

YDUQS PARTICIPAÇÕES S.A.

Publicly-Held Company
Corporate Taxpayer's ID (CNPJ ME) 08.807.432/0001-10
State Registry (NIRE) 33.3.0028205-0

MATERIAL FACT

Acquisition of Athenas Grupo Educacional

A YDUQS Participações S.A. ("Company", "YDUQS") - (B3: YDUQ3; OTC: YDUQY), pursuant to act 157, § 4º of the Law No 6,404/76 ("Brazilian Corporate Law") and in compliance with CVM instruction No 358, hereby informs its shareholders, investors and the general market that on June, the 4th 2020, its wholly-owned subsidiary IREP Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP") has signed a purchase agreement to acquire 100% of the following entities ("Transaction"): Athenas Serviços Administrativos LTDA., Centro de Educação de Rolim De Moura LTDA., Centro de Educação do Pantanal LTDA., Pimenta Bueno Serviços Educacionais LTDA., União Educacional Meta LTDA., UNIJIPA – União Das Escolas Superiores de Ji-Paraná LTDA., all wholly-owned by Athenas Grupo Educacional ("Athenas Group"). Below additional details of the transaction:

Asset description: Athenas Grupo Educacional was founded in the early 90s, it is composed by five institutions located in Rio Branco (AC), Ji-Paraná (RO), Rolim de Moura (RO), Pimenta Bueno (RO) and Caceres (MT). With a total of 9,000 students, it has a portfolio of 67 undergraduate courses, higher technical courses (CST) and Distance Learning Postgraduate Programs, in addition to a potential for 300 seats/year in medicine. The group's institutions are positioned in the market as follows: 2nd largest in Rio Branco with a ~25% market share; 2nd largest in Ji-Paraná with a market share of ~ 40%; the largest institution in Rolim de Moura with ~60% market share and in Pimenta Bueno and Caceres the only private institutions in each city.

Quality: Athenas Group has a solid academic quality. In 2017, four of its institution was awarded a 4 score in the General Course Index (IGC) by the Ministry of Education (MEC) with courses having the highest scores in their regions.

Distance Learning (DL): The Athenas Group has two institutions accredited to operate in DL segment with permission to open approximately 300 centers per year.

Transaction rationale: The acquisition covers 3 of the 17 cities' influence regions (RICs) outlined in our strategic plan, in addition to being located in regions of relevant economic growth, such as the Midwest and North of the country. The Athenas Group has outstanding academic quality, excellent infrastructure and is exposed to high-growth cities with great opportunity for Digital Learning.

Medicine: The Group has three ongoing processes for medicine course licenses which comprises a potential of 300 seats per year and 1,800 students in maturity.

Transaction value and payment: The agreed amount of the transaction is R\$120 million, to be paid as follows: (i) R\$106 million in cash upon signature; and (ii) R\$14 million on the 5th anniversary of the closing date. In addition, the acquisition includes an earn-out clause for the medicine courses at R\$600 thousand per authorized seat totaling a potential amount of R\$180 million, to be paid after the first intake cycle of each course.

Financial performance: In 2019, Athenas Group registered net revenues of R\$94.5 million and Adjusted EBITDA¹ of R\$15.0 million.

Closing conditions: The conclusion of the Transaction is subject to precedent conditions, including approval by the Administrative Council for Economic Defense - CADE.

Rio de Janeiro, June, 4th 2020

Eduardo Haiama
CFO and Investor Relations Officer

¹ EBITDA ex-IFRS 16 reflecting the due diligence adjustments and normalization of rental costs; accounting EBITDA of R\$32 million.