



Combination of Hapvida and GNDI Transcript Hapvida (HAPV3)

São Paulo, February 7, 2022

Operator: Good morning and thank you for standing by. Welcome to this webcast where we are going to share the expectations regarding synergies gained related to the combination of business between Hapvida Participações Investimentos S.A. and Grupo NotreDame Intermédica, GNDI. Joining us today for today's presentation from GNDI, Irlau Machado CEO, Marcelo Moreira, CFO and Glauco Desiderio IR Director. From Hapvida, Mr. Jorge Pinheiro CEO, Maurício Teixeira CFO and Guilherme Nahuz IR and ESG Director. I'd like to stress that for those of you who need simultaneous interpretation this is available in the platform itself, just click on the interpretation icon at the bottom of your zoom bar and choose the language of your preference, Portuguese, or English.

For those of you who are listening to the webcast in English you can mute the original audio in Portuguese clicking in mute original audio. I'd like to inform you that today's presentation shared in this webcast as well as material facts are already made available at the IR site of both companies. You can also download the presentation using the chat icon in English too. During the presentation all participants will be muted later on we will open for questions and answers. We'd like to inform you that the questions will be selected according to the order they were submitted, and you can submit them using the audio or a writing, for sending us a message. Just use the Q&A icon at the bottom of your zoom bar and state your name, company, and language. If you want to send us a written question just let us know. If you want to ask that question, just ask us to enable your microphone. After you see the chat asking you to open your microphone, do so. If you have more than one question, we ask you kindly to ask all of them, at once.

All the information from this presentation reflects expectation of both management teams regarding the future of Hapvida and GNDI by the closing date on February 11, 2022. From that date on all the forecasts will be related to the companies subject to risks and uncertainties estimated indications that do not represent guarantee of performance. They depend on the market conditions and the region conditions in which the companies operate. Any changes, the concrete results may differ from this forecast. Now I'd like to turn it over to Mr. Irlau Machado and Dr. Jorge Pinheiro, please go ahead.

Irlau Machado: Good morning, everyone and welcome to this webcast, this is Irlau Machado. It's a great pleasure to be here with you together with my colleague Jorge and right now we are undergoing a good time for our operations. This is really the fruit of hard work and dreams we shared. We will be one of the major players in healthcare with a leading position in Brazil. One of the largest vertical healthcare players. We are combining our operations and we do have unbeatable MLR and Profitability. This is true, both for Hapvida and GNDI, with similar structures we supplement each other, even from the geographic presence, we will be now present nationwide. Hapvida over the years has focused on the Brazilian north, northeast and the center west, also present in the southern part of Brazil and Intermédica focused on Rio de Janeiro, São Paulo, more recently Rio Grande do Sul, Santa Catarina, and the State of Paraná. So now, our presence will be nationwide. Our value proposition is also above what is offered and that is certainly one of the leverages, one of the drivers for our growth. Our philosophy is always to provide high quality services at an affordable price. This is the core of our business so to provide access to our population for those who are willing to get a private health insurance and oftentimes cannot afford that, but our prices are accessible. There are clear synergies to be



captured to get on, we will also reduce costs and we have been working on that for the last six, seven months with the external consultancy company, also in complying with the regulations, and sharing ideas on how we can transform this combination to provide benefits to our population, to beneficiaries and our investors. We are extremely excited with this new phase of our journey. The more powerful journey that will certainly add value to everyone in this chain. Now I'd like to turn it over to my colleague, Jorge. Jorge, please.

Jorge Pinheiro: Great Irlau, thank you very much for your opening remarks. This is certainly a historical day to all of us, and I'd like to remind you all that we have a mission, and although, they are slightly different, they are virtually the same. So, to provide access to the Brazilian population, today approximately 70 percent of the Brazilian population has no access to healthcare, to high quality health care, but we want to make that affordable to most families. This business combination has this power to increase that offer, not only considering the existing market, but also to be the entry point for the 70 percent of the Brazilian population that has been unserved. This slide shows you our organizational structure and governance, and what we want is to achieve our goals. So as a holding company, Irlau and I, and our teams, we work as co-CEOs, and we are certainly supported by different committees, and this is a strategic structure. The idea is to define, to map the synergies, the possibilities, be attended, commercial area, SG&A costs to identify and exchange best practices, so that on-day-one, we can tap on the synergies we do have many opportunities, and as you can see, below that we have the companies themselves, where we carry-out our operations. Irlau and his teams, them really admire them, they will remain independent focusing on their day-to-day operations. Just as the great team from Hapvida, so in our day-to-day, we will carry-on with our activities and operations. This structure has two major goals. The first one is to start tapping on the synergies from the very beginning, and we do have many synergies, but the second goal is to allow each company that have been operating in supplementary regions, we know that in spite of that there is still a great deal to be done, there are many Brazilian states and regions in which we are not present, and there are some regions in which we need to increase our presence. So, the second goal is to allow our teams to grow organically and inorganically, taking advantage of the opportunities and giving access to Brazilians to high quality health care. Our next slide, and very briefly, looking back, we can see what has been achieved by these two groups and what can be done in the future. Here you can see what has been done by the two companies and, so far, we have had a very constructive relationship, but please allow me to go over the numbers from Hapvida. So very briefly, from 2014 to date, you can see the number of members increased by more than 3.3 million lives, so you can see the number of people who believe in our mission. We have added 27 hospitals, nearly 2.000 beds, not to mention the number of clinics, more than 118 in different parts of Brazil. As for GNDI, the history is not different, so please, Irlau if you can talk about GNDI.

Irlau Machado: Yes, thank you, Jorge. As you can see, when we go over the slide, we can see that the growth is similar, a very strong growth, focused teams, so from 2014, as you can see, our operating revenue was 2.4 and now it's 12.1 billion BRL's. You can also see the number of members from 1.6 million to 4.3 million, our market share also increased. It's very interesting to see the similar growth in both companies, as you can see. Number of hospitals, also, a very sharp increase, so from 8 to 34, number of beds, also an amazing growth. So you can see that we are talking about approximately 7.000 beds now. Number of clinics that's very important to providing primary care and also reflecting the growth in GNDI, and I'd like to say that we also provide many job opportunities by increasing the number of employees, as you can see. It's really a very large company Notre Dame Intermédica in 2014, was present only in Rio and São Paulo, now we are present in the Southern part of Brazil, and we have increased our presence.



That means that we really have now one of the largest companies in Brazil. Now I'd like to invite Mauricio and Marcelo to move forward with the next page.

Maurício Teixeira: Well, after this fantastic introduction of the companies for the past five or six years, here we can see the national presence of the combined companies with very relevant landmarks, in number of countries, present in 19 of the Brazilian capitals, out of 27 capitals, and there are also some relevant cities in the countryside area of the same states. So, we can be present in most of the population, and also you know the representatives GDP groups of the population, so, national presence, and we are going to see how that unfolds into further synergies and opportunities. Let me now hand it over to Marcelo, who is going to emphasize the main pillars of our combined numbers.

Marcelo Moreira: Thank you, Mauricio. Good morning, everyone. In the next slide, please: To present our synergy, we really have to look back to the months of January and February 21, when both companies got together, to consider the merits of this combination. This is a transaction involving the two main H&O's in Brazil, two of the companies that have grown the most throughout the years. Companies with high merit and deeply analyzing the potential combination of the two companies was something essential to us. So, at that time, we created a very long list of strategies and benefits that could be obtained from the combination. And as Irlau and Jorge pointed out, during the following 11 months, since the announcement on February 27th, last year, we have really had a deep dive into the numbers and the objectives of course always complying with anti-trust regulations, but really refining the benefits, and this is good news. This is what we would like to share with you, the merits of the deal, can be clearly perceived, they have all been quantified. It's still at the estimate level, but we strongly believe we are going to achieve them, and, also, identify further upsides. Moreover, there are things that are going to start benefiting us from day zero. What are the main points that companies can do better by being together? What is the additional merit coming from this combination? So, in blue, when we talk about revenues, because once we leverage our own network with services, we can really grow in selling more national healthcare plans, really building on the infrastructure that Marcelo has just shared with you, and also, speeding up the sales of individual plans at the national basis. As we are going to have over 80 hospitals both companies are growing and are announcing further acquisitions, we have nearly 85 hospitals combined now, very well positioned, with top infrastructure. And as such we have a very clear understanding that the sell of hospital services to other H&O's will also be an important leverage from which we are going to capture our synergy. So, very important, from the revenue side. Now if you look into cost and expenses, we believe there is going to be an increasing level of verticalization once we are going to share our own networks. You know, we have a very high level, at first, I mean, we had a smaller level of overlap. However, as the companies evolved and got into new markets, now we've reached a substantial impossibility of getting more verticalization, so rather than using an external network, we can now resort to our own network. Thanks to our initiatives in the area of medication, we have increased our hospital efficiency, the efficiency of our clinical centers and others. And in terms of SG&A, let's say, traditional expected synergies, which will result from the use of our processes and systems. If we go into the next slide, please, in totalizing our revenue synergy, we get to a total of synergy, which will mean 800 million EBITDA and recurring EBITDA, as of the third year of the combination. And this is a combination of using a national product being launched of speeding sales of individual plans, also throughout Brazil, which is something that we have, as part of our plan, improving experience using the verticalized network that the two companies have built and now is being shared. And, in addition, covering hospital services. This is a potential where we would have



probably of reaching 2.1 million lives, just talking about the national product. If we analyze each of the companies individually, none of them offer that, however by not offering that, we had refusal of 40%, so some came to us, and we had to say no, but now we have a much greater addressable market, and by tapping into that we expect two percent market share gain, which will impact recurring EBITDA at 800 million BRL, something that will be constructed throughout the years. In the next slide, we can talk about cost and expenses. This results from an exchange of experience and leveraging our own networks, and also managing our own volumes, within our category of levels in our own network, the second highest item of expenses is material and medication, just second to labor, and this is very relevant to verticalized H&O's and, in fact, any hospital operator or provider would experience the same thing. So, concerning expenses, we really got very deep into identifying best practices into detecting the best negotiation that each of the companies had, trying to go beyond the best individual negotiations, always to obtain the best results. So, renegotiation of material, medication, the part of supplies, is really essential to us, and we expect to obtain even more synergy than what we had anticipated at first. In addition, it also involves service contracts, and I am not speaking about our external network. I'm talking about services, such as laundry, kitchen, food and ambulance, other activities which evolve around our end-activities, and from which we have already detected potential of synergy and decreased cost. And, as there is an overlap between lives and regions, because Hapvida has taken some action into Brasília, Triangle Mineiro, Area of Paraíba River, so, now there is a Hospital in Joinville, and these are regions where we already have lives covered, and, as such, we can start join our efforts and using our common network. And finally, the area of ancillary services, diagnostic tests, imaging, here we can see, not only immediate synergists to be benefit, but, both companies together, will get further leverage. A great distribution, and as such, the simple driver which has reduced MLR in recent years will help us go even further. So, based on the cost we've already mapped we had 320 million synergies to be captured throughout the years, and in terms of expenses, the total amounts to 260 million BRL, and it's a combined pool of both companies of over 3.3 billion of recurrent expenses. Once we get to 260 million, it means about eight percent. It's a very representative figure, certainly, but something achievable, both companies have realized and have already observed in recent years, that this is the business of scale, and this is exactly where we can have very good operational leverage. So, it amounts to 580 million BRL, in constant expenses, plus 800 million BRL in revenues, and this is how we get to 1.380 billion. Let me now hand it over back to Mauricio, so that he can share with us the timeline.

Mauricio Teixeira: Thank you, Marcelo. In recent weeks, we are working with our integration teams and the consulting companies, trying to obtain all the potential synergies with hospitals, H&O's, and all the activities and we have then set our timeline so that we can get to 1.4 billion of incremental recurring EBITDA. Day one, today, as of February and we believe we can already capture 40% of our potential of synergy through procurement our own accredited network, the use of our own networks, there are some regions in which Hapvida uses an external third-party network and GNDI has a network there, and the other way around, so we are going to use our combined networks, and that's going to generate significant savings. Optimization of life's portfolios, service to third-party, the ancillary services, the national plan, and cross-selling, so, some clients that we hold, and we can extend to other specific regions, commercial strategy, and G&A of third-party services. Then, there is going to be a second phase as of the second year, when we can detect potentials of dental products, adoption of new technologies for each company, and reinforcing G&A again. And, finally, on the second year, we will bring us to nearly one billion, and, as of, the end of the second year, beginning the third year, we are going to make investments in increasing verticalization. We are going to start to obtain the advantages, integration of systems and final integration of G&A, bringing us to the end of the third year, step



three, with an incremental recurring EBITDA of 1.38 billion. And in addition, we are going to have benefits in terms of goodwill and also tax shooting. This is all going to be a funding resulting from the operation and the goodwill, will really provide additional fuel for geographic expansion and M&A initiatives of the company. Can we go into the next slide, please? And here, we can see, the buildup of each of this opportunity, 241 million in supplies, G&A 188, then in commissioning standardization 72, G&A 188, accredited network sharing 49 million, diagnostic analysis 30 million, so getting to 1.38 billion throughout time and some unqualified synergies, for example, such as best practice and network expansion, with estimated cost of 100 to 150 million which are the cost to capture such synergy. As you can see throughout three years, we are going to increment further that potential gains, creating recurrent structures and the teams were together, are going to come across more opportunities, once we have that map, they are going to be part of our integration plan and the teams will execute them, so that, we can keep on, tapping into the synergies and the great value that this combination can bring to our shareholders. Ok, so these are the synergies that we'd like to share and now we are going to open for questions.

Operator: Now we will start the Q&A session, just for investors and analysts. I'd like to remind you that please click on the Q&A icon at the bottom of your zoom bar, state your name, company, and language. We will let you know when to open your microphone you will receive a message, so please click on that, and unmute yourself and we ask you all to please ask all your questions at once.

Operator: First question from Leandro Bastos from Citibank, Leandro, please go ahead.

Leandro Bastos, Citibank: Hello everyone, thank you very much for your presentation. It was really interesting. I have two questions. First regarding this last chart slide number 10. I'd like to please, ask you to add more color on the synergy. If we go over the gray bar, it really looks like a 1.4 billion BRL, so just to really understand if I understood that correctly, regarding further opportunities. Is there a possibility to double their opportunities that have been identified, so far? That is my first question. My second question, can you please also add color about a goodwill interesting equity, please? Thank you, very much.

Jorge Pinheiro: Well, asked, Mauricio and Marcelo, if you agree or also that they can talk about these synergies.

Irlau Machado: Sure. Thank you.

Mauricio Texeira: So, let me start talking about goodwill. Well, this was based on an assessment of the GNDI shares so when we think about the GNDI transactions, it's 43.6 billion BRL. Our net equity is 7 billion, 1 billion in common shares, so this difference is what we call goodwill. 37.6 billion. Now if you add growth to fiscal benefit will be approximately 12 billion BRL's, 11 to 12. And, obviously, we need to consider the timeline, but without considering the timeline, this will be approximately 11 to 12 billion BRL's this is also the synergy that we have been discussing. So, this is the number in the background, as for non-measurable synergies and obviously this gray bar really does not represent the amount itself. What we want is to provide you more details in the future, but right now we will have to work on that after closing and this will be a joint work between my team and Marcelo's team. Marcelo, would you like to add anything else?

Jorge Pinheiro: I'd like just to remind you that so far, we have been complying with the regulatory agencies obviously there are some restrictions in providing further information, right



now. We have been mapped much more but, certainly there are many other opportunities, and allow, and Hapvida team, have established committees that have been working, and after this combination was approved by CADE, in order to go in depth and in the next months, we will, certainly, be able to also identify further synergies that have not been identified, yet. And, as I mentioned there were some restrictions, but we know that there are further opportunities, and we'll start working on them right away. I do not know whether Marcelo or Irlau would like to add anything.

Marcelo Moreira: Well, your comment was perfect.

Irlau Machado: Yes, when you consider this chart, obviously, we can talk about these new opportunities and also on refining these numbers. We're talking about numbers on which we have a high degree of reliability, but this does not stop here. We know that there is a huge potential, and I'd say that there will be an upside down these numbers, some new activities, new actions, and also when we think further ahead, as the two companies will be better combined, new synergies will also be identified.

Leandro Bastos, Citibank: Ok, thank you very much.

Operator: Our next question is from Joseph Giordano from JP Morgan.

Joseph Giordano, JP Morgan: Good morning. What about potential fiscal synergy, goodwill, and interest on equity?

Jorge Pinheiro: Hello Joseph, I am going to turn it over to Marcelo and Mauricio, but I believe that we have already addressed the goodwill benefit.

Mauricio Teixeira: With required to the goodwill, well, this is the difference between what we had last Friday, against also the 6 bi of that is the difference that is the goodwill, and this is supported by our legal counselors. This is really usable. So, we have 11 billion BRL's. As for, interest and equity, when we consider the new shares issued by Hapvida, this is also what we're talking about the market value, 40 billion BRL's. So, and also the basis for interest on equity also increases, and we need to also consider efficiency, also have some fiscal profit to offset that.

Operator: Our next question comes from Samuel Campos Alves, BTG Pactual. Samuel well we will now enable your microphone. Please, go ahead.

Samuel Campos Alves, BTG Pactual: Good morning, everyone. Good morning Irlau, Marcelo, Mauricio, Jorge, directors. Two questions. First, just to check if i understood, 1.4 billion BRL's, this is for your 2024 forecast, is that right? And second question: With regard to the 800 million BRL's of a revenue, does that include only national products or does it include, what you also conveyed during your switches regarding individual plans and also hospital plans?

Marcelo Moreira: Let me start talking about the revenue, when you talk about 800 million BRL's, this is the revenue, right? So, we're talking about the national product itself and expansion nationwide of hospital services, that today is limited to certain regions, as well as, to individual plans that were also not sold nationwide, so the national product, plus the national expansion of some services and products that were just localized, will add to these 800 million BRLs, so this is really the combination of the different sources of revenue. Now, if it's a part value number?



Well, this is today's number, they reflect today's scenario, we did not perform any forecast regarding the average ticket, nor anything, we just used the current information available.

Samuel Campos Alves, BTG Pactual: Now, let's see, with that will certainly depend on the inflation rate, medical inflation rate, that will be, certainly, also have an impact. So, that means that this has not considered inflation in the future?

Mauricio Teixeira: No, just to clarify, this is at the costs reflect today's cost, and also current average ticket. So current EBITDA, and also, overtime, so we, certainly, need to consider inflation for three years.

Operador: The next question comes from Marcio Osako, sell-side analyst of Bradesco BBI. Marcio, we are now going to allow you to speak, your mic is on.

Marcio Osako, sell-side analyst of Bradesco BBI: Hello, good morning, everyone. I have some questions. The first, concern the guidance of 800 million in revenues, you said the potential analyzing the best-case scenario and new contracts coming for the corporate plan or this is a number that you actually expect to deliver by 2024? Second: Do you see any impediments to a broad offer of national plans in areas where Intermédica is, using Hapvida model, so the national products in the regions where Intermédia are, have you also included the potential synergies in your 800 million synergies? And thirdly: Don't you see more space for synergy in SG&A, a much higher value than what you announced of 180 million? Thank you.

Marcelo Moreira: Well, Mauricio, let me just give you a general overview and then you can jump in and help me. So, national product, whether this is wishful thinking only, or if we can trust it. So let me see what I can tell you, we have analyzed the addressable market and we believe it's much greater than that, the full potential would be much greater than the 800 million, but we cannot really anticipate that, we are going to succeed full time. So, we've had a forward statement the number you were sharing with you today we strongly believe it is achievable and we can do it throughout the next few years, and as Mauricio has said, this is something starting from D-0, our two commercial teams, since the Trust Authorities, "okayed" the combination, that both commercial teams started working together. Throughout the upcoming months, we may improve, further, the technology, the tools, that can really make things even easier, but we want to launch, immediately, a national product. Now, concerning individual book at GNDI which is your second question. Yes, we want to speed it up, and we also want to leverage, further. I think that what we've been observing in the country from an economic perspective, leads us to doing it. Part of the regulatory risk has already been taken, so to speak, we've seen a negative price increase of minus eight percent so all our indicators from now on are going to show that the environment will be much more beneficial in terms of price adjustment of individual plants, something much more realistic than what used to be in the past, that was set-off by the deflation of the price. So, this is something which is already included in our 800 million of synergy. And, finally, concerning G&A, SG&A, I'm going, I don't want to say whether it's a lot, or a little, it doesn't matter, this is the number we've got so far, considering the assumptions of the deal. So, both companies, operating independently, to some extent especially in their own regions, so that the synergies of the recent initiatives that have taken place in the south, Minas Gerais, Countryside Area of São Paulo, all the M&A's of the companies, independently, can still be properly used by the new group. So, I think it's a very good starting point. The synergies that we have detected for SD&A so far are quite good by doing them we are not going to impact



achieving of other goals which are much more ambitious which results from integration of recent M&A's. Mauricio, would you like to add anything?

Jorge Pinheiro: Great answer. This is Jorge speaking. If I may add, I think Marcio was also asking about national plans which is another huge possibility. Neither Hapvida or GNDI, offers a national product today. Both do not offer a quotation to a number of potential clients because they do not have that offer. That's different from dental product, and then synergies are different in dental commercial area, sharing of network, etc... but in medical care, we can see a huge potential, because there are very few players in Brazil that can sell products with such a large coverage and we are going really to be extremely, at advantage, because we are going to have our common network embodying best practices, including understanding of case complexity. So, that we can lead to better outcomes. So, we can see really huge opportunities resulting from an individual national product, better saying, that it's currently not available to Hapvida or to GNDI.

Marcio Osako, sell-side analyst of Bradesco BBI: SG&A, again, 180 million means that both companies are going to operate independently. Have I got that, straight? Within a three-year timeline, you could go into further integration of the companies and then SG&A, capture, and synergies, would potentially go further. Is that what I Got?

Irlau Machado: Well, yes. It's all a trade-off, isn't it? Right now, we've been working on it to capture potential short-term synergies that involve the integration of companies that our two independent companies have already acquired. At the same time, we are going to maintain our M&A programs in both companies, and this is going to strengthen us towards the future. When we get to that moment in which we've obtained the know-how and our understanding of our mutual technology, when we can together understand the best practice and put into a seamless operation, we will, of course, embrace further synergies, but we are here talking about the best timing to do it.

Marcio Osako, sell-side analyst of Bradesco BBI: That's great. Thank you all, very much.

Operator: Our next question comes from Fred, Sell Side Analyst of BoFa, Fred.

Fred, Sell Side Analyst of BoFa: Good morning. Thank you, very much. I have two questions, and just a complementation, once again talking about commercial synergies, historically, the most difficult part of capturing synergy and something higher than what we had at first, are you already including the fact that once you are not competing, one against the other, maybe you won't have to be so aggressive in terms of price. Have you already accounted for it? In your potential synergies? And secondly, considering that you were still going to work individually for the next two years, SG&A will just be accounted for and perceived as of the third year? Thank you.

Irlau Machado: Well, let me answer the first question and then I'll hand it over to my peers to answer. Our reason for being is accessibility. In many different markets, because of the different regions where we used to work in the past, we were not necessarily competing one against the other, and I'll tell you that was not our practice, to be honest, but we've been able to interpret the market and bring the efficiency to it through our models which tend to be quite similar, offering products at affordable cost to our consumers and we want to expand the market the fact that we aren't together doesn't mean we're going to offer higher prices, no. We are going to obtain more efficiency and that may be translated into better prices to our end consumers.



Fred, Sell Side Analyst of BoFa: Great Irlau, very clear.

Marcelo Moreira: I don't know whether the second question has something to do with that further in terms of competition. Well, Fred, in terms of G&A synergies presented in slide 10, 178 this total amount will be captured within the next three years, 188 as you can see with G&A. This has been calculated considering the governance model that Jorge shared with us. Still having the companies operating independently to really unfold the potential of the companies that have been acquired in the past 18 months. Quite representative initiatives, we are talking about over 1 million lives, purchased by the two companies together, a large volume that has to be properly addressed but will lead, eventually, to more efficiency. So, right now 188 million in SG&A. Once we get to a more mature point, ready to go into the next steps, then we can go into a new wave of synergies. This is something quite expectable and something that we have already anticipated from both sides.

Jorge Pinheiro: If I may add something in something that we've already said but i think it's still relevant in G&A and let's set apart, keep a lean third part. One of the main gains that we have here is to combine two teams which outperform against the market and have delivered great results. Brazil is still highly fragmented, there are hundreds of providers in Brazil, low penetration, over 75 percent of Brazilian population do not have private health care plan and they wish to have it. There are many cities in Brazil where we are not represented. We have made acquisitions and will require migrations. There is a pipeline of further acquisitions of each company. There is a wish list of M&A's that not GNDI and Hapvida, because we still have a highly fragmented market in Brazil, but a country which is getting more and more mature in its healthcare industry. Therefore, we are going to use our best teams to consolidate and to offer to Brazilian population our option of product in more regions which is one of the greatest gains of these operations. But in SG&A we have to consider that this is a preliminary study that have already been carefully done, because we were under the limitations of the trustee authorities' study, but now we are going to go further, we are going to count on consulting systems, we have potentials of integrating systems and a number of initiatives. We haven't had time to do everything, but these are very good estimates that we have already get to, but this is going to be repeated throughout the months. We can see huge opportunities right now we are focusing on those that can produce short-term results, but our committees are going to keep on mapping further opportunities so that we can benefit throughout the time.

Fred, Sell Side Analyst of BoFa: Thank you very much, very clear. If I make one last follow-up, something concerning MLR which you seem to be conservative. I know, i know you have had not much time, but can you please describe the reasoning, because I suppose most of those potential synergies that you have mentioned and I know you're not going to give any guidance, but I suppose that these synergies can result from MLR even though, you are being very conservative.

Irlau Machado: It's important to point out that, from during the past two years, we've been experiencing an unheard-of crisis a sanitary crisis throughout the whole world and has affected us enormously in Brazil, increasing medication cost, shortage of supplies, there have been expected and unexpected waves of increased demand, so, yes. We've been conservative. However, from now on, we expect to have, let's say calmer times, since the main peak of the covid pandemic in April last year, and now we can see, being still conservative I have to say, we really want to see that, once we got to some level of normalcy, how could we really employ our knowledge of reduction of MLR. We're using with our own network at GNDI, for example, there



are seven emergency departments and clinical centers, under construction, a very important number of constructions for verticalization, which is the best way to reduce MLR in Brazil. MLR is a correlation between revenues and expenses and what we have to constantly focus on is accessibility, so, yes. We are conservative, we expect to have many more opportunities resulting from how we analyze outcomes, clinical pathways, in our both operations to see really what works the best and what produces better outcomes to our patients and users and with that we are going to obtain further reductions in MLR.

Fred, Sell Side Analyst of BoFa: Great. Thank you very much, very clear.

Operator: Next question, Vinícius Figueiredo, Sell Side from Itaú BBA. Vinícius, we will enable your microphone. Please go ahead.

Vinícius Figueiredo, Sell Side from Itaú BBA: Good morning, everyone. Thank you for taking my question. Can you provide more details regarding 1 million members? Is that related to the number of individuals that look for this type of coverage or is there any additional aspect? No so, if you can talk a little bit more about this market, and do they look, this type of client, do they look for medical cops? And my second question, I think you have already addressed part of that, but can you please talk about this synergy in reducing costs and G&A. Could that also lead to decrease in what in what you offer and thus also observe an increase in organic growth?

Irlau Machado: Ok, I can start Jorge, and then you can jump in.

Jorge Pinheiro: Sure.

Irlau Machado: Ok, when we talk about 1 million members customers, we are commercially very active we do have many clients that request us to provide them some quotes and what we see is that oftentimes we need really to decline that offer. So, for example, for GNDI São Paulo, Rio de Janeiro, for example, but we would not offer that same quote for Brasilia, for example, or in the Amazon, and this company would have two options, either to have two different companies or perhaps to talk to a medical cop or some other players in the market but we don't have many who offer a nationwide service and not whether, what we offer regarding price, and as for GNDI, right now, oftentimes our ticket approximately 220 BRL's and our come next competitors who could provide that would cost two or up to five times what we are offering. So, our ticket is really appealing. And answering your second question, you're right they could look for medical cops sometimes with some insurers that are present nationwide but also by working with us and also with and having some other players in other parts of Brazil but, right now, we believe that we will be able to offer a single product. So, one-stop-service, so one contract only and then covering all lives of that employer, and we're talking about large employers with many employees. So, these are the benefits that we expect to capture. Jorge.

Jorge Pinheiro: Now I don't have anything else to add, what I can say is that today brokers and even our clients, when they, that's what you described, is a reality. They really want to have a one-stop-shop, not only at corporate level, but also in retail. So, let's think about small and mid-sized companies. In which you have employees who travel across the country, so, today, we covered that. So, we see many opportunities in retail and also at corporate level, just as Irlau mentioned, our competitors pricing is very different from what we offer. So, if we were to quote that in areas in which we don't have an accredited network, this number would be very similar to what is offered by competitors, but now we have a single network integrated with this philosophy sharing, the philosophy we will maintain balancing pricing and we will be more



competitive, and I think, you also asked about the possibilities of dividing synergies in pricing? Yes, that's one of the beauties of this business combination. So, obviously, we will study local strategy pricing is determined locally, and then nationally, but part of what's going to be generated. We will, certainly, return that to two users in order to also increase our penetration. So, once again 70% of the Brazilian population has no access to private health care and that's why we wanted to become also more competitive and also fulfill our mission.

Vinicius Figueiredo, Sell Side from Itaú BBA: Very clear, excellent. Thank you, very much. If I can ask you one more quick question, regarding potential costs, those 100 to 150 million, just to make it clear is that the total number considering what you have to do by 2024 or just current number?

Maurício Teixeira: Total number, it will that is really the total number for that period.

Vinicius Figueiredo, Sell Side from Itaú BBA: Oh, okay. So that means that starting 2025 that will be zero.

Maurício Teixeira: Yes.

Vinicius Figueiredo, Sell Side from Itaú BBA: So, they will work on that and then they have pricing and that we will start it over. Thank you very much.

Operator: The next question comes from Beatriz, Sell Side, Analyst of UBS BB. So, Beatriz, please.

Irlau Machado: We cannot hear you. We cannot hear her.

Beatriz, Sell Side, Analyst of UBS BB: Well can you hear me now?

Irlau Machado: Yes, great. Now we can hear you.

Beatriz, Sell Side, Analyst of UBS BB: Good morning, everyone. Thank you very much for answering our question. I think you've already addressed it to some extent, but we would like to ask you about the operation of individual book, in one million new lives that you expect to obtain. Does it also include individual plans? Thank you.

Irlau Machado: One million lives are just lives from the national product.

Beatriz, Sell Side, Analyst of UBS BB: Thank you.

Operator: The next question comes from Mauricio Cepeda, Sell Side Analyst of Credit Suisse. Mauricio, we are going to open your mic, now.

Mauricio Cepeda, Sell Side Analyst of Credit Suisse: Hello, good morning. Thank you for the opportunity. I have some questions about the assumption and potential future strategies, a very important part of the synergy comes from supplies, and you already have large-scale, your companies individually they are big in themselves for materials and medication. The gains that you identify in contracts, are gains that wouldn't be obtained if you maintained your own supplies optimization strategies? Well, the second question concerns strategy changes, because GNDI had been selling hospital capacity outside the company and now it's going to be extended to the whole country. Doesn't it go against the fact that you are still not verticalized enough in



some regions, so maybe you don't have idle capacity probably still need some more capacity? And thirdly, a strategy that GNDI has here in São Paulo to verticalize plans it also has some accredited or a network in some regions. Do you expect to do that also in the northeast, for example, to capture premium lives? And finally, one last question, which is more of a tactical nature, what's going to be used for the Sell Side, I expect that you are going to report your results together, so how are you going to communicate now to the market, all the synergies that you obtained from your combined operations?

Irlau Machado: Irlau speaking, let me start by addressing hospital services first. This is a very interesting niche and we've been using in to have the appropriate balance of hospital occupancy. Five or six years ago we had 106 million, resulted from third-party hospital services. Now, last year it reached nearly 1.2 billion with an incremental potential, which is great. We know, we can in our operations because of the way we work, when we have cash-cow hospitals, hospitals that are effective, efficient, accurate, precise. So, it sometimes generates very affordable costs to third parties. It is an operation that will be looked into by other third-party H&O's, and this is something that will still help us. Now, what comes first, sometimes we go into a region in which we have no lives covered, however, once we acquired a hospital operation, we start there in the run. We have medical structure, technology, infrastructure, we can start creating specific products to focus on the asset acquired in a specific region. In other words, it makes sense. Throughout time, we try to strike a balance between what's necessary for verticalization and the availability for selling third-party services. It's used, as a modulator of hospital occupancy, which is highly profitable and very interesting and has very sizable margins. I'm sorry I cannot recall the other two questions, maybe someone can answer that.

Jorge Pinheiro: Now speaking on behalf of Hapvida, as you all very well know, it has never been a strong strategy to sell services to a third-party. With our constant expansion of our own network, we expect to get to 85 hospitals all together or even more as a result of the short-term plans that each company has. It's a very important gain that can be captured at Hapvida using the best example of GNDI, but with doubt in harming our own essence and philosophy of efficiency, considering our own operations as something that deserves to be properly managed. We have many different hospitals and different projects; we intend to expand number of beds. There are three hospitals being built in the countryside of São Paulo, another one in the City of Campo Grande, two projects in Brasília, one in Manaus. We've recently opened one in Maceió, another one in Belém, Recife has two projects we expended the hospital in Natal, GNDI has just announced seven new hospital projects in addition to the expansion plan. It has through acquisitions. So, as you can see, we are going to have a very significant network with the possibility of offering our own products and as a complemented business, also obtain relevant revenues, from offering the services to third parties. So, benefiting from cost savings and revenues coming from that. Now, I don't know if Mauricio or Marcelo would like to address the next question, about the report of our potential synergies.

Mauricio Teixeira: We have a highly detailed plan of all initiatives and how much that's going to generate in terms of value and our integration teams will monitor that we will order them and see how well it has been executed and what was the synergies resulting from them. Maybe, we are going to get even greater synergies than what initially, forecast and that's going to be reported plan-by-plan. Through our integration committees which we'll meet quickly and then eventually we are going to report that to the market so how well the plans are being executed and what were the results from them. Of course, is going to impact the combined companies. This synergy may improve the result of one company or the other, and once we present the consolidated results, you we will see that as well.



Mauricio Cepeda, Sell Side Analyst of Credit Suisse: What about the gains from procurement, wouldn't you already derive benefits as a result of your current size. Why only the combination would really unlock the benefits of this procurement? And what about partially open network in other regions?

Irlau Machado: Let me give you some color about it in some specific regions of the country even though we are present there and sometimes even Hapvida is present there, we don't have the necessary volume independently to attract let's say a specific distributor which would reduce the management cause in that specific region. There are a number of regions that I could name here, but one thing is getting to be supplier and talking about a specific number of MRL or a much higher number, so we are together, going to have an untapped potential which is going to be much higher. So, for example clinical engineering costs, and all that so there are very important synergies because we are going to have much broader geographic, reach more hospitals, more lives, one thing 35 hospitals the other thing is 85 hospitals. So, we are going to have a joint power when negotiating contracts that can be beneficial also to our suppliers, of course, because they are going to have interesting margins in gaining more scale, but at the same time translated into cost reductions to the GNDI and Hapvida.

Mauricio Cepeda, Sell Side Analyst of Credit Suisse: What about the offer of plans that you do in São Paulo, partially open?

Irlau Machado: We are now discussing that, so for each city we are present in. In order to constantly improve our own network and we are also investing both, GNDI as well as Hapvida, so that we can also address the premium target, and our goal is to have this premium service being acquired within our own network that does not mean that we are not going to offer PPO plans in other areas.

Jorge Pinheiro: Great. Thank you Irlau. I think that much of our work has been focusing on what we already have, right? A great network, the best technology, the best services, this is, certainly, what set us aside from competitors and when we consider the CAPEX, and what we also estimate for the future. We know that we will certainly have a network that will provide the best results and I have seen this in GNDI, for example, in Belo Horizonte, GNDI has just acquired a hospital which is a really high standard hospital. So Belo Horizonte and also a third acquisition of specialized hospitals that were the best in that specialty and this already is and will be really what will set us aside from competitors with our own network with the best services, best professionals.

Irlau Machado: okay, and just to add Jorge, many people are not aware but many of our hospitals have been accredited ONA 3, Qmentum International, joint commission, owner, and we have been working on accreditation regarding hospitality, engineering equipment, so, we are certainly transforming health care in Brazil.

Mauricio Cepeda, Sell Side Analyst of Credit Suisse: Perfect, thank you for your very clear answer. Good luck on your combination.

Operator: Our next question comes from Caio Moscardini, Sell Side Analyst, Santander. Caio, we will enable your microphone, please go ahead.



Caio Moscardini, Sell Side Analyst, Santander: Hello everyone. Good morning. Thank you for taking my questions. I'd like to understand this additional EBITDA, how much of these 800 million come from verticalize a plan, how much come from this idle capacity and also from individual coverage? I believe that there are different risks for each of these initiatives, so, if you can break this down, please.

Irlau Machado: Hello, Caio. Good morning and thank you for your question. We are not going to provide separate guidance for each one of this. We are certainly measuring how much we have achieved in order to really total 800 million, but unfortunately, you're not going to be able to give the breakdown.

Caio Moscardini, Sell Side Analyst, Santander: Ok, so, no problem. Can I ask you how much is the additional CAPEX in order to provide this national verticalized plan and reach 1 million lives? or is the current infrastructure enough in order to meet this new potential demand?

Irlau Machado: Well, that's a great question. Thank you. The plan was entirely built considering the existing infrastructure and the capex that each company has already scheduled. So, this is not additional CAPEX, this is what it was set already, and I think that now together we will study that really with the support of the input of our commercial teams, also considering markets, in which there is a huge potential to grow. So, by combining M&A's that we have already performed in the past so infrastructure plus organic growth. In order really to provide this verticalize the plan according to our ambition but the numbers that we shared are based on what we have today.

Caio Moscardini, Sell Side Analyst, Santander: Great. Thank you very much and wish you all a great week.

Operator: The next question comes from Ricardo Boiati, Sell Side Analyst of Safra. Ricardo, we are going to open your mic.

Ricardo Boiati, Sell Side Analyst of Safra: Hello, good morning. Thank you for taking my question. Most of the questions that I had in mind have already been answered, but one last point, and it's a question to Mauricio and Marcelo, do you have any expectations of financial synergy something that has not been accounted for, in terms of capital cost, for the company? Do you anticipate any benefit, of cost of capital, of equity, or not?

Mauricio Teixeira: Well, we haven't accounted for it yet, but analyzing the rating of our companies, Hapvida has triple (AAA) and GNDI AA+, and, of course, it can be translated into greater spread of capital raising. We expect that the combined company will have triple AAA rating and I don't know if Marcelo would like to add anything recently had some capital raising initiative at very competitive levels. Our company as well, but I believe we are going to get some benefits because of the combined rating. We haven't accounted for it yet. Let's see how it turns into reality through all the time. Marcelo anything else?

Marcelo Moreira: No, no. That's exactly it. We hope to improve our rating, once we combine both companies, and this is something that's going to be translated into more attractive spreads but with the new design and structure of our companies we can reallocate our debts into the better or attracted by better tax incentives and more interesting interest rates. This is going to be a result of a very detailed work that our teams embrace.



Ricardo Boiati, Sell Side Analyst of Safra: Ok. Thank you very much.

Operator: If there are no further questions with that, we close our Q&A session. Now I'd like to turn it over to the company's CEOs for their final remarks.

Irlau Machado: Jorge, would you like to start?

Jorge Pinheiro: Very briefly, I'd like to thank you all for joining us. I'd like to thank Irlau and his team. We're very happy to be together in this team. I'd like to thank the effort of our teams, also our partners, our investors who are supporting us in this project and our commitment to users and to really provide the best with the best quality possible. Thank you very much and we are really committed, motivated, excited in order to carry-on with this project, right Irlau?

Irlau Machado: Yes, this was really a major dream. I think we are tackling it properly, so with the integration of our teams, fantastic teams, on both companies. We are now looking at the future with the new eyes, with an increased ambition, which was already big, and now, just wait for the next chapters, but we certainly have the pillars to support this large company. We already have those pillars. So, thank you very much for joining us, and we'll see you soon. Thank you.

Operator: GNDI and Hapvida, thank you for joining us. The IR area of both companies are also available to answer further questions. Thank you very much, with that we close this webinar.
