

**Conference Call Transcription
1Q25 Earnings Results
Grupo Fleury S/A (FLRY3)
May 9th, 2025**

Operator: Good morning, ladies and gentlemen. We welcome you to the teleconference to disclose the results of Grupo Fleury in the 1Q25.

Today we have Mrs. Jeanne Tsutsui, President of the Company, Mr. José Filippo, Executive Director for the Finances, and Mr. Renato Brown, Investors Relations Director.

I'd like to inform that this event is being recorded and that we are also providing simultaneous translation into English. First, we'll disclose the results of the Company and posteriorly we'll start the Q&A session. At the end of this session, Mrs. Jeanne will make her final remarks.

All the numbers that we'll mention today are compared to the same period in 2024, except when specified, and these were rounded up for your reference.

Before we proceed, we would like to clarify that this information may contain data about future events. Such information is not only historical fact, but they would reflect the desires and estimations of the Company's top management.

The words believe, hope, plan, predict, estimate, project, aim at, and similar have the intention of identifying statements that, of course, involve known and unknown risks. Known risks include uncertainties that are not limited to the impact of price competition and services. Between the uncertainties are also the acceptance of services in the market, transactions of the Company and its competitors, regulation approval, currency exchange, changes in the mix of services, and other risks described in the Company's report.

Now I would like to hand it over to Mrs. Jeanne Tsutsui.

Jeanne Tsutsui:

Good morning, ladies and gentlemen. Thank you so much for being here in this conference to disclose the results of Grupo Fleury in the 1Q25.

In today's agenda, we will start with an overview of Grupo Fleury, followed by our strategy of digital development, including the initiatives of digital scheduling, and then we'll get to the financial highlights to the 1Q25.

Slide number five shows the unique strategic positioning of Grupo Fleury with an offering of outpatient solutions that contribute to the sustainability of the health system. I remind you that in supplementary healthcare, Diagnostic Medicine accounts for 20% of the overall health costs, and it has stayed very significant in the last few years, propelled by the population aging and the advancing of new products and services.

At Fleury Group, we continue to be focused on our Diagnostic Medicine core, with acknowledged brands that act on 14 states and the capital in the premium, intermediary,

and basic segments, besides the Lab-to-Lab service, which provides services to over 8,000 partner labs all across the national territory.

Additionally, the Grupo Fleury provides services with a focus on prevention, such as vaccination and checkup, besides appointments and outpatient treatments for some medical specialties that are priorities.

On slide number six, we can see that our business units integrates the journey of patient care, consolidating Grupo Fleury as one of the main healthcare players in Brazil. One of the highlights of the 1Q is the performance of the B2C business units, which confirms the excellence of services in our different brands, with a strong relationship with the requesting physicians, broad satisfaction of our customers, and a broad portfolio and offering.

B2C Diagnostic Medicine accounts for 68% of the overall revenue of the group with over 530 units of service that account for 60% of the revenue and mobile service, which accounts for 8%. The Fleury brand has had significant growth to the tune of 5.7% compared to the 1Q24, which is a healthy performance for a mature brand with a high market share, which is a reference on Diagnostic Medicine and on providing specialized services.

Diagnostic Medicine B2B accounts for 23% of the overall revenue of the group with a national presence through Lab-to-Lab as well as the Diagnostic Medicine business in hospitals.

Finally, we have the New Links of the chain, which account for 9% of the total revenue of the group and involve five specialties, 10 brands, 33 service units, and telemedicine, among other services.

On slide seven, we can see on the left-hand side the growth of Grupo Fleury throughout the years. You may notice that since 2012, we have grown with a CAGR of 14.1% a year. In the last few years, we accelerated our growth pace with Grupo Fleury, and since 2021, we doubled our revenue going from R\$4.2 billion to R\$8.3 billion in late 2024. We closed the 1Q25 with a revenue of R\$8.5 billion on LTM. We also brought in new businesses and services, which diversified our revenue streams, as we can see in the right-hand side, the graph shows the representation of each business and each brand in our total revenue.

This diversification of business and paying sources provides Grupo Fleury with more resiliency and the ability to capture market share in this environment, which is definitely challenging macroeconomically wise.

Now let's discuss our strategy to gain more efficiency and to improve customer experience through our digital evolution. The highlight here is for the initiatives of digital scheduling. As part of our commitment with excellence in service and with modernizing our processes, we have implemented this service for self-scheduling, providing our patients with a more agile, convenient experience that is more patient-centric.

Therefore, on slide number nine, we can see that the digital solution enables patients to schedule procedures 100% digitally with autonomy to pick the best day, the best unit and

the best unit, and the best service. All of that with a few clicks and at any time during the day. This initiative results in optimizing the operating resources, reduction of calls in our call center, improvement of experience and loyalty of patients, and the improvement of the brand's perception.

Digital scheduling started in 2022 in the A+ São Paulo brand, and it already accounts for 45% of scheduling in March 2025, which is an increase of 25 p.p. in one year's time.

In Rio de Janeiro, we started digital scheduling with Labs A+ in 2023, and currently 32% of scheduling is conducted by the digital channel, which accounts for an increase of 24 p.p.. Also on the premium segment in São Paulo, in the Fleury brand, we started digital scheduling last year, and in the 1Q25, we have reached 24% scheduling on the digital channel, which is an increase to the tune of 19 p.p..

Since the implementation in 2022, digital scheduling avoided a call center cost estimated in R\$26 million, and a Net Promoter Score of 88% reflects our high satisfaction with customers.

Moving on to slide number 11, we can see the financial highlights of the 1Q25, showing that we continue to be consistent on delivering results. Our gross revenue has reached R\$2.2 billion, which is a growth to the tune of 6.5% compared to the same period in 2024, with a growth of 5.7% of the Fleury brand, 9.6% of the different brands in São Paulo, 8.4% of the Rio de Janeiro brands, 14.1% of the regional brands, 7.9% which is organic, and 11.4% on mobile service, which accounts for a 7.8% increase in the overall revenue of the group. Mobile service revenue is the equivalent of 69 service units, and it accounts for 11.4% of the B2C business revenue.

Now, on the 1Q, 2025, we continue to be very disciplined when it comes to controlling costs and expenditures and we registered an advance of 5.9% on our EBITDA, which has reached R\$547.6 million with a 27.2% margin, in line with the same period in the previous year. The consistency of our results also we see in our net profit, which has reached the mark of R\$179.3 million, representing an increase of 6.7% compared to the 1Q24 with a net margin of 8.9%. Our ROIC has been growing for eight quarters, reaching the mark of 16.9%, 320 bps above the 1Q23.

Now I hand it over to José Filippo, our Executive Director of Finance and Investor Relations, who will discuss further our performance.

José Filippo:

Thank you, Jeanne. Good afternoon, everybody. Now we will present a little more details of the financial results in 2025.

Continuing with slide number 12, as it was said, the gross revenue of Grupo Fleury has reached R\$2.2 billion in the 1Q25 with a growth of 6.5% compared to the same period. Mobile service and the different brands in São Paulo has have seen the greatest variations.

Now on slide 13 we can see an advancement of 7.9% in the service units in the 1Q of the year, 6.9% of which was organic growth. The Fleury brand continues to perform

admirably, even though it's a mature brand, registering growth to the tune of 5.7% in the 1Q. The remaining São Paulo brands have grown by 9.6% in the 1Q, which is a result that reflects our good organic performance with a gain in market share in our brands in the city, with a highlight for A+ and Hermes Pardini.

We also see good performance organically to the tune of 8.4% in Rio, which is reflected in all the brands. In Minas Gerais, our growth was in the order of 3.4%. The growth of the regional brands was 14.1% in the 1Q, which is a result of our good performance in the states of Bahia, Espírito Santo, Goiás, and Maranhão. Besides the inorganic effect of the acquisition of São Lucas, in Santa Catarina, which is a result we captured as of September 2024.

On the next slide number 14 in the B2B business, we can see a contraction of 1.9% in our growth revenue, which is caused by the impact of the exit of a contract of a customer in hospitals and the strong basis of comparison due to the toxicology and dengue exams in Lab-to-Lab in 2024.

Now moving on to the next slide, number 15, we can see the performance of Novos Elos, which in the quarter has had an advance of 17.9%, reaching R\$222.5 million, with a great performance on orthopedics, ophthalmology, and fertility. Besides the application of four dosages of high-value medication, compared to just one in 2024.

Slide number 16, the gross revenue has seen an increase of 1.2% in the 1Q25, reaching R\$572 million, at a 28.4% margin and a reduction of 129 bps compared to 24. This behavior is explained mostly by dilutions in some of the cost lines.

In personnel and medical services, we saw a reduction of 69 bps due to continuous programs and cost optimization. In cost of direct materials and exams, we saw an increase of 71 bps, while services and utilities and occupation have seen an increase of 85 bps, reflecting the four dosages of high-cost medication in 2025 compared to just a single dose in 2024.

Now moving on to slide number 17, we can see that in the 1Q25, operational expenses totaled R\$238.9 million with a reduction of 64 bps compared to the same quarter the previous year. This variation is the result mainly of recurring programs for reducing general expenses and admin expenses, which was offset by the largest investment in the marketing initiatives that we had in the 1Q when compared to the same period in the previous year.

Slide number 18, we can see that EBITDA has increased 5.9%, reaching R\$547.6 million, at a margin of 27.2%, in line with the same period the previous year.

Slide 19, our net profit grew 6.7% in the 1Q, reaching the mark of R\$179.3 million, at a net margin of 8.9%, 8 bps higher than the same period last year. The tax rate that reflects on our profits was 23.5%.

Now on slide 20, we underscore our CAPEX, which in the 1Q25 totaled R\$66.9 million, in line with the same period in the previous year. Due to the seasonal effect, the investment in the 1Q have reached the lower levels of the year.

Now on the next slide, slide 21, we present to you our operating cash flow generation, which was R\$322.3 million in the 1Q, with a growth of 46.5% compared to the previous year, reflecting the EBITDA growth. Cash conversion was in the order of 58.8% of EBITDA, a level that is expected for the 1Q, which is seasonally lower.

Next slide, number 22, we see that our ROIC at the end of the 1Q25 reached 16.9% in a consistent expansion of 320 bps since the 1Q23. Our leverage was 1x at the end of the quarter, in line with the previous quarter and below the same period last year. This level of leveraging is appropriate with the current environment of high interest rates.

And on the next slide, slide number 23, we can see the schedule of debentures, amortization, financing and acquisition of Grupo Fleury, which is an evidence of our robust cash flow compared to our obligations. In the last 12 months, we conducted some debt management operations which brought about a reduction of 43 bps and elongation of our debt term from 3.2 years to 4 years.

Before we start questions and answers, I'll hand it over to Jeanne to conclude the presentation. Thank you.

Jeanne: Thank you, Filippo. Grupo Fleury starts 2025 by continuing a trajectory which is marked by consistent results and also underscoring its position as a reference in Diagnostic Medicine in Brazil. The performance of the 1Q shows how sound our business model is, sustained by diversifying our revenue streams, by our discipline on capital allocation, and a constant focus on productivity and improvement of customer experience.

These characteristics keep us at a resilient position financially, which combined to operational efficiency reinforces our offering, which go with us throughout the outpatient care journey.

We continue to strengthen our position as partners with different insurance companies and players in the health sector. Our strong work on preventative and outpatient medicine contribute actively to the healthcare system sustainability, in caring for patients and also favoring the treatment of chronic diseases.

We are staying disciplined when it comes to controlling costs and expenses, reinforcing our ability to balance our growth and our profitability, which has resulted in healthy margins with an increase of our net profit in yet another quarter. We assess rigorously our capital allocation, and we concluded the quarter at a leveraging of 1x of our net debt/EBITDA. This level, which is well below our covenant levels, reflects the financial discipline of Grupo Fleury in a macroeconomic scenario of still high interest rates.

With a strong history of technological innovation, the digital evolution of Grupo Fleury continues to be a very important vector. The expansion of our digital scheduling service has contributed to improving customer satisfaction. It has reduced our operating costs, and it also made us appealing and attractive to other publics.

It's worth pointing out that the digital evolution of our services is an important leverage to gain productivity and profitability with our brands throughout the next few years. We

have made investment on IT, on digital, and we are just at the beginning of capturing the gains of these investments with a cost reduction in our services.

We have also made progress on adopting solutions based on artificial intelligence, such as optimizing productivity, image exams, mobile service, and real-time analysis to prioritize exams, which benefits our patients, clients, and physicians.

Our strong organizational culture allows us to continue on 2025 with the commitment of delivering value to all of our stakeholders, staff, customers, partners, physicians, investors, and society at large. Consistent execution combined with flexibility in our business model and a sound financial health makes us confident that we will achieve the ambition of Grupo Fleury to strengthen itself more and more as one of the leaders in health in Brazil by providing solutions that are ever more complete, integrated and sustainable throughout the health care and well-being journey of our customers.

Thank you so much. At this point, we are at your service for questions and answers.

Question and Answer Session

Operator: Ladies and gentlemen, at this point, we will start with our Q&A session. To ask a question, please click on the raise your hand button. To remove yourself from the queue, please lower your hand on the platform.

Mr. Renato brown will conduct this session.

Yan Cesquim, BTG: Good morning, Filippo and everyone else. I would like to hear a little more on the growth prospects and I wanted to know if you can maybe give us some color about the first impressions on frequency as you look at April, early May. Do you expect an acceleration on the PSC growth now in the second quarter?

And also, I would like to understand what your take on the comparison between PSC is as well as B2B for the next quarter, considering that, you know, this 1Q has seen an unfavorable situation for toxicology and dengue. Thank you.

Jeanne Tsutsui: Thank you, Yan, for your question. Good morning. Well, Yan, overall, we are very confident with regards to what we have observed growth-wise. As you have seen, the 1Q has seen a substantial growth of Grupo Fleury, 5.7% for a matured brand, which indicates gain of share, which indicates that our initiatives to differentiate our premium brand and our relationship with physicians, prescribers, health centers, customers, and all of those distinguishing factors have had an effect.

And now in the 2Q and 3Q, we are seeing, in terms of the operational days, this positive movement, which is well within our expectation. Also in Rio de Janeiro, we have seen a strong growth, 8.4% in the 1Q, which indicates market share gain in a market that is quite challenging. We are strongly capillar in Rio. We have 4 brands, Felipe Matoso, Labs A+, Centro de Medicina, LAFE, and also, we are constantly improving our services, our scheduling service to be able to cater to our customers and keep the satisfaction levels high while capturing market share.

On Lab-to-Lab, we had a strong comparison base. The 1Q24 was marked by an increase on the toxicological exams. That was the time where we saw the regulation of toxicological tests for professional drivers on classes C, D, and E, and this comparison base has presented us with a challenge for this quarter.

Now, if we exclude the toxicological exams, our Lab-to-Lab has grown by 8.6% in the 1Q, which indicates healthy growth. So, in other words, we are of the opinion that we continue to provide our services and for the next few quarters and for the year of 2025 as a whole, we know that we face a macro challenge, but overall, we are quite confident on delivering our services admirably. Thank you, Yan.

Yan Cesquim: Thank you.

Gustavo Miele, Goldman Sachs: Thank you, Renato. Good morning to you, to Jeanne and to Filippo. Thank you for the presentation. I also have two questions, if I may. First topic that I would like to dive into with you folks is maybe if you can elaborate a little bit on the margin prospects for 2025. There is a potential margin expansion here, so maybe that could be a result of a healthy mix between BUs, which perhaps it's not the case considering the moderation on the premium growth where, you know, that's where the highest margins are. We have Novos Elos a little more thriving, which might pull the margin down.

And number two, if I may, I would like to hear about margin gains within each BU. So some of the initiatives that the Company is thinking about for the remaining of the year, maybe some margin gains that we can expect on São Paulo brands, on the premium brands and other regions. What is your take on the efficiency gains for the next nine months of 2025? So that would be my first topic.

Now, a second question, a little more objective. Novos Elos has had a strong growth. I would like to know if you can maybe quantify the impact of those 4 doses of this high-cost medication. I think it's Zolgesma, if I'm not mistaken. I would like to understand how recurrent this could be for the remaining of the year, given that we have seen this trend in past opportunities.

Do you see any new demand for this medication as well, which might maybe change the Novos Elos perspective? So these are my two questions. Thank you.

Jeanne Tsutsui: Thank you, Gustavo. Now with regards to our margins, you know that we don't provide margin guidances, but we have maintained healthy margins. Last year, we concluded 24 at EBITDA margin to the tune of 25.8%, which shows how resilient our business is, which is strongly dependent on volume. So additional volume always helps reduce fixed costs. And through time we have grown in volume, and we have stricken a balance with regards to our different businesses.

Now, the Fleury brand is already mature, and we have other brands that are growing in a faster pace, even faster than Fleury. And we have a combination of other businesses such as Novos Elos, which comprise 9% of our revenue. So the leverage in margin gains, I mean, this is a constant discussion that we are always having here in Fleury group. The whole time we are keeping an eye out for opportunities.

You mentioned our A+ brand, which is growing at a great pace. We are gaining market share on that side, and we are becoming more profitable through time as well. One other important aspect is our vision for productivity gain through digital tools that we are implementing. On this quarter, we provided a little more color as far as what we are doing on our scheduling service, which will enable us to grow without increasing our call center cost.

So, in other words, this is an important leverage. Not only this one, but other initiatives on the digital front. Through time, they will become more relevant. And by the way, in our investment, roughly 50% of this investment is on IT and digital, and we believe in the prospect of becoming more efficient while improving the quality of our services. And we're going to bring new customers in.

Last year, we actually mentioned 130,000 new customers that came exclusively through the digital channels. And by the way, you have an important generational and behavioral change, which also favors those digital initiatives. We have many initiatives. We are very disciplined when it comes to costs and expenses, and we will remain like that throughout the year.

Now, I would also like to point out that besides our margin, we pay a lot of attention to our ROIC. There are some businesses that have a lower margin structurally. For example, our Lab-to-Lab or Novos Elos businesses, structurally, they have a slightly lower margin compared to businesses like our service units, but their ROIC is very attractive.

Now, we already have the structures and the growth comes, our ROIC comes and we show that our ROIC is coming in. We have had growth in the last eight quarters. Now, this balance between top line, a healthy EBITDA margin and also ROIC growth, this is what we are looking at. This is what we are aiming for with a good capital allocation.

With regards to Novos Elos, it's very hard to estimate dosages of high-cost medication for the next quarters because, of course, that depends on medical prescription, that depends on authorization from the insurance companies, but we are in a position to not only make this medication available, but through time, we have seen other medication come up and emerge that not only treat chronic patients, so in other words, these are recurring treatments, which is a very important factor, as well as different types of medication that are also high cost, but that change prognosis quite a bit and also can contribute to the sustainability of the system.

So again, it's quite hard to predict when we will have dosages of high-cost medication. What is important to say is that we are always prepared and we are always in talks with paying sources, with payers to show how cost effective all these treatments are. And more specifically on the infusion of immunobiological medication, there is an entire follow-up process of our chronically ill patients. That shows how efficient treatments are, and we promote better quality of life in this way.

So there's been an impact, there's been an impact on this quarter, as a matter of fact, because we had 4 dosages versus 1 dosages of the previous quarter, and there is no

way that we can possibly estimate that. All we can say is that we are ready for it. Thank you.

Gustavo Miele: Thanks to you, Jeanne. Have a great day.

Eduardo Rezende, UBS: Good morning, folks, Jeanne, Filipe, Renato. Two questions on my side as well. First one is, can I get an update of the integration with Pardini now with this pipeline of complete synergies almost, I would like to get your take on the micro level of what is yet to be done on that front.

And my second question is with regards the allocation of capital focused on M&A. So what is your take on this environment for transactions considering the macro environment that is more challenging at the moment? And I would also like to hear your take on the acquisitions profile. Are you looking at something a little more transformational as the macro scenario becomes a little smoother? And are you going to focus more on Diagnostic Medicine? That's it for me. Thank you.

Jeanne Tsutsui: Thank you, Eduardo. Good morning. With regards to the Pardini integration, we concluded this one-year process recently. Last year we talked a lot about this integration process and in May we concluded one year in it, and we continue to follow all of the same initiatives as well as having other initiatives to be executed, but the main percentage happened on the first year.

At this moment, we are concluding two years of integration, and obviously the synergies are being looked at closely. By the way, in the first moment, the cultural integration was very important to maintain both companies profitable and growing. We allocated a capture curve of 60% in the first year, 85% in the second year, and 95% for the third year. So, some of the initiatives are still ongoing. For example, our main contracts have been discussed early on. I remind you that 80% of reduction was cost and expenses, we captured logistics synergies, and we also did some negotiations in that front.

We still have a methodological platform change which has been happening according to the schedule. We are also integrating systems. Right away, we already captured a lot of what was in the first waves of the X Project, to make sure that we can capture that within this expanded portfolio and a service offering both for B2C as well as Lab-to-Lab. So that was done, but there are still some additional captures that are happening as we speak according to the schedule.

So overall, we are in line with our predictions. We still have a strong focus on that execution, but I can guarantee that at this moment we are prepared. As a matter of fact, we are prepared to make any M&A if the opportunity presents itself, just like we did in 2024. But I think Filippo can maybe comment a little bit on the capital allocation and the acquisitions profile.

José Filippo: Hello, Eduardo. Good morning. Now with regards to our capital market, when it comes to M&A, you asked if there is something transformational on insights. Well, transformation of acquisitions take longer, so it's really hard for us to predict anything related to that. Now when it comes to our regular management of the M&A

pipeline, at this moment our priority is on Diagnostic Medicine. So that's what we are discussing at the moment given the opportunities we see and the situation.

As you said very well, given the indicators, given the market indicators and our macroeconomic indicators, our capital went up and so it's harder to reach a price, negotiations become harder at this moment. What we have in our parameters is that we are very disciplined, but not always can you advance as much as you like in a negotiation, despite having a good prospect.

Now, just to give you an idea of that development, and we have seen these indicators, in 2021, we did 5 acquisitions. 2022, we did 3 acquisitions. 2024, we did 2, and now, we had this announcement last year of São Lucas and Confiança. So you see the hit rate, how it becomes affected when you have a higher-cost medication. So we continue to keep an eye on it. Our area is working hard. Our M&A department is working hard, and because of that, we have seen some more interesting progress.

Just like you said, we're always being strategic, but especially we're focusing on the financial side and also the cultural fit. We have to integrate the assets that are acquired to make sure that the synergies are there. So that's how we look at it. This is one of the important capital allocations, of course, that has been an important point in our growth in revenue. But also, CAPEX investments are important to make sure we can maintain our capabilities to sustain the business.

We talked a little bit about digital, which is definitely an important aspect of this investment, but also, we should not lose sight of our equipment park as well as our units. One other important point in our capital allocation is the payout. We have maintained a high payout compared to the profits. In the last year, 2024, we paid 90% of our profit in form of dividends, in JCP. So this is yet another factor that has been an option for us to work with our capital, always with an eye towards leveraging and to maintain a low level of leveraging given the high interest rates at the moment. So these parameters are really important.

So that's how we look at our opportunities, you know, with the necessary discipline to conclude our business.

Eduardo Rezende: Very clear. Thank you, folks.

Estela Strano, JP Morgan: Hey folks, good morning. Thank you for your question. The first question is about competition. What is your take on potential market share gains coming from this weakened competition, especially as we see in Minas Gerais and São Paulo? So this movement that we saw last year, does it continue right now?

And the second one is a follow-up on the capital structure. And on this case is much more about dividends. So do you have any prospects to increase payout, especially given that the Company is still generating cash flow and that has been recurrent in the last quarters? Thank you.

Jeanne Tsutsui: Hello, Estela. Good morning. Thank you for your question. Well, Estela, we are very much ready when it comes to all of our business units, all of the operation, all of the physicians. We're ready to gain market share. We are keeping a close eye on

the service levels of our different brands, we have shown that there's been consistent growth and a good market share gain, especially in São Paulo, in Rio, in Minas Gerais. Of course, in Minas Gerais, that growth of 3.4% had a very strong comparison base with last year when we had a dengue epidemic in Belo Horizonte.

But looking at our market share, we have been able to maintain that market share. And obviously this has to do with a well-coordinated operation and an opportunity to provide our medical team with a great situation. Our medical partners have been working to bring colleagues to meet that demand. We are paying a lot of attention to that. And our objective is to gain all the market share we possibly can.

In our premium brand, we already have a high market share. In the other brands, we still have room to gain market share. And our mobile service has also seen some progress, and we grew 11.4% in one quarter. So we can see that 2025 we're really ready to make more and more progress.

Now when it comes to the capital structure, I think Filippo can maybe add on to that.

José Filippo: Well, Estela, with regards to our capital structure, just like you mentioned, and just as a reminder, in the previous years before 2024, we had an average of 84% payout compared to the profit. In 2024, we paid 90%. So I believe that this is a real option, and I think we'll maintain a high payout.

Our cash generation has been a very important item, and the maintenance of our leverage, we don't want to pressure our leverage, so it's reasonable to imagine that we are going to continue with an elevated payout in a way that we can continue to pay that and maybe even increase that in those parameters, you know, to generate cash flow. So I think it's a reasonable perspective for sure.

Estela Strano: Thank you. Very clear.

Felipe Amâncio, Itaú: Hello, good morning, folks. Well, two questions from my side. First, regarding B2B. We noticed an impact that you even went on to explain. You had, you know, a very strong comparison base. I would like to understand if this effect has had an impact on the profitability. Maybe the margins were under stronger pressure in that segment? That would be my first question.

The second question is regarding denials. We noticed that there's been 1.6% in impact in the growth revenue. I want to know what the perspective of the Company is for the next few years. Are you expecting to have a more stable scenario or any room for improvement?

Jeanne Tsutsui: Hello, Felipe. Good morning. Thank you so much for your questions. Well, with regards to B2B, indeed, the impact was because of the comparison base. We mentioned that Lab-to-Lab, for example, it still performs quite well, but toxicology was affected because last year with the regulation of the exams for truck drivers, we had a peak of exams. And by the way, this is an exam that has a long validity, a long period, so it was necessary, and that is good for two years and six months. So this exam doesn't have to be repeated that often.

Now, if you remove toxicology from the comparison base, the growth of Lab-to-Lab in the 1Q was to the tune of 8.6%. So in other words, this is a growth which is comparable to the 1Q24 apart from toxicology. So we are very confident our Lab-to-Lab continues to be very strong, there is no impact on profitability itself, therefore, we maintain our profitability on B2B overall. But I remind you that our B2B margin is slightly lower than the service units, given the aspects that we already mentioned, but also ROIC is quite healthy. So this is important. I mean, we need less invested capital to be able to bring about the profitability we require on B2B. So we are confident that B2B continues to be healthy.

Now with regards to denials, our denials this quarter was healthy, 1.4, but I remind you that denials had been 1.4 on 3Q24, 1.3 on the 4Q24, and now it is at 1.4%. We believe that it's going to remain stable, but there is a perspective that it will improve in time. Claims with insurance companies have improved. ANS data from last year have shown improvement, and now we see some indications that operators are controlling the claims a little more, which is great for the entire system.

And thinking about the health system, we have to work together so that we can reduce fraud, so that we can adequately use our resources to ensure sustainability in the overall system. And we work mostly with prevention and outpatient solutions. And internally with regards to denials, we have made some adjustment in our internal processes. So as of the moment that you have, when you start having many other criteria that are demanded by insurance companies to avoid fraud in the system, we already made the adjustments in our operation, and also with regards to the receiving cycle, we changed the area to be closer to the financial services. Now this is being led by the financial department and the whole time we are working quite hard with the commercial department in line with the operators.

So we believe that this is stable with a perspective that the system will go into a more balanced stage, which is good for everybody. Thank you so much, Felipe.

Felipe Amâncio: Thank you for your answers. Have a great day.

Flávio Yoshida, Bank of America: Hello, good morning, Jeanne, Filippo, Renato. I have two questions on my side here. First one with regards to mobile service. We'd like to understand what we can expect growth-wise from now on. I think you're reaching more mature levels. The growth is still quite robust, I mean, 11%, but the growth base was around 15% to 20% last year. Of course, you cannot maintain those levels in a recurrent way. But I would like to understand if indeed you are reaching your maturity here, if there is any brand that does not have as much space on mobile and that can still grow.

And also, my second question with the EBITDA margin, we saw two opposing effects on this quarter. One was the cost, which became higher, it was offset by a provision throughout the quarter. So I would like to understand if that increase in cost is something a little more recurrent, a little more structural, if it should impact the next few quarters, if there is any provision reversal expected for the next quarters.

Jeanne Tsutsui: Hello, Flávio. Good morning. Thank you for your questions. Well, regarding mobile service, that has indeed been an important growth leverage for the

Fleury Group. By the way, on the post-pandemic, the levels of growth were quite high, and in a way, the mobile service still has room for growth because today it's 11.4%, coincidentally the same number that we had in growth, but percentage-wise, it's 7.8% of the overall revenue of the group, 11.84% of B2C. But when we look at it, when we look at regional brands, there is still a lot of heterogeneity.

So the older brands where we started this effort for a long time, and especially here in São Paulo, we have a mobile percentage, which is higher. And that is great. We have been growing, not only with new routes, but also new offerings on mobile service. For example, on the premium brand, we are expanding our portfolio, and we are providing other mobile services with an excellent acceptance.

I think everyone understands that this is a service that has a lot of comfort. Patients are very satisfied about it. And more and more for some types of exams, we have this trend to where we do it on mobile. Today, the mobile revenue for the Grupo Fleury is the equivalent of 69 service units, which is extremely healthy, no investment needed on this one. On the other hand, we do have some other brands where we started mobile service recently and the penetration is still quite low.

So in other words, there is room for us to continue to grow. There is actually an adaptation matter, the adaptation of people that can use the mobile service without an additional charge, and this is an offering that more and more becomes expanded.

Another aspect of mobile service is that this is a very healthy operation in terms of us being able to improve our profitability, whether it's by script or, in other words, we start with some routes with our units, and we also have some AI tools where we have a better process.

So the whole time we're looking at mobile service very carefully, we are looking at opportunities for growth, these opportunities lie in some brands where penetration is lower, and also, we have the offering of new routes. And by the way, we remind you that once you register the service, we can expand routes and more and more we can gain some productivity. So this is something interesting right there.

And with regards to margin, I think Filippo can further comment on it.

José Filipppe: Well, Flávio, with regards to the EBITDA margin that you mentioned, first of all, we don't like to adjust the EBITDA margin or the EBITDA itself, except in very, very exceptional situations. So in a way we don't do changes, and we allow you to bring us the comments so we can explain that. You know that, I mean, the channels work well for that.

Specifically about the 1Q, there are two points which you mentioned with regards to our gross margin. We were looking at some items here and you have stuff like cleaning, lease, transport, lease of equipment. These are contractual items that usually get adjusted early in the year. We've seen an accumulated inflation, which was not low, and that tends to get diluted. There's no concern with that. I think the business is well diversified, and I think that becomes diluted. So it's not a real problem. It's not really, it's not really a change.

Now, obviously on the gross cost side, we are highlighting some items, like the high-cost medication, which we saw in the 1Q. That was clearly shown there. But this one does show up here. We can't really predict, just like it was said before.

Now, with regards to the provision reversals, there are two factors to be listed here. First one is the provision for receivables. Now, the rating of the receiving, you know, makes you execute the provisions. This is in the provision policy. What happens is, despite us provisioning, we still negotiate some things that are themes that are longer given some discussions that we have about the nature of what happened, and we reverse those because we received part of that amount. So that's the first thing about this aspect.

And the other factor is the tax. I mean, we were talking about a tax on importation for the Pardini, there's been a judgment call. We chose not to apply that. And so we reversed it. I mean, these are the regular themes and that tends to happen. Each quarter we see some of these factors, sometimes they jump to our eyes, sometimes they don't, but it's part of the regular dynamics of the business.

In a way, this is really specific, but since you brought up this idea, I wanted to comment on it. But we see this as being a part of the dynamics of the cost of the operation.

Flávio Yoshida: Great, thank you.

Maurício Cepeda, Morgan Stanley: Hello, good morning, Jeanne, Filippo, Renato. Thank you for getting my question. Two questions on my side. First, with regards to market share, which you measure in your different plans with the insurance companies. You've done this strategy for a while, and you have gained some room with that. Now, my question is more regarding, where do you see room for growth? And not specifically geographical room for growth, but more about the healthcare plan profile. Where do you want to expand your registrations to?

And with co-participation that has grown more and more, this has definitely influenced on your utilization versus the competition, even though the competition is registering a certain plan.

Now, my second question is about Lab-to-Lab. We see a greater focus on diagnostics. I wanted to know if you have seen some competitive movements towards Lab-to-Lab, given that you have a lot of competitors with technical centers spread out. And this market seems to be really promising. I wanted to know if you're seeing some tougher competition in there. Thank you.

Jeanne Tsutsui: Hello, Cepeda. Thank you so much for your questions. Well, Cepeda, overall, we really keep track of our market share per business and per brand. Our market share is quite high in the premium segment in São Paulo, as you know, and this is a segment where you don't have an expansion on the number of beneficiaries. So the growth of the Fleury brand comes with a lot of differentiation, with an outstanding service to our customers.

Now we have the digital tools, which help us capture additional of the Fleury brand comes with a lot of differentiation with an outstanding service to our customers. Now we have the digital tools which help us capture additional value, and we have the mobile service

units as well. Through time, we have seen that we are gaining market share thanks to those endeavors.

Where we have the most room for growth is on the intermediary segment, where the number of beneficiaries is quite high. Our market share is variable on each region, but there's still room for growth. And this is what we have been doing. So objectively, our room for growth may be a little more in the intermediary segment. And by the way, we have a lot of offering on the basic system. We have a number of brands and services, and we have a business model which is quite lean, which enables us to gain market share and to bring in some revenue, also in the basic segments, while maintaining a healthy profitability level.

With regards to co-participation, this is something that has existed for a while. We have experience with it, and we know that every company is looking for solutions to provide health benefits with a proper use of the resources. And the whole time we are working with companies, and we are working with operators, showing that doing a proper diagnostic medicine with high quality, avoiding repetition, and actually caring for people's health, that really helps avoiding high cost with chronic diseases and different diseases.

One other important aspect is that everyone discusses overuse, but it's the same ratio as underuse. So in other words, we have to work to make sure that everyone does a proper follow-up of their health, given those resources. So let's continue to expand the intermediary system or rather segment still has room for growth. The basic segment, you know, we still have a low share and there is room for growth, but I believe that the space to grow is really on the intermediary segment.

And Pardini, by the way, was a pioneer, not only on increasing Lab-to-Lab, but also setting up the whole logistics and all the systems integration. We can do that in a very quick, very efficient way, and we have many technical centers. With the combination of businesses, we now have 24 technical areas combined. Project X also enables us to, you know, put those areas to good use, and we can stay competitive, not only in terms of efficiency, but also in terms of the time it takes to release the results.

Just like I said, the 1Q25, when we compared the basis to 2024 and remove the effects of toxicology, we actually saw a Lab-to-Lab effect, which is slightly superior even to the 1Q25. The point is the comparative basis of toxicology. By the way, on 1Q24, we also had a dengue issue, which was quite strong and brought in an additional revenue on our Lab-to-Lab. And we can see that our Lab-to-Lab stays robust, we have teams that are focused with a growth plan, we are looking at opportunities to work with our technical areas, expand our productive capacity, and also we have a great opportunity on Lab-to-Lab, not only providing services for these more than 8,000 labs all over Brazil, but also improving our portfolio and promoting higher access overall.

So we are confident on Lab-to-Lab for 2025, Cepeda. Thank you.

Maurício Cepeda: Thank you, Jeanne.

Operator: Ladies and gentlemen, we hereby conclude the Q&A session. I would like to hand it over to Mrs. Jeanne Tsutsui for her final address.

Jeanne: Thank you so much for your participation in another disclosure call.

We continue to be confident in 2025, and we execute on our strategy with a lot of discipline for the outpatient line, and also for our position as a reference in medicine in Brazil.

Like we said on this call, we're advancing on some digital initiatives that are going to enable us to gain productivity and improve the experience of our customers. Our financial structure is solid, and we are clear about our direction, which enables us to further reinforce the position of Grupo Fleury as one of the leaders of the sector in Brazil.

I hope you will be present in our next disclosures call for the 2Q25. Have a great rest of your day.

Operator: The Grupo Fleury teleconference is hereby concluded. Thank you so much for being present and have a great day. Thank you.