



EDUCAÇÃO
TECNOLOGIA
SAÚDE

August 2020

Afya Announces Entering into of Purchase Agreement for the Acquisition of FESAR

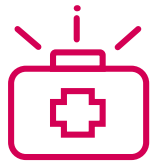


Safe Harbor

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. All statements other than statements of historical fact, could be deemed forward looking, including risks and uncertainties related to statements about our competition; our ability to attract, upsell and retain students; our ability to increase tuition prices; our ability to anticipate and meet the evolving needs of student and teachers; our ability to source and successfully integrate acquisitions; general market, political, economic, and business conditions; and our financial targets such as revenue, share count and IFRS and non-IFRS financial measures including gross margin, operating margin, net income (loss) per diluted share, and free cash flow. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about the potential impacts of the COVID-19 pandemic on our business operations, financial results and financial position and on the Brazilian economy.

The Company undertakes no obligation to update any forward-looking statements made in this press release to reflect events or circumstances after the date of this press release or to reflect new information or the occurrence of unanticipated events, except as required by law. The achievement or success of the matters covered by such forward-looking statements involves known and unknown risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, our results could differ materially from the results expressed or implied by the forward-looking statements we make. Readers should not rely upon forward-looking statements as predictions of future events. Forward-looking statements represent management's beliefs and assumptions only as of the date such statements are made. Further information on these and other factors that could affect the Company's financial results is included in filings made with the United States Securities and Exchange Commission (SEC) from time to time, including the section titled "Risk Factors" in the most recent Rule 434(b) prospectus. These documents are available on the SEC Filings section of the investor relations section of our website at: <https://ir.afya.com.br/>.

FESAR | Overview



120 medical seats, with 227 medical students and a potential of 864 medical students at full maturity in 2024. In 2019, FESAR had 951 students ex- Medicine.



One campus in Redenção, city located in Pará, state in the North region of Brazil



Medicine represents 70% of 2019's Net Revenue and 94% at maturity in 2024



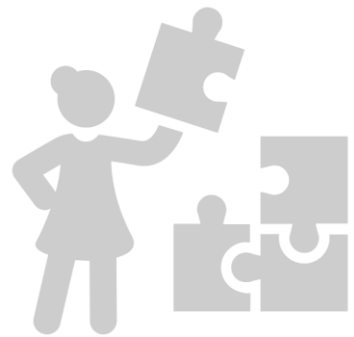
High quality standards:
CI grade 4 and Medicine CC grade 5 out of 5

1. CI and CC are official Ministry of Education metrics that indicates the quality of an educational institution and its courses, in a range of 1 to 5:

- CI (Conceito Institucional – Institutional Concept): general concept for the institution
- CC (Conceito de Curso - Course Concept): individual grade for a single course



Transaction Rationale



SIGNIFICANT ACQUISITION IN AFYA'S STRATEGY

Player focused in Medicine

High quality standards in the Medicine course

+100 b.p.s in our expected medicine undergrad student base CAGR of 13% 2019-2026



MULTIPLES

EV/EBITDA¹ of 4.7x with the Enterprise Value adjusted by the real state², at maturity and post synergies



HIGH POTENTIAL OF VALUE GENERATION TO SHAREHOLDER

Estimated Net Revenue¹ 2024 of R\$88.6 million post maturation

1. 2024 is the first year of full maturation of FESAR seats. The estimated financials does not consider possible opportunities of crosssell in Afya's ecosystem.

2. The transaction comprise the real state of the operation, valued at R\$21.0 million.

Transaction Synergies

1

Improvement of its occupancy rate

2

Integration into Afya's shared services center

3

Implementation of Afya's career plan

4

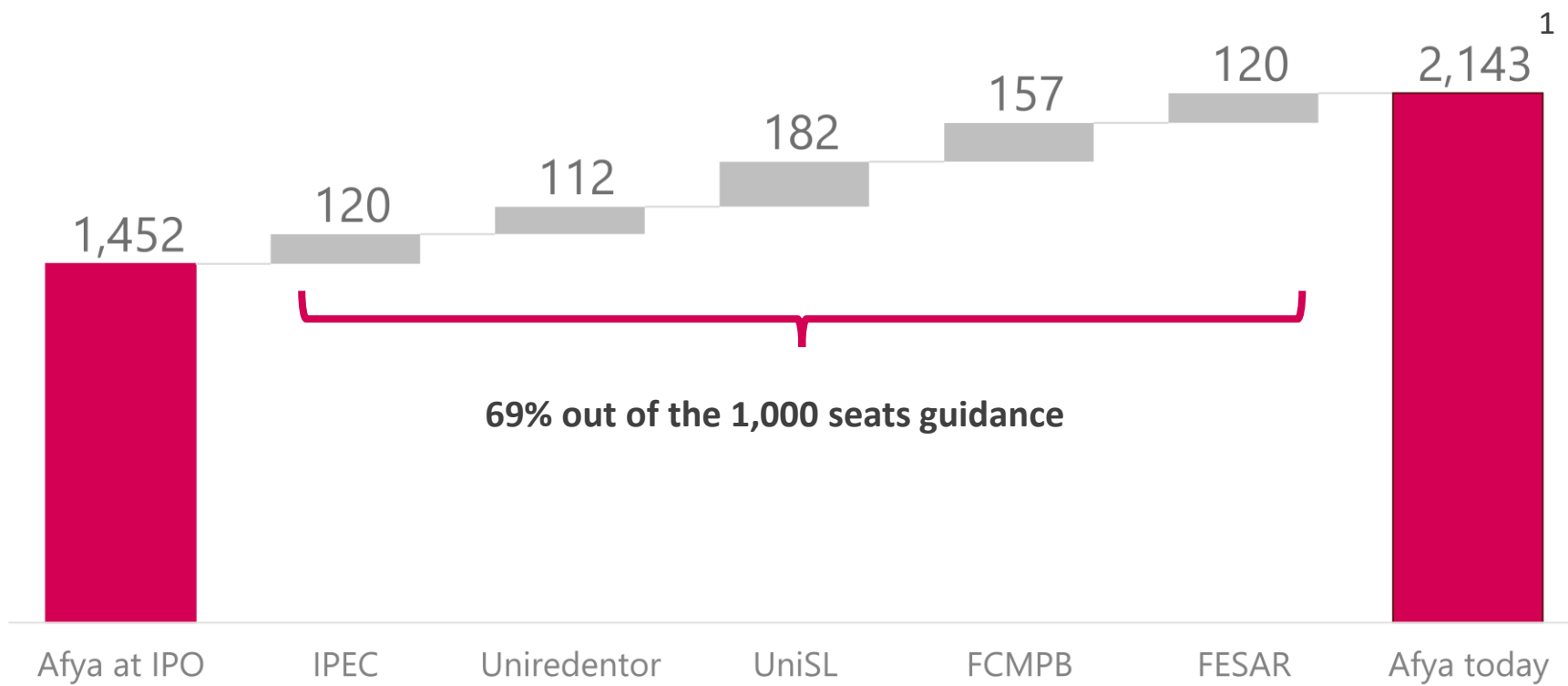
Implementation of Afya's integrated curriculum

5

Maturation: Current maturation stage of 58%

AFYA Post Transaction

of approved seats

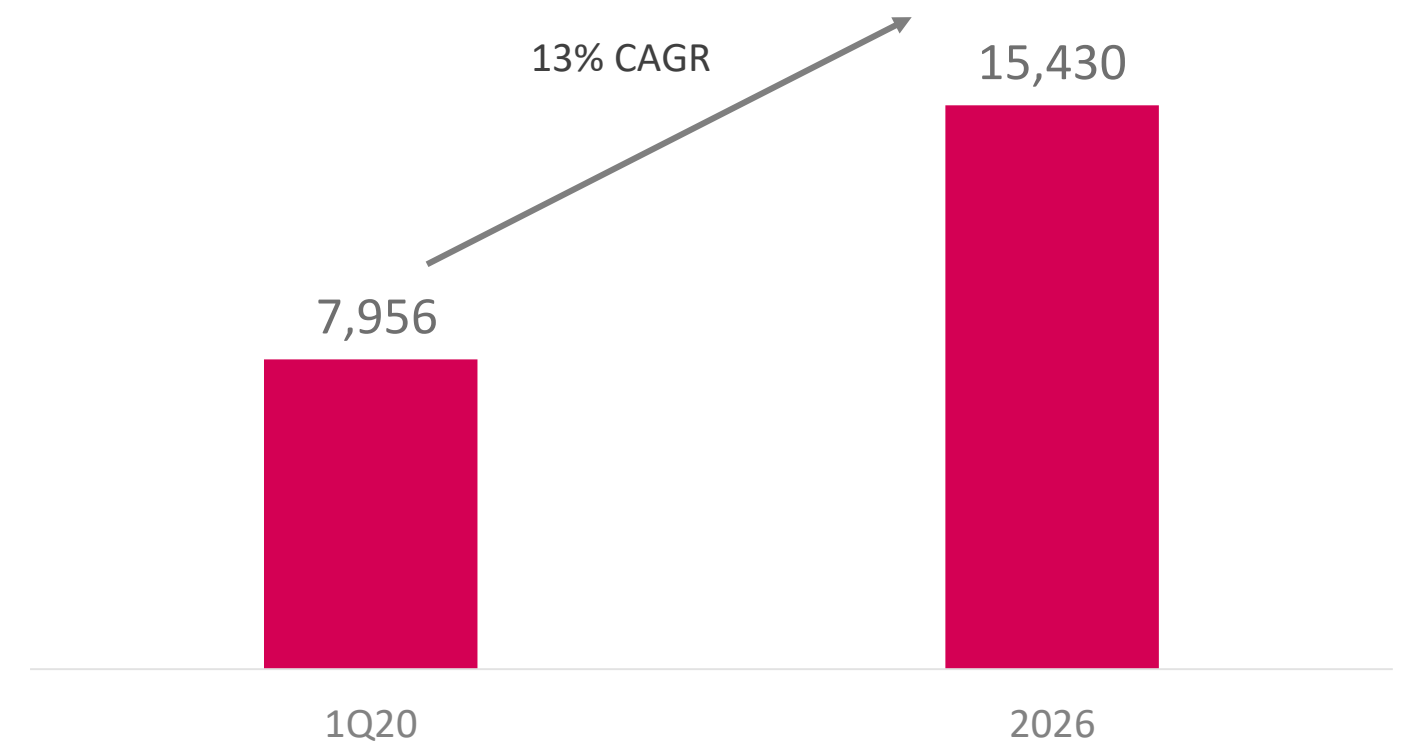


69% out of the 1,000 seats guidance

Afya at IPO IPEC Uniredentor UniSL FCMPB FESAR Afya today

1. Approved seats does not include additional seats granted by Prouni, FIES and legal requests with MEC

of undergrad medical students



Transaction Summary

FORMAT

Afya Limited through its subsidiary “Afya Participações S.A.” acquired 100% of the total share capital of *FESAR*

VALUE

The aggregate purchase price is R\$ 260.0 million (Enterprise Value): (i) 100% is payable in cash on the transaction closing date, and (ii) the enterprise value comprise the real state of the operation, valued at R\$21.0 million

CONDITIONS

The transaction is subject to customary conditions precedent and antitrust regulatory approvals

Estimated closing date: October 2020



Thank You!

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