesses (ex-NB)[2]

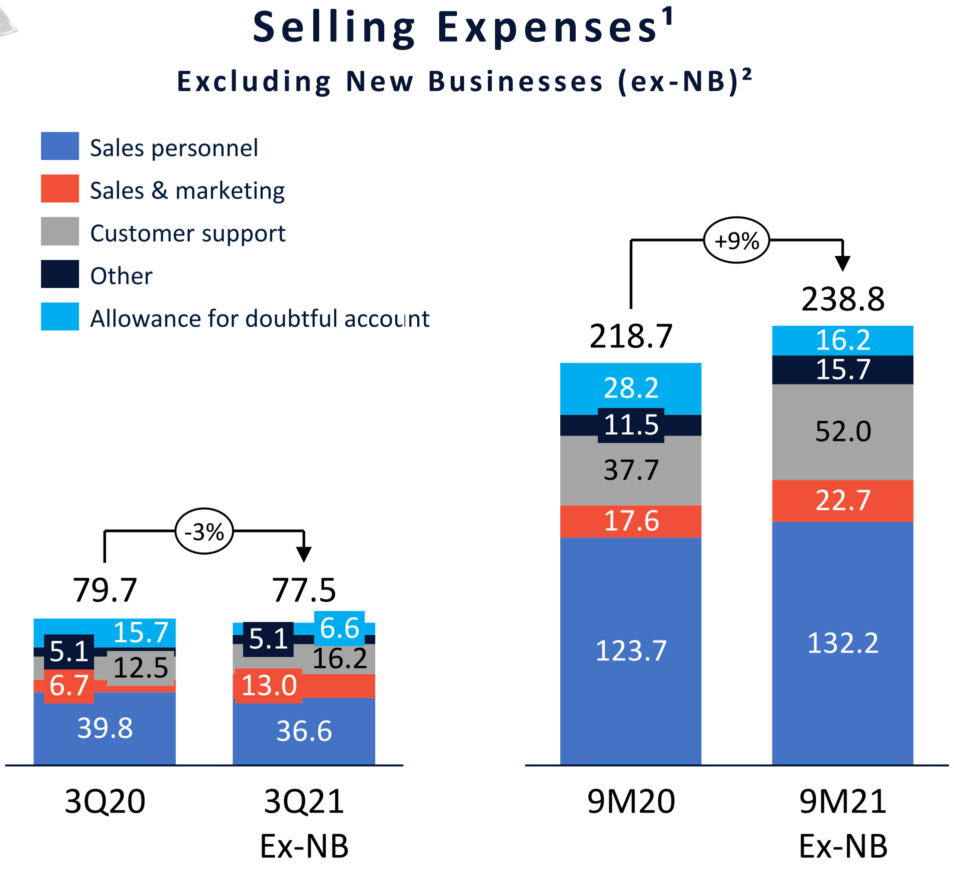


1) Excluding depreciation & amortization. 2) Businesses acquired or consolidated in the last twelve months and therefore not into our financial statements for the same period last year (EI, Geekie, W Pensar, Studos, Me Salva!, Eduqo, Edupass, COC/Dom Bosco). 3) When Arco acquired Geekie in 2016, as part of the deal Arco acquired Geekie's management future stake in Geekie, resulting from the exercise of their existing SOP. The fair value of SOP is calculated using the same valuation method as the accounts payable to selling shareholders for the acquisition of the remaining interest, resulting in the final transaction price, which are updated quarterly for Geekie's most recent fair value, until its effective settlement in 2022. As a result of Geekie's recent strong commercial performance, its updated fair value impacted both SOP and accounts payable to selling shareholders.

Detailed breakdown of Selling Expenses

In R$, mm



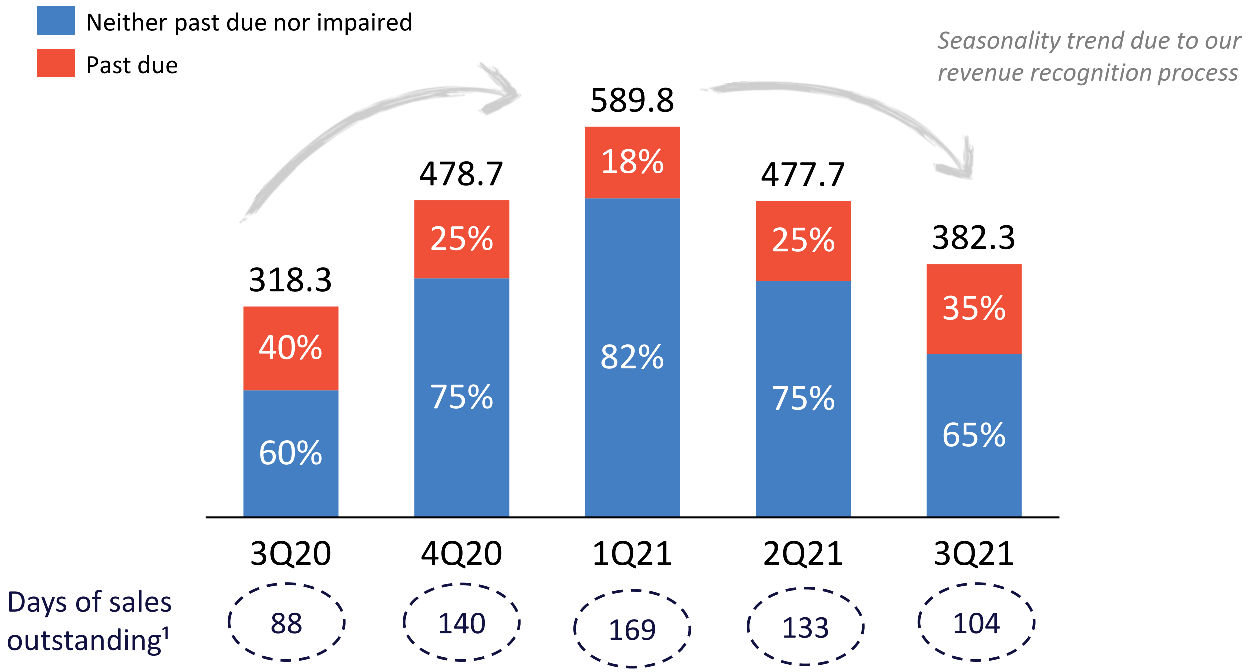


1) Excluding depreciation & amortization. 2) Businesses acquired or consolidated in the last twelve months and therefore not into our financial statements for the same period last year (EI, Geekie, W Pensar, Studos, Me Salva!, Eduqo, Edupass).

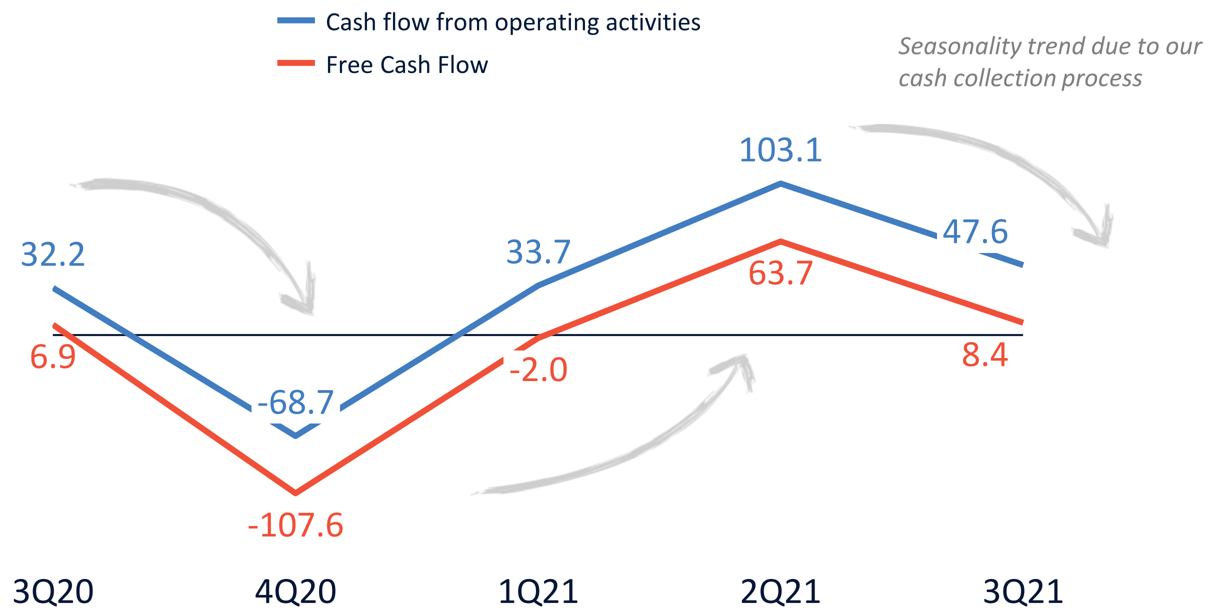
Receivables and cash flow behavior accordingly to normal seasonality

In R$, mm

Trade receivables



Operating Cash flow & Free cash flow[2]



- Consistent 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

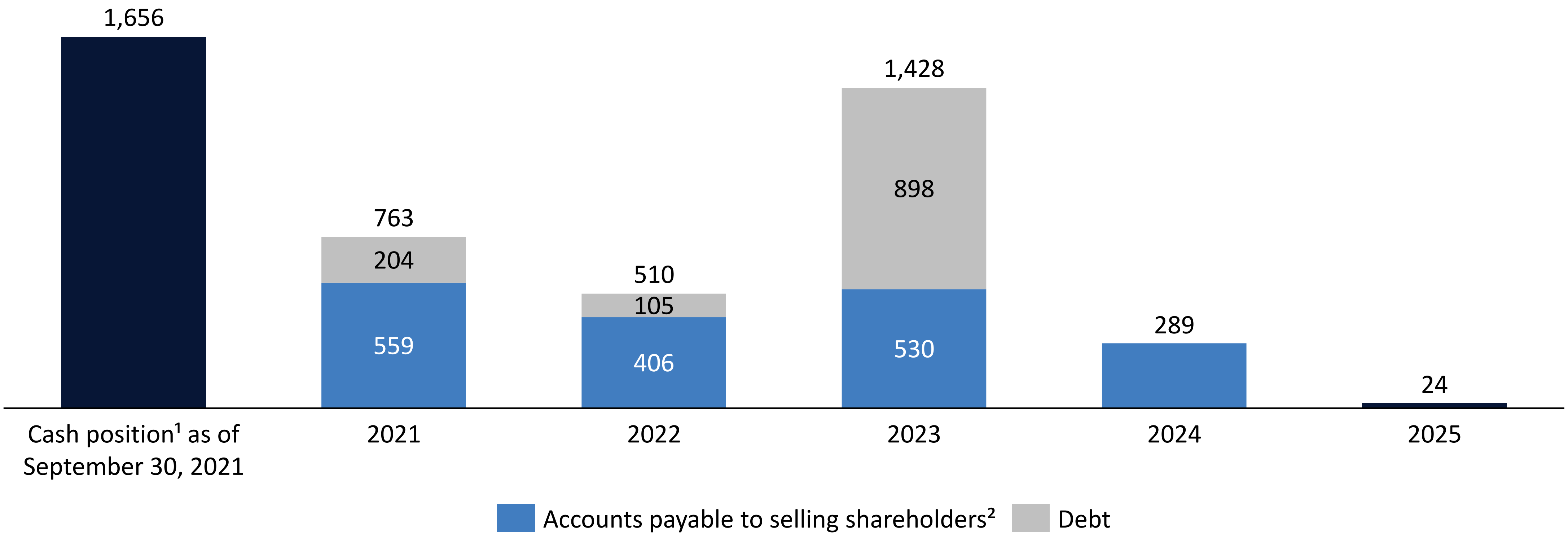
- Despite weaker seasonality and higher CAPEX, Free cash flow improved year over year on the back of an effective collection of receivables and lower effective tax rate

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.

Update on cash position and current obligations

Arco raised R$900 million through the issuance of Debentures[3] in August, with a 2-year term and bearing interest at CDI +1.7%

In R$, mm

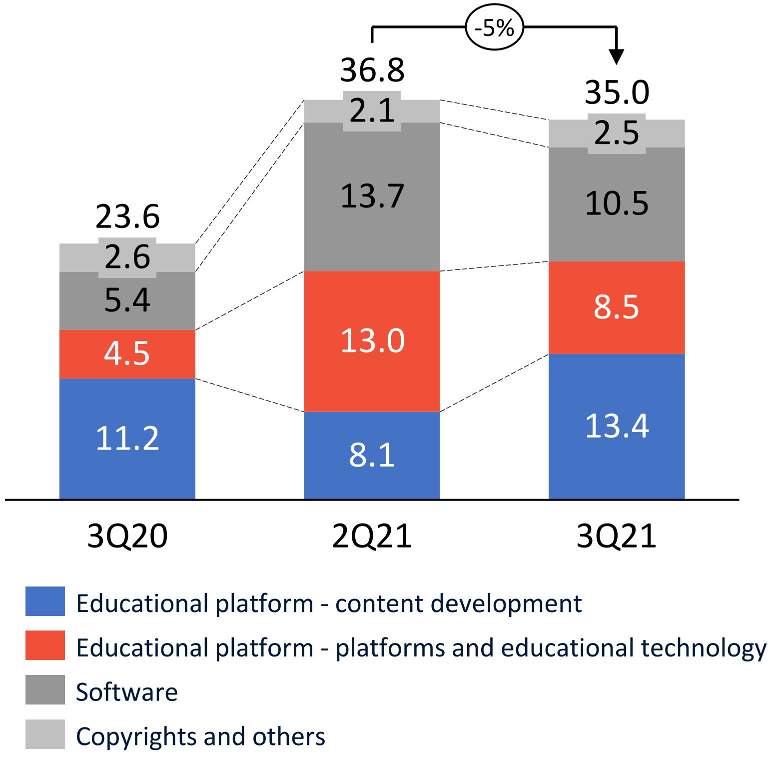


1) Sum of cash and cash equivalents and short-term investments. 2) Accounts payable to selling shareholders do not include acquisitions closed after September 30, 2021. 3) The Debentures were issued by Arco's indirect wholly-owned subsidiary, Companhia Brasileira de Educação e Sistemas de Ensino S.A.

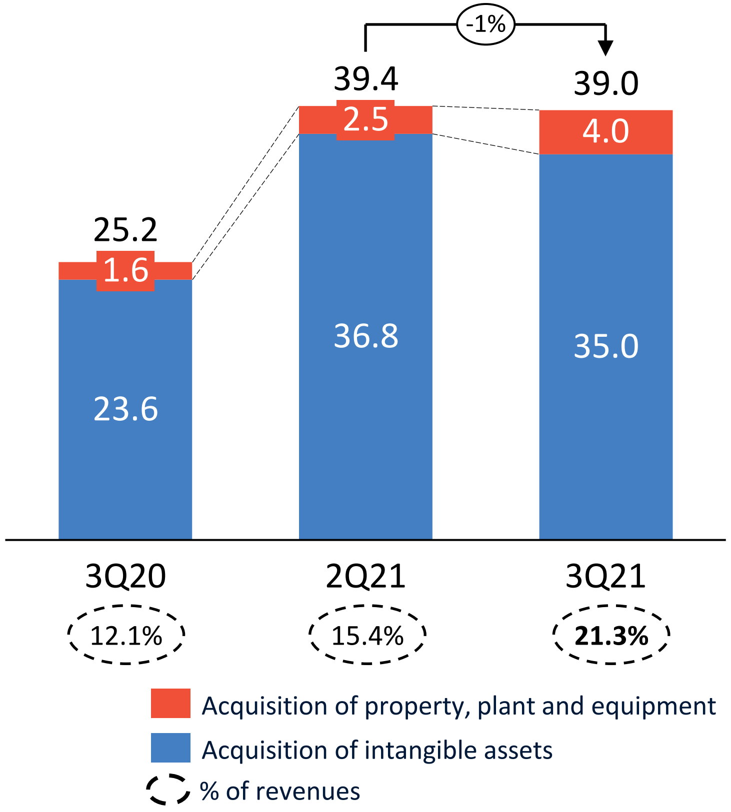
Update on selected financial indicators

In R$, mm

Intangible assets

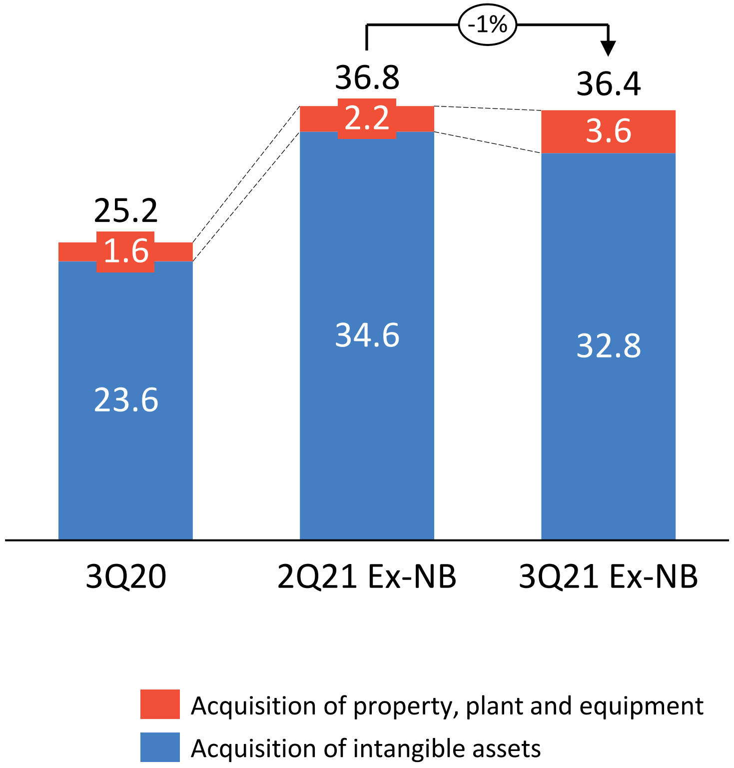


CAPEX



CAPEX

Excluding New Businesses (ex-NB)[1]



1) Businesses acquired or consolidated in the last twelve months and therefore not into our financial statements for the same period last year (EI, Geekie, W Pensar, Studos, Me Salva!, Eduqo, Edupass).

Coverage Index

In R$, mm
(unaudited)

Coverage Index – Full receivables

	3Q21	3Q20	%Y/Y
From sales of educational content	380,364	316,806	20%
From related parties	1,901	1,537	24%
Gross accounts receivable	**382,265**	**318,343**	**20%**
(-) Allowance for doubtful accounts	(77,116)	(57,767)	33%
Net accounts receivable	**305,149**	**260,576**	**17%**
% Coverage index	**20%**	**18%**	

Coverage Index - excluding transactions with 100% no credit risk (B2C)

	3Q21	3Q20	%Y/Y
From sales of educational content	309,854	309,063	0%
From related parties	0	0	
Gross accounts receivable	**309,854**	**309,063**	**0%**
(-) Allowance for doubtful accounts	(77,116)	(57,767)	33%
Net accounts receivable	**232,738**	**251,296**	**-7%**
% Coverage index	**25%**	**19%**	

Adjusted EBITDA reconciliation

In R$, mm
(unaudited)

Adjusted EBITDA Reconciliation	3Q21	3Q20	9M21	9M20
Profit (Loss) for the period	**(144,060)**	**(27,488)**	**(152,268)**	**(7,423)**
(+/-) Income taxes	(52,044)	(11,189)	(48,259)	1,805
(+/-) Finance result	104,594	31,394	166,832	78,306
(+) Depreciation and amortization	42,605	29,715	136,080	89,763
(+/-) Share of loss of equity-accounted investees	5,575	4,042	8,326	8,041
EBITDA	**(43,330)**	**26,474**	**110,711**	**170,492**
(+) Share-based compensation plan, RSU and provision for payroll taxes	42,993	19,840	64,041	51,280
(+) M&A expenses	14,353	1,697	22,203	5,688
(+) Non-recurring expenses	1,242	6,694	7,800	16,752
(+) Effects related to COVID-19 pandemic	544	2,922	1,696	10,915
Adjusted EBITDA	**15,802**	**57,627**	**206,451**	**255,127**
Net revenue	183,267	208,730	771,240	705,173
EBITDA Margin	-23.6%	12.7%	14.4%	24.2%
Adjusted EBITDA Margin	**8.6%**	**27.6%**	**26.8%**	**36.2%**

1) Non-recurring expenses mainly relate to SOx implementation in acquired businesses and legal expenses from International School arbitration process.

Adjusted net income reconciliation

In R$, mm
(unaudited)

Adjusted Net Income Reconciliation	3Q21	3Q20	9M21	9M20
Profit (loss) for the year	**(144,060)**	**(27,488)**	**(152,268)**	**(7,423)**
(+/-) Adjustments related to business combination	131,064	43,974	235,329	123,599
(+) Amortization of intangible assets from business combinations	25,598	18,483	75,350	54,718
(+/-) Changes in accounts payable to selling shareholders	74,664	12,978	75,153	19,872
(+) Interest on acquisition of investments, net (linked to a fixed rate)[1]	16,395	4,507	30,847	20,763
(+) Interest on acquisition of investments, net (adjusted by fair value)[2]	14,407	8,006	53,979	28,246
(+) Share-based compensation plan, RSU and provision for payroll taxes	42,993	19,840	64,041	51,280
(+/-) Changes in fair value of derivative instruments	-	421	-	(438)
(+) Share of loss of equity-accounted investees	5,575	4,042	8,326	8,041
(+) Foreign exchange on cash and cash equivalents	(1,945)	(551)	2,147	(371)
(+) M&A expenses	14,353	1,697	22,203	5,688
(+) Non-recurring expenses	1,242	6,694	7,800	16,752
(+) Effects related to COVID-19 pandemic	544	2,922	1,696	10,915
(+/-) Tax effects	(61,738)	(12,768)	(103,793)	(55,192)
Adjusted Net Income	**(11,972)**	**38,783**	**85,481**	**152,851**
Net revenue	183,267	208,730	771,240	705,173
Adjusted Net Income Margin (%)	**-6.5%**	**18.6%**	**11.1%**	**21.7%**

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$, mm
(unaudited)

Taxable Income Reconciliation	3Q21	3Q20	9M21	9M20
(Loss) profit before income taxes	**(196,104)**	**(38,677)**	**(200,527)**	**(5,618)**
(+) Share-based compensation plan, RSU and provision for payroll taxes[1]	44,929	(3,897)	53,965	21,879
(+) Amortization of intangible assets from business combinations before incorporation[1]	725	(5,344)	10,485	34,205
(+/-) Changes in accounts payable to selling shareholders[1]	92,173	21,297	131,584	54,180
(+/-) Share of loss of equity-accounted investees	(1,896)	(1,374)	(2,831)	(2,734)
(+) Net income from Arco Platform (Cayman)	2,971	6,839	16,771	12,118
(+) Fiscal loss without deferred	4,168	1,780	8,935	4,243
(+/-) Provisions booked in the period	(3,546)	16,427	9,781	41,025
(+) Tax loss carryforward	77,673	66,396	169,039	83,672
(+) Others	9,349	(1,405)	17,868	6,426
Taxable income	**30,442**	**62,042**	**215,070**	**249,396**
Current income tax under actual profit method	**(10,350)**	**(21,094)**	**(73,123)**	**(84,794)**
% Tax rate under actual profit method	*34.0%*	*34.0%*	34.0%	34.0%
(+) Effect of presumed profit benefit	-	(254)	3,266	4,675
Effective current income tax	**(10,350)**	**(21,348)**	**(69,857)**	**(80,119)**
% Effective tax rate	*34.0%*	*34.4%*	32.5%	32.1%
(+) Recognition of tax-deductible amortization of goodwill and added value[2]	10,867	7,434	32,802	9,279
(+/-) Other additions (exclusions)	(1,763)	(304)	(88)	1,999
Effective current income tax accounted for goodwill benefit	**(1,246)**	**(14,218)**	**(37,143)**	**(68,841)**
% Effective tax rate accounting for goodwill benefit	***4.1%***	***22.9%***	**17.3%**	**27.6%**

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.

Free cash flow reconciliation

In R$, mm
(unaudited)

Free Cash Flow Reconciliation	3Q21	3Q20	9M21	9M20
Cash generated from operations	**74,137**	**68,934**	**276,522**	**262,541**
(-) Income tax paid	(19,167)	(26,392)	(70,684)	(90,412)
(-) Interest paid on lease liabilities	(918)	(476)	(2,521)	(1,186)
(-) Interest paid on investment acquisition	(1,031)	(47)	(5,254)	(47)
(-) Interest paid on loans and financing	(5,461)	(9,867)	(13,406)	(9,867)
(-) Payments for contingent consideration	-	-	(332)	(3,696)
Cash Flow from Operating Activities	**47,560**	**32,152**	**184,325**	**157,333**
(-) Acquisition of property, plant and equipment	(4,010)	(1,621)	(9,542)	(5,663)
(-) Acquisition of intangible assets	(35,190)	(23,589)	(104,733)	(63,069)
Free cash flow	**8,360**	**6,942**	**70,050**	**88,601**

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