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# **Agreement signed by the Company**

June 20th, 2023

## **Audio transcript**

## AUDIO TRANSCRIPT

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**Carlos Gonzalez:** Well, good morning to you all, and thank you very much for joining us on this call. Today we are accompanied by Gonzalo Pérez, CEO of Grupo SURA. Ricardo Jaramillo, Chief Business Development and Finance Officer is also with us, as well as Marianella Pulido, Head of Legal, Financial and Investment Affairs. And I am Carlos Gonzalez, Head of Investments and Capital Markets.

First of all, we are going to go through our presentation then we will do a live question and answer session in which you may participate. Please send us any questions you may have for us to address later on. I now pass you over to Gonzalo.

**Gonzalo Pérez:** A very good morning to all. Thank you very much for accepting our invitation to this call, allowing us to explain details and listen to the concerns that you may have regarding this agreement, as recently signed by the Company, and announced to the market last Friday through the relevant information mechanism.

First of all, we would like to provide you not only with a framework of the details of this transaction but also with a framework of the Company itself that I think is important to go through. We always start with our principles, and it is very important to say so. All the Company's decisions, including the most relevant with obviously those with the highest incidence, are based on principles that we have upheld from almost the outset without having declared them and for some years now, almost 20 years, of having declared them, those principles are responsibility, respect, fairness, and transparency, so everything the Company starts to do has to be respectful of these four principles, not three, not two, but all four principles and therefore all this framework of action that we have developed responds to each one of these principles and we hope to see this materialize in each one of these actions, which, as we mentioned, we are about to show you.

It is also very important to say that part of these principles also leads to a corporate governance issue that is fundamental in these companies, which is something we have upheld for more than a couple of decades, having made progress in this regard, and wishing to continue advancing in all those corporate governance issues that have provided us with a framework for action. The reason for Corporate Governance is none other but to guarantee transparency, guarantee fairness, guarantee respect, and responsibility, these being our core principles, not only to one hundred percent of our shareholders but also to our suppliers, distributors, investors, in short, to our entire society, so corporate governance is the other framework for action that we think is essential to take into account based on how this agreement has come about and which we are now going to explain in a little more detail beyond the information that we provided the market last Friday.

Among the objectives that we have and that we have shared with you in each quarterly earnings conference call, is the company's long-term vision. This is a Company that is 78 years old, it has been on the market for 78 years, it has been a public company for 78 years, and our long-term vision is necessarily and indispensably based on taking into account our four capitals: namely our economic capital, human capital, social capital and natural capital. This is another consideration that governs us within the design of the whole agreement that we are celebrating here.

And finally, and this is part of the above, but however it is necessary to highlight this on a day-to-day and minute-to-minute basis, we must always be thinking of one hundred percent of Grupo SURA's shareholders, but also, and I think it is important for us to clarify here, in terms of the whole transaction we must be thinking of the right balance for all those involved in the transaction so that it is carried out as one of our principles that is to say under conditions of fairness. As we have stated I think for all of the past 78 years in one way or another, the growth of this Company does not come at the expense of any of the parties involved in the growth of the Company and obviously in a transaction like this, this has to be rigorously upheld. So, in carrying out this entire transaction and with regard to our participation as Grupo SURA, this involvement responds to seeking fairness amongst the parties so that there is a balance with the transaction itself and this we consider we have achieved based on the framework that we are going to present to you.

Clearly these processes, due to the responsibility they imply, have received the support, as the screen states, of our financial advisers and obviously our legal advisers, and communications advisers, since this is the responsibility, we have with all our stakeholders.

And finally, in this first part of the presentation, it is also important to state that Grupo SURA's strategy is a strategy that, as we have been presenting quarter after quarter and in each of our conversations, has an objective and that is achieving a harmonious level of growth for society along with a return above the cost of capital for all our investors. That strategy continues to be just as valid as before it is a strategy focused on obtaining sustainable profitability in creating added value and abiding by the four capitals that we have just mentioned.

So now we're going to move a little further into the different stages of the agreement reached. Regarding these different stages, we have to refer to several conditions that I think you are clear about, but nevertheless, it is important to highlight at this time as well. JGDB, Nugil and IHC shall become controlling shareholders of Grupo Nutresa's food business, holding at least an 87% stake in its share capital. In turn, JGDB, NUGIL, and IHC shall cease to be shareholders of Grupo SURA, and Grupo SURA and Grupo Argos shall cease to be shareholders of Grupo Nutresa. Grupo Nutresa shall cease to be a shareholder of Grupo Argos and Grupo SURA. This is a good summary of this transaction and one that gives us the conceptual framework that we are now going to expound upon.

Now we shall look a little at the "hows" that are to follow. For this purpose, we wish to give you a little index so that we have the full context of our presentation and may listen to your questions. First of all, we are going to talk about the decision itself. This is the chronological order, but it is also conceptual, that is to say, here chronology and conceptualization go hand in hand.

First, we shall talk about the decision, this decision being the spin-off in the case of Grupo Nutresa of what we call Nutresa Alimentos (Nutresa Food) and Nueva Sociedad de Portfolio (New Portfolio Company). Then we shall talk about the contribution to the Trust that will be created after the Tender Offer that we have been mentioning to the market, which Grupo Argos and Grupo SURA will jointly launch on all those Company shares spun-off from Nutresa Alimentos and then afterward the corresponding contribution to this Trust.

Then we shall speak of the exchange and finally, the settlement of that company that we have called New Portfolio Company.

At the end, although it did not appear here on the screen, we are also going to mention how the relationship between Grupo Argos and Grupo SURA shall remain after the aforementioned settlement so that we can provide context since we are going to continue working on these figures on a daily basis and trying to ensure that everyone, obviously you as investors and as participants, but also the public in general, remain very clear about this transaction because we are going to dedicate ourselves on a daily basis to explain it and explain it on our web page and other media so that we are all clear about the transaction and the steps we are going to follow.

But here to introduce the conceptual framework, it is worth noting who Grupo Nutresa's shareholders are today. In this case, Grupo SURA has a 35.6% stake in the share capital of Grupo Nutresa, Grupo Argos, another 9.9%, JGDB, Nugil, and IHC hold a 31.4% stake and the other shareholders 23.1%. These figures that we are seeing on the screen are going to come into play a great deal during the entire process that we are going to present to you and throughout the transaction. So, it's important that we keep them in mind.

Now I'm going to allow Ricardo Jaramillo to begin walking us through this transaction step by step and then we shall listen carefully to your questions and comments on the transaction. As for my colleagues, both Marianella and Carlos, since with absolute freedom here, the important thing is that you all have utmost clarity and therefore all the annotations that you can make to this presentation will be very welcome.

**Ricardo Jaramillo:** Thank you very much, Gonzalo, and a special greeting to all those who are joining us on this call. For us, it is very important, as Gonzalo mentioned, that you all understand each of the steps. And for this reason, then, and continuing with Gonzalo's presentation, we are going to start one by one with these different steps while applying the utmost care to ensure the maximum clarity possible. However, we are aware that it is a transaction that may require several discussions. We are very open on each of the fronts that the Company has to resolve concerns arising after this call. There is a point that I would like to start with and that is to say that the fundamental points of the agreement that Gonzalo listed just now are part of a negotiation process where the fundamental values of the Companies and their underlying assets were looked at. It is not convenient for us to specifically focus on the values at which the Companies are listed on the stock exchange. We have spoken at other times in the past that listed companies do not reflect their fundamental values. Then, when suddenly terms of trade or particularities of transactions connected with those securities are suddenly finalized on the stock exchange, you can get into trouble. So, what is behind all of this is a negotiation where I repeat, the assessments of external advisors and certain fundamental values are taken into account.

I am going to start then with step one, which is the decision regarding Nutresa. This is a decision that can be called a symmetrical or it can be called a mirror decision and simply what is being done is that Nutresa is being split into two; one part being the food business and the other the portfolio business, and each of Nutresa's shareholders will be given shares of these two companies. So, one share of the food business shall be delivered to you and one share of the new company called New Portfolio Company shall also be delivered to you. What does this New Portfolio Company have? It has two types of shares. It has what Nutresa initially held with respect to Grupo SURA's portfolio, that is to say, 13.3% or 62 million shares of Grupo SURA as well as 12.5% of Grupo Argos or 82.3 million shares. So, I repeat to conclude this point: for each share in Grupo Nutresa, its shareholders shall retain one share of the Nutresa Food business and one share of the New Portfolio Company. This is a totally mirror decision. The stakes held do not change. Whoever had a 1% stake in Nutresa will now have a 1% stake in the two new companies.

**Gonzalo Pérez:** Something that is important that I should have noted from the beginning is that all these operations are subject to the approval of the Colombian Superintendency of Finance and, if necessary, of the Boards of Directors and General Assemblies of Shareholders, so I hope you are clear on that. It seems to me that it is important and relevant to mention this condition.

**Ricardo Jaramillo:** So, to continue to the next step, which is the first contribution to be made into the Trust, it is important to always keep in mind what it is that we are going to exchange. So, we are using a trust arrangement. Let's look at it like a clearinghouse or like a compensation exchange where each of the parties contributes what will eventually pass to the other party, that is to say, Grupo Argos shall contribute 9.9% of the shares it holds in the Nutresa Food Business and in the case of Grupo SURA, the Company shall contribute 35.6% of the food business to this trust. On the other hand, JGDB, NUGIL and IHC shall contribute 31.4% of the shares held in the new portfolio company. You may recall that when we saw Nutresa's different shareholders the percentage stake that they hold today in Nutresa before the spin-off is 31.4%, so they are left with two types of shares. This 31.4% stake in the company is the New Portfolio, which, remember its underlying assets are shares in Argos and Grupo SURA, plus it also contributes 40.6% of Grupo SURA's ordinary shares. This is the first stage of what enters into this trust.

We are not yet going to exchange, but we are going to move on to the Tender Offer. Then, upon moving on to the Tender Offer, it is very important to remember that in the line of Company shareholders, 23.1% of these appear as minority shareholders. Gonzalo was quite explicit in stating that throughout this process what we have sought is that all shareholders are given the possibility of participating in the same business agreed upon by, in this case, Grupo SURA and Grupo Argos. So, then, in the negotiation, when the tender offer is launched, the tender offer shall be for this 23.1% stake. That 23.1% stake, and I run the risk of being repetitive, but it is an important point, that this 23.1% stake plus that held by Grupo SURA, plus that of Grupo Argos and plus the stake held by JGDB, Nugil, and IHC add up to 100% of Grupo Nutresa's shareholders today. So, Grupo SURA and Grupo Argos, which today combined, that is to say, Grupo SURA with a 35.6% stake and Grupo Argos with another 9.9%, hold a proportion of 78% and 22% of the total. In these proportions, a tender offer would be launched for 23.1% of the food business only. Remember that the shares of the New Portfolio Company and each of the shareholders are already in their pockets. In this case, we are talking about a tender offer for the food business

only. Why? Because if we turn to the fundamental agreements, the fundamental agreement is to deliver 87.1% of the Nutresa Food business. For this purpose, we must split this into two layers. A first layer, which is 10.1%. This is a responsibility, the result of the negotiation with Grupo SURA and Grupo Argos, which is contributed by Grupo SURA and Grupo Argos in the percentage that you see there, 78% and 22%. And then the percentage that reaches between 10.1% and 23.1% is to guarantee that 100% of the shareholders are paid or are included in the tender offer launched by Grupo SURA and Grupo Argos, but IHC would reimburse these values. In other words, only 10.1% is under the monetary responsibility of Grupo SURA and Grupo Argos in the 78% and 22% proportions.

**Gonzalo Pérez:** Something again I would like to note, Ricardo, which seems to me to be important. The first is, there is not an initial tender offer for the 10.1% and another for the excess. The tender offer is for the fully integrated 23.1%. Only the first 10.1% is going to fulfill the obligation we signed up for adding that 87% for JGDB, Nugil and IHC. This is quite important. The second is that both Argos and Sura, in the aforementioned proportions of 78% and 22%, are responsible for paying the 23.1% who participate in the tender offer for their shares. Only that we are going to be reimbursed by IHC in excess of that 10.1% which constitutes our obligation.

**Ricardo Jaramillo:** Perfect. Thank you, Gonzalo, for the clarification. Well, then, with regard to this tender offer, all participating shareholders shall have two options. One, to receive USD12 for every share in Nutresa Food. Two, exchange their Nutresa Food shares for Grupo SURA shares as well as shares in the New Portfolio Company. Under the same conditions that apply to both Grupo Argos and Grupo SURA with the trust exchange, for which let's give an example. If any shareholder wants to go with Grupo Argos or Grupo SURA with the trust exchange, what they would receive is exactly the same component in the exchange of Grupo SURA shares and shares of the New Portfolio Company. In both cases, the shareholders retain, as I stated just now, the shares of the New Portfolio Company that they received when the termination first occurred. So, here we have, I repeat, optionality, which is very important for all shareholders to keep in mind, and that is what we sought throughout this entire process, namely, to give minority shareholders who did not have access to the negotiation tables the optionality to share the same terms that the different companies involved in this agreement were able to reach. So, that is where the Tender Offer comes in. After the Tender Offer, comes the complement of what is missing with the Trust contributions in order to ensure that the two commitments, both that of Grupo Argos and Grupo SURA to contribute to the Trust, as well as that of the other party, in this case, JGDB, NUGIL, IHC, which we have already mentioned, to contribute into the Trust 31.4% of the shares of the New Portfolio Company, 40.6% of the ordinary shares of Grupo SURA, thereby reaching the levels agreed in the agreement. To put it in a very colloquial manner, there in the Trust, we have two piles that we are going to exchange or rather two packages that we are going to exchange. This additional 10.1% arose, as Gonzalo pointed out, from the first layer of the tender offer for a 23% stake, which is divided between the aforementioned 78% and 22% proportions. I apologize for repeating myself so often, but it seems to us that it is very important to make this as instructional as possible so that everyone understands the rationale behind each step.

So, once the Trust has these two components finally completed, we can proceed to make the exchange, that is to say, since at the end of the day what we are aiming at is for JGDB, NUGIL, IHC to have 87% of Nutresa's Food business and understanding that 56% is being contributed by Grupo Argos and Grupo SURA and that they had 31%, and so in this way, we are ensuring that they have an 87% stake. And, on the other hand, both Grupo Argos and Grupo SURA are receiving Grupo SURA shares, as a result of the different Tender Offers, that is to say, 40.6% which you can see on the screen as well as shares of the New Portfolio Company that hold the stakes of JGDB, NUGIL, IHC, which, at the time that this exchange can be made, namely the separation and each one achieves what was agreed upon in the MOU of the first agreement.

Subsequently, the next step would be to liquidate the company called the New Portfolio Company at the time that this is finally settled and, as the underlying assets or the assets that this Company only has, are only Grupo SURA shares and Grupo Argos shares, the different shareholders will be given Grupo SURA shares and Grupo Argos shares. Among these shareholders are other shareholders of Nutresa and Grupo SURA as well. Then Grupo SURA will also receive Grupo SURA shares as well as Grupo Argos shares. Now that we have gone through these steps let us stop for a moment, please. After having gone through all the steps, spin-off, contributions, tender offer, new 10% contribution, exchange and liquidation, we are going to show in a more instructional way what happens with a Nutresa shareholder who has one thousand shares and then we are going to see what the effects are for Grupo SURA from the point of view of its shares in this same process, in connection with the transactions. Then let's move on to the next slide, please. First, there is the decision process. And I would like to ask you to focus only do not look at all the numbers on the screen that may be a little bit overwhelming, let's focus only on the decision that is shown on the left side of the screen. A Grupo Nutresa shareholder holding one thousand shares will receive, as we said, in a symmetrical or mirror form, one thousand shares of the New Portfolio Company and one thousand shares of Nutresa Food The one thousand shares of the New Portfolio Company are equivalent considering the percentages that Nutresa holds in Grupo SURA and Grupo Argos and the number of shares that Grupo SURA and Grupo Argos have, these one thousand shares in the underlying would mean 135.5 shares in Grupo SURA and 179.8 shares in Grupo Argos. These are held by each of the shareholders of Nutresa regardless of the next steps for receiving shares in Nutresa Food and the New Portfolio Company. Then come the alternatives that each of the shareholders have at their disposal with regard to the tender offer for the Food business and may decide on either one of these three alternatives or combinations of all three. One, selling their shares. This, as we have mentioned is at a price of USD 12 for each share. If you own 1,000 shares, you would receive USD 12,000. Two, exchange your shares as part of the same arrangement as proposed by Grupo SURA and Grupo Argos with the counterparty, that is to say, exchange for 820.3 shares in Grupo SURA and 101.6 shares in Argos or also the shareholder has the option not to participate and keep his or her shares in Nutresa Food

**Gonzalo Pérez:** An important point, Ricky, as you said at the beginning, these can be alternatives of all three of the above. The shareholder can sell one portion, exchange another and remain in another. In other words, these three alternatives fit together perfectly. It is very important to clarify yet again because we believe it is necessary to provide a thorough understanding of this point, that this decision is one hundred percent voluntary. In other words, one hundred percent can be sold one hundred percent can be exchanged Obviously the shareholder does not have to participate in the mix. It is quite important to make this clarification.

**Ricardo Jaramillo:** Well, then the bottom line for the different options and obviously understanding that there are different scenarios, but here for illustrative purposes, we are placing ourselves in the shoes of the shareholder who decides either to go one way totally or another way totally or another way totally. If he or she decides to sell at the end of the day, that shareholder is going to receive USD12,000 plus 135 shares in Grupo SURA plus 179.8 shares in Grupo Argos.

**Gonzalo Pérez:** Sorry, Ricky, these are the ones that make up this New Portfolio Company.

**Ricardo Jaramillo:** These are the same as the ones you see at the bottom left of the page. If the shareholder decides on exchanging his or her shares as arising out of the initial ones, then the shares that are shown in the “exchange” square shall be added. Then at the end of the day, the shareholder would be left with 955.8 which is the result of adding up 820.3 plus 135.5 (955.8 shares in Grupo SURA) and 281.4 shares of Grupo Argos). If, on the other hand, the person or shareholder decides not to participate, he/she keeps his/her thousand shares of the Food Business and the shares associated with the New Portfolio Company, i.e., 135.5 shares in Grupo Sura and 179.8 shares in Grupo Argos. These are the different courses to be taken by 100% of Grupo Nutresa's minority shareholders who would like to participate in this transaction, and again these alternatives can be mixed.

**Carlos Gonzalez:** A comment for total clarity has to do with the fractions. Fractions are paid in cash in each of these alternatives, this is simply an illustrative exercise.

**Ricardo Jaramillo:** Very important, Carlos. Many thanks. So, let's look at Grupo SURA in terms of shares. Today Grupo SURA holds, before the transaction, 163 million shares, which is equivalent, as we saw at the beginning, to 35.6% of the Company. What will happen as a result of this decision? Grupo SURA receives 163 million shares in the New Portfolio Company as well as 163 million shares in Nutresa Food. As we have mentioned there is a commitment to launch a tender offer and that there exist options to either pay in cash or in the form of a swap. Here, simply for illustrative purposes, we are assuming that the additional 10% that we have mentioned is being paid 5% in cash and 5% in the form of a swap. If this were the case of 5% in cash and 5% in the form of a swap, in addition to the 163 million shares that Grupo SURA currently holds in the food business, it would be acquiring an equivalent of 18.3 million shares through this tender offer. In other words, these are the complete shares that would be contributed to the trust and with which the exchange could be made later on. This 18.3 million plus the shares relating to Grupo Argos constitutes 10.1% at the end of the day, payable either in cash or in the form of a swap. So, based on the understanding that the terms of trade would be for one share of Nutresa Food a 0.82 share in Grupo SURA and a 0.10 share in Grupo Argos would be paid, how would the result be for Grupo SURA in terms of shares?

First, it would receive the corresponding shares when the New Portfolio Company is finally settled as shown in the upper arrow, namely 22.1 million shares in Grupo SURA and 29.3 million shares in Grupo Argos. And assuming again it would be receiving that 5% and based on those terms of trade it would be receiving at the bottom of the page 148.6 million shares in Grupo SURA and another 18.4 million shares in Grupo Argos. To end up with a total of 170.6 million Grupo SURA shares received. This is rather important because we must take into account that the number of Grupo SURA's ordinary shares comes to 466.7 million. In other words, amid this scenario of a



5% swap, Grupo SURA would receive close to 37% of its shares. This, by all accounts, is very important because all the other shareholders apart from this 37% are increasing their stakes. Grupo SURA would have fewer shares. And we will see this later on with the impact that Grupo SURA may see on the different components. But here we want to leave you with this message. Grupo SURA is receiving 37%, a range between 39% and 33% of its shares, depending on how much is paid in cash or how much takes the form of a swap. Because at the end of the day, if one had to explain this transaction to someone in the form of the famous elevator speech, we are exchanging some shares that were held in a relevant asset such as Nutresa for some shares that were held, or that are very relevant to what is Grupo SURA, and Grupo Argos is obviously a part of that. So, with those the shares are fully received.

Let's turn to the next page and here we shall see some initial accounting impacts or implications for Grupo SURA, where you will understand that depending on how much is in cash and how much takes the form of a swap it is still a complex issue; it is difficult to give definitive numbers, but we will try to give you a guide so that you may first understand the concepts and then we shall drill down into each of these.

The first thing is that there are some effects that are one-time effects and there are other effects that are more long-term. From the accounting point of view, a gain on the sale of investments is received. Grupo SURA has held an investment in Nutresa for more than 40 years, which has low tax values, and a relatively low book value versus the value of the transaction. So, this means a profit on the sale of investments and on the other hand, since the Nutresa asset is leaving Grupo SURA's balance sheet Grupo SURA's assets would show a decrease in the total figures which we shall shortly go into detail on. Nutresa is recorded as an associate and is shown on our statement of income as revenues obtained via the equity method, that is to say, we shall have lower revenues via the equity method, relating to the absence of Grupo Nutresa's earnings, and here we shall be recording a lower value. However, as I mentioned just now, we have fewer shares held in our equity account. So, by having fewer shares in our equity account, the different figures relating to Grupo SURA, and it is a relevant amount because we were talking in the case of the example given where we saw 37% percent, the majority of earnings per share, dividends per share, etcetera, etcetera, or intrinsic value per share shall be higher given the conditions of the new number of shares that Grupo SURA has.

Let's move on to the next block, which is the tax block. Obviously, because there are taxes levied on the sale of investments and on possible subsequent transactions, there will be taxes to be paid, and these are not minor. We have estimated that these taxes could range between USD 220 million and USD 250 million. That is what we want to say because obviously, it will require certain adjustments, but those taxes are important taxes, taxes that are associated with having an investment that was on our books at tax value for more than 40 years.

From the standpoint of our cash flow and indebtedness, this shall be totally connected to the numbers that appear in the Tender Offer. If the swap is for the total, then the cash will be practically only the cash associated with these taxes. If the swap is 5%, we will have the amount corresponding to 78% of that 5%. And if the transaction is cash only, it will be 78% of that 10%, plus the taxes I already mentioned. Let's take a long-term look at Grupo SURA's cash flow. On the one hand, there is a variation in the dividends received; we stopped receiving dividends from Nutresa, because Nutresa was sold. We have an increased stake in Grupo SURA, so we receive more dividends from Grupo SURA. This shall be defined depending on how the exchange takes

place with the tender offer. That is why we are not going to give figures. We will have a change in the amount of dividends payable because we have a lower number of shares. Just now we were telling you that the corresponding scenarios could range from 39% to 33% less shares in Grupo SURA, that is to say, each of the shareholders of Grupo SURA is going to have greater participation in this Company and we have to see exactly what the results are at the time the Tender Offer is launched in order to be able to provide definite figures.

And we were already saying this from the equity point of view, if you look at, let's say, balance sheet accounting in a simple way. We had some assets, Grupo SURA as an investment manager, where we had five main investments and other smaller ones. One of these assets leave the balance sheet and the asset account declines a little. Liabilities remain the same, that is to say, this decrease in assets is offset against a decrease in equity, in other words, Grupo SURA's equity will be a little lower, it will have fewer shares, but the figures, I repeat and I want to be thoroughly clear on this, by specifying that earnings per share or the intrinsic value figures based on the fact that we have many fewer shares will be higher and in due course when we move forward step by step we will give you more details of these numbers. I am going to give back the floor again to Gonzalo for him to explain what Grupo SURA's portfolio looks like and certain final considerations before the next steps.

**Gonzalo Pérez:** Thank you, Ricardo. Here, what we are going to show you at the end of this process is how Grupo SURA will remain, its shareholding structure where Grupo Argos and as Ricardo is saying, depends a lot on the participation in the tender offer, but we calculate 70% of the Company's ordinary shares, that is to say, 51% of the total equity of the company's shares, the economic value of the company. The remaining shareholders will then clearly hold 30% of the voting shares and 49% of the economic value of the Company. It is very important to highlight here that the Company's preferred shares, which today represent close to 20%, shall now represent 28% of the Company's total share capital.

How would Grupo SURA's portfolio remain after this transaction and all these processes? Grupo SURA's portfolio would have 44% of the total Grupo Argos ordinary voting shares and 33% of its economic value, out of the total amount of shares in this Company. With regard to SURA Asset Management, here we have a stake of 83.6%, which does not vary at all. Suramericana, where we have stake of 81.1%, remains completely unchanged the same goes for Grupo Bancolombia, where we would continue to hold 46.2% of the voting shares and 24.5% of the Company's total capital. It is very important to point out here that this would be the Company's entire portfolio once this process has been completed. A portfolio that first and foremost remains a very diversified one with Companies that lead their respective industries. One which is diversified in terms of countries, and the vast majority of the Companies that are and which belong to these sub-holdings are already in a period of maturity.

It is also very important to mention that, as a result of this new portfolio structure, we will clearly continue to evolve the Company's entire ownership structure and focus our portfolio as we have always done based on our objectives and as we had already mentioned to the market years ago, in the form of a financial portfolio. Here a large part of our portfolio will correspond to Bancolombia, Suramericana, SURA Asset Management, and Grupo Argos in this case given the transaction. The Company's strategy continues to be in full force and effect, today I believe that once this transaction is completed and carried out, it will enable all of us to follow the steps in

developing our strategy, enabling us to continue with the evolution of our ownership structure, but additionally, it will also enable us to focus our investments and for a capital allocation that we have always said is part of our focus, our guiding principle from the investment point of view. Capital allocation for us as an investment group responds not only to providing a return on equity that we are striving for but also it responds to the social, human, and natural capital factors as part of our investment design criterion.

So once this process is completed, which we are waiting for and as we have pointed out must receive the approval of different authorities, both from corporate governance and legal point of view, we will have, we believe, a Company with a future that will undoubtedly be much more focused on our original holdings as Grupo de Inversiones Suramericana. Finally, we would like to mention what the next steps are.

**Ricardo Jaramillo:** I wanted to add certain points to what you have said Gonzalo that I think are important before moving on to the next steps. The portfolio that you see here, namely Grupo Argos, Sura Asset Management, Suramericana, and Grupo Bancolombia, implicitly represents dividends that we expect to receive in the next few years, these amounting to between COP 1.4 and COP 1.6 trillion pesos. This means that we were previously at a deleveraging stage and this year we were going to reach a level close to 2.5 times net debt versus dividends received. Here most probably based on the different scenarios there shall be an increase in our indebtedness, and with regard to this, and as we have said on other occasions, the Company has at its disposal different financial sources on a local, international, banking, capital market level along with the possibility of divesting non-strategic assets, etc., which will depend on the results of this tender offer. All in all, we have been careful to ensure that in none of these scenarios are we going to go over four times the amount to maintain a sufficient cushion that we already have with this indicator of five times that the rating agency has set for us. Here, I would like to highlight that in the more critical moments that the Company has gone through, such as during the pandemic, this indicator reached 6.6 times. In no such scenario here are we seeing levels in that order of magnitude. We are left with a sufficiently robust portfolio in terms of being provided with dividends receivable, I repeat, of COP 1.6 trillion, also understanding that we will have to see in the end that, the amount of dividends to be distributed, given the fact that we have fewer shares, may possibly decrease. However, we shall always strive for our shareholders to maintain an important growth in their dividend per share.

**Gonzalo Pérez:** I would also like to note, Ricky, that what you just mentioned is very important. Two things. One, as you know, this Company in all of its 78 years of existence has never stopped paying out dividends in any year and what Ricardo points out seems to us to be quite important and we will always strive for our shareholders to be remunerated for their investments and lately, we have been increasingly trying to balance out shareholder remuneration, depending on the stage the Company is going through, as we have also mentioned. The other thing, regardless of the level of indebtedness that we have and it is the 2.7 that we had projected for the end of this year, if it is 4 talking about seeing the other extreme, however regardless of the level of indebtedness, obviously, the allocation of capital is part of what we do as an investment group and we will always be looking for, regardless of our indebtedness, the best allocation of capital and, therefore, obviously also looking at all our strategic assets and how we can continue to grow in terms of those strategic assets.

Finally, let's look at the steps to follow. A shareholders' meeting is scheduled for 8:00 a.m. on Thursday. The purpose of this shareholders' meeting is to evaluate and decide on possible conflicts of interest on the part of our board members so that they may validly approve this entire transaction and in addition the subsequent operations. It is important to say what comes next, because the whole agreement has to be approved by the Board, but the General Assembly of Shareholders must lift the conflicts of interest that the Board members have raised in order for them to participate in Board discussions and decisions. So, that is why it is the subsequent order of events. The second thing, as we had mentioned, is the entire approval of the Board of Directors and finally, to begin to move forward with all the approvals required from the structuring and execution standpoints, for which it is important to mention that we and obviously our colleagues, each of the parties involved in this transaction, have been talking with the Colombian Superintendency of Finance informing them of each step and the complete objective of the transaction from beginning to end so that all parties are made aware of this and obviously our regulators more so. We now yield the floor to questions and comments.

**Carlos Gonzalez:** Perfect. Our first question is from someone who does not identify himself. Would the shares to be received be included in the reserve for repurchased shares and what would be the maximum amount of shares that can be received?

**Ricardo Jaramillo:** These shares are received shares, not necessarily repurchased, they are received shares, which remain as let's call them Treasury shares, that remain available for the different options that the Company may have. In other words, I believe there are three options, as someone here could remind me, either to issue them should we want to do so or do away with them should they be terminated, cancelled, or otherwise disposed of. That would be the alternative. For now, we are focused on closing the transaction. As you can see, it is a transaction that consists of different parts before we begin looking at what comes next with the Grupo SURA shares that are being received.

**Carlos Gonzalez:** Very good. There were a couple of tax impact questions, but Ricardo has already answered those.

**Ricardo Jaramillo:** Yes, the issue of the tax impact, well, I mentioned the figure. Some of you may have concerns as to why that figure. I think what we can do is that we can organize a specific conference call with our tax specialist in order to explain the tax issue in detail. I do not want to err on the side of inaccuracies. I repeat, the tax value at which we recorded the Nutresa shares is close to one trillion pesos, which is quite low. These are investments that we have maintained for more than 40 years, and we are giving up almost 35.6 of those shares. Therefore, this represents a significant tax implication that would arise at any time, given any transaction on this strategic asset that the Company would care to carry out.

**Gonzalo Pérez:** It is worth noting and it seems that we are not too mindful of this fact, but, nevertheless, the value of the transaction from the tax standpoint is also advantageous for the country, when you think about all the actors involved. The country is an actor that is involved in all of this. And these taxes, well, they shall doubtlessly contribute something to the country.

**Ricardo Jaramillo:** And we have to state this clearly based on the principles of transparency that Gonzalo mentioned at the beginning. This transaction, when you add up the two packages that are being exchanged with this trust, represent figures that are quite significant. I would go as far as to say that this is one of the largest transactions ever carried out in this country, you would never think that a transaction of this size with such substantial assets would be going untaxed in this country.

**Carlos Gonzalez:** Let's move onto the next question from Daniel Guardiola Could you share with us at what price you will be repurchasing Grupo SURA shares? As well as other questions relating to the terms of trade that Catherine Ortiz is asking.

**Ricardo Jaramillo:** Yes, so far Daniel and Catherine, all the terms that have been given with regard to having negotiated the agreement, first with the MOU and then with the actual agreement that was signed last Thursday, are the terms of the exchange. It is not on the table at this time to talk specifically about the value of Grupo SURA or the value of Grupo Argos. But it is important to keep in mind that these valuations were carried out with third party experts who, during these negotiations and during the different Tender Offers, valued the Companies, valued their underlying assets, valued the cross-holdings and what we are looking for, as we said at the beginning of this transaction, is that there are certain fundamental values that give us peace of mind so that the shareholders of all three companies are provided with adequate conditions in terms of fairness.

**Gonzalo Pérez:** Indeed, and this I would like to emphasize, although Ricardo already stated the same, it is very important that one hundred percent of the shareholders of all these companies are going to be afforded exactly the same conditions. This is quite important to emphasize.

**Carlos Gonzalez:** Another question from Daniel, in the case where 10% of the Tender Offer decides to receive cash and Grupo SURA has to pay approximately USD 440 million, how do you plan to finance this amount?

**Ricardo Jaramillo:** That is what Daniel mentioned, in order for us to have the definitive number we will have to see how this works out between the swap and cash modalities. We are, I am going to say it, optimistic in the sense that having Grupo SURA shares is also an attractive transaction for any Nutresa shareholder or having Grupo Argos shares for that matter. We are confident that there may be a percentage that will accept or prefer the swap. However, we have to prepare ourselves for the figure you mentioned and that is why I mentioned just now that we have all the options open to us: local banks, international banks, local bonds, international bonds, divesting non-strategic assets, etcetera. It is also important to understand that there is a timeline for all of this. This is associated with the payment of taxes and is associated with the payment of the Tender Offer itself. In order to give you a figure based on the previous figure I gave you of COP 1.6 trillion in dividends received for the year, if we convert this into dollars, we are talking about approximately 400 million dollars, that is to say, we would be increasing net debt to dividends to approximately one time for that amount you are saying and we are at this moment projecting at year-end 2.5 times, which is the result of COP 4.4 million that we have today in terms of our indebtedness against COP 1.7 trillion that we have in dividends received.

**Gonzalo Pérez:** And all of this is left to the allocation of capital. I would like to emphasize this because it is part of this whole process and it will always be so and now we are mentioning it, it is, Daniel, in the allocation of capital where we can look at what different mechanisms are best for all our shareholders.

**Carlos Gonzalez:** The next question is asked by Ricardo. If the profit from the sale of shares traded on the stock exchange is not taxable why are there taxes to be paid in this case.

**Gonzalo Pérez:** Sorry Carlos, I would like to mention an important issue. The assets that this Company is representing are assets that you have seen. They have even arisen from a post-pandemic stage undergone during the last few years and now represent quite an important recovery with quite important returns. So, when we say that the swap is a very valid alternative, it is because it is a way of becoming part of Grupo SURA, in this case, and Grupo Argos as well, but it is up to us to talk about Grupo SURA, which are Companies with a growing share and a very important opportunity for growth in their respective markets. This applies to each of the Company's assets, both in the banking, insurance, trends and risk management, as well as asset management sectors. So, it is very important to be clear about that because with the swap option we also have all the freedom to choose, but we do believe that the investment in Grupo SURA is an investment that is in the midst of reaching a higher return on capital. We have been seeing this tendency over each of the last quarters, and for this reason we are confident that there will also be a portion of Grupo Nutresa's shareholders today who prefer or would like to transfer part or all of their shares to Grupo SURA.

**Ricardo Jaramillo:** And I would like to add the issue of diversification to what Gonzalo has just said. We are aware of and always talk about this factor when we talk about Grupo SURA's portfolio and that Nutresa's participation in our portfolio adds an element of diversification, but that does not mean that what remains of Grupo SURA's portfolio is not a sufficiently diversified one. It is a portfolio that is diversified in all the GDP industries in a total of eleven countries, because if you look at the Suramericana portfolio, if you look at the amount of assets under management on the part of SURA AM and its subsidiaries in all six countries where present, if you look at the Bancolombia portfolio, which responds to all industries, if you look at the assets held by Grupo Argos in all geographies, it is a portfolio that is fully diversified in terms of industries, sectors, countries, stages of maturity of the businesses themselves and that is powerful enough to sustain the underlying concept of a balanced portfolio, with a little more focus on financial services, undoubtedly, but with the diversification implicit in the financial sector through the assets of each of these companies.

**Gonzalo Pérez:** And something else, Ricky, and that is that Grupo Bancolombia, as you know, is a universal bank, which implicitly means that not only is it diversified from the point of view of territories and other factors, but also its portfolio is a diversified portfolio being a universal banking one. Suramericana is another with assets in the life insurance business, as well as in the non-life insurance business, as well as in the health care business and within each of these, Suramericana has different lines of business, that is to say, this allows us to diversify our diversification and in the case of SURA Asset Management and as we have also been mentioning in our quarterly earnings calls, it not only handles mandatory pension products, but also the voluntary ones and within these voluntary ones there is also diversification with the corporate

solutions provided as well as Wealth Management and so on. In other words, we have a portfolio that is diversified not only in terms of regions, not only in terms of our different portfolio companies but within the companies themselves, beyond the countries where they are present, these being sub-lines of business that make it a much more stable portfolio and therefore more sustainable from the economic point of view as well.

The answer to Ricardo's other question is that the voting rights of the Grupo Argos shares are subject, as we had mentioned before, to a trust that must be approved by the Colombian Superintendency of Finance and in this case we are seeking, as previously mentioned, to sterilize those shares in excess for now, and when you ask, and rightly so, what is the estimated timeframe for this, we are hoping that it will be quite a prudent time. I know this is not a clear answer. And this shall be a conversation that shall come in time through the Colombian Superintendency of Finance. But what is clear is that from the first minute that this transaction is completed and this cross-ownership between Grupo Argos and Grupo SURA begins, we are clear on the need to begin looking for ways to resolve this cross-portfolio so that each of us can focus, and here I am speaking for Grupo SURA, on our objective of being an investment group substantially focused on the financial service sector.

So, for us and for all our shareholders and in general for the Company itself, we know that it is very important to be very careful, to obviously look for a way to solve this property participation, but also with all due diligence so that the time factor is as short as possible, because we know that time is a variable that creates a certain amount of uncertainty and that is not a positive thing for the Companies involved. However, we do believe that the positive thing here is that this process will end up enabling Grupo SURA in this case. We believe the same goes for Grupo Argos, but we obviously shall leave that to Grupo Argos' Senior Management and its shareholders, but for Grupo SURA it shall provide us with many opportunities to continue furthering our investment portfolio.

**Carlos Gonzalez:** Continuing with the issue of time, we were already talking with Gonzalo about the last stage, but there are also general questions about this whole process, more or less how long do you think it could take?

**Gonzalo Pérez:** I prefer to be optimistic. We have been going about things with the utmost diligence and now, as we were mentioning, with all the parties involved, since have been talking with the regulators, including regulators from other countries, and in some cases it has also been necessary to talk with these so that we can avoid certain requests that create uncertainty, so that we can reduce the time frame to the minimum, here we are talking about six months, which could be quite a prudent time to have all the authorizations, the spin-offs, the tender offers, the completion of the tender offers and then we will see what we were mentioning about the cross holdings that are going to exist between Grupo Argos and Grupo SURA, but for this first stage, we can consider a prudent timeframe of six months in any case. We are all quite meticulous about the fact that this shall take as short a time as possible applying all due diligence and with all the care and with all respect for one hundred percent of our shareholders and for all the parties involved in this transaction.

**Carlos Gonzalez:** We received a question about where Grupo SURA's shares come from. What should Grupo SURA contribute to the exchange?

**Ricardo Jaramillo:** This is a very important question and since at the time of the exchange we have not yet received the Grupo SURA shares, surely what we should do is to have some kind of temporary loan of shares with Grupo Argos, which has Grupo SURA shares, or with those who have had Grupo SURA shares in the form of an exchange in order to pay using those shares in order to deliver those shares.

**Carlos Gonzalez:** Perfect. And in the interest of time, I will ask one last question. What incentives do the current Nutresa shareholders have for participating in the exchange?

**Gonzalo Pérez:** I would start by calling it a capital allocation. I believe that today Nutresa's shareholders have a very important asset, as it has been for us, since we have held 35.6% of this Company. Ricardo mentioned precisely this. For more than 40 years we have held a stake in this Group, which is a leading Group in Latin America. I don't have to dwell too much about the characteristics, qualities and importance of Grupo Nutresa as a food sector in Latin America. It is evident what Nutresa has done, and we have no doubt what it will continue to do in the future, but with regard to these alternatives, for example, the new solution of the New Portfolio Company, since the alternative is either being in Grupo SURA or in Grupo Argos as we mentioned before. The fact is that this exchange in general shall provide the opportunity of participating in the growth of these companies. I believe that historically these companies have been growing for the last 78 years, they have been growing in terms of their equity, they have been growing without any doubt in the amount of income received. Today, I must say that Grupo SURA is perhaps the third largest company in Colombia in terms of income, after Ecopetrol and after EPM, or the fourth. I believe our colleagues in Terpel are also in this mix Our company has been systematically growing year after year. We have been growing year after year and will continue to grow in terms of our equity year after year. We have already seen the assets that are behind the Company, and these are assets that are market leaders, not only in Colombia, but regional leaders in Latin America. And these are the reasons why, in addition to an exchange relationship that is worth mentioning again, the exchange relationship that we built with JGDB, NUGIL and IHC is identical, that is to say, a totally transparent and equitable relationship. Those are the reasons why part of their investment, the one that comes to them through the New Portfolio Company, can be invested either in Grupo SURA or in Grupo Argos, which I believe applies to both companies for exactly the same reason.

**Ricardo Jaramillo:** I would like to add what you have previously said Gonzalo, regarding a series of figures and perhaps reiterate some of your messages. Firstly, this is a Company that after its expansion and after the pandemic, has shown its strength and shown the optimization of an expanded business footprint and today its income is growing at a rate of more than 35%. Profits are increasing by close to one hundred percent. Last year was a record year for profitability. Dividends have been growing, the dividend, the number of shareholders has been growing consistently subsequent to the optimization of our Portfolio. The Company is located in industries with fairly low penetration levels throughout the region and has a gigantic potential for continuing to grow. It also has, as I said earlier, the level of diversification associated with participating in these different countries. In addition, it has something that is very important for



us, especially for investors who are not in this region, it has a human talent that knows the region, that knows the territory, which is a great differentiating factor that has allowed these companies in each of their industries, in insurance, in SURA Asset Management, in Bancolombia's different lines of business, in Argos' line of cement itself, Grupo Argos, etc., to become the leader from the point of view of market share. So, it is the possibility of having through Grupo SURA the possibility of participating in leading companies that have a way of doing business that has shown over time the consistency of their values and their way of being as a company.

**Gonzalo Pérez:** There is something that is important to highlight with what Ricardo is saying. It is the solvency margins of these companies and the reserving philosophy of these companies. This reserving philosophy, as you know, allowed Suramericana, for example, to pay out COP 3.2 trillion pesos as a consequence of the pandemic without having to resort to any additional capitalization. It is the result of an absolutely rigorous, healthy policy, based on its own proprietary knowledge. Internal solvency margins are higher than regulatory solvency margins. In other words, these are the reasons that also ensure sustainability and longevity for these Companies. This is indeed a worthwhile consideration. And when we refer to the term exchange, I want to finish by pointing out that there is a comment here that says that the sale path, the exchange would amount to a sale at a significantly lower price. I think this is a subjective concept for me. We see the whole exchange price relationship as a fairly equivalent relationship in both cases. I believe that talking about the exchange ratio equating to a significantly lower price than the sale does not obey the fundamentals of the companies.

**Ricardo Jaramillo:** For this reason, Gonzalo, it is essential not to be guided by the values at which companies are listed on the stock market. This we have been talking about in different quarterly earnings calls and have been very reiterative in saying that since 2017 the fundamentals of the values of Companies have moved away from the price formation provided by the Colombian stock market. When one looks at the fundamental values, Grupo SURA's net income, Grupo SURA's equity, etcetera, etcetera, versus the stock market value since 2017 that is to say almost six years now, we have seen a decorrelation. So, it is fundamental to look at the terms of trade of a business and right now we are being asked the question of what the values of Grupo SURA and Grupo Argos were. It is essential, and please forgive me for repeating myself, to look at the fundamental value of the assets themselves. It is not the value at which a one company or another is listed on the stock market.

**Gonzalo Pérez:** And I believe that this transaction, sorry Carlos for a second, I believe that this transaction is reflecting what we have always preached. The values of this transaction are actually reflecting that fact that before making decisions about market values, shareholders and investors should relate more to the fundamental values of the companies themselves and not to their market values. And I believe that this transaction is proving exactly that conclusion. Carlos.

**Carlos Gonzalez:** there is an additional point in this incentive relating to the last issue we are talking about, which is that given current market conditions, it is difficult for a shareholder to build up a significant position in Grupo SURA today. Possibly building a position cannot be done due to the market conditions that we have previously mentioned, since as we have reiterated before prices are not a good sign of value and there is not enough liquidity at the moment. That

is another incentive a shareholder may have. And we shall now conclude this call. We do have a couple of questions left, but we have already exceeded the time allowed. The Investor Relations team shall remain available to address any additional concerns. I give the floor back to Gonzalo for him to finish up.

**Gonzalo Pérez:** Thank you again for joining us on this call. The offer made by Ricardo regarding the possibility of our tax expert addressing any concerns about why and where the tax part for Grupo SURA comes from as well as our commitment to inform you step by step as we move ahead with this transaction along with the market in response to one of the conditions and our fundamental principles, which is transparency. So, step by step in our web pages, in our communications we shall be laying out the conditions moving ahead, so that we are all symmetrically informed about the transaction. Thank you all very much and we look forward to meeting again soon to continue telling you how the transaction is going.