

**HAPVIDA PARTICIPAÇÕES E  
INVESTIMENTOS S.A.**  
CNPJ 05.197.443/0001-38  
NIRE 233.000.392-71

**NOTRE DAME INTERMÉDICA  
PARTICIPAÇÕES S.A.**  
CNPJ 19.853.511/0001-84  
NIRE 353.004.632-42

## **MATERIAL FACT**

### **BUSINESS COMBINATION BETWEEN HAPVIDA AND GNDI**

**HAPVIDA PARTICIPAÇÕES E INVESTIMENTOS S.A.** (B3: HAPV3) ("Hapvida") and **NOTRE DAME INTERMÉDICA PARTICIPAÇÕES S.A.** (B3: GNDI3) ("GNDI") and, together with Hapvida, "Companies"), pursuant to Instruction CVM No. 358/02 and No. 565/15, as amended, and in addition to the material facts released on January 8, 2021 and February 15, 2021, communicate to their respective shareholders, the market in general and other interested parties, that on February 27, 2021, Hapvida, GNDI, Hapvida Participações and Investimentos II S.A. ("HapvidaCo"), a Hapvida subsidiary, and PPAR Pinheiro Participações S.A. ("PPAR"), Hapvida's parent company, entered into an Association Agreement and Other Covenants ("Agreement"), which established the terms and conditions for the implementation of the Hapvida and GNDI business combination.

The Agreement provides for the business combination of the Companies through the merger of GNDI shares into HapvidaCo ("Merger of Shares") and, thereafter, a merger of HapvidaCo into Hapvida ("Merger of Company") and together with the Merger of Shares, the "Transaction").

The Board of Directors of Hapvida and GNDI authorized on this date the execution of the Agreement and ratified the execution of the Protocol and Justification of the Merger of Shares and of the Merger of Company ("Protocol"), describing the terms and conditions applicable to the Transaction. Also on this date, the Boards of Directors of Hapvida and GNDI approved the Management Proposal and other documents that shall be submitted for the deliberation and approval of the Transaction by the shareholders of the Companies in extraordinary general meetings to be called on this date to be held in 30 (thirty) days.

If completed, the Transaction will result in the creation of one of the world's biggest companies providing verticalized healthcare solutions.

#### **1. Main Terms of the Transaction**

The main terms of the Transaction and of the Protocol are described below:

a. Identification of the companies involved and description of the activities performed

The Merger of Shares and the Merger of Company will involve GNDI and Hapvida (together with HapvidaCo, Hapvida's subsidiary), both of which are publicly-held companies listed on Novo Mercado on B3 S.A. - Brazil, Bolsa, Balcão ("B3") and with operations, directly or through their subsidiaries, in the supplementary health sector, in a verticalized manner. HapvidaCo is a company whose main object is to hold interests in other companies and whose shares are, on this date, wholly owned by Hapvida, and which will be extinguished as a result of the Merger of Company.

b. Description and Purpose of the Transaction

Subject to the terms of the Agreement, the Transaction will be implemented through the merger of GNDI shares by HapvidaCo, in accordance with articles 224, 225 and 252 of the Law 6.404/76 (Brazilian Corporation Law), as well as CVM Instruction 565/15, with the consequent issuance of new common and preferred shares redeemable from HapvidaCo and delivery of such securities to GNDI shareholders. Immediately after the Merger of Shares, there will be (i) the redemption of preferred shares with due payment to occur until the second-to-last business day of the month immediately following the Closing Date of the Transaction, in Brazilian currency to GNDI shareholders, as holders of redeemable preferred shares of HapvidaCo; and (ii) immediately thereafter, the merger of HapvidaCo by Hapvida, in accordance with articles 223, 224 and 225 of the Brazilian Corporation Law, as well as CVM Instruction 565/15. As a result of the Merger of Shares and subsequent Merger of Company, GNDI will become a wholly-owned subsidiary of Hapvida, with consequent migration of GNDI's shareholders base to Hapvida.

With the completion of the Transaction, Hapvida will continue to be a publicly-held company, listed on the Novo Mercado of B3, and will be referred to in this material fact as "Combined Company".

c. Main Benefits, Costs and Risks of the Transaction

Main Benefits and Strategic Rationale. The business combination between the Companies is based on strategic fundamentals such as the possibility of (i) integration of a wide range of products, hospital structures, resources and health solutions to the benefit of its customers; (ii) reduction in the operating costs by sharing best practices and optimizing processes of the Combined Company; (iii) achievement of synergic potentials resulting from the geographic complementarity of the Companies' operations; (iv) consolidation of GNDI's and Hapvida's shareholding bases, with an increase in liquidity of the Combined Company; and (v) potential share price appreciation of the Combined Company in B3 due to all the factors listed above.

Furthermore, the Transaction may result in synergy gains due to the capacity of the current directors of the Companies who are responsible, together with their employees,

for the expansion and consolidation of a solid business model of the Combined Company as integrated and verticalized healthcare providers, and with a common focus of rendering services of quality sustainably, aiming at greater democratization of the access to quality healthcare to millions of Brazilians. As a result of the Transaction, the Company will have two co-CEOs Irlau Machado Filho and Jorge Pinheiro.

Costs. The management of the Companies estimates that the costs for consummation of the Transaction will be of R\$ 116,000,000.00 (one hundred and sixteen million reais), which include costs with financial advisory services, evaluations, legal advisory services and other advisory services for the implementation of the Transaction, publications and other related expenses.

Risks. Pursuant to the Agreement, the Companies do not foresee significant risks resulting from the consummation of the Transaction, and its success will depend, primarily, on the Combined Company's possibility to realize growth opportunities and cost savings resulting from the intended combination of the businesses. The main risk factor anticipated refers to the approval of the Transaction by the applicable regulatory agencies. Hapvida and GNDI have operated and, until consummation of the Transaction, will continue to operate independently, under the terms of the Law.

Both management teams will face important challenges to integrate their businesses, processes and operations in an systematic, optimized and efficient manner, as well as to retain personnel. For this, they plan to organize all these processes in a transparent and professional manner after obtaining the regulatory bodies authorizations. The integration of the Companies will be complex and, therefore, will require a reasonable time investment from the management of both Companies, which will have to devote substantial resources and efforts to its implementation.

d. Exchange Ratio and Cash Installment; Final Corporate Interests

Exchange Ratio and Cash Installment. Subject to the terms and conditions provided in the Agreement and in the Protocol, with the consummation of the Merger of Shares followed by the Merger of Company, the GNDI's shareholders will receive in substitution for each one (1) GNDI's common share (i) 5.2490 (five point two four nine zero) Hapvida's common shares ("Exchange Ratio"), and (ii) R\$ 6.45 (six reais and forty-five cents), updated *pro rate die* based on the variation of the CDI from the date of approval of the Transaction by the shareholders of Hapvida and GNDI until the Closing Date of the Transaction, subject to adjustments provided in the Agreement and in the Protocol ("Cash Installment"). The Exchange Ratio and Cash Installment were determined by the management of Hapvida and GNDI, as independent parties, during the negotiation process of the business combination that resulted in the execution of the Agreement.

Final Corporate Interests. Illustratively, based on the Exchange Ratio and Cash Installment, considering the assumptions of, and disregarded eventual adjustments provided for in the Agreement and Protocol, on this date, the corporate interest of

Hapvida's shareholders and GNDI's shareholders would be, respectively, 53.6% (fifty three point six percent) and 46.4% (forty six point four percent) of the Combined Company, already considering the payment to GNDI shareholders of the Cash Installment (subtracted from the Extraordinary Dividends).

Exchange Ratio Assumptions; Valuation Reports. The proposed Exchange Ratio considers the volume-weighted average price (VWAP - volume-weighted average price) of the shares of GNDI and Hapvida in B3 in the period of 20 (twenty) trading days immediately prior to December 21, 2020, plus a premium of 15% (fifteen percent) on the average quoted price of GNDI shares on the market e will be subject to the adjustments provided in the Agreement.

HapvidaCo has hired (a) Apsis Consultoria e Avaliações Ltda., to assess the economic value of the shares of GNDI to be incorporated by HapvidaCo, on the base-date of September 30, 2020 ("Base-Date"); and (b) KPMG Auditores Independentes, which will issue a fairness report on the *pro forma* financial information as of the Base-Date for the Combined Company.

In accordance with article 227 of the Brazilian Corporation Law and article 7 of Instruction CVM No. 565/2015, Hapvida's management has hired (a) BDO RCS Auditores Independents S.S. ("BDO RCS") to assess the equity book value of HapvidaCo for purposes of the Merger of Company on the Base-Date; and (b) BDO RCS, which shall issue a fairness report on the *pro forma* financial information as of the Base-Date for HapvidaCo.

e. Shareholders' Approval, Submission of the Transaction to CADE and ANS and other Conditions Precedent

The efficacy of the Transaction is conditioned to the approval of the Companies' shareholders in their respective shareholders' meetings, from the Administrative Council for Economic Defense ("CADE") and the National Supplementary Health Agency ("ANS"), as well as the verification of certain other conditions precedent usual for transactions of this type, as described in the Protocol and in the Agreement. The transaction will be submitted to the evaluation of CADE and ANS within 45 (forty-five) days from the date of execution of the Agreement, provided that all information and documentation required in connection with the notification to CADE and the notification to ANS are provided by the parties in a timely manner and the pre-notification procedures set forth in CADE's Internal Manual of the General-Superintendence for concentration acts submitted under the ordinary course have been completed.

Once the conditions precedent are verified, the respective Boards of Directors of the Companies will set a date on which the Transaction will be effectively consummated, and the Companies will disclose, jointly, a Material Fact on the subject ("Closing Date").

f. Calculation of the Exchange Ratio pursuant to article 264 of the Brazilian Corporation Law

Considering that the Companies do not have a control relationship and that they do not have common control and that the substitution ratio was negotiated between absolutely independent parties, and, also, considering that HapvidaCo is a company whose shares are wholly owned by Hapvida at the time of approval of all stages of the Transaction, there is no need to discuss the applicability of article 264 of the Brazilian Corporation Law to the Transaction.

g. Governance of the Combined Company

The Companies understand that a qualified, experienced, diverse and independent Board of Directors is essential for an efficient decision-making process and long-term sustainable performance. The Combined Company will have its Board of Directors expanded to, at least, 9 (nine) members, 2 (two) of whom will be nominated by the Board of Directors of GNDI, 5 (five) will be nominated by Hapvida (including the Chairman of the Board of Directors) and 2 (two) independent, one indicated by the Board of Directors of GNDI and one by Hapvida. Also, recognizing the deep value and imperative need for representation in decision-making bodies, the Combined Company will promote a Board of Directors that addresses diversity in its composition (considering gender, age, nationality, professional history, and qualifications).

- a. Directors. The Board of Directors of the Combined Company will count on the active and fundamental participation of Mr. Irlau Machado Filho, current CEO of GNDI, and Jorge Pinheiro, current CEO of Hapvida, as Co-CEOs of the Combined Company.
- b. Committees. On the date of the Transaction's approval, Hapvida's controlling shareholder will approve, at an extraordinary shareholders' meeting, the effects of which will be suspended until the Closing Date, the installation of the following statutory committees: (i) Compensation and People Committee; (ii) Audit, Risks, Internal Controls and Compliance Committee; and (iii) ESG (Environmental, Social and Corporate Governance) Committee, whose recommendations should be submitted to the deliberation of the Combined Company's Board of Directors. Each of the committees will be composed of 3 (three) members, 1 (one) of whom will be appointed by the Board of Directors of GNDI, 1 (one) of them will be nominated by Hapvida, and 1 (one) of them will be one of the independent members of the Board of Directors with proven experience in the respective area.
- c. The Fiscal Board. At the first general meeting of the Combined Company to be held after the completion of the Transaction, the installation of Hapvida's Fiscal Board will be approved.
- h. Withdrawal Rights

Hapvida's shareholders, in their capacity as shareholders of the surviving company, will

not have withdrawal rights as a result of the Transaction.

GNDI's shareholders will also not have the right to withdraw due to the Merger of Shares, given that GNDI's common shares are liquid and dispersed in the market, as provided for in articles 252, § 1 and 137, II of the Brazilian Corporation Law.

## **2. Other Relevant Information**

### **a. Extraordinary Dividends**

Subjected to the consummation of the Transaction and in addition to the distribution of mandatory minimum dividends, as per the parameters and adjustments defined by the parties in the Agreement, GNDI may distribute dividends to its shareholders in the total amount of up to R\$ 4,000,000,000.00 (four billion reais) ("Extraordinary Dividends"), subject to the following conditions: (i) the effectiveness of the statement of the Extraordinary Dividends will be conditioned to the consummation of the Transaction; (ii) Extraordinary Dividends will be declared in favor of shareholders based on GNDI's shareholding position on the Closing Date, unless otherwise resolved by the Boards of Directors of Hapvida and GNDI; (iii) the Extraordinary Dividends will be paid until the second-to-last business day of the month immediately following the Closing Date; and (iv) The Extraordinary Dividends will be deducted from due value of the Cash Installment.

In the case of GNDI shareholders non-resident in Brazil, in which the Withholding Income Tax (Imposto de Renda Retido na Fonte – "IRRF") will be withheld in relation to the eventual capital gain, pursuant to art. 21, § 6 of Normative Instruction RFB 1.455/14, as amended by Normative Instruction RFB 1.732/17, the Companies reserve the right to: (a) withhold the IRRF related to the eventual capital gain of the non-shareholder resident of GNDI who does not submit, directly or through its custody agents, by the date set forth in the Notice to Shareholders to be released in due time (date that cannot be later than the 15th calendar day of the month immediately following the Closing Date), documentation evidence of the average cost of acquisition of its GNDI shares that demonstrate the lack of gain of taxable capital; and (b) offsetting the amount of the IRRF eventually collected by Hapvida (a company that will succeed HapvidaCo in the obligation to collect the IRRF, which will be calculated based on the acquisition cost verified under the terms of the previous item) on behalf of the non-resident foreign investor with the amount of the Cash Installment to which the respective investor is entitled, as well as with any other credits held against the foreign investor, including, without limitation, the value of any dividends, interest on equity and other earnings, other earnings that may be declared and/or paid by Hapvida, HapvidaCo or GNDI at any time, even before the Closing Date of the Transaction.

### **b. Compensation and Incentives**

The Companies agreed that GNDI, up to the closing date, through its Board of

Directors, will anticipate and accelerate all vesting periods for stock options granted, deferred or restricted shares and other equity instruments outstanding on this date, contemplated in the existing GNDI share-based incentive plans. As a result, once the assumptions of the Agreement are observed, such acceleration will not result in any adjustment of the Exchange Ratio.

Also, in order to facilitate the integration process and take advantage of all the potential for value creation resulting from the proposed business combination, it will be submitted for deliberation by Hapvida's shareholders, as part of the Transaction, a compensation package based on a stock option plan (SOP) aimed especially at the main executives of GNDI and a second SOP aimed at the main executives of Hapvida.

c. Break-up Fee

If the Agreement is terminated (a) by the innocent party, if the conditions precedent established exclusively for its benefit are not fulfilled by the defaulting party within the terms provided for in the Agreement and are not waived by the innocent party; (b) by GNDI, in the event of non-compliance with certain obligations of Hapvida's controlling shareholder regarding its realization commitments, Attendance and affirmative vote at the extraordinary general shareholders meeting of Hapvida for the consummation of the Transaction, as provided for in the Agreement; (c) by the innocent party, in the event of active prospecting, by the other party, on recommendation from the board of directors of the respective party to accept a competing operation, as defined in the Agreement; (d) by the innocent party, as a result of the approval by the shareholders' meeting of the other party of a competing operation (as defined in the Agreement), provided that the Operation has been previously approved at the shareholders' general meeting of the respective party, as the case may be; (e) by the innocent party, as a result of any act or omission proven to be carried out in bad faith by the other party resulting in malicious non-compliance or gross fault non-compliance of the obligations of the respective party under the Agreement; the defaulting party will pay the innocent party a compensatory fee, as compensation fixed rate, in the amount of (x) R\$ 500,000,000.00 (five hundred million reais), in the event described in item (a) above, such fee being only due in the event that the innocent party did not waive the respective closing of the Transaction; or (y) R\$ 7,000,000,000.00 (seven billion reais), in the cases described in items (b), (c), (d) and (e) above, or even, in the event of the waiver, by the innocent party, of the fee provided for in item "x", and the closing of the Transaction does not take place due to a willful act or willful omission by the defaulting party, in any case the amounts of the applicable fee duly adjusted by 100% of the variation of the CDI rate, from the date of execution of the Agreement until the date of its actual payment.

Regardless of the above, the fee will not be due by either party to the other party if CADE or ANS does not approve the Transaction, provided that, in any event, the party that caused the non-approval has not acted with intent, gross fault or committed any other act or omission in bad faith.

d. Access to Documents

All documents pertinent to the Transaction to be analyzed or discussed in the Extraordinary General Meeting convened, including Call Notice, Management Proposal, as well as those required under the terms of the Brazilian Corporation Law and pursuant to CVM Instruction No. 481/2009, are available to the shareholders of the Companies from this date: (i) on the page of B3 on the World Wide Web ([www.b3.com.br](http://www.b3.com.br)); (ii) on the page of the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários – CVM) on the world wide web ([www.cvm.gov.br](http://www.cvm.gov.br)), and (iii) on the page of Hapvida and of GNDI on the world wide web ([ri.hapvida.com.br](http://ri.hapvida.com.br) | [ri.gndi.com.br](http://ri.gndi.com.br)).

**3. Advisors**

BTG Pactual and Itaú BBA acted as financial advisors to Hapvida, and J.P. Morgan and Citibank served as financial advisors to GNDI. The law firms Pinheiro Neto Advogados and Madrona Advogados acted as legal advisors to Hapvida, and the law firm Souza, Mello and Torres Sociedade de Advogados (negotiation and general coordination), Lefosse Advogados (capital markets) and Mattos Filho Veiga Filho, Marrey Jr. e Quiroga Advogados (taxation and compensation and incentives) acted for GNDI.

**4. Fairness Opinion**

Citigroup Global Markets Brasil, Corretora de Câmbio, Títulos e Valores Mobiliários S.A. ("Citi Brasil"), J.P. Morgan Securities LLC ("J.P. Morgan Securities") and Banco J.P. Morgan S.A. ("Banco J.P. Morgan" jointly with J.P. Morgan Securities, "J.P. Morgan") acted as financial advisors to GNDI in relation to the Transaction. GNDI's Board of Directors received two independent fairness opinions from Citi Brasil's and JP Morgan Securities' affiliates, both dated February 27, 2021, regarding the reasonability, from a financial perspective on the date of the "fairness opinion", of the consideration to be received in the scope of the Transaction by the common shares holders GNDI's shareholders, whose opinions were based on and are subject to various assumptions, limitations, qualifications and other conditions as described therein. Citi Brasil's and J.P Morgan Securities' opinions were exclusively prepared for GNDI Board of Directors's analysis (only under its capacity as such) and not for the use or benefit of any third party.

Hapvida's Board of Director received one independent fairness opinion from Banco XP S.A. dated February 27, 2021, regarding the reasonability, from a financial perspective on the date of the "fairness opinion", of the consideration to be paid by Hapvida to the common shares holders GNDI's shareholders in the scope of the Transaction, ose opinions were based on and are subject to various assumptions, limitations, qualifications and other conditions as described therein. Banco XP S.A. opinion was exclusively prepared for Hapvida Board of Directors's analysis (only under its capacity as such) and not for the use or benefit of any third party.



## **5. Call for Extraordinary General Meetings**

Hapvida's and GNDI's Boards of Directors called on this date, February 27, 2021, their respective extraordinary general meetings in order to approve the corporate acts related to the Transaction. In addition to the approval by the Companies' shareholders and other terms and conditions set forth in the Agreement, the Transaction is also conditioned to the approval by CADE and ANS.

## **6. Investors Meeting**

The Companies are committed to keep their respective shareholders and the market informed of subsequent facts related to the Transaction, in accordance with the law and CVM regulations.

Hapvida and GNDI will jointly hold a conference call in Portuguese (with simultaneous translation into English) for shareholders, analysts, investors and the market in general to talk about the potential Transaction. Details of the conference call will be released soon.

Fortaleza, CE, February 27, 2021

São Paulo, SP, February 27, 2021

**MAURICIO TEIXEIRA**

**GLAUCO DESIDERIO**

Chief Financial and Investor Relations Officer

Investor Relations Officer

This Material Fact does not constitute an offer of the right to participate in the sale of shares in the United States or any other jurisdiction outside of Brazil, and the Companies are not requesting offers to purchase in the United States. Any information contained herein must not be carried, transmitted, disclosed, distributed, or disseminated in the United States. The Companies do not intend to register any offering of shares in Brazil, in the United States or in any agency or regulator of the capital market in any other country.