

(A free translation of the original in Portuguese)

Fleury S.A.
Quarterly Information (ITR) at
March 31, 2023
and report on review of
quarterly information

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Shareholders
Fleury S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Fleury S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2023, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and explanatory notes.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently did not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

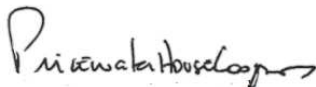
Fleury S.A.

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the quarter ended March 31, 2023. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.


São Paulo May 3, 2023



PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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Marcelo Orlando

Signed By: MARCELO ORLANDO:05390848837
CPF: 05390848837
Signing Time: 03 May 2023 | 17:46 BRT

 Marcelo Orlando
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Notes to the individual and consolidated financial statements as of March 31, 2023.
In thousands of reais (R\$), unless otherwise indicated.

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FLEURY S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF
(In thousands of reais – R\$)

	Note	Parent Company		Consolidated	
Assets		03/31/2023	12/31/2022	03/31/2023	12/31/2022
Current assets					
Cash and cash equivalents	5	3,527	9,121	9,870	17,256
Securities	6	1,112,765	1,174,965	1,271,657	1,292,234
Accounts receivable	7	790,765	701,549	973,701	856,849
Inventories	8	61,591	68,994	99,247	96,576
Recoverable taxes	9	12,496	12,797	14,419	14,757
IRPJ and CSLL recoverable		63,469	52,102	73,847	62,265
Assets held for sale		-	-	-	14,968
Other assets	10	28,063	29,378	33,009	36,499
Total current		2,072,676	2,048,906	2,475,750	2,391,404
Long-term assets					
Securities	6	31,893	32,473	117,733	121,641
Income tax and social contribution - deferred	22	-	-	53,225	48,624
Judicial deposits	23	17,644	17,764	24,464	24,160
Other assets	10	15,458	15,938	52,963	53,765
		64,995	66,175	248,385	248,190
Investments	11	1,681,268	1,634,014	56,872	44,080
Property, plant and equipment	12	819,446	833,379	909,115	925,883
Intangible assets	12	1,755,841	1,748,954	3,147,225	3,159,926
Right-of-use	13	924,938	919,503	1,026,533	1,022,287
Total non-current		5,246,488	5,202,025	5,388,130	5,400,366
Total assets		7,319,164	7,250,931	7,863,880	7,791,770

	Note	Parent Company		Consolidated	
Liabilities and shareholders' equity		03/31/2023	12/31/2022	03/31/2023	12/31/2022
Current liabilities					
Financing	14	8,353	12,051	8,895	12,838
Debentures	15	362,620	348,081	362,620	348,081
Lease	16	172,412	153,133	192,467	174,901
Suppliers	17	262,649	283,544	359,718	364,268
Labor obligations	18	167,427	204,575	191,554	227,600
Taxes and contributions payable	19	29,241	23,338	48,489	40,812
Income tax and social contribution payable		327	327	10,984	7,110
Accounts payable - Acquisition of companies	20	22,158	24,786	35,180	40,337
Interest on own capital and dividends payable	25.b	74	80	213	219
Other liabilities	21	15,216	13,651	25,081	17,969
Total current		1,040,477	1,063,566	1,235,201	1,234,135
Non-current liabilities					
Debentures	15	2,199,004	2,198,917	2,199,004	2,198,917
Lease	16	840,471	856,468	928,192	943,348
Income tax and social contribution - deferred	22	369,696	366,215	403,139	397,589
Provision for tax, labor and civil risks	23	14,510	16,563	27,401	29,087
Tax installments	19	3,192	4,024	6,441	8,708
Accounts payable - Acquisition of companies	20	65,950	63,642	253,941	276,326
Other liabilities	21	-	-	2,576	2,575
Total non-current		3,492,823	3,505,829	3,820,694	3,856,550
Shareholders' equity					
Capital	25.a	1,716,902	1,717,222	1,716,902	1,717,222
Capital reserve	26	603,250	603,212	603,250	603,212
Profit reserves					
Investment reserve	25.d	207,619	45,166	207,619	45,166
Legal reserve		148,616	148,616	148,616	148,616
Retained earnings		24,838	187,291	24,838	187,291
Income for the period		93,852	-	93,852	-
Treasury shares	25.c	(9,213)	(19,971)	(9,213)	(19,971)
Shareholders' equity of controlling shareholders		2,785,864	2,681,536	2,785,864	2,681,536
Non-controlling interest		-	-	22,121	19,549
Total shareholders' equity		2,785,864	2,681,536	2,807,985	2,701,085
Total liabilities and shareholders' equity		7,319,164	7,250,931	7,863,880	7,791,770

See the accompanying notes to the financial statements.

FLEURY S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
YEARS ENDED

(In thousands of reais - R\$, except earnings per share)

	Note	Parent Company		Consolidated	
		<u>03/31/2023</u>	<u>03/31/2022</u>	<u>03/31/2023</u>	<u>03/31/2022</u>
Revenue from rendering of services	27	1,004,255	934,696	1,236,823	1,089,913
Cost of services rendered	28	(698,548)	(633,263)	(880,152)	(765,163)
Gross income		305,707	301,433	356,671	324,750
Operating (expenses) revenues					
General and administrative	29	(120,082)	(85,719)	(140,995)	(108,922)
Other operating revenues (expenses), net	30	(5,519)	2,323	(1,158)	3,291
Equity in net income of subsidiaries	11	20,928	5,246	-	-
Operating income (loss) before financial income (loss)		201,034	223,283	214,518	219,119
Financial revenues	31	37,315	17,547	45,008	20,196
Financial expenses	31	(121,943)	(81,366)	(134,547)	(85,808)
Financial income (loss)		(84,628)	(63,819)	(89,539)	(65,612)
Income before income tax and social contribution		116,406	159,464	124,979	153,507
Income tax and social contribution					
Current	22	(19,073)	(41,449)	(30,206)	(47,124)
Deferred	22	(3,481)	(7,574)	(949)	4,449
Net income for the period		93,852	110,441	93,824	110,832
Attributable to the partners:					
Controlling shareholders		93,852	110,441	93,852	110,441
Non-controlling shareholders		-	-	(28)	391
		93,852	110,441	93,824	110,832
Other comprehensive income					
Items that will be reclassified to income (loss) for the year in subsequent periods		-	-	-	-
Items that will not be reclassified to the result of the financial year in subsequent periods		-	-	-	-
Total comprehensive income for the period		93,852	110,441	93,824	110,832
Earnings per share attributable to Company's shareholders					
Basic earnings per share (weighted average)	32	0.26	0.35	0.26	0.35
Diluted earnings per share (weighted average)	32	0.26	0.35	0.26	0.35

See the accompanying notes to the financial statements.

FLEURY S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED
(In thousands of reais – R\$)

		Capital				Profit reserve							
	Note	Capital	Expenses with issue of shares	Net capital	Capital reserve	Investment reserve	Legal reserve	Retained earnings	Income for the period	Treasury shares	Shareholders' equity of controlling shareholders	Non-controlling interest	Total shareholders' equity
Balances at December 31, 2021		1,460,037	(22,784)	1,437,253	37,474	10,174	133,221	251,997	-	(24,836)	1,845,283	9,200	1,854,483
Stock option plan		-	-	-	381	-	-	-	-	1,946	2,327	-	2,327
Non-controlling interest		-	-	-	-	-	-	-	-	-	-	400	400
Investment retention	25.d	-	-	-	-	12,830	-	(12,830)	-	-	-	-	-
Additional dividend proposed		-	-	-	-	-	-	(214,329)	-	-	(214,329)	-	(214,329)
Net income for the period		-	-	-	-	-	-	-	110,441	-	110,441	391	110,832
Balances at March 31, 2022		1,460,037	(22,784)	1,437,253	37,855	23,004	133,221	24,838	110,441	(22,890)	1,743,722	9,991	1,753,713
Balances at December 31, 2022		1,743,823	(26,601)	1,717,222	603,212	45,166	148,616	187,291	-	(19,971)	2,681,536	19,549	2,701,085
Capital increase	25a	64	-	64	-	-	-	-	-	-	64	-	64
Capital to be paid-up		(64)	-	(64)	-	-	-	-	-	-	(64)	-	(64)
Emission expenses		-	(320)	(320)	-	-	-	-	-	-	(320)	-	(320)
Stock option plan	26b	-	-	-	38	-	-	-	-	10,758	10,796	-	10,796
Non-controlling interest		-	-	-	-	-	-	-	-	-	-	2,600	2,600
Investment retention	25d	-	-	-	-	162,453	-	(162,453)	-	-	-	-	-
Net income for the period		-	-	-	-	-	-	-	93,852	-	93,852	(28)	93,824
Balances at March 31, 2023		1,743,823	(26,921)	1,716,902	603,250	207,619	148,616	24,838	93,852	(9,213)	2,785,864	22,121	2,807,985

See the accompanying notes to the financial statements.

FLEURY S.A. AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

YEARS ENDED

(In thousands of reais – R\$)

	Note	Parent Company		Consolidated	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
Net income		93,852	110,441	93,824	110,832
Items not affecting cash:					
Income tax and social contribution	22	22,554	49,023	31,154	42,675
Financial revenues and expenses	31	121,372	79,703	128,945	83,051
Depreciation and amortization	12 13	115,975	94,437	131,262	107,461
Equity in net income of subsidiaries	11	(20,928)	(5,246)	-	-
Stock option plan	26	4,870	5,237	4,870	5,237
Formation of provision for tax, labor and civil risks	30	208	1,273	253	1,279
Estimated losses from disallowances and default	27 30	11,097	11,182	12,880	12,530
Profit sharing	18	22,756	11,191	24,115	11,822
Other		2,793	(4,259)	5,733	(5,774)
Cash flow from operating activities before changes in assets and liabilities		374,549	352,982	433,036	369,113
(Increase) decrease in accounts receivable	7	(100,313)	(71,069)	(129,733)	(86,423)
(Increase) decrease in inventories	8	7,403	(18,374)	(2,672)	(22,559)
(Increase) decrease in recoverable taxes	9	(11,067)	(2,927)	(11,734)	(5,413)
(Increase) decrease in judicial deposits		119	(41)	(303)	(74)
(Increase) decrease in other assets		1,762	(20,453)	4,261	(19,790)
Increase (decrease) in suppliers	17	(20,895)	(41,463)	(4,550)	(50,562)
Increase (decrease) in labor obligations	18	(50,174)	(42,316)	(50,432)	(41,271)
Increase (decrease) in tax liabilities	19	5,947	(4,333)	7,403	(2,818)
Increase (decrease) in scheduling of tax payments	19	(874)	(1,988)	(1,995)	(2,324)
Increase (decrease) in other liabilities		(972)	5,333	4,898	4,942
Total change in assets and liabilities		(169,064)	(197,631)	(184,857)	(226,292)
Income tax and social contribution paid		(28,050)	(77,401)	(36,038)	(80,106)
Net cash from operating activities		177,435	77,950	212,141	62,715
Acquisition of property, plant and equipment and intangible assets	12	(62,773)	(54,801)	(70,706)	(66,454)
Securities - funding and income	6	61,606	284,344	24,485	276,686
Payments for acquired companies less cash and cash equivalents		(2,772)	-	(21,065)	(22,134)
Acquisition of other ownership interest	11	(14,333)	(6,910)	(14,333)	(6,910)
Paid-up capital in subsidiary		(21,250)	(52,267)	-	-
Other		-	95	14,627	584
Net cash (used) in investment activities		(39,522)	170,461	(66,992)	181,772
(Principal) repayment of financing and debentures	14 15	-	(156,580)	(146)	(156,726)
Interest paid on financing and debentures	14 15	(74,585)	(45,379)	(74,588)	(45,388)
Financial commissions and other		(936)	(1,174)	(936)	(1,177)
Derivative financial instruments		-	(924)	-	(924)
Lease payment	16	(64,289)	(46,740)	(73,167)	(53,211)
Dividends and/or interest on own capital paid	25	-	(4,130)	-	(4,130)
Operation - drawee risk		(3,697)	(2,887)	(3,698)	(2,939)
Net cash used in investing activities		(143,507)	(257,814)	(152,535)	(264,495)
Increase (decrease) in cash and cash equivalents		(5,594)	(9,403)	(7,386)	(20,008)
Cash and cash equivalents					
At the beginning of the year	5	9,121	12,104	17,256	33,722
At the end of the year	5	3,527	2,701	9,870	13,714
Changes in cash and cash equivalents		(5,594)	(9,403)	(7,386)	(20,008)

See the accompanying notes to the financial statements.

FLEURY S.A. AND SUBSIDIARIES
STATEMENT OF ADDED VALUE
YEARS ENDED
(In thousands of reais – R\$)

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Revenues	1,071,681	1,000,991	1,319,861	1,167,419
Gross revenue from services rendered (net of rebates)	1,079,879	1,005,444	1,328,082	1,172,375
Estimated losses from disallowances	(9,546)	(10,601)	(10,557)	(11,497)
Other revenues	1,348	6,148	2,336	6,541
Inputs acquired from third parties	(394,630)	(364,156)	(533,446)	(466,362)
Cost of services rendered	(364,809)	(342,160)	(495,347)	(437,438)
Materials, energy, outsourced services and other	(29,377)	(21,007)	(38,099)	(28,924)
Loss/recovery of asset values	(444)	(989)	-	-
Gross added value	677,051	636,835	786,415	701,057
Depreciation and amortization	(115,975)	(94,437)	(131,262)	(107,461)
Net added value	561,076	542,398	655,153	593,596
Added value received as transfer	60,065	23,477	47,123	20,965
Equity in net income of subsidiaries	20,928	5,246	-	-
Financial revenues (except PIS and COFINS)	39,137	18,231	47,123	20,965
Total added value payable	621,141	565,875	702,276	614,561
Distribution of added value	(621,141)	(565,875)	(702,276)	(614,561)
Personnel and charges	(257,484)	(219,293)	(294,963)	(251,179)
Direct remuneration	(180,489)	(149,479)	(207,755)	(173,711)
Benefits	(62,063)	(57,765)	(69,845)	(63,369)
Charges	(14,932)	(12,049)	(17,363)	(14,099)
Taxes, duties and contributions	(135,824)	(145,014)	(166,475)	(153,685)
Federal	(102,624)	(115,993)	(126,439)	(119,478)
Municipal	(33,200)	(29,021)	(40,036)	(34,207)
Interest, rental and other operating expenses	(133,981)	(91,127)	(147,014)	(98,865)
Rentals	(1,201)	(3,719)	(3,675)	(5,838)
Interest	(121,943)	(81,366)	(134,547)	(85,808)
Other operating expenses	(10,837)	(6,042)	(8,792)	(7,219)
Retained earnings	(93,852)	(110,441)	(93,824)	(110,832)
	-	-	-	-

See the accompanying notes to the financial statements.

Notes to the individual and consolidated financial statements as of March 31, 2023.
In thousands of reais (R\$), unless otherwise indicated.

1. Operations

1.1 The Company

Fleury S.A. ("Fleury", "Parent Company" or "Company" and, together with its subsidiaries, "Fleury Group" or "Group") is a publicly-held corporation listed in the Novo Mercado segment of B3 S.A. – Brasil, Bolsa e Balcão, under the ticker "FLRY3", headquartered in the city of São Paulo. The Company is engaged in the provision of medical services in the diagnostic, treatment, clinical analysis, health management, medical care, orthopedics and ophthalmology areas, and offers its digital healthcare platform: Saúde iD.

The Group carries out its activities through 365 customer service units and 20 hospital-based units, as follows: Furthermore, it has a mobile service operation with coverage in 18 municipalities in addition to a digital platform.

Estado	Marca	2023	2022
São Paulo	Fleury, a+ SP, CIP, Saha, Moacir Cunha, Vita, e Campana	107	104
Rio de Janeiro	Labs a+, Felipe Mattoso e Lafe	76	76
Minas Gerais	Métodos	29	29
Espírito Santo	Pretti e Bioclínico	43	45
Pernambuco	a+ PE, Diagmax, e Marcelo Magalhães	29	29
Maranhão	Inlab	25	25
Rio Grande do Sul	Weinmann e Serdil	22	22
Paraná	a+	14	14
Bahia	a+ BA	9	9
Rio Grande do Norte	IRN e CPC	9	9
Piauí	a+PI	1	-
Distrito Federal	Fleury	1	1
Total		365	363

1.2 Business combinations in progress

1.2.1 Instituto Hermes Pardini (Event subsequent to these financial statements)

On August 18, 2022, the Company approved the Protocol and Justification executed into on June 29, 2022 involving the combination of the businesses and shareholding bases of Fleury and Hermes Pardini.

As mentioned in Note 35 – Subsequent Events, the Company announced that it concluded the process of merging operations on April 13, 2023, having verified all applicable precedent conditions, including the Administrative Council for Economic Defense (CADE) approval.

1.2.2 Retina Clinic (Event subsequent to these financial statements)

On September 26, 2022, the Company, through its wholly-owned subsidiary, Fleury Centro de Procedimentos Médicos Avançados S.A (CPMA) entered into the Quota Purchase and Sale Agreement and Other Covenants for the acquisition of 100% of the quotas of Retina Clinic. The transaction amounted to R\$ 21 million. This acquisition reinforces its presence in integrated medical services solutions in the ophthalmic segment and in the expansion of the Group's ophthalmic clinics.

As mentioned in Note 35 – Subsequent Events, the Company announced that all applicable precedent conditions have been met on April 4, 2023.

2. Presentation of financial statements

The Fiscal Council and Board of Directors approved the Fleury group's individual and consolidated financial statements at meetings held on April 24 and 26, 2023, respectively.

2.1. Basis of presentation

a) Individual and consolidated interim financial information

The Company's individual and consolidated interim financial information for the period ended March 31, 2023 were prepared in accordance with technical pronouncement CPC 21 (R1) (Interim Financial Reporting) and in accordance with the international standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), and presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information.

The accounting practices and policies (which include the principles of measurement, recognition and valuation of assets and liabilities), in addition to the main accounting judgments and sources of uncertainty about estimates adopted in the preparation of this quarterly information, are consistent with those adopted and disclosed in annual financial statements for the year ended December 31, 2022 and, therefore, must be analyzed as a whole.

All relevant information used by Management is presented in these financial statements, as OCPC07.

Notes to the individual and consolidated financial statements as of March 31, 2023.
In thousands of reais (R\$), unless otherwise indicated.

The individual and consolidated quarterly information is presented in thousands of Reais, which is the functional currency of Fleury Group.

b) Consolidation and jointly-controlled subsidiary

The consolidated financial statements include the balances of Fleury S.A., its subsidiaries and special-purpose entities represented by exclusive investment funds. In addition, the balance includes an equity interest in a jointly-controlled company, accounted for under the equity method, as shown below:

	Ownership percentage of Fleury S.A.	
	03/31/2023	12/31/2022
Direct subsidiaries:		
Fleury Centro de Procedimentos Médicos Avançados S.A. ("Fleury CPMA")	100%	100%
Centro de Infusões Pacaembu Ltda. ("CIP")	100%	100%
Fundo de Investimento Kortex Ventures ("Kortex")	54%*	54%*
Laboratório Marcelo Magalhães S.A. ("Marcelo Magalhães group")	100%	100%
Métodos Laboratório, Análises Clínicas e Hematologia Ltda	100%	100%
Indirect subsidiaries:		
Instituto de Radiologia de Natal Ltda. ("IRN")	100%	100%
SantéCorp Ltda. ("Santécorp grop")	100%	100%
SantéCorp Corretora de Seguros Ltda. ("Santécorp group")	100%	100%
Saúde iD Ltda. ("Santécorp Group")	100%	100%
CPC – Centro de Patologia Clínica Ltda.	100%	100%
Clínica de Olhos Dr. Moacir Cunha S.A. ("Moacir Cunha group")	80%	80%
Centro Avançado De Oftalmologia S.A. ("Moacir Cunha group")	80%	80%
Instituto 9 de Julho – Serviços Médicos S.A. ("Moacir Cunha group")	80%	80%
Fleury Serviços Ortopédicos S.A. ("Vita group")	66.67%	66.67%
Vita Ortopedia Serviços Médicos Especializados Ltda. ("Vita group")	100%	100%
Vita Clínicas Medicina Especializada Ltda. ("Vita group")	100%	100%
Laboratório Bioclínico Ltda.	100%	100%
Laboratório Pretti Ltda.	100%	100%
Saha Centro de Infusões Ltda. ("Saha group")	100%	100%
Saha Serviços Médicos e Hospitalares Ltda. ("Saha group")	100%	100%
Exclusive Investment Funds:		
Bradesco Fundo de Investimento em cotas FI Renda Fixa Crédito Privado Exclusivo Beta	100%	100%
Santander FI Exclusivo Alpha Renda Fixa Crédito Longo Prazo	100%	100%
Jointly-controlled subsidiary:		
Papaiz Associados Diagnóstico por Imagem S/A Ltda.	(a)	51%

*The percentage of the balance for March 31, 2023 is 61.25% (64.86% on December 31, 2022).

(a) Company sold in February 2023

Main activities:

Fleury CPMA: diagnostic imaging in certain hospitals, clinical analysis and Day Clinic;

Diagmax group: diagnostic imaging and clinical analysis services;

Grupo IRN: diagnostic imaging services;

SantéCorp: health management services;

Grupo Lafe, CPC, Inlab, Pretti, Bioclínico, Marcelo Magalhães and Métodos: clinical analysis laboratory services;

Saúde iD: technology service based on data science and artificial intelligence, including Plataforma de Saúde;

CIP and Saha: hospital and immunobiological drug infusion center;

Clínica de Olhos Dr. Moacir Cunha: ophthalmology service centers;

Vita: medicine service specialized in orthopedics;

Kortex: investment fund to invest in startups engaged in digital health, diagnostic medicine and personalized medicine;

Papaiz: dental radiology services.

c) Standards and interpretations in force and not in force

The Company did not identify current and non-current standards that could materially impact its Financial Statements.

3. Business combination
a) Policy

For all acquisitions, the Group follows the CPC and CVM standards for business combinations, applying the following procedures: accounting adjustments to assets and liabilities acquired and preparation of the purchase price allocation (PPA) report. The balances presented below may change due to the fact that the report is being prepared. Thus, we present the best estimate for the base date following the period established by the standard, which is 12 months from the closing date until the report is registered. The goodwill recorded will be realized according to the merger of the acquired companies, pursuant to the Group's strategic plan.

Notes to the individual and consolidated financial statements as of March 31, 2023.

In thousands of reais (R\$), unless otherwise indicated.

b) Métodos

Below we demonstrate the changes in the purchase price allocation, stemming from adjustments in the PPA report:

	Disclosed at 12/31/2022	PPA adjustments	Balance after PPA adjustments
Purchase price	27,370	-	27,370
(+/-) Purchase price adjustment	(1,758)	1,615	(143)
Adjusted purchase price	25,612	1,615	27,227
Shareholders' equity	2,215	-	2,215
Gain (loss) in property, plant and equipment, net	2,045	-	2,045
Surplus of Intangible assets – Brand	12,241	251	12,492
Possible contingency	-	132	132
Deferred taxes	(695)	(45)	(740)
Shareholders' equity – fair value	15,806	338	16,144
Goodwill on business combination	9,806	1,277	11,083

c) Saha

Below we demonstrate the changes in the purchase price allocation, stemming from adjustments in the PPA report:

	Disclosed at 12/31/2022	PPA adjustments	Balance after PPA adjustments
Purchase price	120,000	-	120,000
(+/-) Purchase price adjustment	11,154	(21,063)	(9,909)
Adjusted purchase price	131,154	(21,063)	110,091
Adjustment to present value	(11,347)	3,417	(7,930)
Restated purchase price	119,807	(17,646)	102,161
Shareholders' equity	(3,418)	-	(3,418)
Gain (loss) in property, plant and equipment, net	2,056	-	2,056
Surplus of Intangible assets – Brand	43,159	(1,993)	41,166
Possible contingency	(2,575)	-	(2,575)
Deferred taxes	176	-	176
Shareholders' equity – fair value	39,398	(1,993)	37,405
Goodwill on business combination	80,409	(15,653)	64,756

4. Risk management

The main risk factors to which the Company and its subsidiaries are exposed are financial and operational risks, including market, foreign exchange, interest rate, credit and liquidity risk. These risks, which are inherent to their activities, are managed through internal policies and controls supervised and monitored through monthly management reports.

Fair value hierarchy

The assumptions used by the Company to determine the hierarchy and disclose the fair values of financial instruments are as follows:

- Level 1: quoted price in active markets for identical assets or liabilities;
- Level 2: other techniques for which all data that has significant effect on the recorded fair value is observable, either directly or indirectly.
- Level 3: techniques that use data that have significant effect on the recorded fair value, and that are not based on data observable in the market.

a) Accounting classification and fair values

	Level 2
Financial assets	
Cash equivalents and securities	1,399,260
Financial liabilities	
Financing and debentures, except drawee risk	(2,562,144)
Lease	(1,120,659)
Drawee risk	(8,375)
Derivative financial instruments, net	(276)
March 31, 2023	(2,292,194)
December 31, 2022	(2,246,922)

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Due to the nature of balances, it is assumed that the fair value of the Company's financial instrument balances is close to their book value. The comparison between the calculated values and fair values did not present material differences.

b) Capital management

Fleury Group monitors capital based on the consolidated leverage ratio, as shown below:

	03/31/2023	12/31/2022
Financing and debentures, except drawee risk	2,562,144	2,547,762
Accounts payable from acquisitions	289,121	299,542
Operation - drawee risk	8,375	12,074
Cash and cash equivalents	(9,870)	(17,256)
Interest earning bank deposits (Securities)	(1,389,390)	(1,413,875)
Net debt	1,460,380	1,428,247
EBITDA LTM* (Earnings before interest, taxes, depreciation and amortization)	1,208,908	1,189,707
Leverage ratio (Net debt / EBITDA LTM*)	1.21	1.20

(*) LTM (last twelve months)

c) Financial and market risks
Interest rate risk

The Company has financing in local currency subject to interest rates pegged to indexes, such as the CDI, as well as the balance of taxes payable in installments, which bears interest indexed to the SELIC rate and accounts payable from acquisitions by means of the IPCA. The risk inherent in these liabilities arises from the possibility of fluctuations in these rates impacts its cash flows. The Company and its subsidiaries have not signed derivative contracts as they understand that the risk is mitigated by the existence of assets indexed to the CDI (interest earning bank deposits).

Credit risk

The Fleury Group is exposed to credit risk in its operating activities reflected in the balance sheet in the group of accounts receivable (see note 7).

The Company and its subsidiaries are also subject to credit risks related to operations maintained in financial institutions represented by bank deposits, interest earning bank deposits and derivative instruments. The Management considers the risk low, since operations are carried out in prime banks and there are treasury policies with specific limits for allocation of funds.

Liquidity risk

Cash flow forecasting is carried out by the Finance Department, which monitors rolling forecasts of the Fleury Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. It also always maintains sufficient headroom on its undrawn committed borrowing facilities so that the Group does not breach borrowing limits or covenants (where applicable) of any of its financing and debentures. This forecast takes into consideration the Group's financing plans, compliance with covenants, attainment of the internal goals of the balance sheet quotient and, if applicable, external or legal regulatory requirements - for example, currency restrictions.

Surplus cash held by the operating entities, in addition to the balance required for managing working capital, is allocated to investments with appropriate maturities or sufficient liquidity to provide the necessary margin as determined by the forecasts.

The chart below analyzes Fleury Group's liabilities and financial instruments, by maturity brackets, corresponding to the remaining period in the balance sheet up to the contractual date of maturity. The amounts disclosed are contracted (consolidated) undiscounted cash flows, and, therefore, they cannot be reconciled with book values.

March 31, 2023	Amount					
	Book value	contracted	≤1 year	01-02 years	02-05 years	>05 years
Debentures	2,561,624	3,856,365	587,190	524,974	1,914,696	829,505
Lease	1,120,659	1,704,099	192,466	261,930	562,441	687,262
Suppliers	359,718	359,718	359,718	-	-	-
Financing	520	528	528	-	-	-
Accounts payable - acquisition of companies	289,121	289,121	35,180	4,939	249,002	-
Other liabilities	27,381	27,381	24,805	2,576	-	-
Drawee risk	8,375	8,375	8,375	-	-	-
Derivatives	276	276	276	-	-	-
	4,367,674	6,245,863	1,208,538	794,419	2,726,139	1,516,767

d) Operating Risk Management

The Corporate Risk Management governance (operational, compliance, strategic, projects, cyber and financial) adopted by the Fleury Group is in line with the concept of Lines of Defense (developed by the European Confederation of Internal Audit Institutes (ECIIA) in collaboration with the European Federation of Risk Management (FERMA)), under which each entity of the organization has clear and well-defined roles and responsibilities.

As regards negotiations for proper risk management, the Group relies on the following:

- a) The managers of the business areas, in the mapping of their processes, identification and/or update of associated operational risks, and implementation of necessary mitigation measures (internal controls, policies and procedures, projects, taking out of insurance etc.);
- b) Advisory areas (Risks, Compliance, Privacy etc.) that provide support for the business areas to ensure their constant development and evolution.
This is carried out through specific projects, such as the Business Continuity Plan and the update of the risk portfolio. It is also the responsibility of these two lines of defense (together) to: identify; assess; plan; implement; monitor and review all processes and possible risks of the Group (manage and control potential threats, in whatever way they present themselves);
- c) An independent Internal Audit function that works with biannual cycles and whose aim is to evaluate how the above groups reach their risk management and control goals to identify potential deviations from the established process;
- d) Management involvement in sponsoring the prioritization of efforts and resources to implement and maintain mechanisms that continue to mitigate risks, and therefore with the fostering of the Company's culture and risk management process;

This framework generates results which are periodically reported and monitored by the Executive Board; the Audit, Governance, Risk and Compliance Committee (and other Advisory Committees when requested); the Board of Directors and Tax Council.

e) Environmental risk

The Company has the following procedures in place to mitigate the occurrence of socio-environmental risks, which are an integral part of its Environmental, Social and Corporate Governance (ESG) program:

Waste: risks related to potential improper disposal of waste from its operations. To mitigate these risks, the Company has structured a waste management system based on legal requirements and voluntary commitments assumed by the Company. This program includes the implementation of work policies and instructions addressing this topic; the definition of waste reduction targets; employee training programs and awareness campaigns; and ongoing monitoring of disposal processes through indicators and the results of internal audits.

Climate change: effects resulting from climate change may negatively affect the Group's operations, such as prolonged shortages of natural resources including water and energy, associated with global warming, impact of human activity on the environment, the unpredictability of rainfall patterns, and the seasonality of the climate and temperatures throughout the year. Excessive rainfall, caused by climate change, may affect the performance of the Group's operations (implying the need to implement adaptation measures), whether by the impact on logistical routes and merchandise delivery systems, or by the difficulty of access by customers and employees to the company units, occasionally affecting performance in the period. Establishment of annual targets for reducing water and energy consumption; continuing education programs for employees; and eco-efficiency measures aimed at reducing the consumption of resources, including the search for technological solutions to reduce water and energy consumption; and diversification of the Group's energy matrix. The Company's climate change program, which includes the preparation of the emissions inventory, the definition of reduction targets and risk studies and adaptation to climate change, complements the actions in this regard.

Human rights: conduct that diverges from the principles of human rights and fundamental rights may lead to lawsuits, financial losses and damage to the company's reputation and image. Attitudes contrary to the guidelines of the Trust Code, Integrity Policy, Sustainability and Diversity Appreciation Policy, and the principles of the Universal Declaration of Human Rights, among others, may harm the image of the group's brands. The availability of the Trust Channel and the establishment of Personnel Management Procedures and team training, aligned with the precepts of the integrity and diversity program, contribute toward the mitigation of discriminatory and unethical practices, including in customer service, as well as the occurrence of harassment and discrimination in the company's operations.

Suppliers: to reduce risks associated with the supply chain, the Fleury Group has defined socio-environmental and compliance criteria for selecting and rating suppliers, including the adoption of assessment questionnaires and the search for legal documents. In addition, suppliers sign the Citizenship and Sustainability form and the Anti-corruption attachment when they are hired. The performance of critical suppliers in relation to sustainability and compliance is monitored through the Program for Excellence in Supply Chain Relationships (PERC).

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In thousands of reais (R\$), unless otherwise indicated.

f) Statement of sensitivity analysis

Sensitivity analysis for interest rate changes

To calculate the probable scenario, the projections disclosed by the Market Focus Report published by the Central Bank of Brazil on March 31, 2023 were used. The "Possible" and "Remote" scenarios consider a decrease in this rate of 0.25% p.a. The results in nominal terms were as follows:

	Book balance	Probable 12.75%	Possible 12.50%	Remote 12.25%
	CDI (p.a.)			
Interest earning bank deposits - Securities	1,389,390	177,147	173,674	170,200
Debentures	(2,561,624)	(326,607)	(320,203)	(313,799)
Net exposure in CDI	(1,172,234)	(149,460)	(146,529)	(143,599)

5. Cash and cash equivalents

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Cash and banks	3,527	9,121	9,870	17,256

6. Securities

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Fund quotas – Pegged to the DI rate	1,112,765	1,174,965	1,370,855	1,393,440
Bank Deposit Certificates (CDB)	18,257	17,664	18,257	17,664
Kortex Venture Capital – Fixed income funds	13,636	14,809	278	2,771
Total	1,144,658	1,207,438	1,389,390	1,413,875
Current	1,112,765	1,174,965	1,271,657	1,292,234
Non-current	31,893	32,473	117,733	121,641

a) Changes in the interest earning bank deposits balance (securities + investments with daily liquidity)

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Opening balance	1,207,438	737,395	1,413,875	833,722
Investment	424,650	404,985	580,114	456,472
Earnings	35,681	16,901	42,884	19,440
Redemption	(523,111)	(705,456)	(647,486)	(758,492)
Total	1,144,658	453,825	1,389,390	551,142

7. Accounts receivable

a) Policy

Trade accounts receivable correspond to the amounts receivable for the provision of services in the normal course of the Fleury Group's activities, less estimated losses for encumbrance and default.

Estimated impairment losses (default) are recognized based on average historical losses. These percentages vary from 0.1% to 1% (according to the business segment) for notes falling due and 100% for notes past due for more than 240 days. The criterion used to provide for disallowances is 1% of the Group's gross revenue, excluding the revenue from business segments which are not subject to disallowances.

The Company and its subsidiaries have a certain degree of concentration in their client portfolios (legal entity). As of March 31, 2023, the six main customers accounted for 65.37% of the total portfolio (65.05% as of December 31, 2022).

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b) Breakdown of the balance

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Amounts billed	599,201	574,963	701,056	645,525
Amounts to be billed	206,059	139,501	289,480	225,890
Subtotal	805,260	714,464	990,536	871,415
Estimated losses from disallowances and default	(14,495)	(12,915)	(16,835)	(14,566)
Total	790,765	701,549	973,701	856,849

c) Aging analysis

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Undue	736,432	641,993	880,844	785,354
Overdue				
Up to 120 days	43,852	49,435	79,952	58,482
121 to 360 days	21,121	20,232	24,697	24,094
>361 days	3,855	2,804	5,043	3,485
Total	805,260	714,464	990,536	871,415

d) Changes in estimated losses from disallowances and default

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Balance at the beginning of the year	(12,915)	(13,613)	(14,566)	(15,250)
Additions of disallowances and default (Notes 27 and 30)	(10,230)	(10,709)	(11,284)	(11,605)
Write-off of non-collectible securities	8,650	9,568	9,015	10,257
Balance at the end of the year	(14,495)	(14,754)	(16,835)	(16,598)

8. Inventories

a) Policy

Inventories are presented at the lower value between the cost and net realizable value. Inventory costs are determined at the average cost method.

To form a provision for losses, the group's policy considers the following: 100% for expired and obsolete items, for slow moving items, 100% for items with no movement over 360 days (excluding safety stocks, mandatory items by ANVISA, to address intercurrents) and for those that have slow moving items, the average monthly consumption will be evaluated until the expiration date.

For the periods ended March 31, 2023 and December 31, 2022, there was no need to form a provision for losses.

b) Breakdown of the balance

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Diagnostic kits	32,452	36,147	32,530	36,207
Auxiliary laboratory materials (Infusion)	-	-	29,660	18,216
Nursing and sample collection materials	14,718	16,390	19,919	22,681
Auxiliary laboratory materials	10,727	11,698	10,913	12,008
Administrative, promotional and other materials	3,694	4,759	4,790	5,814
Auxiliary laboratory materials (Ophthalmology)	-	-	1,435	1,650
Total	61,591	68,994	99,247	96,576

9. Recoverable taxes

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
PIS AND COFINS	378	378	1,111	1,117
INSS	2,759	3,255	3,371	3,935
ISS	9,359	9,164	9,937	9,705
Total	12,496	12,797	14,419	14,757

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10. Other assets

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Financial asset - Call option Vita (a)	-	-	27,280	27,759
Prepaid expenses	10,042	7,834	20,774	18,095
Employee credits/payroll	17,205	19,111	17,735	20,036
Rental advances	6,972	11,650	6,972	11,650
Advances to suppliers	5	119	2,612	5,604
Prepaid Municipal property tax	33	85	399	85
Derivative instruments, net	-	32	-	32
Sale of assets from the São Luiz Hospitals operation	-	533	-	533
Other (b)	9,264	5,952	10,200	6,470
Total	43,521	45,316	85,972	90,264
Current	28,063	29,378	33,009	36,499
Non-current	15,458	15,938	52,963	53,765

(a) Pursuant to the purchase and sale agreement entered into between CPMA (direct subsidiary) and VITA, CPMA has the option (right) to acquire the non-controlling interest that represents 33.33%.

(b) Amounts dispersed arising from balances receivable from former Sellers of the company Labs Dor, among others.

11. Investments

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Direct/indirect subsidiary	1,649,635	1,613,628	2,704	3,597
Subtotal	1,649,635	1,613,628	2,704	3,597
ABF Oncologia (JV)	14,333	-	14,333	-
Prontmed	12,000	12,000	12,000	12,000
Investees of the Kortex Fund	-	-	22,534	20,096
Other interests	5,300	8,386	5,301	8,387
Total	1,681,268	1,634,014	56,872	44,080

Significant information about investments

Subsidiaries and jointly-controlled subsidiaries	Base Date	Interest in paid-up capital - %	Capital quotas (qty)	Shareholders' equity	Income (loss) for the period
Fleury CPMA	03/31/2023	100%	1,010,444	957,323	3,996
	12/31/2022	100%	989,194	932,078	(6,143)
IRN	03/31/2023	100%	15,823	42,184	1,312
	12/31/2022	100%	15,823	40,872	5,802
SantéCorp Group (including Saúde iD)	03/31/2023	100%	223,004	119,605	(6,625)
	12/31/2022	100%	208,054	111,280	(49,999)
CPC	03/31/2023	100%	5,460	5,216	(159)
	12/31/2022	100%	5,160	5,075	(1,430)
CIP group (including Saha)	03/31/2023	100%	73,111	120,308	10,312
	12/31/2022	100%	73,111	109,995	20,259
Moacir group	03/31/2023	80%	466	2,687	97
	12/31/2022	80%	466	2,592	3,219
Pretti	03/31/2023	100%	8	38,454	4,632
	12/31/2022	100%	8	33,822	22,498
Bioclínico	03/31/2023	100%	125	23,014	2,414
	12/31/2022	100%	125	20,599	8,693
Vita	03/31/2023	67%	18,430	12,508	(105)
	12/31/2022	67%	14,410	8,599	538
Marcelo Magalhães Group	03/31/2023	100%	6,730	40,458	5,972
	12/31/2022	100%	6,730	34,486	22,576
Métodos	03/31/2023	100%	2,336	3,851	955
	12/31/2022	100%	2,336	2,895	680

Notes to the individual and consolidated financial statements as of March 31, 2023.

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Changes in balances of investments

Investor	Investees	Balance at 12/31/2022	Acquisition (a)	Paid-up capital	Equity in net income of subsidiaries	Merger (b)	Other changes (c)	Balance at 03/31/2023
Fleury S.A.	Fleury CPMA	933,444	-	21,250	3,996	-	114	958,804
Fleury S.A.	Diagmax	3,512	-	-	-	(3,613)	101	-
Fleury S.A.	Inlab	1,912	-	-	-	(1,696)	(216)	-
Fleury S.A.	CIP	235,208	-	-	10,312	-	(31)	245,489
Fleury S.A.	Marcelo Magalhães	411,108	-	-	5,972	-	(768)	416,312
Fleury S.A.	Métodos	28,444	-	-	955	-	(369)	29,030
Fleury S.A.	ABF (JV Oncologia)	-	14,333	-	-	-	-	14,333
Fleury S.A.	Prontmed	12,000	-	-	-	-	-	12,000
Fleury S.A.	Other (d)	8,386	-	-	-	-	(3,086)	5,300
Total – Parent Company		1,634,014	14,333	21,250	21,235	(5,309)	(4,255)	1,681,268
Fleury S.A.	ABF (JV Oncologia)	-	14,333	-	-	-	-	14,333
Fleury S.A.	Prontmed	12,000	-	-	-	-	-	12,000
Fleury S.A.	Other (d)	8,387	-	-	-	-	(3,086)	5,301
Kortex	Sweetch	3,963	-	-	-	-	(952)	3,011
Kortex	Iscare	7,702	-	-	-	-	-	7,702
Kortex	Klivo Ltda.	1,058	-	-	-	-	-	1,058
Kortex	Tau Ventures	1,774	-	-	-	-	(187)	1,587
Kortex	Bluecorp	1,043	-	-	-	-	-	1,043
Kortex	Huna Hold	1,094	-	-	-	-	-	1,094
Kortex	Neuralmed	3,462	-	-	-	-	-	3,462
Kortex	Webe Care	-	3,577	-	-	-	-	3,577
Fleury CPMA	Acquired	3,597	-	-	-	-	(893)	2,704
Total consolidated		44,080	17,910	-	-	-	(5,118)	56,872

a) In the parent company, the acquisition value includes shareholders' equity and all identified assets.

b) Refers to the merger of Inlab, Diagmax and Cedire.

c) They refer mainly to changes in surplus or deficit on revaluation. It is recognized in investments and business consolidation, and reclassified to the classes of property and equipment, i.e., accounted for together with the assets and liabilities that gave rise to it.

d) Relate to investments in the following companies: Lab Rede; Our Crowd (Sabin); Bem Care and Sweetch.

12. Property, plant and equipment and intangible assets

a) Policy

They are recorded at acquisition cost less depreciation or accumulated amortization.

Depreciation and amortization are recognized based on the estimated useful lives of each asset/part on a straight-line basis.

Fleury group reviews at least annually the book value of their tangible and intangible assets to determine if there is any indication that these assets suffered impairment losses.

b) Breakdown of balance of property, plant and equipment

Parent Company		03/31/2023			12/31/2022
	Average annual depreciation rate (%)	Cost	Accumulated depreciation	Net balance	Net balance
Machinery and equipment	10	854,853	(453,281)	401,572	382,551
Leasehold improvements	20	578,961	(344,005)	234,956	144,712
Facilities	10	334,652	(266,650)	68,002	53,257
Property, plant and equipment in progress	-	34,414	-	34,414	176,380
IT equipment	20	118,986	(87,888)	31,098	30,258
Real estate	2	28,029	(7,500)	20,529	20,645
Furniture and fixtures	10	54,697	(39,518)	15,179	11,877
Land	-	13,637	-	13,637	13,637
Vehicles	20	603	(544)	59	62
Total		2,018,832	(1,199,386)	819,446	833,379

Notes to the individual and consolidated financial statements as of March 31, 2023.

In thousands of reais (R\$), unless otherwise indicated.

Consolidated		03/31/2023			12/31/2022
	Average annual depreciation rate (%)	Cost	Accumulated depreciation	Net balance	Net balance
Machinery and equipment	10	959,141	(512,526)	446,615	428,723
Leasehold improvements	20	623,893	(363,121)	260,772	170,578
Facilities	10	344,829	(271,444)	73,385	58,838
IT equipment	20	135,380	(99,760)	35,620	35,355
Property, plant and equipment in progress	-	35,090	-	35,090	177,790
Furniture and fixtures	10	70,125	(47,338)	22,787	19,472
Real estate	2	28,029	(7,500)	20,529	20,645
Land	-	13,637	-	13,637	13,637
Vehicles	20	2,562	(1,882)	680	845
Total		2,212,686	(1,303,571)	909,115	925,883

c) Changes in property, plant and equipment

Parent Company (2022-2023)	Balance at 12/31/2022	Additions	Net write-offs	Depreciation	Reclass./ Transf.	Balance at 03/31/2023
Machinery and equipment	382,551	924	(646)	(15,910)	34,653	401,572
Leasehold improvements	144,712	1,624	(15)	(18,284)	106,919	234,956
Facilities	53,257	4,838	(88)	(6,849)	16,844	68,002
Construction in progress	176,380	20,807	(44)	-	(162,729)	34,414
IT equipment	30,258	3,024	-	(2,507)	323	31,098
Real estate	20,645	-	-	(117)	1	20,529
Furniture and fixtures	11,877	9	(139)	(557)	3,989	15,179
Land	13,637	-	-	-	-	13,637
Vehicles	62	-	-	(3)	-	59
Total	833,379	31,226	(932)	(44,227)	-	819,446

Consolidated (2022-2023)	Balance at 12/31/2022	Additions	Net write-offs	Depreciation	Reclass./ Transf.	Gain (loss)	Balance at 03/31/2023
Machinery and equipment	428,723	1,084	(646)	(17,704)	35,182	(24)	446,615
Leasehold improvements	170,578	2,580	(15)	(19,877)	107,506	-	260,772
Facilities	58,838	4,853	(88)	(7,084)	16,866	-	73,385
IT equipment	35,355	3,047	-	(3,098)	326	(10)	35,620
Construction in progress	177,790	21,229	(44)	-	(163,885)	-	35,090
Furniture and fixtures	19,472	325	(139)	(866)	4,005	(10)	22,787
Real estate	20,645	-	-	(116)	-	-	20,529
Land	13,637	-	-	-	-	-	13,637
Vehicles	845	-	-	(165)	-	-	680
Total	925,883	33,118	(932)	(48,910)	-	(44)	909,115

d) Breakdown of balance of intangible assets

Parent Company		03/31/2023			12/31/2022
	Average annual amortization rate (%)	Cost	Accumulated amortization	Net balance	Net balance
Goodwill - Future profitability	-	1,512,141	(44,413)	1,467,728	1,467,728
Licenses and software	20	647,639	(487,107)	160,532	181,891
Constructions in progress	-	112,276	-	112,276	89,255
Brands	7	19,081	(10,466)	8,615	3,390
Internally developed products	-	6,690	-	6,690	6,690
Client contracts	10	154,387	(154,387)	-	-
Total		2,452,214	(696,373)	1,755,841	1,748,954

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Consolidated		03/31/2023			12/31/2022
	Average annual amortization rate (%)	Cost	Accumulated amortization	Net balance	Net balance
Goodwill - Future profitability	-	2,597,584	(45,212)	2,552,372	2,566,748
Brands	7	257,930	(12,213)	245,717	247,544
Licenses and software	20	730,650	(508,008)	222,642	241,922
Constructions in progress	-	118,989	-	118,989	96,087
Internally developed products	-	6,690	-	6,690	6,690
Client contracts	10	158,873	(158,234)	639	735
Non-competition agreement	7	1,327	(1,151)	176	200
Total		3,872,043	(724,818)	3,147,225	3,159,926

e) Changes in intangible assets

Parent Company (2022-2023)	Balance at 12/31/2022	Additions	Write-offs	Amortization	Merger (a)	Balance at 03/31/2023
Goodwill - Future profitability	1,467,728	-	-	-	-	1,467,728
Licenses and software	181,891	8,574	(27)	(29,906)	-	160,532
Constructions in progress	89,255	23,021	-	-	-	112,276
Brands	3,390	-	-	(84)	5,309	8,615
Internally developed products	6,690	-	-	-	-	6,690
Total	1,748,954	31,595	(27)	(29,990)	5,309	1,755,841

Consolidated (2022-2023)	Balance at 12/31/2022	Acquisition (b)	Additions	Write-offs	Amortization	Reclass./ Trans.	Surplus /loss	Balance at 03/31/2023
Goodwill - Future profitability	2,566,748	(14,376)	-	-	-	-	-	2,552,372
Brands	247,544	-	-	-	(84)	-	(1,743)	245,717
Licenses and software	241,922	-	9,464	(27)	(33,940)	5,223	-	222,642
Constructions in progress	96,087	-	28,125	-	-	(5,223)	-	118,989
Internally developed products	6,690	-	-	-	-	-	-	6,690
Client contracts	735	-	-	-	(98)	-	2	639
Non-competition agreement	200	-	-	-	-	-	(24)	176
Total	3,159,926	(14,376)	37,589	(27)	(34,122)	-	(1,765)	3,147,225

(a) Refers to the merger of Inlab, Diagmax and Cedire.

(b) Refers to adjustments to the opening balance of the acquisition of companies SAHA and Methodos.

13. Right-of-use

a) Policy

The Company has lease operations for several assets, such as: real estate, medical equipment, and vehicles. In general, property rental contracts are entered into for fixed periods of 5 years. Medical equipment and vehicles have average terms of 10 and 2 years, respectively, and may include renewal options.

The lease terms are negotiated individually and contain a wide variety of terms and conditions. The lease contracts do not have covenants and leased assets cannot be used as collateral for loans.

Depreciation of right-of-use assets is allocated in a systematic manner, on a straight-line basis. The useful life is periodically reassessed to capture changes in the intention to continue the lease, whether due to the Company's strategic matters or the lessor's intention. The Fleury Group is a lessee under certain contracts with an indefinite term. Considering that both the lessor and the lessee have the right to cancel the contract at any time, the Group's understanding is that these contracts should be treated as leases, recording the expense in profit or loss for the year over the lease term.

The Company does not have leases that meet the exceptions/practical expedients under CPC 06 (R2).

b) Breakdown of the balance of right-of-use assets

Parent Company		03/31/2023			12/31/2022
	Average annual depreciation rate (%)	Cost	Accumulated depreciation	Net balance	Net balance
Real estate	13	1,215,681	(435,496)	780,185	808,832
Machinery and equipment	20	177,421	(58,329)	119,092	83,800
IT equipment	25	38,897	(21,226)	17,671	19,048
Vehicles	50	19,149	(11,159)	7,990	7,823
Total		1,451,148	(526,210)	924,938	919,503

Notes to the individual and consolidated financial statements as of March 31, 2023.

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Consolidated	Average annual rate - dep. %	03/31/2023			12/31/2022
		Cost	Accumulated depreciation	Net balance	Net balance
Real estate	13	1,355,023	(476,869)	878,154	908,678
Machinery and equipment	20	182,263	(59,649)	122,614	86,683
IT equipment	25	39,084	(21,384)	17,700	19,103
Vehicles	50	19,231	(11,166)	8,065	7,823
Total		1,595,601	(569,068)	1,026,533	1,022,287

c) Changes in right-of-use assets

Parent Company (2022–2023)	Balance at 12/31/2022	Addition	Inflation adjustment	Depreciation	Write-offs	Balance at 03/31/2023
Real estate	808,832	15,514	10,496	(29,528)	(25,129)	780,185
Machinery and equipment	83,800	43,777	-	(8,485)	-	119,092
IT equipment	19,048	2,070	-	(2,590)	(857)	17,671
Vehicles	7,823	1,321	-	(1,154)	-	7,990
Total	919,503	62,682	10,496	(41,757)	(25,986)	924,938

Consolidated (2021–2022)	Balance at 12/31/2022	Acquisition (a)	Addition	Inflation adjustment	Depreciation	Write-offs	Balance at 03/31/2023
Real estate	908,678	3,717	15,514	11,151	(35,777)	(25,129)	878,154
Machinery and equipment	86,683	821	43,777	-	(8,667)	-	122,614
IT equipment	19,103	-	2,078	-	(2,624)	(857)	17,700
Vehicles	7,823	-	1,404	-	(1,162)	-	8,065
Total	1,022,287	4,538	62,773	11,151	(48,230)	(25,986)	1,026,533

a) Refers to the acquisition of the company Methodos, opening balance adjustments.

14. Financing

Currency – R\$	Funding – Consolidated					
	Fixed-rate charges	Signature date	Amount contracted	Final maturity		
BNDES FINAME	3.55% p.a.	01/31/2013	4,876	Nov/23		
Other Financing	9.34% p.a.	07/05/2019	1,672	Oct/23		
Changes – Parent Company	Balance at 12/31/2022	New agreements / Settlement		Balance at 03/31/2023		
Drawee risk	12,051	(3,698)		8,353		
Changes – Consolidated	Balance at 12/31/2022	Interest incurred	Interest paid	Amortization of principal	New agreements / Settlement	Balance at 03/31/2023
Drawee risk	12,074	-	-	-	(3,699)	8,375
BNDES FINAME	465	3	(3)	(139)	-	326
Other Financing	299	-	-	(105)	-	194
Total	12,838	3	(3)	(244)	(3,699)	8,895

Certain financings contain financial covenants, such as: the implementation or formalization of collateral or fidejussory guarantees, restrictions on the change, transfer or assignment of corporate or shareholding, incorporation, merger or spin-off without the prior consent of the creditor, and the maintenance of financial and liquidity ratios measured every six months.

As of March 31, 2023, the Company and its subsidiaries followed these financial ratios, as well as with the other covenant clauses.

15. Debentures
a) Breakdown of debentures issued

	Issue amount (R\$)	Quantity	Final maturity	Semi-annual interest	Total issued
4 th issue – 2 nd series	10,000	25,000	Apr/23	CDI + 0.60% p.a.	250,000
5 th issue – 1 st series	1,000	200,000	Dec/24	CDI + 0.90% p.a.	200,000
5 th issue – 2 nd series	1,000	300,000	Dec/27	CDI + 1.20% p.a.	300,000
6 th issue – 1 st series – ESG	1,000	250,000	July/25	CDI + 1.35% p.a.	250,000
6 th issue – 2 nd series – ESG	1,000	375,000	July /26	CDI + 1.50% p.a.	375,000
6 th issue – 3 rd series – ESG	1,000	375,000	July /28	CDI + 1.75% p.a.	375,000
7 th issue – 1 st series	1,000	350,000	Apr/27	CDI + 1.35% p.a.	350,000
7 th issue – 2 nd series	1,000	350,000	Apr/29	CDI + 1.55% p.a.	350,000

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The Company used the amounts raised from the debentures issued to strengthen working capital, maintain its cash strategy, extend its debt profile, and fund investments and acquisitions in the coming years. The debentures issued are unsecured and not convertible into shares.

3rd Issue of Debentures: Carried out through a public offering of simple debentures with restricted placement efforts, in a single series, consisting of the issue of 30,000 (thirty thousand) debentures, all of which are registered, book-entry and with a par value of R\$ 10,000, totaling R\$ 300,000. The debentures mature 5 (five) years from the date of issue, and will be amortized in two 2 annual installments, 50% on November 24, 2021 and 50% on November 24, 2022.

4th Issue of Debentures: The Company carried out its fourth issue of debentures public offering of simple debentures with restricted placement efforts, in two series. These debentures will be amortized in a single installment upon maturity.

5th Issue of Debentures: Carried out through a public offering of simple debentures with restricted placement efforts, in two series. The debentures of the first series will be amortized in a single installment, in December 2024. The debentures of the first series will be amortized in three annual installments: 33.33% in December 2025, 33.33% in December 2026 and 33.33% in December 2027. Interest is paid on a half-yearly basis, and there is no provision for renegotiation.

6th Issue of Debentures: Carried out through a public distribution offering with restricted efforts to place simple debentures, in three series that can be amortized in a single installment upon maturities (July 2025 for the first series, July 2026 for the second series and July 2028 for the third series). Remuneration is paid on a half-yearly basis.

The 6th issue is the first issue of debentures of Fleury Group with an environmental, social, and governance component, which will allow it to be classified as sustainability-linked, under the terms required by the International Capital Markets Association. If certain targets for Biological Waste Management and Access to Health are not met, as well as obligations linked to key sustainable performance indicators related to such targets are not met within the deadlines established in the Indenture, the spreads will increase by up to (i) 0.125% per annum in relation to the Debentures of the First Series; (ii) 0.25% per annum in relation to the Debentures of the Second Series; and (iii) 0.35% per annum regarding the Debentures of the Third Series.

7th Issue of Debentures: The Company carried out its seventh issue of debentures public offering of simple debentures with restricted placement efforts, in two series. These debentures will be amortized in a single installment upon maturity (April 2027 for the first series and April 2029 for the second series).

Domestic currency - R\$	Changes in debentures				03/31/2023
	12/31/2022	Interest incurred	Interest paid	Other operations	
4 th issue – 2 nd series	255,915	8,714	-	-	264,629
5 th issue – 1 st series	201,089	7,002	-	-	208,091
5 th issue – 2 nd series	301,670	10,736	-	-	312,406
6 th issue – 1 st series	267,469	9,025	(18,371)	-	258,123
6 th issue – 2 nd series	401,488	13,682	(27,857)	-	387,313
6 th issue – 3 rd series	401,963	13,923	(28,357)	-	387,529
Commissions (5 th , 6 th and 7 th issue)	(1,430)	-	-	87	(1,343)
7 th issue – 1 st series	359,351	12,927	-	-	372,278
7 th issue – 2 nd series	359,483	13,115	-	-	372,598
Total	2,546,998	89,124	(74,585)	87	2,561,624
Current	348,081				362,620
Non-current	2,198,917				2,199,004

The portion recognized in Non-current liabilities as of March 31, 2023 (except for commission) matured as follows:

Maturity	5 th issue – 1 st series	5 th issue – 2 nd series	6 th issue – 1 st series	6 th issue – 2 nd series	6 th issue – 3 rd series	7 th issue – 1 st series	7 th issue – 2 nd series	Consolidated
2024	200,000	-	-	-	-	-	-	200,000
2025	-	100,000	250,000	-	-	-	-	350,000
2026	-	100,000	-	375,000	-	-	-	475,000
2027	-	100,000	-	-	-	350,000	-	450,000
2028	-	-	-	-	375,000	-	-	375,000
2029	-	-	-	-	-	-	350,000	350,000
Total	200,000	300,000	250,000	375,000	375,000	350,000	350,000	2,200,000

Covenants

The debentures are subject to financial covenants, and their maturity may be accelerated in the event the Company fails to comply with the following financial ratio:

- Net financial debt/EBITDA ratio lower than or equal to 3.0 times.

As of March 31, 2023, the Fleury group was following financial ratios and other covenant clauses.

Notes to the individual and consolidated financial statements as of March 31, 2023.

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16. Leases

As of March 31, 2023, the lease liabilities are as follows:

a) Minimum lease payments:

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Up to 1 year	261,527	236,287	290,133	266,798
>01 year	1,298,321	1,333,021	1,413,966	1,446,972
	1,559,848	1,569,308	1,704,099	1,713,770
(-) Future financial charges	(546,965)	(559,707)	(583,440)	(595,521)
Present value of minimum payments	1,012,883	1,009,601	1,120,659	1,118,249
Current	172,412	153,133	192,467	174,900
Non-current	840,471	856,468	928,192	943,348

The maturity dates of non-current installments as of March 31, 2023 are as follows:

	Parent Company	Consolidated
2024	163,314	180,691
2025	150,700	184,621
>2026	526,457	562,880
Total	840,471	928,192

We show below the changes in lease:

	Balance at 12/31/2022	Acquisition	Addition	Inflation adjustment	Amortization of interest	Realization of adjustment to present value	Amortization of principal	Write-off	Balance at 03/31/2023
Parent Company	1,009,601	-	62,682	10,497	(24,838)	24,838	(39,618)	(30,280)	1,012,883
Consolidated	1,118,249	4,539	62,773	11,151	(25,354)	27,560	(47,979)	(30,280)	1,120,659

As of March 31, 2023, the Company has an operating lease balance of R\$ 17,195 linked to financial institutions, allocated in the Lease account, referring to computer equipment used to support the administrative areas.

17. Suppliers

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Direct material and test intermediation	75,609	86,065	132,115	130,072
Medical services	60,955	60,634	84,912	76,854
Suppliers of property, plant and equipment - CapEx	35,985	46,531	36,042	46,541
Real estate and utilities	32,521	37,072	34,104	38,665
Outsourced services	20,127	25,635	30,993	35,175
Overhead	14,490	12,279	17,208	17,685
IT and telecommunications	12,217	8,212	13,114	10,060
Institutional and legal matters	6,397	4,438	6,460	5,850
Marketing	4,348	2,678	4,770	3,366
Total	262,649	283,544	359,718	364,268

18. Labor obligations

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Provision for vacation and social security charges	73,397	73,629	85,121	85,845
Salaries and social security charges payable	29,215	28,144	37,089	36,924
Provision for profit sharing	17,705	51,083	18,341	52,548
Provision for health care	17,588	17,528	17,590	17,530
Provision for 13 th salary payable and charges	13,642	-	16,037	-
Commission and Bonus	11,510	28,570	11,622	28,701
Loans to employees	1,160	1,150	1,199	1,200
Other	3,210	4,471	4,555	4,852
Total	167,427	204,575	191,554	227,600

Notes to the individual and consolidated financial statements as of March 31, 2023.

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19. Tax liabilities

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
REFIS installment plan – Law 11941	6,267	7,125	13,961	15,390
PIS/COFINS on Billing	4,242	809	7,824	3,053
ISS on turnover	14,979	12,787	24,521	21,832
Withholding income tax (IRRF)	1,264	1,380	1,513	1,785
PIS, COFINS, CSRF	3,019	2,617	3,312	3,218
Withholding INSS	1,027	1,819	1,246	2,006
Other	1,635	825	2,553	2,236
Total	32,433	27,362	54,930	49,520
Current	29,241	23,338	48,489	40,812
Non-current	3,192	4,024	6,441	8,708

As of March 31, 2023, the non-current portion matured as follows:

	Consolidated
2024	3,848
2025	583
2026	210
2027	198
>2028	1,602
Total	6,441

20. Accounts payable – Acquisition of companies

Relate to debts assumed for acquisition of companies, to be settled as provided for in the contracts, updated monthly mainly based on IGP-M FGV and IPCA IBGE. The balances are recorded at present value and therefore may differ from the amounts highlighted in the acquisition documents.

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
SAHA	-	-	97,921	111,720
Lafe	-	-	37,015	35,830
Marcelo Magalhães	34,147	33,080	34,147	33,080
Vita	-	-	27,469	35,158
Diagmax	18,722	18,133	18,722	18,133
CIP	14,434	13,979	14,434	13,979
Moacir	-	-	12,578	12,237
Bioclinico	-	-	9,645	7,281
Pretti	-	-	7,927	9,738
Inlab	7,388	7,156	7,388	7,156
CPC	-	-	6,471	6,253
Lego and Biesp	5,594	5,594	5,594	5,594
Methods	5,100	7,763	5,100	7,763
Diagnoson	2,723	2,723	2,723	2,723
IRN	-	-	1,987	9,612
Serdil	-	-	-	406
	88,108	88,428	289,121	316,663
Current	22,158	24,786	35,180	40,337
Non-current	65,950	63,642	253,941	276,326

As of March 31, 2023, the non-current portion matured as follows:

	Consolidated
2024	4,939
2025	54,819
2026	34,995
Other (*)	159,188
Total	253,941

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(*) As of March 31, 2023, the maturity of certain installments is contingent on the final and unappealable ruling of the lawsuits. Therefore, the estimate of payment will be determined as lawsuits are judged.

21. Other liabilities

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Deferred Revenue	-	-	8,702	369
Amounts payable from health care plan operators	8,143	7,409	8,143	7,409
Prepaid Revenue (Bradesco Payroll)	4,010	5,119	4,010	5,119
Advances from customers	-	-	3,736	3,664
Other accounts payable	2,437	732	2,438	3,590
Employee reimbursements	350	391	352	393
Derivative instruments, net	276	-	276	-
Total	15,216	13,651	27,657	20,544
Current	15,216	13,651	25,081	17,969
Non-current	-	-	2,576	2,575

22. Current and deferred income tax and social contribution
a) Policy

Deferred income taxes are recognized on the temporary differences on the date of each balance between the balances of assets and liabilities recognizes in the individual and consolidated financial statements and the respective tax bases employed to calculate taxable income, including balances of tax losses and when applicable, negative bases of social contribution.

Deferred tax liabilities are generally recognized on taxable temporary exclusions and deferred tax assets are recognized on all deductible temporary additions. Deferred tax assets or liabilities are not recognized on temporary differences resulting from the goodwill or initial recognition, except business combination, if applicable, of other assets and liabilities in a transaction that does not affect taxable income or accounting income.

Deferred tax assets and contributions are recognized inasmuch as it is likely that the future taxable income is available for use to offset temporary differences, based on projections of future income prepared and based on internal assumptions and on future economic scenarios that may, however, be subject to change.

Deferred tax assets and liabilities are measured by means of the tax rates applicable to the year during which it is expected that the liability will be settled or the asset will be realized, based on the tax rates provided in current tax legislation at the end of each year, or when a new law has been substantially approved. The measurement of deferred tax assets and liabilities reflects the tax consequences that would result from the manner each company of Fleury Group expects, at the end of each year, to recover or settle the book value of these assets and liabilities.

Deferred tax assets and liabilities are presented net when they relate to taxes administered by the same tax authority.

The Company has companies classified under the Deemed Income regime in its structure, and the calculation of corporate income tax (IRPJ) and social contribution on net income (CSLL) are calculated based on the income presumption determined through the application of percentages, predetermined according to the company's activity on the gross revenue for the month. This percentage differs from the nominal rate of 34% of Taxable Income.

The technical interpretation ICPC 22 (Uncertainty over Income Tax Treatment) specifies disclosure requirements for uncertainties related to current and deferred income taxes (assets and liabilities) and must be applied in accordance with current legislation. Management evaluated the procedures adopted for calculating Current and Deferred Income Tax and Social Contribution and concluded that there is no uncertainty regarding the tax treatment in accordance with current tax legislation.

b) Breakdown of deferred income tax and social contribution

	Parent Company			Consolidated		
	Balance sheet		Income (loss)	Balance sheet		Income (loss)
	03/31/2023	12/31/2022		03/31/2023	12/31/2022	
Provision for tax, labor and civil risks	17,612	17,232	380	18,730	18,301	429
IFRS 16 effect	31,978	31,248	730	32,602	31,999	603
Stock option plan	6,014	9,818	(3,804)	6,014	9,818	(3,804)
Estimated losses from disallowances and default	4,928	4,391	537	5,690	4,980	710
Provision for profit sharing	6,020	17,368	(11,348)	6,184	17,742	(11,558)
Provisions Labor	8,700	11,444	(2,744)	9,626	12,014	(2,388)
Update – Accounts payable – acquisition of companies	3,189	2,111	1,078	8,161	5,363	2,798
Linearization of effective rate	8,559	-	8,559	8,559	-	8,559

Notes to the individual and consolidated financial statements as of March 31, 2023.

In thousands of reais (R\$), unless otherwise indicated.

	Parent Company			Consolidated		
	Balance sheet		Income (loss)	Balance sheet		Income (loss)
	03/31/2023	12/31/2022	03/31/2023	03/31/2023	12/31/2022	03/31/2023
Other	74	8	66	527	159	368
Tax loss	-	-	-	66,586	63,315	3,271
Net assets acquired in a business combination	9,517	1,076	8,441	8,735	294	8,441
Effects of goodwill amortization for tax purposes	(462,189)	(459,417)	(2,772)	(479,888)	(474,117)	(5,771)
Realization of gain/loss	(4,098)	(1,494)	(2,604)	(41,440)	(38,833)	(2,607)
Deferred tax assets (liabilities), net	(369,696)	(366,215)	(3,481)	(349,914)	(348,965)	(949)

REVENUE (EXPENSE) FROM DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Changes in equity not affecting income (loss)

Deferred income tax and social contribution - Changes in income (loss)			(3,481)			(949)
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Reflected on the balance sheet as follows:

Deferred tax assets	-	-	53,225	48,624
Deferred tax liabilities	(369,696)	(366,215)	(403,139)	(397,589)
Deferred tax assets (liabilities), net	(369,696)	(366,215)	(349,914)	(348,965)

Consolidated										
	FLEURY	CIP	LABMM	CPMA	IRN	VITA CLIN	CPC	SANTECORP	SAÚDE ID	Total
Assets (*)	96,963	897	(38)	23,165	609	557	926	23,198	27,077	173,354
Liabilities	(466,659)	(721)	-	(55,888)	-	-	-	-	-	(523,268)

(*) The balance of Fleury S.A., CPMA and CIP is presented net.

In the Consolidated, deferred tax assets are expected to be realized as follows:

	Consolidated
2023	50,273
2024	25,317
2025	22,913
2026	16,737
>2027	58,114
Total	173,354

b) Reconciliation of income tax and social contribution on net income, current and deferred, in income (loss) are reconciled as follows:

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Income before income tax (IRPJ) and social contribution (CSLL)	116,406	159,464	124,979	153,507
(x) Combined rate	34%	34%	34%	34%
(=) IRPJ and CSLL expenses	(39,578)	(54,218)	(42,493)	(52,192)
Other permanent additions (exclusions), net	1,245	445	1,551	1,629
Linearization effect of the effective rate	8,559	2,966	8,559	2,966
Equity in net income of subsidiaries	7,220	1,784	-	-
Effect of Company taxed under the deemed income regime	-	-	1,229	4,922
Income tax and social contribution expense:	(22,554)	(49,023)	(31,154)	(42,675)
Current	(19,073)	(41,449)	(30,205)	(47,124)
Deferred	(3,481)	(7,574)	(949)	4,449
Effective rate - %	19.37%	30.74%	24.93%	27.80%

Notes to the individual and consolidated financial statements as of March 31, 2023.

In thousands of reais (R\$), unless otherwise indicated.

23. Provision for tax, labor, civil risks

a) Policy

Provisions for tax, labor and civil risks are set up to the extent that the Company expects to make cash disbursements. Tax lawsuits are accrued when the losses are regarded as probable and the amounts involved can be reliably measured. When likelihood of loss in these lawsuits is possible, a description of involved lawsuits and amounts is disclosed in notes. Provisions are recorded for labor lawsuits based on disbursement historic percentage. Provisions assessed as remote losses are neither accrued nor disclosed.

Judicial deposits recognized in assets relate to lawsuits classified as possible and remote losses by the Company's legal counsel, and therefore no provisions are set up for them.

Judicial deposits relate to the lawsuits classified as probable losses and reduce the balance of the related provision.

On a periodical basis, Management revises the scenario of known lawsuits, assesses and adjusts the respective provision considering the assessment of its legal advisors and other data available on the ending dates of fiscal years, such as the nature of lawsuits and historical experience, as internal policy. As of March 31, 2023, the balance and changes in the "Provision for tax, labor and civil risks" were as follows:

b) Breakdown of the balance

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Tax	21,726	21,465	27,052	26,640
Labor	25,370	24,790	27,450	26,829
Civil	4,704	4,428	10,189	9,738
Subtotal	51,800	50,683	64,691	63,207
Judicial deposits (lawsuits involving probable losses)	(37,290)	(34,120)	(37,290)	(34,120)
Total	14,510	16,563	27,401	29,087

c) Changes – Consolidated

	Balance at 12/31/2022	Addition / Reversal (*)	Reclassifications/ Payments	Current. monetary	Balance at 03/31/2023
Labor	26,829	97	(433)	957	27,450
Tax	26,640	(33)	186	259	27,052
Civil	9,738	189	(28)	290	10,189
Subtotal	63,207	253	(275)	1,506	64,691
Judicial deposits (lawsuits involving probable losses)	(34,120)	-	(3,170)	-	(37,290)
Total	29,087	253	(3,445)	1,506	27,401

(a) Part of the lawsuits are the responsibility of former shareholders and will be reimbursed to the Company at the rate of 67% and, therefore, are reclassified as "Other assets".

(*) The change observed in the statement of cash flows takes into account the amounts included in these columns.

d) Lawsuits classified as probable losses, for which no provision is set up:

Tax

The main tax matter relates to the challenge of the COFINS exemption for civil organizations that provide services related to professions regulated by law. Supplementary Law 70/91, which introduced the Social Contribution on Revenues (COFINS), granted an exemption to this type of company. However, upon the enactment of Law 9430/96, this exemption was revoked, and COFINS started to be levied on the gross revenue of service providers. The legal advisors understand that since Law 9430/96 is ordinary law, it could not have revoked the exemption established by Supplementary Law 70/91. However, considering that the Federal Supreme Court has already ruled against the thesis in question, the Company recorded a provision to cover risks totaling R\$ 2,307 as of March 31, 2023 (R\$ 2,282 as of December 31, 2022).

Another important tax matter is the challenge of the unconstitutionality of Law 11001/2001, which introduced ICMS (state VAT) on imports in the state of São Paulo. This law was enacted after Constitutional Amendment 33/2001 and before Supplementary Law 114/2002, therefore failing to comply with the legislative procedure required for the collection of the ICMS levied on import transactions carried out in the state of São Paulo. However, considering a statement with general repercussion issued by the Federal

Notes to the individual and consolidated financial statements as of March 31, 2023.**In thousands of reais (R\$), unless otherwise indicated.**

Supreme Court, which established that Law 11001/2001 was constitutional, the Company set up a provision to cover the related risks totaling R\$ 18,142 as of March 31, 2023 (R\$ 16,916 as of December 31, 2022).

e) Lawsuits classified as possible loss

The Company has tax, civil and labor claims which are not provisioned, since they involve risk of loss classified by management and by its legal advisors as possible.

As of March 31, 2023, the consolidated amount was approximately R\$ 543,771 (R\$ 525,218 as of December 31, 2022).

The tax matters classified as possible losses amounted to R\$ 291,136 (R\$ 285,352 as of December 31, 2022). At the federal level, these matters were comprised substantially of: (i) R\$ 177,799 (R\$ 174,745 as of December 31, 2022), which mainly refer to discussions involving the non-mandatory payment of federal taxes (IRPJ, CSLL, PIS and COFINS), the most representative being a claim in the amount of R\$ 27,221 referring to the Annulment Suit filed for the waiving of the tax credit arising from an administrative proceeding filed in 2012 aiming at the collection of IRPJ, CSLL, PIS and COFINS launched by arbitration of revenues from the company NKB (merged by Fleury S.A. in August 2009). We also have the amount of R\$ 42,039 from lawsuits of the companies acquired by Fleury S.A. in 2011, (ii) social security contributions, totaling R\$ 28,527 (R\$ 27,872 as of December 31, 2022), and (iii) federal lawsuits of a different nature, totaling R\$ 10,378 (R\$ 10,118 as of December 31, 2022).

At the state level, the law lawsuits classified as possible losses totaled R\$ 9,244 (R\$ 9,002 as of December 31, 2022) and related mainly to the challenge of ICMS levied on equipment imports.

With respect to discussions of municipal taxes, the lawsuits classified as possible losses amounted to R\$ 65,188 (R\$ 63,615 as of December 31, 2022) and related mainly to cases involving the Tax on Services of any Nature (ISSQN).

At the civil level, the Company has lawsuits classified as possible loss totaling R\$ 35,049 (R\$ 34,125 as of December 31, 2022), of which R\$ 17,096 (R\$ 16,724 as of December 31, 2022) related mainly to civil liability lawsuits with claims for property damages and mental distress arising, among other reasons, from alleged diagnostic error or procedural failure, and other lawsuits involving different claims totaling R\$ 17,953 (R\$ 17,402 as of December 31, 2022).

On March 31, labor lawsuits classified as possible loss total R\$ 217,586 (R\$ 205,741 as of December 31, 2022) of which (i) R\$ 200,835 (R\$ 192,626 as of December 31, 2022) refer to lawsuits (such as labor claims of former employees, constitutional claim, relief from judgment, class action, public civil lawsuits, annulment and tax enforcement actions, enforcement action); (ii) R\$ 16,487 (R\$ 12,857 as of December 31, 2022) refer to joint liability lawsuits filed by employees of companies that provide specialized services to the Company on an outsourced basis and (iii) ongoing administrative proceedings, totaling R\$ 264 (R\$ 258 as of December 31, 2022).

Still in the labor field, the Company was summoned in a Public Civil Action (ACP) filed before the Labor Court of Rio de Janeiro, which, in general, challenges the legality of contracting specialized medical companies. The decision was favorable to the Company in trial court, and the Regional Labor Court of Rio de Janeiro (TRT) reversed the decision. An appeal was filed against such decision before the Superior Labor Court (TST), which partially reversed, in favor of the Company, the previous decision issued by the Regional Labor Court (TRT). Based on the outsourcing legality recognized by the Federal Supreme Court (STF) and which is now expressly provided for by law, a constitutional claim was presented to the Federal Supreme Court (STF), which was upheld, accepting the company's thesis that the TST should render a decision in accordance with the understanding already consolidated by the STF regarding the matter. Considering this decision obtained in the STF, the TST carried out a new trial of the lawsuit, to adjust the decision to what was decided by the Supreme Court and, thus, the result of the claim is the full dismissal of the requests. Motions for Clarification were filed by the Public Ministry of Labor (MPT), which were dismissed. Awaiting possible filing of a new appeal by the Public Labor Ministry (MPT). The judicial decision is final and unappealable on March 16, 2023.

The Company was summoned in a Public Civil Action (ACP) in process before the Labor Court of São Paulo, which pleads the conviction due to failure to meet the legal quota of disabled employees. The Company, in its defense, proved that it made all possible efforts to comply with the legal provision, and the failure to meet the quota is due to facts beyond the company's control, and there if favorable case law of the Supreme Labor Court. To confirm this thesis, the lower court dismissed the ACP. The Labor Public Prosecutor's Office filed an Ordinary Appeal addressed to the Regional Labor Court of the 2nd Region, which is awaiting judgment.

The Company was summoned in a Public Civil Action (ACP) pending before the Labor Court of São Paulo, in which the Public Ministry of Labor (MPT) claims Fleury's condemnation due to the alleged non-compliance with rules related to the health and safety of employees, workers (regulatory norms - NR). The Company presented its defense within the period granted by the court. Judgment was scheduled for 06/24/2022. On 07/25/2022, the judgment was converted into a diligence and a technical expertise was determined. On 11/17/2022 a hearing was held to attempt conciliation, the parties remained unreconciled. Waiting for instruction completion.

Notes to the individual and consolidated financial statements as of March 31, 2023.

In thousands of reais (R\$), unless otherwise indicated.

24. Related parties

Impacts on statement of income and balance sheet

a) Policy

Transactions with related parties are carried out by the Company and its subsidiaries under strictly commutative conditions, following the usual market prices and conditions and, therefore, do not generate any undue benefit to their counterparties or losses to the Company.

			Consolidated					
Companies	Note	Nature of the operation	Assets		Liabilities		Income (loss) - Revenue/(expense)	
			03/31/2023	12/31/2022	03/31/2023	12/31/2022	03/31/2023	03/31/2022
Companhia Brasileira de Soluções e Serviços - Visa Vale	17	Service provider - Benefits (Meal Voucher)	2,211	-	-	590	(27,823)	(25,552)
Bradesco Vida e Previdência S.A.	28 29	Service Provider - Benefits (Private pension)	-	-	-	1	(1,607)	(1,733)
Bradesco Saúde S.A.	28 29	Service provider - Benefits (Healthcare plan – Employees)	-	-	-	-	(28,149)	(24,198)
Banco Bradesco S.A.	6 21	Sale of payroll and financial transactions	930,300	980,246	13,086	8,822	29,283	8,338
Transinc Fundo de Investimento Imobiliário - FI	13 17	Rental provider - Property lease classified under CPC 06	5,709	32,747	7,130	38,043	(393)	(2,896)
Harmonikos Participações e Empreendimentos Ltda.	13 17	Rental provider - Property lease classified under CPC 06	10,065	10,657	12,322	13,019	(896)	(1,289)
Amicablis Participações e Empreendimentos Ltda.	13 17	Rental provider - Property lease classified under CPC 06	14,956	14,087	18,310	17,336	(1,286)	(1,124)
BSP Empreendimentos Imobiliários Ltda.	13 17	Rental provider - Property lease classified under CPC 06	200,204	202,793	203,798	204,670	(7,618)	-
Prontimed Tecnologia de Dados em Saúde	11 17	Corporate investment and Service provision (use of the digital platform)	12,000	12,000	96	147	(1,764)	-
Papaiz Associados Diagnóstico por Imagem S/A Ltda.	30	Sublease	-	-	-	-	-	31
OdontoPrev S.A.	28 29	Service provider - Benefits (Odontological plan – Employees)	-	-	-	-	(644)	(799)
CM Médicos Associados Ltda.	28	Service provider - Rendering of medical services	-	-	-	-	(558)	(578)
			1,175,445	1,252,530	254,742	282,628	(41,455)	(49,800)

			Parent Company					
Companies	Note	Nature of the operation	Assets		Liabilities		Income (loss) - Revenue/(expense)	
			03/31/2023	12/31/2022	03/31/2023	12/31/2022	03/31/2023	03/31/2022
Companhia Brasileira de Soluções e Serviços - Visa Vale	17	Service provider - Benefits (Meal Voucher)	2,087	-	-	466	(26,872)	(24,184)
Bradesco Vida e Previdência S.A.	28 29	Service Provider - Benefits (Private pension)	-	-	-	-	(1,585)	(1,733)
Bradesco Saúde S.A.	28 29	Service provider - Benefits (Healthcare plan – Employees)	-	-	-	-	(28,029)	(23,845)
Banco Bradesco S.A.	6 21	Sale of payroll and financial transactions	771,779	865,911	4,010	5,119	25,512	7,148
Transinc Fundo de Investimento Imobiliário - FI	13 17	Rental provider - Property lease classified under CPC 06	5,709	32,747	7,130	38,043	(393)	(2,896)
Harmonikos Participações e Empreendimentos Ltda.	13 17	Rental provider - Property lease classified under CPC 06	10,065	10,657	12,322	13,019	(896)	(1,289)
Amicablis Participações e Empreendimentos Ltda.	13 17	Rental provider - Property lease classified under CPC 06	14,956	14,087	18,310	17,336	(1,286)	(1,124)
BSP Empreendimentos Imobiliários Ltda.	13 17	Rental provider - Property lease classified under CPC 06	200,204	202,793	203,798	204,670	(7,618)	-
OdontoPrev S.A.	28 29	Service provider - Benefits (Odontological plan – Employees)	-	-	-	-	(625)	(771)
CM Médicos Associados Ltda.	28	Service provider - Rendering of medical services	-	-	-	-	(558)	(578)
Prontimed Tecnologia de Dados em Saúde	11 17	Corporate investment and Service provision (use of the digital platform)	12,000	12,000	-	10	(217)	-
Papaiz Associados Diagnóstico por Imagem S/A Ltda.	30	Sublease	-	-	-	-	-	31
CPC Ltda	27	Processing of exams - Clinical Analysis	-	-	-	-	290	260
Fleury CPMA S.A.	27 29	Processing of exams and transfer of benefits (Healthcare plan)	156	286	-	-	2,768	2,707
DIAGMAX Ltda	27	Processing of exams - Clinical Analysis	-	-	-	-	-	185
INLAB Ltda	27	Processing of exams - Clinical Analysis	-	-	-	-	-	744
IRN Ltda	27	Processing of exams - Clinical Analysis	-	-	-	-	6	13
Santecorp Holding Ltda.	28 29	Sublease and transfer of benefits (Healthcare plan – Employees)	-	152	60	-	250	101
Saude iD	29	Transfer of benefits (Healthcare plan – Employees)	77	-	-	-	258	254
Clinica de olhos Dr. Moacir Cunha S.A.	28 29	Sublease and expense reimbursement (labor of dedicated employees)	114	219	-	-	154	-
CIP - Centro de Infusões Pacaembu LTDA	29	Expense reimbursement (labor of dedicated employees)	94	161	-	-	94	-
Vita Clínicas Medicina Especializada LTDA	29	Expense reimbursement (labor of dedicated employees)	94	161	-	-	94	-
Laboratório Pretti Ltda	27	Processing of exams - Clinical Analysis	-	-	-	-	980	-
Laboratório Bioclínico Ltda.	27	Processing of exams - Clinical Analysis	-	-	-	-	613	43
			1,017,335	1,139,174	245,630	278,663	(37,060)	(44,934)

Banco Bradesco, a shareholder with indirect interest in the Company, holds interest and/or control in companies and health care plan operators with some commercial relationship, which are among the Company's largest clients. The impact of gross revenue from these clients on the consolidated statement of income accounted for 16% as of March 31, 2023 (18% as of March 31, 2022).

The Company signed an Association Agreement for the creation of a new company, in partnership with Atlântica Hospitais e Participações S.A., an indirect subsidiary of Banco Bradesco S.A. and Real e Benemerita Associação Portuguesa de Beneficência. It is worth highlighting that there were no transactions related to this operation for the year 2023.

Notes to the individual and consolidated financial statements as of March 31, 2023.

In thousands of reais (R\$), unless otherwise indicated.

b) Directors' fees and Board's remuneration

The remuneration of directors and members of Management did not exceed the maximum limit approved at the Shareholders' Meeting held on April 29, 2022 and are calculated in "General and administrative expenses" caption in the statement of income.

	Parent Company	
	03/31/2023	03/31/2022
Directors' fees and Board's remuneration		
Managers		
Salaries, social charges and benefits	2,949	2,441
Share-based payments	1,722	1,419
Bonus and Profit sharing	1,424	1,917
Post-employment benefits	35	45
Board of Directors		
Salaries, social charges and benefits	2,778	2,778
Total	8,908	8,600

As established by CPC 33 - Employee benefits, the Company grants post-employment benefits to its administrators, consisting of private pension and life insurance.

Fleury Group remunerates its employees through profit sharing, according to the performance verified during the year versus the established goals. This remuneration is recognized as a liability and profit-sharing expense, based on a methodology that considers the estimated achievement of these goals.

The provision for profit sharing, which includes employees and administrators, totaled R\$ 24,115 in the period ended March 31, 2023 (R\$ 11,191 as of March 31, 2022).

25. Shareholders' equity

a) Capital

Capital as of March 31, 2023 totals R\$ 1,743,887, of which R\$ 1,743,823 has already been paid and R\$ 64 will be paid in "April" 2023. The value is represented by 367,204,451 book-entry nominative common shares with no par value. The net amount of expenses with share issues is R\$ 1,716,902.

During the meeting held on August 18, 2022, the Company was authorized to increase its capital, regardless of statutory reform, upon resolution of the Board of Directors up to the limit of R\$ 4,000,000,000 (four billion reais) in common shares.

b) Dividends and interest on own capital

Shareholders are ensured the distribution of 25% of net income calculated in the closing of each fiscal year, adjusted pursuant to the corporate legislation as mandatory minimum dividends.

The Company's payout for the year 2022 was 35% of the net income for the year, therefore above, the mandatory minimum dividend, the total amount distributed was 107,898.

c) Treasury shares

At a meeting of the Board of Directors held on November 26, 2020, the Company's Buyback Program was approved, without reducing the capital, and up to 3,035,263 common shares may be acquired.

The purpose of the Program is to buy back shares to back the Company's Deferred Stock Plan, approved at the Extraordinary Shareholders' Meeting on 12/05/2019, and they may also be held in treasury, disposed of or canceled.

We present below the changes in treasury shares as of March 31, 2023:

Notes to the individual and consolidated financial statements as of March 31, 2023.

In thousands of reais (R\$), unless otherwise indicated.

	Quantity	(Net) average price**	Total amount
Balance at 12/31/2022	793,123	25.18021	19,971
Changes in the 1 st quarter.	(426,479)	25.22516	(10,758)
Balance at 03/31/2023	366,644	25.12792	9,213

* Details of the plan - see Note 26 – New Long Term Incentive Plan – Deferred Shares.

**Average share price, net of fees and brokerage.

d) Investment reserve

At the Ordinary and Extraordinary General Meeting held on April 28, 2023, the allocation of the Company's results for the year 2022 was approved, and they will be retained, pursuant to art. 196 of Law n° 6,404/1976 and the capital budget the amount of R\$ 162,453, previously approved by the Board of Directors, and destined to the profit retention reserve for investments. The retention is in line with the Company's plan to invest in new technologies and new businesses.

26. Employee benefits

a) Private pension

The Company is a sponsor of the supplementary pension entity named and currently managed by Bradesco Vida e Previdência S.A., which mainly aims at supplementing the government pension benefits. This plan is optional for all employees. Said plan is a defined contribution plan and during the period ended March 31, 2023 the Company made contributions in the amount of R\$ 445 (R\$ 512 as of March 31, 2022), recorded in "Costs of services provided" and "General and Administrative Expenses".

b) Share-based remuneration

Fleury Group offers cash and share-based remuneration plans to executives, according to which the Company receives services from employees as consideration of the purchase and stock options granted. Granted options fair values determined on grant date are recorded at the straight line basis as expenses in income for the year during the period in which the right is acquired, based on the Fleury Group's estimates on which granted options will be possibly acquired, with corresponding equity increase (stock options and deferred shares) or liability (cash). At each reporting period, Fleury Group reviews its estimates for the number of options for whose rights should be acquired based on contractual conditions. Review impact on original estimates, if any, is recognized in income (loss) for the year, so that accumulated expenses reflect reviewed estimates with the corresponding adjustment in shareholders' equity under "Capital reserve - recognized options granted" that recorded the benefit to employees.

The Company's Board of Directors is responsible for establishing, in each grant, the plan's participants, as well as the number of shares to be acquired upon the exercise of each option, the term, the exercise price, the payment terms other conditions.

Grants from 2016 to 2018

In the ESM held on July 25, 2016, a new stock option plan issued by the Company was approved, designated for its executives, management members, and employees (beneficiaries). The options granted under this Option Plan may not exceed, during the term of the Option Plan, the maximum cumulative limit of two and a half percent (2.5%) of the total shares of the Company's subscribed and paid-up capital on this date. On this occasion, 1,822,767 options were granted. Under the same plan, the following stock options were approved.

Approval date	Approval	Quantity
July 27, 2016	Board of Directors	3,645,534 Options
May 03, 2017	Special General Meeting	550,000 Options
October 25, 2017	Board of Directors	150,000 Options
December 15, 2017	Special General Meeting	235,000 Options
March 01, 2018	Board of Directors	140,000 Options
May 10, 2018	Board of Directors	375,000 Options
June 20, 2018	Board of Directors	47,000 Options

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In thousands of reais (R\$), unless otherwise indicated.

Each beneficiary's purchase option may be converted into a common share of Fleury S.A. upon the exercise of each portion of the option, which may be exercised at any time from the vesting date up to two years from the exercise date, when they expire. After the exercise of each portion of the option and subscription of the respective share, the strike prices are not updated; the beneficiaries may only sell or transfer them after six months have elapsed from the respective subscription date.

The full exercise of the option by the beneficiaries may be performed in at least six years counted from the signature date of the respective adhesion agreement; and each portion of the option will be exercisable as follows: (i) 12.5% exercisable in the 24th month counted from the signature of the respective adhesion agreement; (ii) 25% in the 36th month; (iii) 25% in the 48th month; (iv) 25% in the 60th month; and (v) 12.5% exercisable from the end of the 72nd month counted from the signature of the respective adhesion contract. The strike price of the options will be based on the average of the share prices at the close of the last ninety (90) trading sessions that precede the date of the meeting of the Board of Directors that resolves on the respective grant. There were no changes in the quarter.

Grant date		2016	2018	
		Jul 27	May 10 th	Jun 20
Balance at 12/31/2022	Options	12,696	328,125	41,125
	Average exercise price	8.74	27.66	26.24
Expired	Options	-	-	-
Exercised	Options	7,355	-	-
Prescribed	Options	-	-	-
Canceled	Options	-	-	-
Balance at 03/31/2023	Options	5,341	328,125	41,125

Of the 374,591 options existing as of March 31, 2023 (628,580 options as of March 31, 2022), 216,341 options are exercisable (158,250 options were exercisable as of March 31, 2022).

As of March 31, 2023, the Company recognized a "pro-rata" expense in the amount of R\$ 37 in General Administrative Expenses (R\$ 1,520 as of March 31, 2022).

As of March 31, 2023, the market value of each share was R\$ 14.52 (R\$ 17.99 as of March 31, 2022).

Options granted from 2016 to 2018: were priced based on the "Black & Scholes" model, and the significant data included in the pricing model for the fair value of the stock options granted in this period were:

	Vesting in 48 months – Grant on		
	07/27/2016	06/20/2018	05/10/2018
Volatility	28.36%	30.16%	29.49%
Dividend Yield	1.75%	2.94%	3.22%
Expected life for the exercise.	2 years	2 years	2 years
Risk-free annual interest rate	12.70%	7.59%	7.59%

(i) New Long-Term Incentive Plan - Deferred Stock

At the ESM held on December 5, 2019, a new deferred stock plan was approved, and, at a Board of Directors' meeting held on November 26, 2020, Fleury S.A.'s First Deferred Stock Program was approved within the scope of the plan ("program"), establishing rules for the grant of Deferred Stock by the Company.

The Plan sets forth the general conditions for the grant of shares issued by the Company to its employees or to those other companies under its control, duly selected by the Board of Directors.

The plan provides for the transfer of shares to the members of the Executive Board, subject to the amounts set forth by the conditions of the deferred share grant agreement.

The shares granted under the plan cannot exceed the limit of 1.2% of the total shares of the Company's subscribed and paid-up capital on the date the plan was approved.

Shares are granted through a "Deferred Stock Agreement" entered into between the Company and each one of the participants.

The plan provides for annual grants and in each grant the number of shares designated for each beneficiary will be established based on the rules set forth in the plan. After the vesting period, the company will transfer the title to the shares to the beneficiaries. The plan's vesting period will be 4 years and it will be divided into 4 annual installments (20%/20%/20%/40%), i.e., each year the title to a portion of the granted shares will be transferred.

Notes to the individual and consolidated financial statements as of March 31, 2023.

In thousands of reais (R\$), unless otherwise indicated.

As this is a share grant plan, rules related to the strike price, effectiveness period and lock-up period do not apply.

The Board of Directors or the Executive Board may, at their sole discretion within their respective authorities, invite beneficiaries of this Plan to receive Extraordinary Shares, under the terms and conditions of this Plan, subject to the cumulative Vesting and Lock-up periods.

As of March 31, 2023, the Company recognized a "pro-rata" expense in the amount of R\$ 4,832 in General Administrative Expenses referring to the Deferred Stock Option plan (R\$ 8,897 as of March 31, 2022).

	Vesting in 48 months		
	Grant as of 08/01/2022	Grant as of 08/30/2021	Grant as of 11/26/2020
Volatility	38.76%	31.61%	38.19%
Dividend Yield	4.80%	4.80%	4.80%
Expected life for the year	4 years	4 years	4 years
Risk-free annual interest rate	4.78%	4.78%	4.78%

27. Revenue from rendering of services

a) Policy

Revenue is recognized when control and all rights and benefits arising from the provision of services flow to the client, represented by the time of issue of the report, which current term is like that of the test.

The allocation of remuneration for the services provided basically refers to clinical analyses with a single performance obligation established (test and respective analysis), with the transaction price established between the Company and its respective clients. There is no variable consideration, return or refund obligations, no significant financing component or remaining performance obligations.

The contracts entered into between the Company and its respective clients have commercial substance, since they are approved by the parties and have the rights for each party, as well as the payment terms identified.

The performance obligation in these contracts refers to the performance of the clinical analysis, starting with the collection of the material for later issue of the diagnostic report, which is available to the clinical user through the website or for collection in one of the service units. The lines of diagnostic medicine and integrated medicine services have no distinction regarding the performance obligations to be achieved.

Revenues from this service provision are already recorded, net of any estimates of rebates, discounts and disallowances.

b) Main service lines

Diagnostic medicine: Laboratory and imaging tests for clients who are served at Fleury Group's own service units and also includes the genomics service.

Integrated Medicine: They refer to the performance of tests for clinical analyses providing diagnostic information of high added value, it also includes checkup, LARE - Reference Laboratory, health management, health platform, Clinic Day, Infusion Center, Orthopedics and Ophthalmology services.

Dental: Dental imaging tests carried out by the jointly-controlled company Papaiz.

c) Expected remuneration

The services provided to clients are remunerated as follows (amounts contractually established):

- i) volume of provision of clinical analysis services (analyses and diagnoses carried out); and
- ii) defined clinical analysis packages, where the remuneration is based on pre-defined procedure packages (checkups) to the clinical user.

Notes to the individual and consolidated financial statements as of March 31, 2023.

In thousands of reais (R\$), unless otherwise indicated.

d) Estimation of disallowances (Consolidated)

Based on historical analysis and commercial trends, the Company adopted as of December 31, 2022 an estimate of 1% of the gross revenue of diagnostic medicine in which the counterpart is the special agreements (1% as of December 31, 2021), either billed or not. This estimate is reviewed by the Company at each financial statement date.

e) Breakdown of balances

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Gross revenue	1,081,429	1,006,025	1,330,406	1,173,408
Taxes	(66,198)	(61,143)	(81,579)	(72,057)
Disallowances	(9,426)	(9,605)	(9,680)	(10,405)
Rebates	(1,550)	(581)	(2,324)	(1,033)
Net revenue	1,004,255	934,696	1,236,823	1,089,913

The breakdown of net sales between the main lines of the Company's services (Diagnostic Medicine, Integrated Medicine and Dental segment), is presented in Note 33 - Segment Information.

28. Cost of services rendered

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Medical personnel and services	(343,413)	(294,116)	(415,399)	(363,946)
Services with occupancy and utilities	(139,784)	(128,375)	(157,275)	(143,815)
Direct material and test intermediation	(120,695)	(128,574)	(200,614)	(163,674)
Depreciation and amortization	(92,580)	(80,711)	(103,719)	(92,125)
Overhead	(2,076)	(1,487)	(3,145)	(1,603)
Total	(698,548)	(633,263)	(880,152)	(765,163)

29. General and administrative expenses

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Personnel and benefits	(66,524)	(49,761)	(73,766)	(63,866)
Depreciation and amortization	(23,395)	(13,726)	(27,542)	(15,335)
Institutional and legal matters	(4,023)	(3,836)	(6,919)	(5,200)
Marketing	(5,441)	(5,660)	(6,498)	(7,462)
IT and telecommunications	(1,936)	(1,999)	(3,823)	(3,991)
Real estate and utilities	(6,358)	(4,416)	(7,398)	(4,960)
Outsourced services	(7,174)	(3,131)	(8,579)	(3,685)
Other general and administrative expenses	(5,231)	(3,190)	(6,470)	(4,423)
Total	(120,082)	(85,719)	(140,995)	(108,922)

30. Other operating revenues (expenses), net

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Revenue from insurance indemnity	-	4,853	-	4,853
Income in the sales of investments	(4,259)	-	(46)	-
Other revenues (expenses)	(666)	(859)	283	228
Reversal (provision) for tax, labor and civil risks	(208)	(1,273)	(253)	(1,279)
Income (loss) in write-off/sale of assets	428	706	462	689
Provision/losses with defaulted parties	(814)	(1,104)	(1,604)	(1,200)
Total	(5,519)	2,323	(1,158)	3,291

Notes to the individual and consolidated financial statements as of March 31, 2023.

In thousands of reais (R\$), unless otherwise indicated.

31. Financial income (loss)

a) Policy

Interest revenues and expenses are recognized under the interest method based on time and the effective interest rate on the principal value outstanding.

b) Breakdown of financial results

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Financial revenues:				
Yield from interest earning bank deposits – Securities	36,854	17,037	39,515	18,945
Inflation adjustment of taxes and legal expenses	1,844	1,234	2,088	1,426
Derivative financial instruments	(110)	(211)	(110)	(211)
Exchange-rate change and other	549	172	1,076	318
Yield from interest earning bank deposits	-	-	4,555	487
PIS/COFINS on financial revenues	(1,822)	(685)	(2,116)	(769)
Total	37,315	17,547	45,008	20,196
Financial expenses:				
Lease interest	(24,676)	(18,108)	(27,398)	(19,922)
Interest on debentures	(89,123)	(52,105)	(89,123)	(52,105)
Interest on financing and other interest	(42)	(4,409)	(173)	(4,439)
Financial commissions	(936)	(1,174)	(936)	(1,177)
Inflation adjustment of provisions	(1,494)	(1,479)	(1,637)	(1,569)
Exchange-rate change and other	(1,798)	(839)	(2,497)	(1,159)
Inflation adjustment of taxes and accounts payable	(3,415)	(1,471)	(12,324)	(3,656)
Derivative financial instruments	(459)	(1,781)	(459)	(1,781)
Total	(121,943)	(81,366)	(134,547)	(85,808)
Net financial income (loss)	(84,628)	(63,819)	(89,539)	(65,612)

32. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing profit attributable to company shareholders by the weighted average number of common shares issued during the period.

	03/31/2023	03/31/2022
Income attributable to Company's controlling shareholders	93,852	110,441
Weighted average number of common shares outstanding (-) treasury shares	366,541,538	317,001,943
Basic earnings per share – R\$	0.26	0.35

Diluted earnings per share

Diluted profit per share is calculated by adjusting the weighted average number of common shares, presuming the conversion of all the potential diluted common shares. The Company had potential diluting common shares outstanding during the period, according to the Company's Stock Option Plan, as follows:

Notes to the individual and consolidated financial statements as of March 31, 2023.

In thousands of reais (R\$), unless otherwise indicated.

	03/31/2023	03/31/2022
Income attributable to Company's controlling shareholders	93,852	110,441
Weighted average number of common shares outstanding (-) treasury shares	366,541,538	317,001,943
(+) Adjustment by stock options	56,600	514,701
(=) Weighted average of number of common shares for diluted earnings per share	366,598,138	317,516,643
Diluted earnings per share - R\$	0.26	0.35

33. Information per business segment

Fleury Group's Management conducts analyses based on three reportable business segments: Diagnostic Medicine, Integrated Medicine and Dental segment. The segments presented in the financial statements are strategic business units that offer different products and services.

	Period ended 03/31/2023		
	Diagnostic medicine	Integrated Medicine	Consolidated
Net revenue	986,610	250,213	1,236,823
EBITDA	336,985	8,795	345,780
Equity in net income of subsidiaries	-	-	-
Depreciation and amortization	-	-	(131,262)
Financial income (loss)	-	-	(89,539)
EBIT	-	-	124,979

	Period ended 03/31/2022		
	Diagnostic medicine	Integrated Medicine	Dental (a)
Net revenue	854,919	234,994	-
EBITDA	317,845	8,735	-
Equity in net income of subsidiaries*	-	-	-
Depreciation and amortization	-	-	-
Financial income (loss)	-	-	-
EBIT	-	-	153,507

* The equity equivalence of the Dental segment for the period ended March 31, 2022 was 198 reais, as the table is presented in "Thousands", this value does not appear.

a) Dental segment company sold in February 2023.

34. Insurance coverage

The Company takes out insurance coverage on a global basis for possible risks related to its assets, loss of profits and/or liabilities in amounts sufficient to cover possible claims, considering the nature of its activities and in accordance with the assessment of Management and its specialized consultants. The net premium of the Consolidated insurance policies in effect as of March 31, 2023 is R\$ 4,409.

The contracts are effective until April 12, 2023.

The maximum insured amount of the main insurance coverages, as of March 31, 2023, is as follows:

	Consolidated
Operating risks	853,966
Civil liability, including cyber risks	130,000
International transport – Imports – US\$	750

Notes to the individual and consolidated financial statements as of March 31, 2023.

In thousands of reais (R\$), unless otherwise indicated.

35. Subsequent events

Instituto Hermes Pardini

On April 13, 2023, Fleury and Hermes Pardini announced that, on said date, their respective Boards of Directors met and, according to the Closing Term entered into on this date by the Companies:

- (i) Confirmed the verification to date of all the suspensive conditions for the consummation of the Transaction, as provided for in the Protocol and Justification;
- (ii) Approved that the "Transaction Completion Date" will be April 28, 2023, under the terms and conditions of item 4.6 of the Protocol and Justification, which will be the reference date for defining the Hermes Pardini shareholders who will receive the common shares issued by Fleury, the Redemption Value per Share and the Pardini Pre-Approved Dividends (as defined below), all in accordance with the Closing Term, considering, for that purpose, those shareholders at the closing of the trading session on said date;
- (iii) Declared that, following the conditions of item 3.6 of the Protocol and Justification, the Board of Directors of Hermes Pardini approved the distribution of dividends in the total amount of R\$ 273,225, representing R\$ 2.15 per common share of Hermes Pardini ("Pardini Pre-Approved Dividends"), provided that: (i) the Pardini Pre-Approved Dividends were declared on behalf of the shareholders based on Hermes Pardini's shareholding position at the closing of trading session on the Transaction Completion Date, at a time prior to the Transaction completion; (ii) Pardini Pre-Approved Dividends will be paid by the penultimate business day of the month immediately following the Transaction Completion Date (i.e., by May 30, 2023); and (iii) declared Pardini Pre-Approved Dividends will be deducted from the Reference Value of the Cash Portion per Share;
- (iv) Declared that, following the conditions of the Closing Term, the Redemption Value per Share (as defined in the Protocol and Justification), will be paid in cash, in local currency in a single installment, within 15 days after the Date of Transaction Completion (i.e., until May 13, 2023), for each one (1) common share issued by Hermes Pardini. The Redemption Value per Share is equivalent to R\$ 0.36, already considering all the adjustments provided for in the Protocol and Justification (including due to Pardini Pre-Approved Dividends, within the criteria established in item 3.6 of the Protocol and Justification) and the correction *pro rata die* by the projected changes in the CDI rate, as of the date of approval of the Transaction by the Extraordinary General Meeting of Hermes Pardini, held on August 18, 2022, until April 28, 2023, in line with the provisions of the Protocol and Justification; and
- (v) Declared that, according to the Closing Term, the Final Exchange Ratio per Share is 1.21 common share issued by Fleury for each one (1) common share of Hermes Pardini, already considering all the adjustments provided for in the Protocol and Justification, subject to the provisions of the Closing Term.

The Companies' management will disclose information regarding the Transaction completion, including: (i) the start date of the trading of new shares issued by Fleury on B3; and (ii) the date on which Fleury shares will be effectively credited to Hermes Pardini shareholders' custody accounts.

Retina Clinic

On April 04, 2023, the Company, through its wholly-owned subsidiary, Fleury Centro de Procedimentos Médicos Avançados S.A (CPMA) closed the Share Purchase and Sale Agreement and Other Covenants for the acquisition of 100% of the quotas of Retina Clinic and all applicable precedent conditions have been verified. The terms and conditions of the Transaction informed in the Material Fact disclosed on September 26, 2022 have not changed.

Jeane Tsutsui
CEO

José Antônio de Almeida Filippo
Chief Financial, Legal and Investor Relations Officer

Gisele Schneider
Accountant
CRC 1SP304488