



Arco Signs Definitive
Agreement to Acquire
Escola da Inteligência

August 2020



FORWARD-LOOKING STATEMENTS

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, including, but not limited to, the Company’s expectations or predictions of future financial or business performance conditions. The achievement or success of the matters covered by statements herein involves substantial known and unknown risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, the Company’s results could differ materially from the results expressed or implied by the statements we make. You should not rely upon forward-looking statements as predictions of future events. Forward looking statements are made on the basis of the Company’s current expectations and projections relating to its financial conditions, result of operations, plans, objectives, future performance and business, and these statements are not guarantees of future performance.

Statements which herein address activities, events, conditions or developments that the Company expects, believes or anticipates will or may occur in the future are forward -looking statements. You can generally identify forward-looking statements by the use of forward-looking terminology such as “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “evaluate,” “expect,” “explore,” “forecast,” “guidance,” “intend,” “likely,” “may,” “might,” “outlook,” “plan,” “potential,” “predict,” “probable,” “project,” “seek,” “should,” “view,” or “will,” or the negative thereof or other variations thereon or comparable terminology. Moreover, all statements in this press release, whether forward looking or of historical fact, are based on the limited information available to the Company during the due diligence process of EI and its business operations (the “EI Business”) prior to the signing of the acquisition agreement discussed herein. This limited access to information may have impaired the Company’s ability to conduct a full and comprehensive assessment of the EI Business, thus leading to risks and uncertainties. Reasons for this uncertainty include, but are not limited to, the following: (i) the analysis was conducted on the basis of pro forma, unaudited and adjusted financial statements of the EI Business; (ii) the accounting parameters and criteria adopted by the EI Business are different from the ones adopted by the Company; (iii) the transfer of the EI Business to a new entity limits the Company’s ability to assess the proper transfer of all assets and rights to such new entity. In addition, the forward-looking statements regarding the EI Business include risks and uncertainties related to statements about competition for the combined business; risks relating to the continued use of the EI brand in schools not run by the Company; restrictions and/or limitations on the acquisition of the EI Business that may be imposed by antitrust authorities or other regulatory agencies; risks relating to the Company’s ability to attract, upsell and retain customers of the EI Business; and general market, political, economic, and business conditions in Brazil or abroad.

Forward-looking statements represent the Company management’s beliefs and assumptions only as of the date such statements are made, and the Company undertakes 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.

Further information on these and other factors that could affect the Company’s financial results is included in filings the Company makes with the Securities and Exchange Commission from time to time, including the section titled “Risk Factors” in the Company’s most recent Forms 20-F and 6-K. These documents are available on the SEC Filings section of the Investor Relations section of the Company’s website at: <https://investor.arcoplatform.com/>

TRANSACTION SUMMARY

SUMMARY

Arco Platform Limited has agreed to acquire **100%** of Escola da Inteligência **private sector** business

TRANSACTION CONSIDERATION

The acquisition will be paid fully in cash and will occur in two steps:

- R\$ 288 million for 60% of the shares, to be paid in two installments:
 - R\$ 200 million at closing
 - R\$ 88 million in 2Q21¹
 - Implied EV of R\$ 480 million¹, 12.5x 2019 EBITDA
- 40% of 6.0x 2023 ACV (equivalent to 2.4x 2023 ACV) for the remaining 40% of the shares, to be paid in 2Q23

EXPECTED CLOSING

The transaction is subject to customary closing conditions, including antitrust regulatory approvals

ABOUT ESCOLA DA INTELIGÊNCIA

Escola da Inteligência is the largest social-emotional learning solution in Brazil, with more than 330,000 students across the country



Developed in 2010 by
Augusto Cury



Same
B2B2C model



~330k
Students¹



~900
Schools¹



R\$ 88 mm
2020 ACV²



48%
2019 EBITDA Margin³

TRANSACTION RATIONALE

1

UNIQUE
HIGH-QUALITY
ASSET

2

FAST GROWING
COMPANY IN
FAVORABLE
MARKET

3

COMBINED
COMPANIES
UNLOCK
ADDITIONAL
GROWTH



UNIQUE, HIGH-QUALITY ASSET WITH SAME BUSINESS MODEL AS ARCO



**Sizable Asset with
Leadership Position**
(330k¹ students)



**Long term client
relationships**



**100% Subscription &
Asset-light Model**



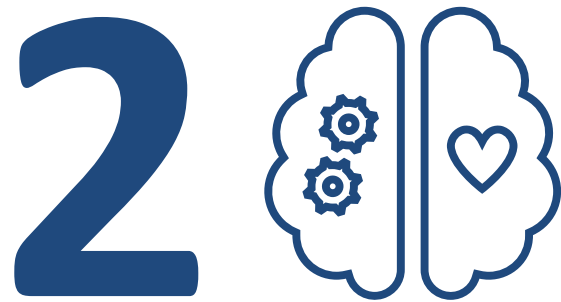
**High Margins &
High Cash Conversion**
(48% EBITDA Margin³)



**Strong reputation with
proprietary methodology**



Developed based on the theory created by Augusto Cury, one of **Brazil's most renowned psychiatrists** and the most read author in the country, with more than **30 million books** sold. His works were also published in over 70 countries.



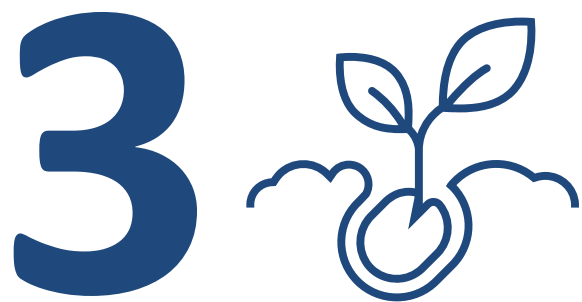
FAST GROWING COMPANY IN FAVORABLE MARKET

"Most interestingly [on the effects of students participating in SEL], **academic achievement test scores went up by 11 percent**. And the benefits were most significant in schools that needed them the most." - Daniel Goleman

"SEL can be taught and nurtured in schools so that **students increase their ability to integrate thinking, emotions, and behavior** in ways that lead to positive school and life outcomes. [...] We've recently seen a rapid surge in interest in SEL among parents, educators, and policymakers."
- The Future of Children, Princeton-Brookings.

ACV GROWTH (R\$ MILLION)





COMBINED COMPANIES UNLOCK ADDITIONAL GROWTH



1. Number of EI's students using Arco's core solutions divided by Arco's core students. Numbers for the 2020 school year.



Significant expansion of cross-sell opportunities

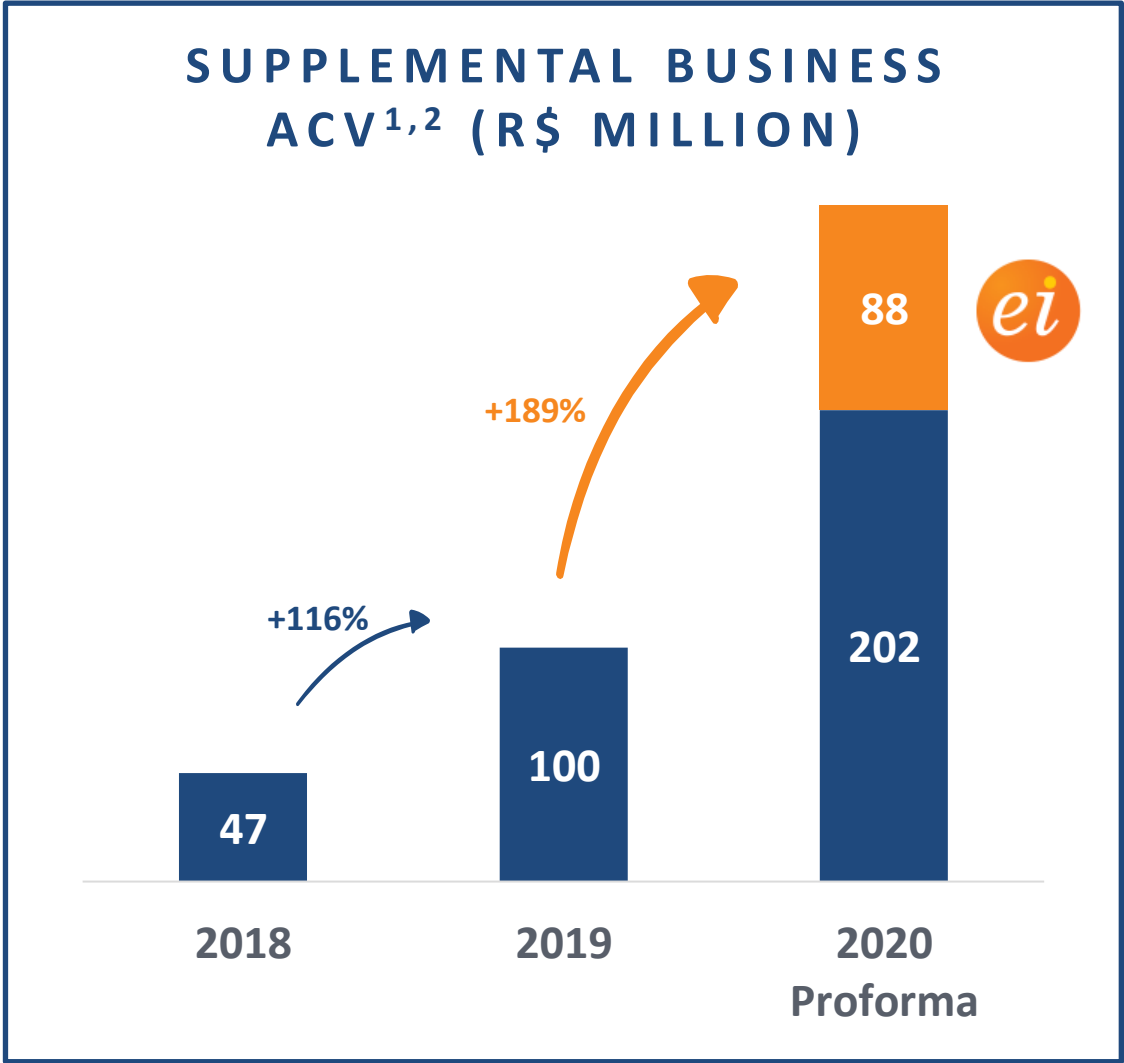
Less than 10%¹ of overlap between Arco and Escola da Inteligência student base

Expansion of Arco's portfolio into a new and relevant addressable market



Acceleration of EI tech offering drive additional demand for the solution

ARCO SUPPLEMENTAL BUSINESS POST ACQUISITION



1. For the 2020 school year.
2. ACV Bookings is the yearly (assuming a school year) revenue contractually expected to be recognized from a partner school assuming no further additions or reductions in the number of enrolled students.

