



KPMG Auditores Independentes  
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A  
04711-904 - São Paulo/SP - Brasil  
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil  
Telefone +55 (11) 3940-1500  
kpmg.com.br

## Report on review of Quarterly Information - ITR

To the Board of Directors and Stockholders  
**Fleury S.A.**  
São Paulo - SP

### Introduction

We have reviewed the accompanying interim financial information, individual and consolidated, of Fleury S.A. ("The Company"), comprised in the Quarterly Information Form - ITR for the quarter ended June 30, 2019, comprising the balance sheet as of June 30, 2019 and the respective statements of income and comprehensive income for three and six month period ended at that date and changes in equity and cash flows for the six month period ended at that date, including a summary of significant accounting policies and footnotes.

Management is responsible for the preparation of the individual interim financial information in accordance with the Technical Pronouncement CPC 21(R1) - Interim Financial Information, and the consolidated interim financial information in accordance with CPC 21(R1) and the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, such as for the presentation of these information in accordance with the standards issued by the Brazilian Securities Commission - CVM, applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on these interim financial information based on our review.

### Review scope

We conducted our review in accordance with the Brazilian and International standards on reviews of interim 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 the 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 the audit standards and, consequently, does 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 interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the Quarterly Information - ITR referred to above has not been prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 applicable to the preparation of Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities Commission - CVM.

### **Others matters**

#### ***Interim statement of value added***

The interim financial information, individual and consolidated, related to statement of statements of value added (DVA), related to the six month period ended June 30, 2019, prepared under the responsibility of the Company's management, presented as supplementary information under IAS 34, were subject to the same review procedure jointly with the Company's Quarterly Information – ITR. To former our conclusion, we assess if these statements were reconciled with the interim final information and accounting records, as applicable, and if the form and information were according with criteria defined on Technical Pronouncement CPC 09 – Statement of Valeu Added. Based on our review, nothing has come to our attention that causes us to believe that the statements of value added referred to above has not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole

São Paulo, July 25, 2019

KPMG Auditores Independentes  
CRC SP014428/O-6  
*(Original report in Portuguese signed by)*  
Marcos Antonio Boscolo  
Accountant CRC 1SP198789/O-0

**FLEURY S.A. AND SUBSIDIARIES**

**STATEMENT OF FINANCIAL POSITION**  
**(In thousands of Brazilian reais - R\$)**

	Note	Parent Company		Consolidated			Note	Parent Company		Consolidated	
		6/30/2019	12/31/2018	6/30/2019	31/12/2018			6/30/2019	12/31/2018	6/30/2019	31/12/2018
<b>Assets</b>						<b>Liabilities and equity</b>					
<b>Current assets</b>						<b>Current liabilities</b>					
Cash and cash equivalents	4	5,156	52,340	8,960	55,231	Financing	15	31,597	32,612	32,255	33,252
Marketable securities	5	224,004	717,883	291,410	753,651	Debentures	16	178,431	182,962	178,431	182,962
Trade receivables	7	580,111	487,991	607,591	505,424	Finance lease	17	108,254	610	112,240	610
Inventories	8	29,287	25,873	30,728	26,563	Derivative financial instruments	6	150	170	150	170
Taxes recoverable	9	24,046	11,919	24,447	12,267	Trade payables	18	163,327	187,280	173,846	193,945
IRPJ and CSLL to offset		50,860	66,720	56,804	68,284	Payroll and related charges	19	131,672	126,054	136,906	128,715
Receivables		-	240	-	240	Taxes and contributions payable	20	25,983	27,929	28,139	29,405
Receivables from related parties	25	1,502	1,502	199	199	IRPJ and CSLL payable		7,036	-	7,423	938
Other assets		20,444	10,697	22,233	12,347	Accounts payable - company acquisition	21	268	260	14,052	15,039
<b>Total current asset</b>		<b>935,410</b>	<b>1,375,165</b>	<b>1,042,372</b>	<b>1,434,206</b>	Dividends and/or interest on equity		17	34,971	28	34,971
						Other liabilities	22	3,782	3,619	4,715	4,693
<b>Noncurrent assets</b>						<b>Total current liabilities</b>		<b>650,517</b>	<b>596,467</b>	<b>688,185</b>	<b>624,700</b>
Receivable		-	7,980	-	7,980	<b>Noncurrent liabilities</b>					
Other assets		8,692	2,912	8,935	3,155	Financing	15	59,833	74,047	61,763	76,295
Deferred income tax and social contribution	23	-	-	8,665	-	Debentures	16	800,000	966,667	800,000	966,667
Judicial deposits	10	39,782	40,316	40,462	40,921	Finance lease	17	857,914	6,176	896,212	6,176
		<b>48,474</b>	<b>51,208</b>	<b>58,062</b>	<b>52,056</b>	Deferred income tax and social contribution	23	389,344	400,149	389,344	391,701
						Provision for tax, labor and civil risks	24	31,792	26,089	32,737	26,583
						Taxes and contributions payable	20	22,301	24,247	23,635	24,338
						Accounts payable - company acquisition	21	6,880	6,754	63,934	31,627
						Other liabilities	22	9,846	12,400	9,846	12,400
						<b>Total noncurrent liabilities</b>		<b>2,177,910</b>	<b>1,516,529</b>	<b>2,277,471</b>	<b>1,535,787</b>
						<b>Equity</b>					
Investments	11	352,160	168,179	15,436	12,280	Share capital	26a	1,420,751	1,419,136	1,420,751	1,419,136
Property and equipment	12	724,370	757,532	756,321	782,681	Capital reserve - options granted recognized	27	29,401	26,259	29,401	26,259
Intangible assets	13	1,515,467	1,510,873	1,799,118	1,629,225	Legal reserve		87,261	87,261	87,261	87,261
Right of use	14	955,130	-	996,931	-	Retained profit	26b	-	217,305	-	217,305
<b>Total noncurrent assets</b>		<b>3,595,601</b>	<b>2,487,792</b>	<b>3,625,868</b>	<b>2,476,242</b>	Profit for the period		165,171	-	165,171	-
						<b>Total equity</b>		<b>1,702,584</b>	<b>1,749,961</b>	<b>1,702,584</b>	<b>1,749,961</b>
<b>Total assets</b>		<b>4,531,011</b>	<b>3,862,957</b>	<b>4,668,240</b>	<b>3,910,448</b>	<b>Total liabilities and equity</b>		<b>4,531,011</b>	<b>3,862,957</b>	<b>4,668,240</b>	<b>3,910,448</b>

The notes are an integral part of the interim financial information

FLEURY S.A. AND SUBSIDIARIES

STATEMENT OF INCOME  
THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30  
(In thousands of Brazilian reais - R\$, except earnings per share)

	Note	Parent Company				Consolidated			
		<u>4/01/2019 to 6/30/2019</u>	<u>4/01/2018 to 6/30/2018</u>	<u>1/01/2019 to 6/30/2019</u>	<u>1/01/2018 to 6/30/2018</u>	<u>4/01/2019 to 6/30/2019</u>	<u>4/01/2018 to 6/30/2018</u>	<u>1/01/2019 to 6/30/2019</u>	<u>1/01/2018 to 6/30/2018</u>
<b>Revenue from services rendered</b>	28	<b>706,964</b>	<b>653,243</b>	<b>1,386,126</b>	<b>1,298,004</b>	<b>728,692</b>	<b>673,417</b>	<b>1,429,285</b>	<b>1,326,672</b>
Cost of services	29	(488,829)	(444,012)	(946,027)	(877,246)	(509,857)	(460,138)	(987,210)	(900,032)
<b>Gross profit</b>		<b>218,135</b>	<b>209,231</b>	<b>440,099</b>	<b>420,758</b>	<b>218,835</b>	<b>213,279</b>	<b>442,075</b>	<b>426,640</b>
Operating (expenses) income									
General and administrative	30	(83,266)	(74,445)	(152,555)	(142,363)	(83,929)	(74,652)	(154,126)	(143,894)
Other operating income (expenses), net	31	(9,600)	(3,250)	(9,515)	(4,671)	(7,771)	(3,197)	(7,833)	(4,583)
Reversal of (provision for) tax, labor and civil risks	23	449	(1,103)	(1,113)	(2,106)	545	(1,103)	(959)	(2,106)
Equity in the earnings (losses) of subsidiaries	12	1,046	1,650	752	2,307	(97)	202	(202)	522
<b>Operating profit before financial result</b>		<b>126,764</b>	<b>132,083</b>	<b>277,668</b>	<b>273,925</b>	<b>127,583</b>	<b>134,529</b>	<b>278,955</b>	<b>276,579</b>
Financial income	32	7,025	10,115	18,449	19,870	7,777	10,057	19,874	20,214
Financial expenses	32	(34,545)	(24,006)	(70,148)	(44,448)	(35,930)	(24,901)	(72,610)	(45,781)
<b>Financial result</b>		<b>(27,520)</b>	<b>(13,891)</b>	<b>(51,699)</b>	<b>(24,578)</b>	<b>(28,153)</b>	<b>(14,844)</b>	<b>(52,736)</b>	<b>(25,567)</b>
<b>Earnings before income tax and social contribution</b>		<b>99,244</b>	<b>118,192</b>	<b>225,969</b>	<b>249,347</b>	<b>99,430</b>	<b>119,685</b>	<b>226,219</b>	<b>251,012</b>
Income tax and social contribution									
Current	23	(40,146)	(32,041)	(71,604)	(58,789)	(40,345)	(33,982)	(72,661)	(60,969)
Deferred	23	13,500	480	10,806	(7,498)	13,513	928	11,613	(6,983)
<b>Net profit for the period</b>		<b>72,598</b>	<b>86,631</b>	<b>165,171</b>	<b>183,060</b>	<b>72,598</b>	<b>86,631</b>	<b>165,171</b>	<b>183,060</b>
<b>Earnings per share attributable to the Company's shareholders</b>									
Basic earnings per share (weighted average)	33	0.23	0.28	0.52	0.58	0.23	0.28	0.52	0.58
Diluted earnings per share (weighted average)	33	0.23	0.27	0.52	0.57	0.23	0.27	0.52	0.57

The notes are an integral part of the interim financial information

FLEURY S.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME  
THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30  
(In thousands of Brazilian reais - R\$)

	Parent Company				Consolidated			
	<u>4/01/2019 to 6/30/2019</u>	<u>4/01/2018 to 6/30/2018</u>	<u>1/01/2019 to 6/30/2019</u>	<u>1/01/2018 to 6/30/2018</u>	<u>4/01/2019 to 6/30/2019</u>	<u>4/01/2018 to 6/30/2018</u>	<u>1/01/2019 to 6/30/2019</u>	<u>1/01/2018 to 6/30/2018</u>
Net income for the period	<u>72,598</u>	<u>86,631</u>	<u>165,171</u>	<u>183,060</u>	<u>72,598</u>	<u>86,631</u>	<u>165,171</u>	<u>183,060</u>
Other comprehensive income								
Items that will be reclassified to profit (loss) in subsequent periods	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Items that will not be reclassified to profit (loss) in subsequent periods	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><b>72,598</b></u>	<u><b>86,631</b></u>	<u><b>165,171</b></u>	<u><b>183,060</b></u>	<u><b>72,598</b></u>	<u><b>86,631</b></u>	<u><b>165,171</b></u>	<u><b>183,060</b></u>

The notes are an integral part of the interim financial information

FLEURY S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY  
SIX-MONTH PERIOD ENDED JUNE 30  
(In thousands of Brazilian reais - R\$)

Note	Share capital			Capital reserve		Legal reserve	Retained earnings	Profit for the period	Total Equity
	Share capital	Share issue expenses	Share capital, net	Options granted recognized	Revaluation reserve				
<b>Balances on December 31, 2017</b>	<b>1,436,392</b>	<b>(22,784)</b>	<b>1,413,608</b>	<b>17,923</b>	<b>78</b>	<b>70,681</b>	<b>204,238</b>	<b>-</b>	<b>1,706,528</b>
Stock option plan	-	-	-	4,187	-	-	-	-	4,187
Net income for the period	-	-	-	-	-	-	-	183,060	183,060
Dividend distribution	-	-	-	-	-	-	(204,238)	-	(204,238)
<b>Balances on June 30, 2018</b>	<b>1,436,392</b>	<b>(22,784)</b>	<b>1,413,608</b>	<b>22,110</b>	<b>78</b>	<b>70,681</b>	<b>-</b>	<b>183,060</b>	<b>1,689,537</b>
<b>Balances on December 31, 2018</b>	<b>1,441,920</b>	<b>(22,784)</b>	<b>1,419,136</b>	<b>26,259</b>	<b>-</b>	<b>87,261</b>	<b>217,305</b>	<b>-</b>	<b>1,749,961</b>
Capital increase	1,615	-	1,615	-	-	-	-	-	1,615
Stock option plan	-	-	-	3,142	-	-	-	-	3,142
Net income for the period	-	-	-	-	-	-	-	165,171	165,171
Dividend distribution	-	-	-	-	-	-	(217,305)	-	(217,305)
<b>Balances on June 30, 2019</b>	<b>1,443,535</b>	<b>(22,784)</b>	<b>1,420,751</b>	<b>29,401</b>	<b>-</b>	<b>87,261</b>	<b>-</b>	<b>165,171</b>	<b>1,702,584</b>

The notes are an integral part of the interim financial information

FLEURY S.A. AND SUBSIDIARIES

STATEMENT OF VALUE ADDED  
SIX-MONTH PERIOD ENDED JUNE 30  
(In thousands of Brazilian reais - R\$)

	Parent Company		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
<b>Revenue</b>	<b>1,479,400</b>	<b>1,382,656</b>	<b>1,528,228</b>	<b>1,413,679</b>
Gross revenue from services rendered (net of rebates)	1,497,581	1,403,106	1,544,716	1,434,049
Estimated losses with disallowances	(21,002)	(22,825)	(21,401)	(22,842)
Other revenue	2,821	2,375	4,913	2,472
<b>Inputs acquired from third parties</b>	<b>(527,987)</b>	<b>(485,297)</b>	<b>(553,717)</b>	<b>(502,459)</b>
Cost of services	(488,129)	(448,244)	(513,992)	(465,072)
Materials, electricity, outsourced services and others	(39,320)	(36,251)	(39,024)	(36,585)
Loss/recovery of asset values	(538)	(802)	(701)	(802)
<b>Gross value added</b>	<b>951,413</b>	<b>897,359</b>	<b>974,511</b>	<b>911,220</b>
Depreciation and amortization	(162,610)	(87,153)	(168,075)	(88,714)
<b>Net value added</b>	<b>788,803</b>	<b>810,206</b>	<b>806,436</b>	<b>822,506</b>
<b>Value added received through transfer</b>	<b>20,092</b>	<b>23,116</b>	<b>20,619</b>	<b>21,288</b>
Equity in the earnings (losses) of subsidiaries	752	2,307	(202)	522
Financial income (excluding PIS and COFINS)	19,340	20,809	20,821	20,766
<b>Total value added to distribute</b>	<b>808,895</b>	<b>833,322</b>	<b>827,055</b>	<b>843,794</b>
<b>Distribution of value added</b>	<b>(808,895)</b>	<b>(833,322)</b>	<b>(827,055)</b>	<b>(843,794)</b>
<b>Personnel and charges</b>	<b>(333,348)</b>	<b>(309,345)</b>	<b>(342,708)</b>	<b>(313,374)</b>
Direct compensation	(226,384)	(211,404)	(233,764)	(214,605)
Benefits	(87,765)	(79,562)	(88,967)	(80,120)
Charges	(19,199)	(18,379)	(19,977)	(18,649)
<b>Taxes, fees and contribution</b>	<b>(215,847)</b>	<b>(212,622)</b>	<b>(221,929)</b>	<b>(217,554)</b>
Federal	(170,328)	(171,010)	(174,379)	(174,775)
Municipal	(45,519)	(41,612)	(47,550)	(42,779)
<b>Interest, rental and other operating expenses</b>	<b>(94,529)</b>	<b>(128,295)</b>	<b>(97,247)</b>	<b>(129,806)</b>
Rental	(9,783)	(76,973)	(9,943)	(77,439)
Interest	(70,148)	(44,448)	(72,610)	(45,370)
Other operating expenses	(14,598)	(6,874)	(14,694)	(6,997)
<b>Retained earnings</b>	<b>(165,171)</b>	<b>(183,060)</b>	<b>(165,171)</b>	<b>(183,060)</b>

The notes are an integral part of the interim financial information

FLEURY S.A. AND SUBSIDIARIES

STATEMENT OF CASH FLOWS  
SIX-MONTH PERIOD ENDED JUNE 30  
(In thousands of Brazilian reais - R\$)

	Note	Parent Company		Consolidated	
		6/30/2019	6/30/2018	6/30/2019	6/30/2018
<b>Net profit</b>		165,171	183,060	165,171	183,060
<b>Items not affecting cash:</b>					
Income tax and social contribution	23	60,798	66,287	61,048	67,952
Financial income and expenses		62,799	29,964	64,884	32,295
Depreciation and amortization	29 and 30	162,610	87,153	168,075	88,714
Equity in the earnings (losses) of subsidiaries	12	(752)	(2,307)	202	(522)
Stock option plan	27	3,142	4,186	3,142	4,186
Creation of provision for tax, labor and civil risks	24	1,113	2,106	959	2,106
Estimated losses with disallowances and doubtful accounts	7	21,002	19,606	21,401	19,622
Profit sharing		12,465	17,767	12,586	17,767
Other		3,628	1,017	3,514	2,028
<b>Cash flow from operating activities before changes in assets and liabilities</b>		<b>491,976</b>	<b>408,839</b>	<b>500,982</b>	<b>417,208</b>
(Increase) decrease in accounts receivable	7	(113,121)	(42,875)	(113,899)	(40,135)
(Increase) decrease in inventories	8	(3,415)	(6,239)	(4,043)	(6,744)
(Increase) decrease in taxes recoverable	9	3,733	(8,258)	2,846	(9,419)
(Increase) decrease in judicial deposits	10	534	(704)	460	(740)
(Increase) decrease in other assets		(7,307)	(2,915)	(6,972)	(4,344)
Increase (decrease) in trade payables	18	(25,386)	12,746	(26,359)	14,126
Increase (decrease) in payroll and related charges	19	(11,670)	3,412	(11,269)	4,814
Increase (decrease) in tax liabilities	20	(1,985)	4,157	(2,287)	3,848
Increase (decrease) in taxes paid in installments	20	(1,907)	(9,988)	(1,992)	(10,147)
Increase (decrease) in other liabilities		2,200	(3,725)	2,410	(3,806)
<b>Total changes in assets and liabilities</b>		<b>(158,324)</b>	<b>(54,389)</b>	<b>(161,105)</b>	<b>(52,547)</b>
Income tax and social contribution paid		(64,371)	(47,536)	(66,690)	(48,831)
<b>Net cash used in (arising from) operating activities</b>		<b>269,281</b>	<b>306,914</b>	<b>273,187</b>	<b>315,830</b>
Acquisition of property and equipment and intangible assets	12 and 13	(79,744)	(83,934)	(89,710)	(86,005)
Sale of property and equipment		2	768	2	768
Operations with Marketable securities	5	493,879	(294,549)	462,241	(327,062)
Payment of acquired companies less cash and cash equivalents	2.1 e	-	-	(139,352)	(39,829)
Payment of dividends		-	-	-	(17,500)
Related-party transactions (advance for future capital increase)		-	(1,481)	(740)	(1,063)
Acquisition of interest	11	(1,197)	-	(1,216)	-
Capital contribution in subsidiary	11	(181,425)	(92,500)	-	-
Income from financial investments (classified as cash)	32	-	8,345	28	8,262
<b>Net cash (used in) generated by investing activities</b>		<b>231,515</b>	<b>(463,351)</b>	<b>231,253</b>	<b>(462,429)</b>
Financing/debtentures	16	-	500,000	-	500,000
Settlement (principal) of financing and debtentures	15 and 16	(180,882)	(182,273)	(181,200)	(183,515)
Interest paid in financing and debtentures	15 and 16	(40,415)	(36,978)	(40,463)	(37,052)
Financial fees and others	32	(1,071)	(1,947)	(1,071)	(1,947)
Derivative financial instruments		(19)	(269)	(19)	(269)
Finance lease payment		(73,964)	-	(76,329)	-
Capital increase	26	1,615	-	1,615	-
Dividends and/or interest on equity paid	26 b	(252,264)	(245,644)	(252,264)	(245,644)
Related parties		-	(56)	-	(56)
Confirming operation	15	(980)	-	(980)	-
<b>Net cash provided from (used in) financing activities</b>		<b>(547,980)</b>	<b>32,833</b>	<b>(550,711)</b>	<b>31,517</b>
<b>Decrease of cash and cash equivalents</b>		<b>(47,184)</b>	<b>(123,604)</b>	<b>(46,271)</b>	<b>(115,082)</b>
<b>Cash and cash equivalents</b>					
At the beginning of the period	4	52,340	337,153	55,231	337,354
At the end of the period	4	5,156	213,549	8,960	222,272
<b>Changes in cash and cash equivalents</b>		<b>(47,184)</b>	<b>(123,604)</b>	<b>(46,271)</b>	<b>(115,082)</b>

The notes are an integral part of the interim financial information

**São Paulo, July 25<sup>th</sup>, 2019** – Grupo Fleury announces today its 2<sup>nd</sup> quarter 2019 (2Q19) results. All figures are compared to the same period of the previous year, unless otherwise stated, and are rounded to the nearest thousand, but may have differences when compared to the financial statements due to decimal digits.

## Highlights

- Gross Revenue of R\$ 787.6 MM (+8.2%). Highlight for the Fleury brand, with growth of 6.2%.
- Cancellations represented 1.3% (stable).
- Recurring EBITDA of R\$ 190.6 MM (+6.6%), with margin of 26.2%.
- Recurring Net Income of R\$ 90.3 MM (+4.2%).
- Return on Invested Capital (ROIC<sup>1</sup>), excluding goodwill, reached 35.8%, impacted by non-recurring effects and conclusion of the acquisition of Lafe Serviços Médicos
- NPS Reached 76.4% (stable).
- 82% of the new area inaugurated with less than 24 months and 47% less than 12 months.
- In April 2019, was launched the operation of Fleury Day Clinic in Orthopedics.
- In July 2019, we announced a distribution of Interest on Capital in the amount of R\$ 63.3 million related to 6M 2019, corresponding to R\$ 0.2003 per share.
- Non-recurring effects (R\$ 18.1 million): Provision for write-off of other accounts receivable, M&A expenses and organizational structure redesign project.
- Implementation of IFRS 16 - Leasing. For comparison purposes the following numbers are presented without the effect of IFRS 16. On pages 18 to 20 we detail the impacts with the adoption of this rule.

<sup>1</sup> Excludes the goodwill of the stockholder's equity.

## Financial Indicators

Financial Indicators (R\$ MM)	2Q19	2Q18	Variation	6M 2019	6M 2018	Variation
Gross Revenue	787.6	728.1	8.2%	1,545.5	1,434.4	7.7%
Net Revenue	728.7	673.4	8.2%	1,429.3	1,326.7	7.7%
Gross Profit	211.8	213.3	-0.7%	428.1	426.7	0.3%
EBITDA	172.6	178.8	-3.5%	369.2	364.8	1.2%
Net Income	77.1	86.6	-11.1%	174.0	183.1	-5.0%
Net Cash Income <sup>1</sup>	63.1	85.7	-26.3%	162.0	190.0	-14.8%
Operating Cash Flow	127.1	211.9	-40.0%	196.9	315.8	-37.7%
Cancellations (% Gross Revenue)	-1.3%	-1.3%	-07 bps	-1.4%	-1.3%	-07 bps
Gross Margin %	29.1%	31.7%	-261 bps	30.0%	32.2%	-221 bps
EBITDA Margin %	23.7%	26.6%	-288 bps	25.8%	27.5%	-166 bps
Effective Tax Rate	-27.0%	-27.6%	63 bps	-27.0%	-27.1%	08 bps
Net Income Margin %	10.6%	12.9%	-229 bps	12.2%	13.8%	-163 bps
Recurring EBITDA	190.6	178.8	6.6%	387.3	364.8	6.2%
Recurring Net Income	90.3	86.6	4.2%	187.2	183.1	2.3%
Recurring EBITDA Margin %	26.2%	26.6%	-39 bps	27.1%	27.5%	-40 bps
Recurring Net Margin %	12.4%	12.9%	-48 bps	13.1%	13.8%	-70 bps
Net Cash Income / Net Revenue	8.7%	12.7%	-406 bps	11.3%	14.3%	-299 bps
Operating Cash Flow / Net Revenue	73.6%	118.5%	-4.487 bps	53.3%	86.6%	-3.326 bps
ROE (LTM)	19.0%	20.0%	-108 bps	19.0%	20.0%	-108 bps
ROIC (LTM)	13.5%	15.3%	-175 bps	13.5%	15.3%	-175 bps
ROIC without goodwill (LTM)	35.8%	41.9%	-610 bps	35.8%	41.9%	-610 bps

<sup>1</sup> "Net Cash Income": excludes the impact of deferred income tax

## Management Comments

### **We progressed in the maturation of the new patient service units and concluded the acquisition of the Lafe brand in Rio de Janeiro**

In this quarter, we continued to focus our efforts on the maturation of the 53 patient service units inaugurated within the Expansion Plan announced in December 2016, that estimates the opening of 73 to 90 units by 2021. The maturation of these new operations has played a key role in the organic growth of 8.2% that the Company presented in this quarter compared to the same period of 2018.

On May 30<sup>th</sup>, we concluded the acquisition of the operation of Lafe Serviços Médicos, a clinical analysis laboratory that operates 31 patient service units in Rio de Janeiro. The acquisition of Lafe strengthens our presence in the second largest diagnostic medicine market in the country, adding even more complementarity to our operations of the Labs a+ and Felipe Mattoso brands, which now total 85 patient service units in Rio de Janeiro. Lafe's integration process began in June, and the impact on the Company's results will begin in 3Q19. In this first phase, we expect to internalize the entire processing of clinical analysis tests in our Regional Central Lab, double the current portfolio of tests, increase the accreditation of the units with partner healthcare providers and strengthen the relationship with the local physician community. In addition to these initiatives, we are performing the systemic integration to benefit the operation with all the technical, service and management processes for which we are recognized.

### **Advancement in the healthcare business platform with the launch of the Fleury Day Clinic in Orthopedics**

Within the strategic front of transformation of the Fleury brand into a healthcare business platform, we inaugurated in April the operation of the Fleury Day Clinic in Orthopedics. Linked to our diagnostic excellence in the orthopedic area, we started offering lower complexity surgical procedures, that can be done in an ambulatorial environment (which represents 70% of the orthopedic procedures performed in the Brazilian population). The value proposition of this new business line brings relevant efficiency gains to physicians, healthcare operators and patients. With a structure dimensioned for this level of complexity, it allows patient discharge on the same day of the procedure and delivers a premium experience, with a cost per procedure below the market. The structure has two surgery rooms, as well as a structure for the pre and post-surgery. The initial offer has 21 different procedures, but with plans to expand its portfolio.

### **Major Advance in Precision & Personalized Medicine Test Portfolio**

We launched two important tests in genomics in partnership with startups in 2Q19, Mir Thype and the Pharmacogenomic Panel. Mir Thype assesses the need for surgery in cases of thyroid nodules and can avoid up to 84% of unnecessary surgeries. The Pharmacogenomic Panel assists in the therapeutic choice for various clinical conditions, assisting the physician in choosing the best drug for each patient.

### **The technical, medical and service excellence for our clients continues to be one of our pillars of market share expansion**

With continued growth in the face of a reducing number of lives in recent years in the private healthcare market, which is beginning to show signs of recovery, the Company's excellence and differentiation positioning continues to be reflected in public opinion.

The Weinmann brand received the Top of Mind award in clinical analysis laboratory in Porto Alegre, highlighting once again the high reputation of the brand among the population of Rio Grande do Sul.

For the 18<sup>th</sup> time, Fleury brand was recognized by the Consumidor Moderno Award for Customer Service Excellence as the best in the Diagnostic Medicine category.

In its new edition, the BrandZ Brasil ranking, conducted by the consulting company Kantar, listed the Fleury brand as the 44<sup>th</sup> most valuable brand in Brazil.

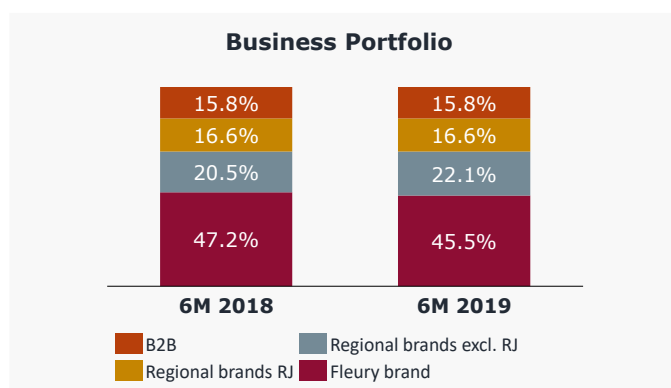
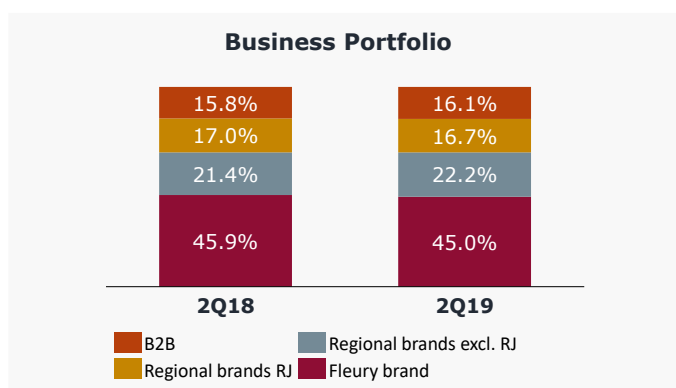
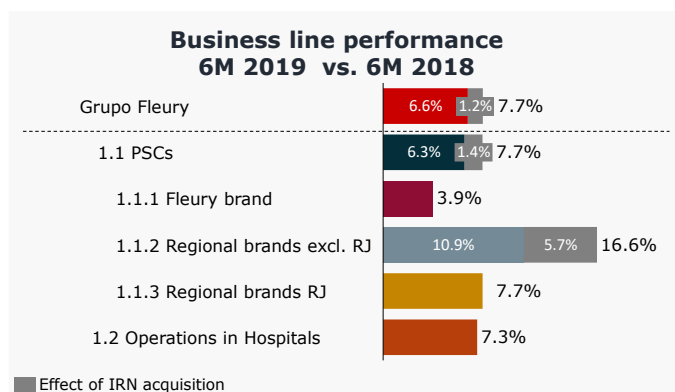
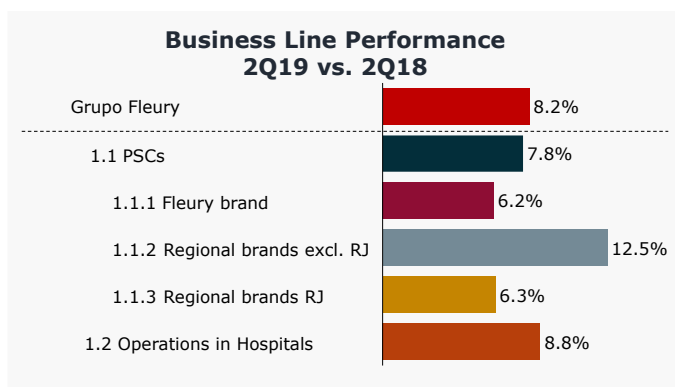
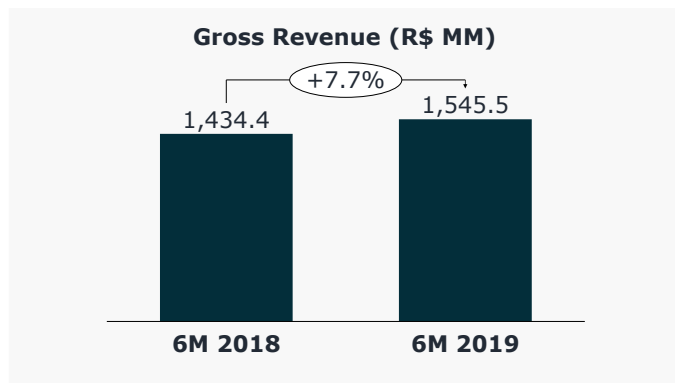
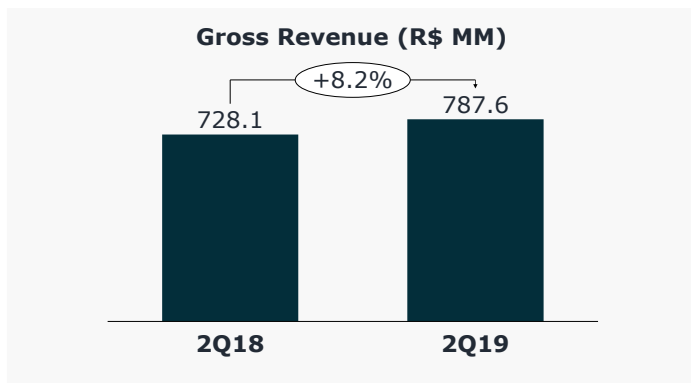
These recognitions are also reflected in the high level of consolidated Net Promoter Score (NPS) of our entire portfolio of brands, which reached 76.4%.

## Financial Performance

### Gross Revenue

Revenue reached R\$ 787.6 million in the quarter, an organic increase of 8.2%. Highlight for the Fleury brand, which showed recovery in comparison to the last quarters with an increase of 6.2% and regional brands excluding Rio de Janeiro with growth of 12.5%.

In the first half of 2019, Revenue grew 7.7%. Disregarding the PSCs from the acquisition of the Instituto de Radiologia de Natal (IRN), consolidated as of 2Q18, Gross Revenue presented an organic growth of 6.6%.



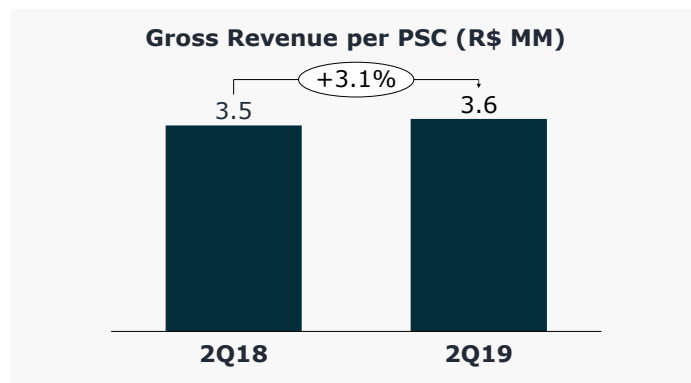
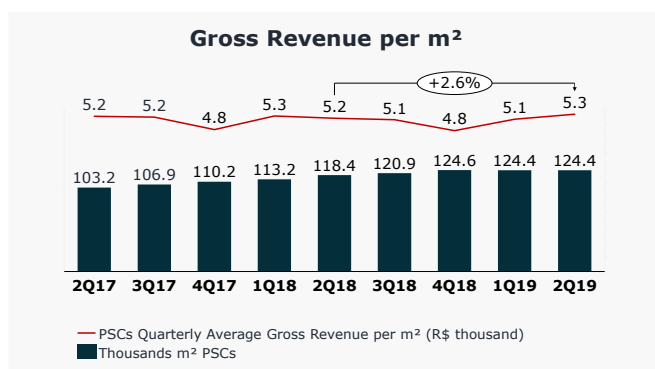
### Gross Revenue and Asset Efficiency from Patient Service Center (PSC's)

The Gross Revenue of PSCs reached R\$ 661.2 million in 2Q19, an organic growth of 7.8%.

Year-to-date, Gross Revenue from PSCs reached R\$ 1.3 billion, an increase of 7.7%. Excluding the PSCs from the acquisitions of IRN, consolidated as of 2Q18, Gross Revenue of the PSCs showed an organic growth of 6.3%.

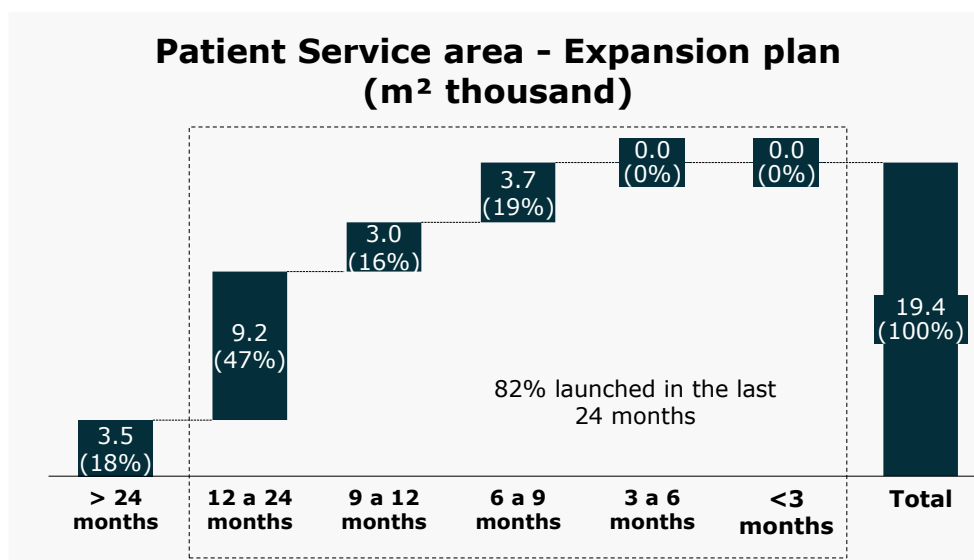
The efficiency indicators, measured by Gross Revenue per square meter and number of PSCs, reflect the Expansion Plan, which added a significant service area to our portfolio of brands. The new PSCs are advancing in the maturation curves established in our planning to reach the potential of revenue and profitability.

In 2Q19, asset efficiency measured by the Gross Revenue per square meter increased by 2.6% compared to the same period of 2018, while the efficiency of the Gross Revenue per PSC increased by 3.1%, reaching R\$ 3.6 million per PSC.



Since the announcement of our Expansion Plan in the last quarter of 2016 until December 2018, we have inaugurated 53 PSCs, corresponding to a gross increase of 19.4 thousand square meters of patient service area. Of this area, 82% were inaugurated less than 24 months ago, which means that the significant part of these PSCs is still in the early stage of the maturation curve.

In addition to the PSCs inaugurated by the Expansion Plan, we added 5 new PSCs through acquisitions, of which 1 in the Serdil brand (Porto Alegre) and 4 in the IRN brand (Natal), representing 4,800 square meters of service area.



## Gross Revenue per Test

The Gross Revenue per Test for the Fleury Group presented a growth of 0.6% in the quarter. This growth reflects the mix of tests, brands and segments carried out in the period, as well as the new price table resulting from the annual readjustment. Year-to-date, growth was also 0.6%.

- PSC's: Gross Revenue per test decreased by 1.5% in the quarter and 0.8% year-to-date. The observed reduction stems from the mix of brands and realized tests in the period, Fleury brand and Regional brands excluding Rio de Janeiro individually presented evolution of Gross Revenue per Test. The brands in Rio de Janeiro had a decrease in Gross Revenue per Test due to the higher growth of clinical analysis tests, which have a lower price;
- Hospital Operations: Gross Revenue per test recorded growth of 4.2% in the quarter and 2.5% year-to-date. The increase in the quarter is a result of the mix of hospital operations, realized tests, as well as the maturation process of the mix of tests of the new hospital operations;
- Lab-to-Lab: presented an increase of 9.5% in the quarter and 1.6% year-to-date. The increase in the quarter is related to the enrichment of the mix of tests with the growth in contracts with small hospitals.

Gross Revenue per test	2Q19	2Q18	Variation	6M 2019	6M 2018	Variation
<b>Grupo Fleury</b>	<b>38.6</b>	<b>38.4</b>	<b>0.6%</b>	<b>38.6</b>	<b>38.4</b>	<b>0.6%</b>
- Patient Service Centers	54.9	55.7	-1.5%	54.7	55.1	-0.8%
- Hospital Operations	14.3	13.8	4.2%	14.3	13.9	2.5%
- Lab to Lab	37.3	34.1	9.5%	35.9	35.4	1.6%

## Gross Revenue from PSCs

In 2Q19, PSC's grew organically 7.8%. In the period Same Store Sales (SSS) increased 5.2%. In 2019, the PSC's grew 7.7% e 6.3% (organic), excluding PSCs from IRN.

## Fleury Brand

Fleury's gross revenue increased by 6.2% in the quarter and 3.9% year-to-date.

For the second consecutive quarter, we saw an improvement in the growth of the brand, despite the economic scenario that it has not yet shown signs of improvement. We believe that this quarter's growth reflects the stabilization of the number of beneficiaries in the premium market, following a downturn in 2018, and the comparison base with 2Q18, which showed a reduction in demand caused by the truckers' strike and the World Cup of soccer. Note that even considering these factors, the Fleury brand grew by 4.1% in 2Q18.

We continue to develop new product and service offerings that should broaden our participation in the healthcare market and increase the occupancy of existing assets, as well as capture new customers in the current product and service offerings, in a design of a differentiated healthcare platform.

## Regional Brands excluding Rio de Janeiro



The Gross Revenue of the Regional Brands, excluding Rio de Janeiro, increased by 12.5%, mainly due to the increase in Gross Revenue in the a+ brand in São Paulo (+23.1%), and Rio Grande do Sul (+10.2%). Year-to-date, the increase was of 16.6% and 10.9% (organic), excluding the PSC's from the IRN acquisition.

In the quarter, due to the lower number of units opened in the last 12 months, most of the growth came from the units already open for more than 12 months, *Same Store Sales* (+7.9%). We emphasize that this quarter all the growth of regional brands was organic.

## Rio de Janeiro Brands



The Gross Revenue of Rio de Janeiro Brands grew 6.3% in the quarter and 7.7% year-to-date.

In the quarter, we continued to see strong demand for our services, but we had a negative and timely effect with the suspension of services from two healthcare operators in the region, impacting the volume of Labs a+ services. This effect should be mitigated from 3Q19 onwards with the expansion of services in other partner healthcare operators, which includes the entry of new healthcare plans with coverage of our services.

Gross Revenue Indicators 2Q19 vs. 2Q18	Fleury Brand	Regional Brands excl. RJ	Brands RJ	Total (PSCs)
<b>Indicators</b>				
- Gross Revenue	6.2%	12.5%	6.3%	7.8%
- SSS	5.4%	7.9%	1.5%	5.2%
- Gross Revenue / m <sup>2</sup> *	6.2%	4.8%	-4.0%	2.6%
- Gross Revenue / PSC*	6.2%	10.0%	-5.7%	3.1%

\* The Gross Revenue per sqm and Gross Revenue per PSC indicators are impacted by the Expansion Plan since the new PSCs are at the beginning of the maturation curve.

## Gross Revenue from B2B

### Hospital Operations

The Gross Revenue from Operations in Hospitals reached R\$ 114.3 million in the quarter, an increase of 8.8%. Growth in Same Hospital Sales (SHS) was 5.3% on the same period. Total growth was impacted by the new operations: Vera Cruz (Campinas), Casa de Saúde São José (Rio de Janeiro), Sírio Libanês (Brasília) e Vila Nova Star (São Paulo).

Year-to-date, Gross Revenue increased by 7.3%.

### Lab-to-lab

Gross Revenue was R\$ 10.4 million in the quarter, an increase of 26.4%. In this quarter we saw a considerable increase in genomics tests, as well as growth from small hospital operations served by this business line.

Year-to-date, Gross Revenue increased by 12.7%.

### Preventive medicine

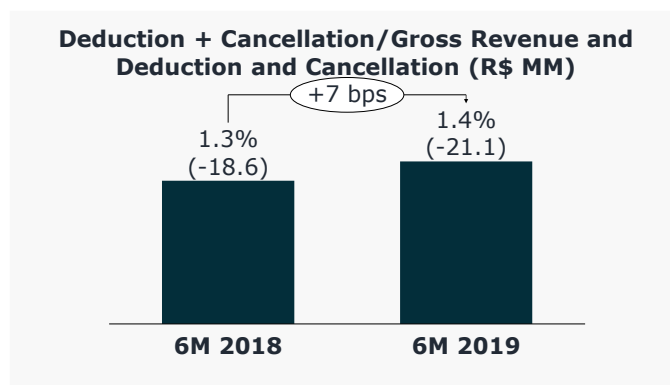
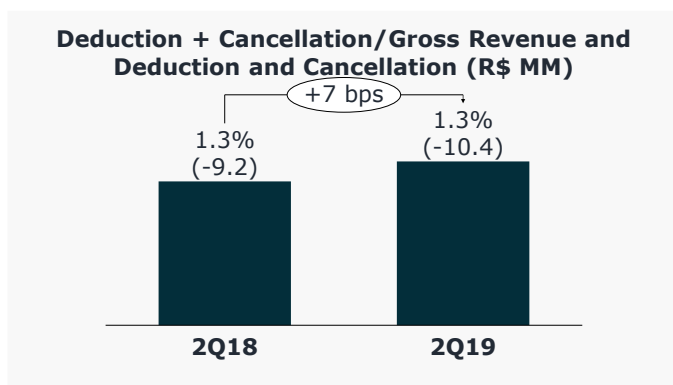
Gross Revenue reached R\$ 1.7 million in the quarter and R\$ 3.2 million year-to-date.

## Revenue Tax and Cancellations/Deductions

Taxes on Gross Revenue represented 6.2% in the quarter, a stable percentage compared to the same period in 2018.

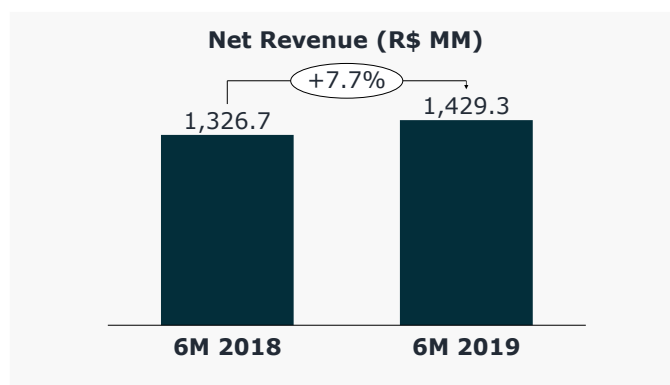
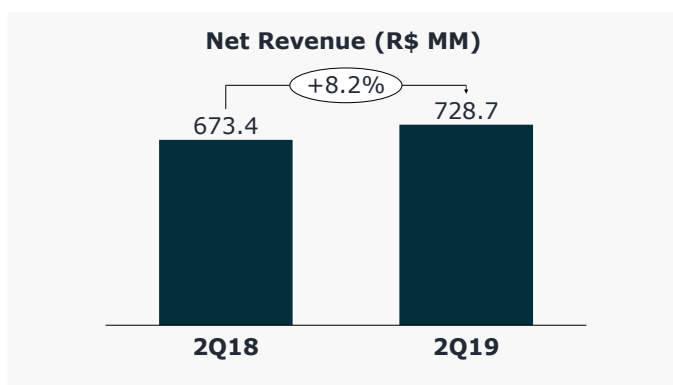
In the quarter, the cancellations and deductions accounted for 1.3% of gross revenue, R\$ -10.4 million, and remained stable versus 2Q18.

Year-to-date, the cancellations and deductions indicator totaled 1.4% of gross revenue, R\$ -21.1 million, and presented a slight increase of 7 bps compared to the same period of the previous year.



## Net Revenue

Net Revenue totaled R\$ 728.7 million in the quarter, growth of 8.2%. Year-to-date, the increase was 7.7%.



## Cost of Services

Cost of Services in 2Q19 totaled R\$ 516.9 million, showing an increase of 12.3%. In relation to Net Revenue, costs represented 70.9%, an increase of 261 bps compared to the same period of the previous year.

Year-to-date, there was a 11.2% growth, with an increase of 221 bps in relation to Net Revenue.

Cost of Services breakdown	2Q19		2Q18		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
Personnel and medical services	253.9	34.8%	229.8	34.1%	10.5%	72 bps
General services, rentals and utilities	143.9	19.8%	131.6	19.5%	9.4%	21 bps
Materials and Test Intermediation	77.9	10.7%	64.5	9.6%	20.9%	112 bps
Depreciation and Amortization	39.1	5.4%	32.2	4.8%	21.4%	59 bps
General Expenses	2.0	0.3%	2.1	0.3%	-4.4%	-4 bps
<b>Cost of Services</b>	<b>516.9</b>	<b>70.9%</b>	<b>460.1</b>	<b>68.3%</b>	<b>12.3%</b>	<b>261 bps</b>

Cost of Services breakdown	6M 2019		6M 2018		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
Personnel and medical services	492.9	34.5%	454.2	34.2%	8.5%	25 bps
General services, rentals and utilities	280.5	19.6%	254.0	19.1%	10.4%	48 bps
Materials and Test Intermediation	145.6	10.2%	124.2	9.4%	17.2%	82 bps
Depreciation and Amortization	78.7	5.5%	63.9	4.8%	23.0%	68 bps
General Expenses	3.5	0.2%	3.6	0.3%	-3.0%	-3 bps
<b>Cost of Services</b>	<b>1,001.2</b>	<b>70.0%</b>	<b>900.0</b>	<b>67.8%</b>	<b>11.2%</b>	<b>221 bps</b>

Below is the analysis of the main Cost of Service in 2Q19 compared to 2Q18:

- **Personnel and Medical Services (+10.5%)** are the main cost of the company and accounted for 34.8% of Net Revenue, an increase of 72 bps. The increase of this line is related to the increase in the number of employees, due to the inauguration of new units, and provision for annual labor readjustment in salaries with an impact of 4% in year-to-date (versus 1.7% in 2018), being 2% from May 2019 and 2% from September 2019 onwards.
- **General Services, Rentals and Utilities (+9.4%)** corresponded to 19.8% of Net Revenue, an increase of 21 bps. Part of the observed impact is explained by the shift from hiring IT support services, which changed from the personnel account to outsourced services. We also had a higher growth of the electricity bill and rentals account, impacted by the launch of 15 new PSCs in the period.
- **Materials and Tests Intermediation (+20.9%)** accounted for 10.7% of Net Revenue, an increase of 112 bps. The increase in the relation with Net Revenue is associated to the mix of tests realized in the quarter, with an increase of the portfolio of specialized tests, as well as growth in the volume of intermediation of genomic tests, where the cost matrix is more concentrated in this line.
- **Depreciation and Amortization (+21.4%)** amounted to 5.4% of Net Revenue, an increase of 59 bps in comparison with the previous period. The growth is the result of the Company's Expansion Plan with the opening of new service units and consequent impact of the increase in depreciation with medical equipment and improvements in the new units.
- **General Expenses (-4.4%)** represented 0.3% of Net Revenue, a reduction of 4 bps. The reduction can be explained by lower labor lawsuit costs.

## Gross Profit

Gross Profit reached R\$ 211.8 million, which represents a decrease of 0.7%. The gross margin in turn reached 29.1%, a reduction of 261 bps versus the same period of the last year.

Year-to-date, Gross Profit increased by 0.3%. Gross margin reached 30.0%, a reduction of 221 bps.

## Operating Expenses and Equity in Subsidiaries

Operating Expenses totaled R\$ 91.2 million in the quarter, which represents an increase of 15.9%. Disregarding the non-recurring effects, expenses totaled R\$ 73.1 million in the quarter, a reduction of 7.1%. Related to Net Revenue, disregarding non-recurring effects, this line represented a reduction of 166 bps compared to the same period of 2018.

Year-to-date, it presented growth of 9.0%. disregarding the non-recurring effects, there was a decrease of 3.1% and reduction of 114 bps in relation to Net Revenue.

Operating Expenses breakdown and Equity in Subsidiaries	2Q19		2Q18		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
G&A	71.2	9.8%	62.4	9.3%	14.1%	50 bps
Depreciation and Amortization	12.8	1.8%	12.3	1.8%	3.9%	-7 bps
Other Operating (Income) Expenses	7.8	1.1%	3.2	0.5%	143.1%	59 bps
Provision (Reversal) for Contingency	(0.5)	-0.1%	1.1	0.2%	-149.4%	-24 bps
Equity in Subsidiaries	0.1	0.0%	(0.2)	0.0%	-147.9%	4 bps
<b>Operating Expenses and Subsidiaries'</b>	<b>91.2</b>	<b>12.5%</b>	<b>78.8</b>	<b>11.7%</b>	<b>15.9%</b>	<b>83 bps</b>
Non Recurring	(18.1)	-2.5%	0.0	0.0%	0.0%	-248 bps
<b>Recurring Operating Expenses and Subsidiaries' Share of Profits</b>	<b>73.1</b>	<b>10.0%</b>	<b>78.8</b>	<b>11.7%</b>	<b>-7.1%</b>	<b>-166 bps</b>

Operating Expenses breakdown and Equity in Subsidiaries	6M 2019		6M 2018		Variação	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
G&A	128.8	9.0%	119.1	9.0%	8.1%	3 bps
Depreciation and Amortization	25.8	1.8%	24.8	1.9%	4.0%	-7 bps
Other Operating (Income) Expenses	7.8	0.5%	4.6	0.3%	71.0%	20 bps
Provision (Reversal) for Contingency	1.0	0.1%	2.1	0.2%	-54.6%	-9 bps
Equity in Subsidiaries	0.2	0.0%	(0.5)	0.0%	-138.7%	5 bps
<b>Operating Expenses and Subsidiaries'</b>	<b>163.5</b>	<b>11.4%</b>	<b>150.1</b>	<b>11.3%</b>	<b>9.0%</b>	<b>13 bps</b>
Non-recurring	(18.1)	-2.5%	0.0	0.0%	0.0%	-248 bps
<b>Operating Expenses and Subsidiaries'</b>	<b>145.4</b>	<b>10.2%</b>	<b>150.1</b>	<b>11.3%</b>	<b>-3.1%</b>	<b>-114 bps</b>

Below, the analysis of the main lines of operating expenses in 2Q19 compared to 2Q18:

- **General and Administrative Expenses (+14.1%), disregarding the non-recurring effects (-1.8%).** The recurring result accounted for 8.4% of Net Revenue, an improvement of 86 bps. Contributed to the improvement of the recurring result the reduction in expenses of healthcare for employees and technical services contracted.  
**Non-recurring effects:** R\$ 4.8 million related to labor indemnities as a result of the organizational structure redesign project and R\$ 5.1 million related to M&A expenses.
- **Depreciation and Amortization (+3.9%)** amounted to 1.8% of Net Revenue, a reduction on 7 bps.
- **Other operational Income/Revenues (+143.1%), disregarding non-recurring effects (-112.8%).** The recurring result accounted for -0.1% of Net Revenue, an increase of 53 bps.  
**Non-recurring effects:** R\$ 8.2 million related to the provision for write-off of other accounts receivable from PSC's sold in Rio de Janeiro after CADE's determination as per Material Fact disclosed in 4Q15 ([see here](#)).
- **Provision for Contingencies (-149.4%)** represented -0.1% of Net Revenue, a reduction of 24 bps, due to the reversal of tax provisions.

## Equity in Subsidiaries

Grupo Papaiz, a dental diagnostics company in São Paulo, was acquired by the Fleury and Odontoprev at the end of 2012. The figures have been reported by equity equivalence method, considering the form of a Joint Venture in which Grupo Fleury holds a 51% stake of the business. Below is the performance in the 2Q19 and year-to-date:

Equity in Subsidiaries Papaiz	2Q19		2Q18		Variation	
	R\$ thousand	% Net Revenue	R\$ thousand	% Net Revenue	▲ %	▲ bps
Net Revenue	6,650.5		5,797.4		14.7%	
EBITDA	634.7	9.5%	1,132.8	19.5%	-44.0%	-1000 bps
Net Income	-189.4	-2.8%	395.5	6.8%	-147.9%	-967 bps
Net Income attributed to Grupo Fleury (51%)	(96.6)		201.7		-147.9%	

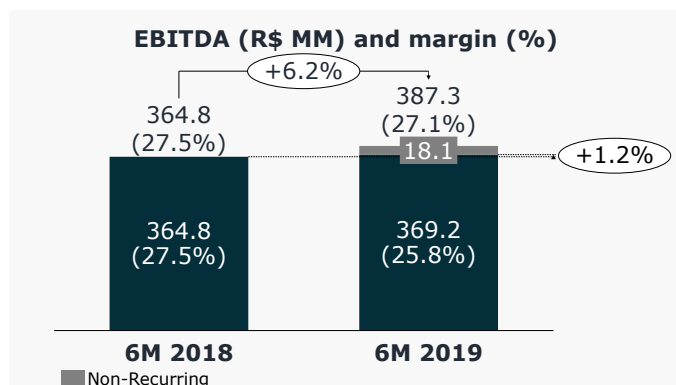
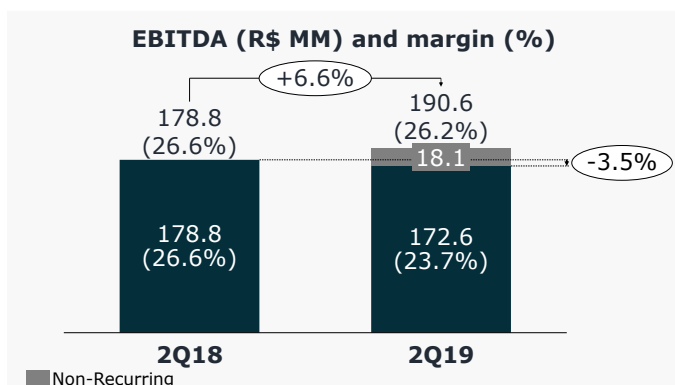
Equity in Subsidiaries Papaiz	6M 2019		6M 2018		Variation	
	R\$ thousand	% Net Revenue	R\$ thousand	% Net Revenue	▲ %	▲ bps
Net Revenue	12,149.2		11,369.2		6.9%	
EBITDA	1,266.0	10.4%	2,448.4	21.5%	-48.3%	-1111 bps
Net Income	-396.1	-3.3%	1,024.2	9.0%	-138.7%	-1227 bps
Net Income attributed to Grupo Fleury (51%)	(202.0)		522.4		-138.7%	

## EBITDA

Recurring EBITDA reached R\$ 190.6 million in the quarter, an increase of 6.6%. The Recurring EBITDA margin reached 26.2% versus 26.6% in 2Q18, reduction of 39 bps, despite impacts related to the expansion of new units and higher participation of regional brands in the result.

Year-to-date, Recurring EBITDA increased by 6.2%, recording a recurring EBITDA margin of 27.1%, reduction of 40 bps compared to the same period of 2018.

In the quarter, we recorded the impact of R\$ 18.1 million of non-recurring operating expenses, of which: (i) R\$ 8.2 million related to the provision for write-off of other accounts receivable from PSC's sold in Rio de Janeiro, following CADE's determination according to Material Fact disclosed in 4Q15 ([see here](#)), (ii) R\$ 5.1 million related to M&A expenses and (iii) R\$ 4.8 million related to labor indemnities provisions as a result of the organizational structure redesign project.



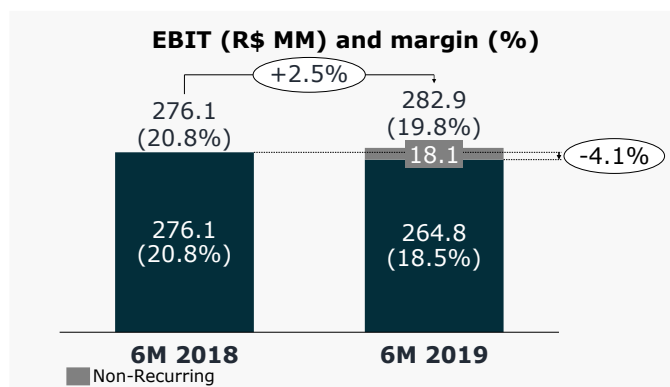
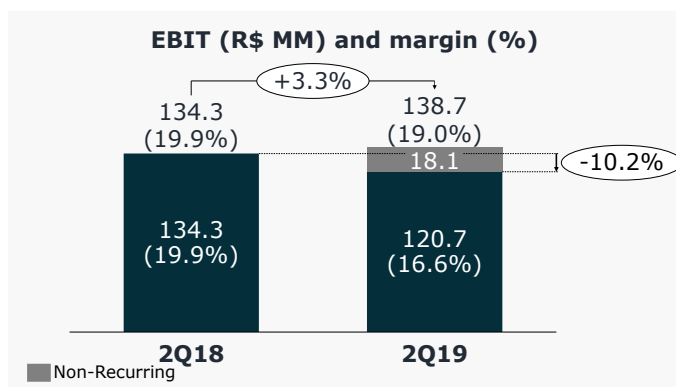
EBITDA	2Q19		2Q18		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
Net Income	77.1	10.6%	86.6	12.9%	-11.1%	-229 bps
Financial Result	15.0	2.1%	14.8	2.2%	1.2%	-14 bps
Depreciation and Amortization	51.9	7.1%	44.5	6.6%	16.6%	51 bps
Income Tax and Social Contribution	28.5	3.9%	33.1	4.9%	-13.8%	-100 bps
Equity in Subsidiaries	0.1	0.0%	(0.2)	0.0%	-147.9%	4 bps
<b>EBITDA</b>	<b>172.6</b>	<b>23.7%</b>	<b>178.8</b>	<b>26.6%</b>	<b>-3.5%</b>	<b>-288 bps</b>
Non-recurring	18.1	2.5%	0.0	0.0%	0.0%	248 bps
<b>Recurring EBITDA</b>	<b>190.6</b>	<b>26.2%</b>	<b>178.8</b>	<b>26.6%</b>	<b>6.6%</b>	<b>-39 bps</b>

EBITDA	6M 2019		6M 2018		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
Net Income	174.0	12.2%	183.1	13.8%	-5.0%	-163 bps
Financial Result	26.3	1.8%	25.6	1.9%	2.9%	-9 bps
Depreciation and Amortization	104.4	7.3%	88.7	6.7%	17.7%	62 bps
Income Tax and Social Contribution	64.3	4.5%	68.0	5.1%	-5.4%	-62 bps
Equity in Subsidiaries	0.2	0.0%	(0.5)	0.0%	-138.7%	5 bps
<b>EBITDA</b>	<b>369.2</b>	<b>25.8%</b>	<b>364.8</b>	<b>27.5%</b>	<b>1.2%</b>	<b>-166 bps</b>
Non-Recurring	18.1	1.3%	0.0	0.0%	0.0%	127 bps
<b>Recurring EBITDA</b>	<b>387.3</b>	<b>27.1%</b>	<b>364.8</b>	<b>27.5%</b>	<b>6.2%</b>	<b>-40 bps</b>

## EBIT (Operational Income)

Recurring EBIT reached R\$ 138.7 million in the quarter, an increase of 3.3% versus 2Q18. The recurring margin was 19.0%, a reduction of 91 bps.

Year-to-date, recurring EBIT expanded 2.5%, reaching a recurring margin of 19.8%, a reduction of 102 bps.



## Financial Result

The financial result reached R\$-15.0 million, representing an increase of 1.9%. Financial revenues decreased 25.6%, while financial expenses decreased 9.3%. Year-to-date, the financial result reached R\$-26.3 million, an increase of 3.1% compared to the last year.

Financial Result (R\$ MM)	2Q19	2Q18	Variation	6M 2019	6M 2018	Variation
<b>Net financial income</b>	<b>(15.0)</b>	<b>(14.7)</b>	<b>1.9%</b>	<b>(26.3)</b>	<b>(25.5)</b>	<b>3.1%</b>
<b>Financial income</b>	<b>7.6</b>	<b>10.2</b>	<b>-25.6%</b>	<b>19.7</b>	<b>20.2</b>	<b>-2.7%</b>
Earnings on financial investments	7.8	9.3	-16.9%	18.5	18.6	-0.4%
Interest and inflation adjustment	(0.2)	0.8	-122.8%	1.1	1.6	-28.7%
<b>Financial expenses</b>	<b>(22.6)</b>	<b>(24.9)</b>	<b>-9.3%</b>	<b>(46.0)</b>	<b>(45.7)</b>	<b>0.5%</b>
Interest on debentures and financing	(17.2)	(19.9)	-13.4%	(35.9)	(35.9)	0.0%
Interest and inflation adjustment	(5.4)	(5.0)	7.0%	(10.1)	(9.8)	2.5%

## Indebtedness

In the quarter, the net debt/LTM EBITDA ratio reached 1.2x compared to 0.8x in the same period of 2018.

Composition of Net Debt (R\$ MM)	2Q18	1Q19	2Q19	Next 12 months
Gross Debt (Debentures and Borrowings and Acquisitions )	1,418.1	1,131.9	1,150.4	224.7
Cash, Cash Equivalents and Marketable Securities	(883.6)	(602.0)	(300.4)	
<b>Net Debt</b>	<b>534.5</b>	<b>529.8</b>	<b>850.1</b>	
Net Debt / EBITDA LTM	0.8x	0.8x	1.2x	
EBITDA LTM / Financial Result LTM	14.6x	13.3x	13.2x	

In the quarter, we amortized R\$ 8.2 million referred to financing. We have also paid R\$ 27.5 million of interest, related to debentures and financing.

Additionally, we paid R\$ 217.3 million in dividends and R\$ 135.7 million related to the acquisition of Lafe Serviços Médicos in Rio de Janeiro.

Year-to-date, there was the amortization of R\$ 166.7 million related to the second debentures issuance and R\$ 15.5 million related to financing. We also paid R\$ 40.5 million in interest, related to debentures and financing.

## Income Tax and Social Contribution

In the quarter, income tax and social contribution on net income totaled R\$ -28.5 million. The effective rate was 27.0% compared to 27.6% in 2Q18.

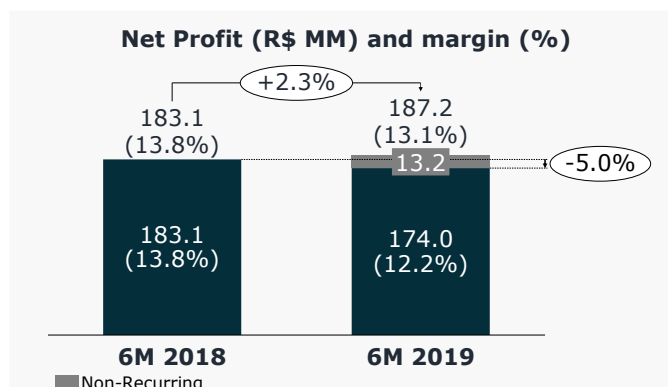
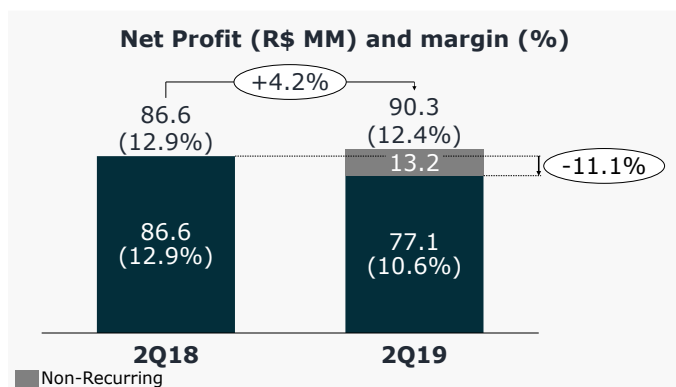
Year-to-date, income tax and social contribution on net income totaled R\$ -64.3 million. The effective tax rate was 27.0% compared to 27.1% in the same period of 2018.

Income Tax and Social Contribution (R\$ MM)	2Q19	2Q18	Variation	6M 2019	6M 2018	Variation
<b>Earnings Before Tax (EBIT)</b>	<b>105.5</b>	<b>119.7</b>	<b>-11.8%</b>	<b>238.3</b>	<b>251.0</b>	<b>-5.1%</b>
Expected taxes	(35.9)	(40.7)	-11.8%	(81.0)	(85.3)	-5.1%
Non-deductible expenses and incentives	2.0	0.2	991.9%	0.4	2.6	-84.0%
Effective taxes linearization	5.4	6.5	-17.0%	16.4	13.8	18.2%
Subsidiaries' share of profits	(0.0)	0.9	-103.5%	(0.1)	0.9	-107.4%
<b>Income tax and social contribution</b>	<b>(28.5)</b>	<b>(33.1)</b>	<b>-13.8%</b>	<b>(64.3)</b>	<b>(68.0)</b>	<b>-5.4%</b>
<b>% EBIT (Effective Tax Rate)</b>	<b>27.0%</b>	<b>27.6%</b>	<b>-63 bps</b>	<b>27.0%</b>	<b>27.1%</b>	<b>-8 bps</b>
Current	(42.4)	(34.0)	24.7%	(76.3)	(61.0)	25.2%
Deferred	13.9	0.9	1398.6%	12.0	(7.0)	-271.9%

## Net Income

Recurring Net Income reached R\$ 90.3 million, an increase of 4.2%. The net margin was 12.4%, a decrease of 48 bps.

Year-to-date, Recurring Net Income reached R\$ 187.2 million, an increase of 2.3%. Net margin reached 13.1%, a reduction of 70 bps.



## Cash Flow

In the quarter, the Operating Cash Flow recorded R\$ 127.1 million, which represents a decrease of 40.0%. The conversion (Operating Cash Flow/EBITDA) was 73.6%, compared to 118.5% in 2Q18.

The increase on average collection period (ACP), that reached 70 days versus 67 days in the 2Q18, resulted in higher accounts receivable cash consumption, which totaled R\$ 52.9 million. This effect, which increases the ACP, is an one-off and is related to an adverse effect with the improved billing process of one of our main paying sources. In 3Q19 the process is already normalized, and we no longer observed the negative impact on the ACP.

Also, in Operating Cash Flow, we highlight the growth in the cash impact of Income Tax/Social Contribution, which is due to the lower use of goodwill generated by acquisitions whose amortization reduces the payment of this tax.

In the quarter, Investment activities recorded R\$ 125.5 million compared to R\$ -451.3 million in 2Q18. Excluding the effect of investments in marketable securities, we presented an increase in investment activities of 2.6x as a result of the payment of the acquisition of Lafe Serviços Médicos in Rio de Janeiro.

In 2Q19, financing activities recorded R\$ -249.6 million compared to R\$ 270.2 million in the same period of last year. This variation is mainly explained by raising of R\$ 500.0 million with the Fourth Debenture Issuance occurred in 2Q18.

Year-to-date, Operating Cash Flow registered R\$ 196.9 million, a reduction of 37.7%. The conversion (Operating Cash Flow/EBITDA) was 53.3%. Investment activities reached R\$ 231.3 million compared to R\$ -462.4 million in 2018. Financing activities recorded R\$ -474.4 million versus R\$ 31.5 million in 2018.

Cash Flow (R\$ MM)	2Q19	2Q18	Variation	6M 2019	6M 2018	Variation
<b>Net Income</b>	<b>77.1</b>	<b>86.6</b>	<b>-11.1%</b>	<b>174.0</b>	<b>183.1</b>	<b>-5.0%</b>
<b>Items not affecting cash:</b>						
Financial revenues and expenses	19.3	19.7	-2.0%	38.5	32.3	19.1%
Depreciation and amortization	51.9	44.5	16.6%	104.4	88.7	17.7%
Income tax and social contribution	28.5	33.1	-14.0%	64.3	68.0	-5.4%
Provisions (Reversals)	19.3	21.8	-11.5%	39.2	43.7	-10.2%
Others	2.2	0.9	133.8%	4.0	1.5	164.8%
<b>Net Income before non-cash effects</b>	<b>198.3</b>	<b>206.7</b>	<b>-4.1%</b>	<b>424.3</b>	<b>417.2</b>	<b>1.7%</b>
<b>Δ Working capital:</b>						
Accounts receivables	(52.9)	13.6	-488.5%	(113.9)	(40.1)	-183.8%
Inventories	(7.7)	(11.6)	34.3%	(4.0)	(6.7)	40.0%
Taxes recoverable	14.2	(1.5)	1065.4%	2.8	(9.4)	130.2%
Suppliers	(3.7)	20.8	-117.7%	(30.8)	14.1	-317.9%
Salaries / Charges	16.9	18.9	-10.4%	(5.4)	4.8	-212.4%
Others Assets and Liabilities	5.7	(3.9)	246.3%	(9.5)	(15.2)	37.4%
<b>Other Operating Cash Flow:</b>						
Income tax and social contribution	(43.8)	(31.0)	-41.1%	(66.7)	(48.8)	-36.6%
<b>Cash Flow from Operating Activities</b>	<b>127.1</b>	<b>211.9</b>	<b>-40.0%</b>	<b>196.9</b>	<b>315.8</b>	<b>-37.7%</b>
<b>Investment Activities:</b>						
Acquisition of fixed and intangible assets	(41.7)	(53.5)	22.1%	(89.7)	(86.0)	-4.3%
Interest income and dividends received	0.0	3.3	-99.8%	0.0	8.3	-99.7%
Marketable Securities	304.6	(382.3)	179.7%	462.2	(327.1)	241.3%
Acquisitions Payments	(136.9)	(17.5)	-682.3%	(140.7)	(57.3)	-145.4%
Others Investment Activities	(0.6)	(1.3)	52.5%	(0.6)	(0.3)	-103.1%
<b>Cash Flow from Investing Activities</b>	<b>125.5</b>	<b>(451.3)</b>	<b>127.8%</b>	<b>231.3</b>	<b>(462.4)</b>	<b>150.0%</b>
<b>Financing Activities</b>						
Borrowings and Debentures Issue	0.0	500.0	-100.0%	0.0	500.0	0.0%
Others Financing Activities	(32.3)	(25.6)	-26.0%	(223.7)	(222.8)	-0.4%
Dividends and/or interest on capital	(217.3)	(204.2)	-6.4%	(252.3)	(245.6)	-2.7%
Capital increase	0.0	0.0	0.0%	1.6	0.0	0.0%
<b>Cash Flow from Financing Activities</b>	<b>(249.6)</b>	<b>270.2</b>	<b>-192.4%</b>	<b>(474.4)</b>	<b>31.5</b>	<b>-1605.2%</b>
<b>Cash Flow</b>	<b>3.0</b>	<b>30.8</b>	<b>-90.4%</b>	<b>(46.3)</b>	<b>(115.1)</b>	<b>59.8%</b>
<b>Cash Flow Adjusted by Marketable Securities</b>	<b>(301.7)</b>	<b>413.1</b>	<b>-173.0%</b>	<b>(508.5)</b>	<b>212.0</b>	<b>-339.9%</b>
<b>Conversion (Operating Cash Flow / EBITDA)</b>	<b>73.6%</b>	<b>118.5%</b>	<b>-4487 bps</b>	<b>53.3%</b>	<b>86.6%</b>	<b>-3326 bps</b>

## Account Receivables

In 2Q19, outstanding balances on total receivables reached 84.4%, compared to 87.1% in 2Q18. The amount overdue over 121 days increased from 5.0% in 2Q18 to 6.4% in 2Q19 and Accounts Receivable (CR) provisions over 121 days accounted for 66.5% of this amount (71.2% in 2Q18).

The increase in outstanding balances of up to 120 days is explained by the adverse effect of the improvement of the billing process of one of our main paying sources. In 3Q19 the process is already normalized.

Aging Account Receivable R\$ MM	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Trade Receivables	495.0	508.7	531.5	579.8	552.9	574.0	529.2	580.1	634.5
- Current	427.7	437.1	464.6	515.3	481.3	505.8	465.2	508.6	535.5
- Up to 120 days past due	34.1	42.1	35.9	34.6	44.1	37.7	30.2	35.9	58.5
- 121 to 360 days past due	22.1	20.7	24.8	26.0	22.1	21.4	24.4	23.5	25.9
- Over 361 days past due	11.2	8.8	6.1	4.0	5.4	9.1	9.5	12.1	14.6
Sales Deductions Provisions	(28.0)	(23.0)	(19.2)	(21.4)	(19.5)	(23.4)	(23.8)	(24.4)	(27.0)
<b>Total</b>	<b>467.0</b>	<b>485.7</b>	<b>512.2</b>	<b>558.5</b>	<b>533.3</b>	<b>550.6</b>	<b>505.4</b>	<b>555.7</b>	<b>607.6</b>
Current / Trade Receivables	86.4%	85.9%	87.4%	88.9%	87.1%	88.1%	87.9%	87.7%	84.4%
Up to 120 days past due/ Trade Receivables	6.9%	8.3%	6.8%	6.0%	8.0%	6.6%	5.7%	6.2%	9.2%
Over 121 days past due / Trade Receivables	6.7%	5.8%	5.8%	5.2%	5.0%	5.3%	6.4%	6.1%	6.4%
Provisions / Over 121 days past due	84.2%	77.9%	62.0%	71.3%	71.2%	76.6%	70.2%	68.5%	66.5%

## Expansion Plan

In 2Q19 there were no inauguration of new units. Since the beginning of the expansion plan, in October 2016 and until June 2019, 53 service PSCs were inaugurated. These inaugurations correspond to 73% of the minimum and 59% of the maximum ranges of the Company's Expansion Plan guidance, which foresees the inauguration of 73 to 90 PSCs by 2021.

### PSCs inaugurated by brand

	<b>Fleury Brand</b>	<b>Complexity</b>	<b>Patient Service Area (sqm)</b>	<b>State</b>	<b>Date</b>
1	Fleury Santo André	Medium	587	São Paulo	feb/18
2	Fleury Carlos Weber	Medium	681	São Paulo	oct/17
3	Fleury Alameda Jaú	Fast site	380	São Paulo	set/17
4	Fleury Morumbi	Large	1,988	São Paulo	jul/17
5	Fleury Anália Franco	Large	1,214	São Paulo	jun/17
6	Fleury Heitor Penteado	Fast site	183	São Paulo	jun/17
7	Fleury São Caetano do Sul	Fast site	411	São Paulo	may/17
8	Fleury Cerro Corá	Fast site	233	São Paulo	apr/17
9	Fleury Ipiranga	Fast site	206	São Paulo	mar/17
10	Fleury Brasil	Fast site	235	São Paulo	jan/17
11	Fleury Moema	Fast site	126	São Paulo	dec/16
	<b>Regional South</b>	<b>Complexity</b>	<b>Patient Service Area (sqm)</b>	<b>State</b>	<b>Date</b>
1	a+ João Bettega	Small	128	Paraná	dec/17
2	a+ Água Verde	Small	171	Paraná	may/17
3	Weinmann General Vitorino	Small	113	Rio Grande do Sul	may/17
4	a+ Ecoville	Small	47	Paraná	feb/17
5	a+ Champagnat	Small	81	Paraná	feb/17
6	a+ Centro	Small	29	Paraná	feb/17
7	a+ Batel	Small	134	Paraná	dec/16
8	a+ Nossa Saúde	Small	79	Paraná	oct/16
	<b>a+ São Paulo</b>	<b>Complexity</b>	<b>Patient Service Area (sqm)</b>	<b>State</b>	<b>Date</b>
1	a+ Chácara Flora	Fast site	299	São Paulo	dec/18
2	a+ Verbo Divino	Fast site	196	São Paulo	dec/18
3	a+ Berrini	Fast site	199	São Paulo	dec/18
4	a+ São Bernardo do Campo	Fast site	517	São Paulo	sep/18
5	a+ Granja Viana	Fast site	231	São Paulo	aug/18
6	a+ Tatuapé	Large	1,483	São Paulo	aug/18
7	a+ Vila Andrade	Fast site	234	São Paulo	jul/18
8	a+ Brasil	Fast site	348	São Paulo	jul/18
9	a+ Alphaville Rio Negro	Fast site	230	São Paulo	jul/18
10	a+ Ipiranga	Medium	359	São Paulo	jun/18
11	a+ Funchal	Fast site	239	São Paulo	may/18
12	a+ Guarulhos	Large	832	São Paulo	apr/18
13	a+ Pedrosa de Moraes	Medium	421	São Paulo	dec/17
14	a+ Leôncio Magalhães	Medium	544	São Paulo	nov/17
15	a+ Queiroz Filho	Medium	673	São Paulo	oct/17
16	a+ Santo André	Medium	437	São Paulo	jul/17
17	a+ Augusto Tolle	Fast site	392	São Paulo	jul/17
18	a+ Itaim Bibi	Fast site	207	São Paulo	may/17
	<b>Regional RJ</b>	<b>Complexity</b>	<b>Patient Service Area (sqm)</b>	<b>State</b>	<b>Date</b>
1	Felippe Mattoso Mena Barreto	Fast site	276	Rio de Janeiro	dec/18
2	Felippe Mattoso Av. das Américas	Grande	1009	Rio de Janeiro	nov/18
3	Labs a+ Carioca	Fast site	559	Rio de Janeiro	nov/18
4	Labs a+ Posto 6	Média	318	Rio de Janeiro	nov/18
5	Labs a+ Freguesia	Média	363	Rio de Janeiro	nov/18
6	Labs a+ Flamengo	Média	478	Rio de Janeiro	nov/18
7	Felippe Mattoso Ipanema	Fast site	239	Rio de Janeiro	dec/17
8	Labs a+ Catete	Fast site	145	Rio de Janeiro	dec/17
9	Labs a+ Shopping Santa Cruz	Fast site	131	Rio de Janeiro	dec/17
10	Labs a+ Mariz e Barros	Fast site	134	Rio de Janeiro	dec/17
11	Labs a+ Uruguai	Fast site	129	Rio de Janeiro	nov/17
12	Labs a+ Santa Rosa	Fast site	148	Rio de Janeiro	oct/17
13	Labs a+ Campo Grande	Fast site	281	Rio de Janeiro	set/17
	<b>Regional Brasília</b>	<b>Complexity</b>	<b>Patient Service Area (sqm)</b>	<b>State</b>	<b>Date</b>
1	a+ Asa Sul	Fast site	58	Brasília	aug/17
2	a+ Sudoeste	Fast site	119	Brasília	aug/17
	<b>Regional Pernambuco</b>	<b>Complexity</b>	<b>Patient Service Area (sqm)</b>	<b>State</b>	<b>Date</b>
1	a+ Casa Forte	Small	151	Pernambuco	may/18
<b>Total 53 PSCs</b>			<b>19,405 sqm</b>		

Additionally, we listed below the 5 PSCs from the acquisitions, being 4 PSCs of the Institute of Radiology of Natal (IRN) and 1 of Serdil.

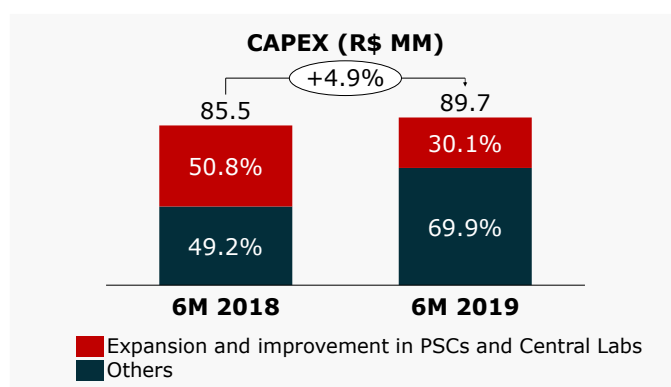
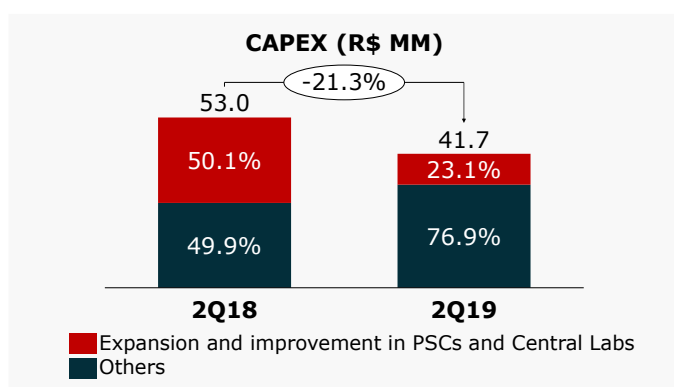
PSC	Complexity	Patient Service Area (sqm)	State	Date
1 IRN - Instituto de Radiologia Matriz	NA	1,697	Rio Grande do Norte	NA
2 IRN - Instituto de Radiologia Parnamirim	NA	477	Rio Grande do Norte	NA
3 IRN - Instituto de Radiologia Zona Sul	NA	1,317	Rio Grande do Norte	NA
4 IRN - Harmony Center	NA	98	Rio Grande do Norte	NA
5 Serdil	NA	1,213	Rio Grande do Sul	NA
<b>Total 5 PSCs by acquisition</b>		<b>4,801</b>		

## Investments

Investments (additions to fixed and intangible assets) totaled R\$ 41.7 million in the quarter, with a reduction of 21.3% compared to 2Q18. Of the investments made during the quarter, 76.9% were concentrated in Others, that consists in IT, infrastructure, digital projects and equipment renovation; and 23.1% in Expansion and Improvements in PSCs.

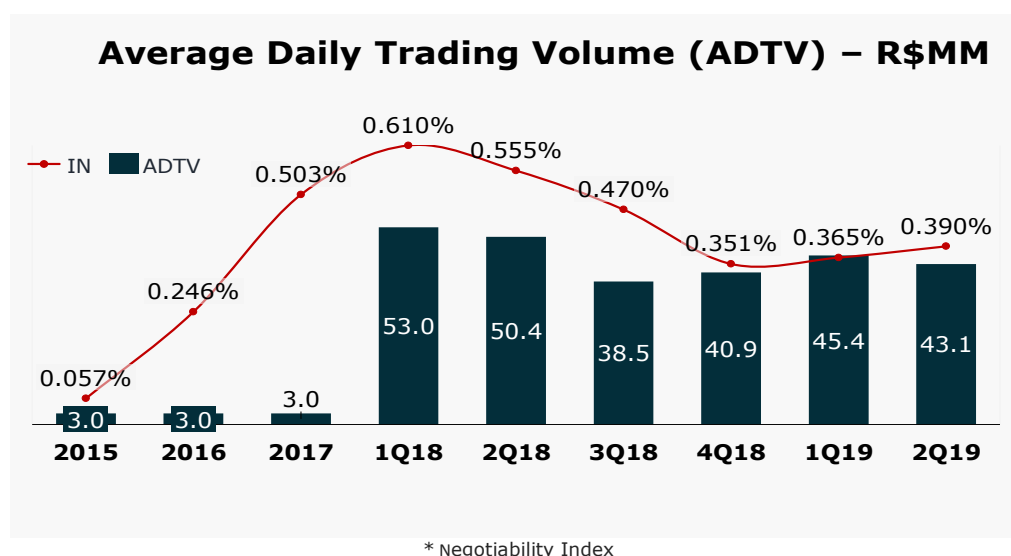
In Other investments, the highlights were investments in technology and digital projects. In Expansion and PSCs improvements, the most relevant investments were related to the implementation of Fleury Day Clinic and the expansion of the MRI service in two units of the a+ brand in São Paulo.

Year-to-date, investments reached R\$ 89.7 million, with an increase of 4.9% versus 2018.



## Stock Market Performance

Fleury shares (B3: FLRY3) at the end of 2Q19 were quoted at R\$ 21.35. The Average Daily Trading Volume (ADTV) for the period was R\$ 43.1 million, an amount 14.5% lower than that registered in the same period of 2018.



## Investor Relations

**Phone:** + 55 11 5014-7413 | **E-mail:** [ri@grupofleury.com.br](mailto:ri@grupofleury.com.br) | **Website:** [www.fleury.com.br/ri](http://www.fleury.com.br/ri)

**Address:** Avenida General Valdomiro de Lima, 508 - 04344-903 - São Paulo, SP – Brasil

## Performance Indicators

Operational Indicators	Description	Unit	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
<b>Income Statement</b>											
Gross Revenue	Gross Revenue	R\$ MM	646.5	667.7	630.2	706.3	728.1	738.5	706.8	757.9	787.6
Net Revenue	Gross Revenue - Tax (ISS and PIS/COFINS) - Cancellations	R\$ MM	597.6	615.6	582.0	653.3	673.4	683.0	654.8	700.6	728.7
COGS	Personnel and Medical Services + Materials and Outsourcing + General Services, Rent and Utilities + General Expenses + Depreciation and Amortization	R\$ MM	-410.9	-422.4	-428.5	-439.9	-460.1	-473.7	-482.2	-484.3	-516.9
SG&A	Does not include Other Operating Expenses / Revenues, Contingency Provisions and Equity in Subsidiaries	R\$ MM	-67.2	-65.5	-65.3	-69.3	-74.7	-72.0	-79.7	-70.6	-83.9
EBIT	Earnings Before Interest and Taxes	R\$ MM	117.5	127.5	91.2	141.7	134.3	135.0	91.3	144.2	120.7
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	R\$ MM	151.4	163.4	130.7	185.9	178.8	181.5	145.4	196.7	172.6
Net Finance Income	Interest Revenue - Interest Expenses	R\$ MM	-12.7	-11.2	-8.3	-10.7	-14.8	-11.2	-15.3	-11.3	-15.0
Net Income	Net Income	R\$ MM	87.9	86.6	64.6	96.4	86.6	90.3	58.2	96.9	77.1
Net Cash Income	Net Income - Deferred income tax	R\$ MM	92.2	112.7	82.2	104.3	85.7	106.1	63.7	98.8	63.1
<b>Result Indicators</b>											
Cancellation Index	Cancellations / Gross Revenue	%	-1.4%	-1.7%	-1.5%	-1.3%	-1.3%	-1.4%	-1.2%	-1.4%	-1.3%
Gross Margin	Gross Profit / Net Revenue	%	31.3%	31.4%	26.4%	32.7%	31.7%	30.6%	26.3%	30.9%	29.1%
EBIT Margin	Earnings Before Interest and Tax / Net Revenue	%	19.7%	20.7%	15.7%	21.7%	19.9%	19.8%	13.9%	20.6%	16.6%
EBITDA Margin	Earnings Before Interest, Tax, Depreciation and Amortization / Net Revenue	%	25.3%	26.5%	22.4%	28.5%	26.6%	26.6%	22.2%	28.1%	23.7%
Effective Tax Rate	Current Tax / Earnings Before Tax	%	-16.4%	-25.8%	-21.8%	-26.6%	-27.6%	-27.2%	-23.5%	-27.0%	-27.0%
Net Margin	Net Profit / Net Revenue	%	14.7%	14.1%	11.1%	14.8%	12.9%	13.2%	8.9%	13.8%	10.6%
Net Cash Income Margin	(Net Income - Deferred income tax) / Net Revenue	%	15.4%	18.3%	14.1%	16.0%	12.7%	15.5%	9.7%	14.1%	8.7%
<b>Financial Debt</b>											
Cash & Equivalents	Cash, Equivalents and Marketable Securities	R\$ MM	433.8	482.7	671.8	470.5	883.6	889.8	808.9	602.0	300.4
Gross Debt	Short and Long Term Debts (Borrowings and Debentures)	R\$ MM	837.5	858.4	1,069.6	919.7	1,418.1	1,422.3	1,305.8	1,131.9	1,150.4
Net Debt	Gross Debt - Cash and Cash equivalents	R\$ MM	403.7	375.7	397.7	449.2	534.5	532.6	497.0	529.8	850.1
Net Debt / EBITDA LTM	(Gross Debt - Cash and Cash equivalents) / EBITDA LTM	Multiple	0.7x	0.6x	0.6x	0.7x	0.8x	0.8x	0.7x	0.8x	1.2x
<b>Profitability and Return</b>											
ROIC without Goodwill (LTM)	NOPAT LTM (tax= 34%) / Capital Employed (Shareholders Equity + Net Debt - Goodwill)	%	39.8%	43.6%	43.8%	43.6%	41.9%	41.3%	41.2%	45.2%	35.8%
ROIC (LTM)	NOPAT LTM (tax= 34%) / Capital Employed (Shareholders Equity + Net Debt)	%	13.9%	14.9%	15.5%	15.5%	15.3%	15.4%	15.3%	15.8%	13.5%

## IFRS 16 Impacts – leasing

We adopted the IFRS 16 - Leases as of January 1, 2019 and choose for the simplified retrospective transition approach, so to give better comparability within previous periods, we adopted the presentation of the results without the effect of IFRS 16, except when indicated.

In the following tables we show the main impacts of IFRS 16 in the Income Statement, Balance Sheet and Cash Flow. The main impact on our operations occurs in the accounting of real estate rental agreements (leases), where we develop our administrative, technical and service operations. Equipment and vehicles rental contracts also had an impact (for more information see explanatory note 2.2).

Income Statement Impacts IFRS 16 (R\$ million)	2Q19	IFRS 16	2Q19 IFRS 16	6M 2019	IFRS 16	6M 2019 IFRS 16	Note
Net Revenue	728.7		728.7	1,429.3		1,429.3	
Personnel and medical services	-253.9		-253.9	-492.9		-492.9	
General services, rentals and utilities	-143.9	37.6	-106.3	-280.5	74.1	-206.4	1
Materials and Test Intermediation	-77.9		-77.9	-145.6		-145.6	
Depreciation and Amortization	-39.1	-30.6	-69.7	-78.7	-60.2	-138.8	2
General Expenses	-2.0		-2.0	-3.5		-3.5	
<b>Cost of Services</b>	<b>-516.9</b>	<b>7.0</b>	<b>-509.9</b>	<b>-1,001.2</b>	<b>14.0</b>	<b>-987.2</b>	
<b>Gross Income</b>	<b>211.8</b>	<b>7.0</b>	<b>218.8</b>	<b>428.1</b>	<b>14.0</b>	<b>442.1</b>	
<b>Gross Margin</b>	<b>29.1%</b>	<b>97 bps</b>	<b>30.0%</b>	<b>30.0%</b>	<b>98 bps</b>	<b>30.9%</b>	
G&A	-71.2	1.7	-69.4	-128.8	3.9	-124.9	1
Depreciation and Amortization	-12.8	-1.8	-14.5	-25.8	-3.5	-29.2	2
Other Operating (Income) Expenses	-7.8		-7.8	-7.8		-7.8	
Provision (Reversal) for Contingency	0.5		0.5	-1.0		-1.0	
Equity in Subsidiaries	-0.1		-0.1	-0.2		-0.2	
<b>Operating Expenses and Subsidiaries'</b>	<b>-91.2</b>	<b>-0.0</b>	<b>-91.3</b>	<b>-163.5</b>	<b>0.4</b>	<b>-163.1</b>	
Financial Income	7.6		7.8	19.7		19.9	
Financial Expenses	-22.6	-13.3	-35.9	-46.0	-26.6	-72.6	3
<b>Net Financial Income</b>	<b>-15.0</b>	<b>-13.1</b>	<b>-28.2</b>	<b>-26.3</b>	<b>-26.4</b>	<b>-52.7</b>	
Income tax and social contribution - Current	-42.4	2.0	-40.3	-76.3	3.6	-72.7	4
Income tax and social contribution - Deferred	13.9		13.5	12.0		11.6	
<b>Income tax and social contribution</b>	<b>-28.5</b>	<b>1.6</b>	<b>-26.8</b>	<b>-64.3</b>	<b>3.3</b>	<b>-61.0</b>	
<b>Net Income</b>	<b>77.1</b>	<b>-4.5</b>	<b>72.6</b>	<b>174.0</b>	<b>-8.8</b>	<b>165.2</b>	
<b>Net Margin</b>	<b>10.6%</b>	<b>-61 bps</b>	<b>10.0%</b>	<b>12.2%</b>	<b>-62 bps</b>	<b>11.6%</b>	
<b>EBITDA</b>	<b>172.6</b>	<b>39.4</b>	<b>211.9</b>	<b>369.2</b>	<b>78.0</b>	<b>447.2</b>	
<b>EBITDA Margin</b>	<b>23.7%</b>	<b>540 bps</b>	<b>29.1%</b>	<b>25.8%</b>	<b>546 bps</b>	<b>31.3%</b>	

1. Rental costs and expenses were converted into Right of Use (Asset) and Financial Lease (Liabilities).
2. The Right of Use is being depreciated according to the average term of the lease contracts. We have adopted the average term of 10 years for real estate rental agreements.
3. The interest is calculated based on the obligation constituted in the Liabilities – Financial Lease. The percentage of interest is based on the debts issued by the company and the term of the lease contracts. The Price method was used to calculate interest.
4. The Current Income Tax and Social Contribution are impacted by the temporary reduction of Profit before Taxes and Social Contribution. The effective tax rate is not impacted by adoption.

<b>Balance Sheet Impacts IFRS 16 (R\$ million)</b>	<b>2Q19</b>	<b>IFRS 16</b>	<b>2Q19 IFRS 16</b>	<b>Note</b>
<b>Total current</b>	<b>1,042</b>		<b>1,042.4</b>	
Other non-current	58.1		58.1	
Investments				
Property and Equipment	756.3	0.0	756.3	
Intangible				
Right of use	0.0	996.9	996.9	1
<b>Total non-current</b>	<b>2,628.5</b>	<b>997.4</b>	<b>3,625.9</b>	
<b>Total assets</b>	<b>3,670.9</b>	<b>997.4</b>	<b>4,668.3</b>	
Other current Liabilities	394.7		394.7	
Financial lease	0.0	112.2	112.2	2
Trade accounts payable	173.7	0.1	173.8	
Tax Provision	9.1	-1.6	7.4	3
<b>Total current Liabilities</b>	<b>577.5</b>	<b>110.7</b>	<b>688.2</b>	
Other non-current Liabilities	1,381.4		1,381.4	
Financial lease	0.0	896.2	896.2	2
<b>Total non-current Liabilities</b>	<b>1,381.4</b>	<b>896.2</b>	<b>2,277.6</b>	
Other Equity	1,537.4		1,537.4	
Net Income	174.7	-9.5	165.2	4
<b>Total Equity</b>	<b>1,712.1</b>	<b>-9.5</b>	<b>1,702.6</b>	
<b>Total liabilities and equity</b>	<b>3,670.9</b>	<b>997.5</b>	<b>4,668.3</b>	

1. Rental agreements must be recognized as a lease, constituting an asset, classified as Right of Use (see explanatory note 15). The depreciation term was stipulated based on the validity of our rental and renewal contracts, for the cases that we have "reasonable certainty" of continuity (90% are real estate).
2. Rental agreements must be recognized as a financial lease, constituting a Lease liability, taking into account the obligations of future payments, both of which are brought to present value (see explanatory note 18). The term of amortization of the lease was stipulated based on the validity of our rental contracts (90% are real estate) and renewal, in cases that we have "reasonable certainty" of continuity.
3. Income Tax and Social Contribution impacted by temporary effect on net income mainly due to the recognition of interest and monetary adjustments associated to the leases.
4. Net income for the year is impacted by the temporary effects, mainly due to interest recognition (Price method) and monetary adjustments associated to the leases.

<b>Cash Flow Impacts IFRS 16 (R\$ million)</b>	<b>2Q19</b>	<b>IFRS 16</b>	<b>2Q19 IFRS 16</b>	<b>6M 2019</b>	<b>IFRS 16</b>	<b>6M 2019 IFRS 16</b>	<b>Note</b>
Net Income Before Change in Assets and Liabilities	198.3	37.0	235.3	424.3	76.6	500.9	1
Change in Assets and Liabilities	-27.4	-0.3	-27.7	-160.8	-0.3	-161.1	2
Income tax and social contribution paid	-43.8		-43.8	-66.7		-66.7	
<b>Operating Cash Flow</b>	<b>127.1</b>	<b>36.7</b>	<b>163.8</b>	<b>196.9</b>	<b>76.3</b>	<b>273.2</b>	
<b>Total Investment Activities</b>	<b>125.5</b>		<b>125.5</b>	<b>231.1</b>		<b>231.1</b>	
<b>Total Financing Activities</b>	<b>-249.6</b>	<b>-36.7</b>	<b>-286.2</b>	<b>-474.4</b>	<b>-76.3</b>	<b>-550.7</b>	1
<b>Cash Flow</b>	<b>3.0</b>		<b>3.0</b>	<b>-46.4</b>		<b>-46.4</b>	

1. Reclassification of leases (rentals) from operating activities to financing activities.

# FLEURY S.A. CONSOLIDATED

Balance Sheet as of June 30, 2019 and December 31, 2018 (In R\$ thousands) – IFRS16

	Consolidated	
	6/30/2019	12/31/2018
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	8,960	55,231
Marketable securities	291,410	753,651
Accounts receivable	607,591	505,424
Inventories	30,728	26,563
Taxes recoverable	24,447	12,267
IRPJ e CSLL recoverible	56,804	68,284
Credits receivable	-	240
Related Parties	199	199
Other assets	22,233	12,347
<b>Total current</b>	<b>1,042,372</b>	<b>1,434,206</b>
<b>Non-current</b>		
Credits receivable	-	7,980
Other assets	8,935	3,155
Deferred income tax and social contribution	8,665	-
Judicial deposits	40,462	40,921
<b>Total non-current</b>	<b>3,625,868</b>	<b>2,476,242</b>
<b>Total assets</b>	<b>4,668,240</b>	<b>3,910,448</b>
<b>Liabilities and equity</b>		
<b>Current</b>		
Financing	32,255	33,252
Debentures	178,431	182,962
Financial lease	112,240	610
Derivative financial instruments	150	170
Trade accounts payable	173,846	193,945
Payroll and related taxes payable	136,906	128,715
Taxes and contributions payable	28,139	29,405
IRPJ e CSLL payable	7,423	938
Accounts payable - company acquisition	14,052	15,039
Dividends payable	28	34,971
Other liability payable	4,715	4,693
<b>Total current</b>	<b>688,185</b>	<b>624,700</b>
<b>Non-current</b>		
Financing	61,763	76,295
Debentures	800,000	966,667
Financial lease	896,212	6,176
Deferred income tax and social contribution	389,344	391,701
Provision for tax, labor and civil risks	32,737	26,583
Taxes and contributions payable	23,635	24,338
Accounts payable - company acquisition	63,934	31,627
Other liability payable	9,846	-
<b>Total non-current</b>	<b>2,277,471</b>	<b>1,535,787</b>
<b>Equity</b>		
Share capital	1,420,751	1,419,136
Capital reserve - options granted recognized	29,401	26,259
Legal reserve	87,261	87,261
Retained earnings	-	217,305
Additional dividends proposed	165,171	-
<b>Total equity</b>	<b>1,702,584</b>	<b>1,749,961</b>
<b>Total liabilities and equity</b>	<b>4,668,240</b>	<b>3,910,448</b>

## FLEURY S.A. CONSOLIDATED

Income Statement as of as of June 30, 2019 and June 30, 2018 (In R\$ thousands, except Earnings per share) – IFRS16

	Consolidated	
	2Q19	2Q18
<b>Revenue from services rendered</b>	<b>728,692</b>	<b>673,417</b>
Cost of services rendered	(509,857)	(460,138)
	-	-
<b>Gross Profit</b>	<b>218,835</b>	<b>213,279</b>
Operating income (expenses)		
General and administrative	(83,929)	(74,652)
Other operating income (expenses), net	(7,771)	(3,197)
Provision for tax, labor and civil risks	545	(1,103)
Equity in the earnings (losses) of subsidiaries	(97)	202
	-	-
<b>Operating profit before financial result</b>	<b>127,583</b>	<b>134,529</b>
Financial income	7,777	10,057
Financial expenses	(35,930)	(24,901)
	-	-
<b>Financial result</b>	<b>(28,153)</b>	<b>(14,844)</b>
<b>Earnings before income tax and social contribution</b>	<b>99,430</b>	<b>119,685</b>
Income tax and social contribution:		
Current	(40,345)	(33,982)
Deferred	13,513	928
	-	-
<b>Profit for the period</b>	<b>72,598</b>	<b>86,631</b>
<b>Earnings per share attributable to owners of the Company</b>		
Basic earnings per share (weighted average)	<b>0.23</b>	<b>0.28</b>
Diluted earnings per share (weighted average)	<b>0.23</b>	<b>0.27</b>

## FLEURY S.A. CONSOLIDATED

Statements of Changes in Equity as of as of June 30, 2019 and June 30, 2018 (In R\$ thousands) – IFRS16

	Share Capital		Capital Reserve			Investment Reserve			Additional dividends proposed	Total Equity
	Share Capital	Share issue expenses	Options granted recognized	Revaluation reserve	Legal Reserve	Profit Reserve	Investment Reserve	Profit for the period		
<b>Balances on December 31, 2017</b>	<b>1,436,392</b>	<b>(22,784)</b>	<b>17,923</b>	<b>78</b>	<b>70,681</b>	<b>204,238</b>	-	-	-	<b>1,706,528</b>
Stock option plan	-	-	4,187	-	-	-	-	-	-	4,187
Profit for the period (R\$0,87 per share)	-	-	-	-	-	-	-	183,060	-	183,060
'Dividends	-	-	-	-	-	(204,238)	-	-	-	(204,238)
<b>Balances on December 31, 2018</b>	<b>1,441,920</b>	<b>(22,784)</b>	<b>26,259</b>	-	<b>87,261</b>	<b>217,305</b>	-	-	-	<b>1,749,961</b>
Capital increase	1,615	-	-	-	-	-	-	-	-	1,615
Legal reserve	-	-	3,142	-	-	-	-	-	-	3,142
Profit for the period	-	-	-	-	-	-	-	165,171	-	165,171
	-	-	-	-	-	(217,305)	-	-	-	-
	<b>1,443,535</b>	<b>(22,784)</b>	<b>29,401</b>	-	<b>87,261</b>	-	-	<b>165,171</b>	-	<b>1,702,584</b>

## FLEURY S.A. CONSOLIDATED

Statements of Cash Flow as of June 30, 2019 and June 30, 2018 (In R\$ thousands) – IFRS16

	Consolidated	
	2019	2018
<b>Profit for the period</b>	<b>72,598</b>	<b>86,631</b>
<b>Items not affecting cash:</b>		
Income tax and social contribution	26,833	33,098
Financial and expenses income	32,448	19,702
Depreciation and amortization	84,237	44,510
Equity in the earnings (losses) of subsidiaries	97	(201)
Stock option plan	1,465	2,032
Constitution (reversal) of provision for tax, labor and civil risks	(545)	1,102
Estimated losses with allowance for doubtful accounts	10,709	9,743
Profit sharing	6,565	8,938
Other	2,040	1,150
<b>Cash flows from operating activities before changes in assets and liabilities</b>	<b>236,446</b>	<b>206,705</b>
(Increase) decrease in accounts receivable	(52,939)	13,627
(Increase) decrease in inventories	(7,650)	(11,640)
(Increase) decrease in taxes recoverable	14,249	(1,476)
(Increase) decrease in judicial deposits	(419)	(217)
(Increase) decrease in other assets	5,963	(109)
Increase (decrease) in trade accounts payable	735	20,813
Increase (decrease) in payroll and related charges	11,032	18,859
Increase (decrease) in tax liabilities	(247)	(1,690)
Increase (decrease) in taxes paid in installments	(1,002)	(1,026)
(Increase) decrease in other liabilities	2,562	(876)
<b>Total variation in assets and liabilities</b>	<b>(27,716)</b>	<b>36,265</b>
Income tax and social contribution paid	(43,805)	(31,046)
<b>Net cash from operating activities</b>	<b>164,925</b>	<b>211,924</b>
Acquisition of property and equipment and intangible assets	(41,659)	(53,470)
Sale of fixed assets	2	768
Operations Marketable securities and interest earned	304,611	(382,336)
Redemption of marketable securities	-	-
Payments	(136,905)	(17,500)
Payments excepted cash	-	-
Related parties increase	(740)	(2,031)
Acquisition of	118	-
Interest earned from financial investments	7	3,255
<b>Net cash used in investing activities</b>	<b>125,434</b>	<b>(451,314)</b>
Borrowings and debentures	-	500,000
Settlement (principal) of financing and debentures	(7,266)	(8,770)
Interest paid in financing and debentures	(27,491)	(15,160)
Financial expenses paid	(516)	(1,336)
Derivative financial instruments	-	(269)
Leasing payments	(37,855)	-
Capital integralization	-	-
Dividends and / or interest on shareholders' equity	(217,304)	(204,238)
Dividends	-	-
Related parties increase	-	(56)
Operation risk taken out	3,023	-
<b>Net cash used in financing activities</b>	<b>(287,409)</b>	<b>270,171</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>2,950</b>	<b>30,781</b>
<b>Cash and cash equivalents</b>		
At the beginning of the period	6,010	191,491
At the end of the period	8,960	222,272
<b>Variation in cash and cash equivalents</b>	<b>2,950</b>	<b>30,781</b>

**FLEURY S.A. CONSOLIDATED**

Statements of Value Added as of June 30, 2019 and June 30, 2018 (In R\$ thousands) – IFRS16

	Consolidated	
	30/06/2019	30/06/2018
<b>Revenues</b>	<b>1,528,228</b>	<b>1,413,679</b>
Goods and products sold and services rendered	1,544,716	1,434,049
Estimated losses with allowance for doubtful accounts	(21,401)	(22,842)
Other revenue	4,913	2,472
<b>Inputs purchased from third parties</b>	<b>(553,717)</b>	<b>(502,459)</b>
Cost of goods and products sold and services rendered	(513,992)	(465,072)
Materials, electricity, outsourced services and others	(39,024)	(36,585)
Loss/recovery of asset values	(701)	(802)
<b>Gross value added</b>	<b>974,511</b>	<b>911,220</b>
Depreciation and amortization	(168,075)	(88,714)
<b>Net value added</b>	<b>806,436</b>	<b>822,506</b>
<b>Value added received through transfer</b>	<b>20,619</b>	<b>21,288</b>
Equity in the earnings (losses) of subsidiaries	(202)	522
Financial income	20,821	20,766
	-	-
<b>Total value added</b>	<b>827,055</b>	<b>843,794</b>
	-	-
<b>Distribution of value added</b>	<b>(827,055)</b>	<b>(843,794)</b>
<b>Personnel and charges</b>	<b>(342,708)</b>	<b>(313,374)</b>
Direct remuneration	(233,764)	(214,605)
Benefits	(88,967)	(80,120)
Charges	(19,977)	(18,649)
<b>Taxes, fees and contributions</b>	<b>(221,929)</b>	<b>(217,554)</b>
Federal	(174,379)	(174,775)
Municipalities	(47,550)	(42,779)
<b>Interest, rental and other operating expenses</b>	<b>(97,247)</b>	<b>(129,806)</b>
Interest	(72,610)	(45,370)
Rental	(9,943)	(77,439)
Other operating expenses	(14,694)	(6,997)
<b>Retained earnings</b>	<b>(165,171)</b>	<b>(183,060)</b>

# FLEURY S.A.

## Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

### Table of contents

#### Parent company and consolidated interim financial information

Statement of financial position .....	1
Statement of income .....	2
Statement of comprehensive income .....	3
Statement of changes in equity.....	4
Statement of cash flows .....	5
Statement of value added.....	6

#### Notes to the parent company and consolidated interim financial information

1. General information.....	8
2. Presentation of the financial statements and summary of the main accounting practices adopted .....	8
3. Risk management .....	13
4. Cash and cash equivalents .....	18
5. Marketable securities.....	18
6. Derivative financial instruments – Parent Company and Consolidated .....	19
7. Trade receivables.....	19
8. Inventories .....	20
9. Taxes recoverable.....	20
10. Judicial deposits.....	20
11. Investments .....	21
12. Property and equipment.....	22
13. Intangible assets.....	24
14. Right of use.....	26
15. Financing .....	27
16. Debentures – Parent Company and Consolidated.....	29
17. Lease.....	31
18. Trade payables .....	32
19. Payroll and related charges .....	32
20. Taxes and contributions payable.....	33
21. Accounts payable – Company acquisition.....	33
22. Other Liabilities .....	34
23. Income tax and social contribution – Deferred.....	34
24. Provision for tax, labor and civil risks .....	36
25. Related parties .....	38
26. Equity.....	40
27. Employee benefit.....	40
28. Revenue from services rendered.....	43
29. Cost of services.....	44
30. General and administrative expenses.....	44
31. Other operating revenue (expenses), net.....	45
32. Financial result.....	45
33. Earnings per share.....	47
34. Segment reporting.....	47
35. Insurance.....	48

## **FLEURY S.A.**

### **Notes to the parent company and consolidated interim financial information as of June 30, 2019**

**In thousands of Brazilian reais, unless otherwise stated**

---

## **1. General information**

### **1.1 – The Company**

Fleury S.A. (“Fleury”, “Parent Company” or “Company” and, jointly with its subsidiaries, “Grupo Fleury” or “Group”) is a publicly held company listed in the Novo Mercado special segment of B3 S.A. – Brasil, Bolsa e Balcão, under ticker “FLRY3”.

The Company is headquartered in the city of São Paulo and operates in the states of São Paulo, Rio de Janeiro, Rio Grande do Sul, Paraná, Bahia, Rio Grande do Norte and Pernambuco, and in the Federal District.

The Group’s purpose is to render medical services in the diagnostic, treatment, clinical analysis, health management and medical care areas.

On June 30, 2019, the Company had 216 patient service centers and 23 operations in hospitals in Brazil’s main economic centers, distributed across ten brands: Fleury, Weinmann, Clínica Felipe Mattoso, a+, Labs a+, Diagnoson a+, Serdil, Instituto de Radiologia de Natal (IRN), SantéCorpe and Lafe.

## **2. Presentation of the financial statements and summary of the main accounting practices adopted**

Grupo Fleury’s interim financial information was approved by the Board of Directors at a meeting held on July 24, 2019.

### **2.1. Basis of presentation**

#### **a) Parent company and consolidated interim financial information**

Fleury’s parent company and consolidated interim financial information for the period ended June 30, 2019 has been prepared in accordance with the Brazilian Accounting Pronouncement CPC 21 (R1) (Interim Financial Reporting) and the international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, and presented in conformity with the standards issued by the Brazilian Securities and Exchange Commission – CVM, applicable to the preparation of the Interim Financial Information Form – ITR.

The accounting practices and policies (which include measurement, recognition, and asset and liability assessment principles), in addition to the main accounting judgments and sources of uncertainties on the estimates adopted when preparing this interim financial information, are consistent with those adopted and disclosed in Note 2 of the annual financial statements referring to the year ended December 31, 2018, and, therefore, must be analyzed as a whole, except for the policies related to the impacts of first-time adoption of CPC 06 (R2) – IFRS 16, described on item 2.1 (e).

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

The parent company and consolidated interim financial information is presented in thousands of Brazilian reais (R\$), which is the Company's functional currency and Grupo Fleury's reporting currency.

#### b) Consolidation

The Company consolidates all the entities it controls, i.e. when it is exposed or has rights to variable returns and is able to manage important activities of the investee. Intercompany transactions, balances and unrealized gains and losses in intragroup transactions are eliminated. The subsidiaries' accounting practices are consistent with those adopted by the Company.

The consolidated financial information includes the balances of Fleury S.A., subsidiaries and special purpose entities represented by the exclusive investment funds, as shown below:

Company and subsidiaries:	Fleury S.A.'s interest held in the share capital %			Description
	Type	6/30/2019	12/31/2018	
Fleury Centro de Procedimentos Médicos Avançados ("Fleury CPMA")	Direct	100%	100%	Diagnostic imaging in certain hospitals
Serdil Serviço Especializado em Radiodiagnóstico Ltda.	Indirect	100%	100%	Diagnostic imaging
Instituto de Radiologia de Natal Ltda. ("IRN")	Indirect	100%	100%	Diagnostic imaging
Cardionuclear Natal Ltda. (Grupo IRN)	Indirect	100%	100%	Diagnostic imaging
Radiodonto Natal Ltda. (Grupo IRN)	Indirect	100%	100%	Diagnostic imaging
SantéCorp Ltda.	Indirect	100%	100%	Health management services
NewsCan Serviços Médicos S/A	Indirect	100%	-	Holding company controlling Lafe
Lafe Serviços Diagnósticos Ltda.	Indirect	100%	-	Clinical laboratories
<b>Exclusive investment funds:</b>				
Bradesco Fundo de Investimento em cotas de FI Renda Fixa Crédito Privado Exclusivo Beta	Direct	100%	100%	Exclusive investment fund
Santander FI Exclusivo Alpha Renda Fixa Crédito Privado Longo Prazo	Direct	100%	100%	Exclusive investment fund

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

#### c) Joint venture

Interest accounted for by the equity accounting method, as shown below:

Company	Type	Interest held in the share capital %		Description
		6/30/2019	12/31/2018	
Papaiz Associados Diagnóstico por Imagem S/A	Indirect	51%	51%	Dental radiology operation

#### d) Business combination

On May 30, 2019, Grupo Fleury signed the Instrument for the Execution of the Stock Purchase Agreement, acquiring 100% of the share capital of Newscan Serviços Médicos S.A., a company that holds an interest of 100% in Lafe Serviços Diagnósticos Ltda. (Grupo Lafe). Lafe is a company in the clinical analysis segment with 31 own units in the Rio de Janeiro State.

Grupo Lafe was acquired for R\$170,000, R\$137,000 of which paid in cash and R\$33,000 retained for purposes of adjusting the acquisition price/indemnification, with the following entry:

Current Liabilities	<u>3,000</u>
Noncurrent Liabilities	<u>30,000</u>

#### Identifiable net assets acquired and goodwill

The estimate of the allocation of the consideration/amount paid was based on a preliminary assessment of the fair value of the net assets acquired from Newscan/Lafe on May 30, 2019 (date in which the control was acquired).

The fair value of the identifiable assets acquired and the assumed liabilities in the business combination were estimated based on the present value adjustment and replacement cost. The fair value was estimated using the present value adjustment, based on the Selic rate of 6.5% p.a.

The assets and liabilities acquired and recognized on the acquisition date are as follows:

#### Balance on 5/31/2019 – Consolidated

<u>Assets</u>		<u>Liabilities</u>	
Cash and cash equivalents	138	Trade payables	4,826
Trade receivables	9,669	Tax obligations	2,309
Other assets	7,066	Labor obligations	2,050
Property and equipment and intangible assets	3,759	Other liabilities	277
Right of us	<u>23,156</u>	Finance lease	<u>23,401</u>
<b>Total assets (i)</b>	<b>43,788</b>	<b>Total liabilities (ii)</b>	<b>32,863</b>

**(i-ii) Equity** **10,925**

**FLEURY S.A.****Notes to the parent company and consolidated interim financial information as of June 30, 2019****In thousands of Brazilian reais, unless otherwise stated**

The estimate of the allocation of the consideration transferred is as follows:

<b>Gross acquisition price</b>	<b>170,000</b>
(+/-) Adjustment to the acquisition price	(3,724)
<b>Adjusted acquisition price</b>	<b>166,276</b>
<b>Equity</b>	<b>10,925</b>
Positive and negative surplus value of property and equipment, net	(1,151)
Provision for Civil risks with possible loss	(171)
<b>Equity – fair value</b>	<b>9,603</b>
<b>Goodwill</b>	<b><u>156,673</u></b>

**e) Changes in the main accounting policies****CPC 06 (R2) / IFRS 16 – Leases**

The term of the revision of this pronouncement started on and was adopted by Grupo Fleury in the fiscal year beginning on January 1, 2019, with the simplified retrospective transition approach.

IFRS 16 establishes that lease agreements must be recognized as lease, constituting an asset classified as right of use versus a lease liability.

In adopting IFRS 16, the group recognized as liability leases that had already been classified as “operating leases”, according to IAS 17 - Leases. These liabilities were measured at the present value of the remaining payments discounted through the Company’s weighted average incremental borrowing rate on the adoption date, corresponding to 4.85% and varying according to the term of each contract.

The balances recognized in the statement of financial position and statement of income correspond to the leases, as follows:

	Note	Parent Company		Consolidated	
		<u>6/30/2019</u>	<u>1/01/2019</u> <u>(First-time adoption)</u>	<u>6/30/2019</u>	<u>1/01/2019</u> <u>(First-time adoption)</u>
<b>Right-of-use assets</b>					
Properties (a)	14	834,961	847,233	876,592	866,752
Machinery and equipment	14	105,878	90,372	105,878	90,372
IT equipment	14	9,417	10,619	9,587	10,811
Vehicles	14	4,874	6,428	4,874	6,428
		<b><u>955,130</u></b>	<b><u>954,652</u></b>	<b><u>996,931</u></b>	<b><u>974,363</u></b>
	Note	Parent Company		Consolidated	

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

<b>Lease liabilities</b>		<u>6/30/2019</u>	<u>1/01/2019</u> <u>(First-time</u> <u>adoption)</u>	<u>6/30/2019</u>	<u>1/01/2019</u> <u>(First-time</u> <u>adoption)</u>
Properties (a)	17	844,924	847,233	887,036	866,752
Machinery and equipment	17	106,795	90,372	106,795	90,372
IT equipment	17	9,528	10,619	9,700	10,811
Vehicles	17	<u>4,921</u>	<u>6,428</u>	<u>4,921</u>	<u>6,428</u>
		<u><b>966,168</b></u>	<u><b>954,652</b></u>	<u><b>1,008,452</b></u>	<u><b>974,363</b></u>

(a) The increase in lease liabilities is mainly related to the consolidation of Lafe, acquired in the quarter, corresponding to approximately R\$23,000.

#### Balances recognized in the statement of income:

	<u>Note</u>	<u>Parente Company</u>	<u>Consolidated</u>
		<u>6/30/2019</u>	<u>6/30/2019</u>
<b>Depreciation</b>			
Properties	29/30	52,544	53,588
Machinery and equipment	29/30	7,334	7,334
Vehicles	29/30	1,554	1,554
IT equipment	29/30	<u>1,202</u>	<u>1,224</u>
		<u><b>62,634</b></u>	<u><b>63,700</b></u>
<b>Interest from leases</b>	32	25,877	26,416

#### Group's lease activities

The Company has lease operations of several assets, such as properties, equipment and vehicles. Lease agreements are usually carried out for fixed periods of five years (mainly properties); however, they may be extended, as described in the item below. Lease periods are individually negotiated and have a wide range of different terms and conditions. Lease agreements do not have covenants, but the leased assets cannot be used to collateralize borrowings.

#### ICPC22 - Uncertainty over Income Tax Treatments

Effective as from January 1, 2019, ICPC 22 specifies disclosure requirements for uncertainties related to taxes on current and deferred income (assets and liabilities) and should be applied pursuant to the effective law.

Management assessed the procedures adopted for calculation of the Company's and its subsidiaries' current and deferred income tax and social contribution and concluded that there is no uncertainties over the tax treatment in accordance with the effective tax law.

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

### 3. Risk management

The main risk factors the Company and its subsidiaries are exposed to are financial and operating risks, including market, foreign exchange, interest rate, credit and liquidity risks. These risks are inherent to the Company's activities and are managed through internal controls and policies.

The policies set forth are supervised and monitored through monthly managerial reports.

#### Fair value hierarchy

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

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

#### a) Accounting classification and fair values

Financial assets				Consolidated
	Level 1	Level 2	Level 3	Total
Cash equivalents and marketable securities	6,668	293,702	-	300,370
<b>Financial liabilities</b>				
Financing and debentures	-	(1,069,426)	-	(1,069,426)
Confirming operation	-	(3,023)	-	(3,023)
Derivative financial instruments	-	(150)	-	(150)
Finance lease	-	(1,008,452)	-	(1,008,452)
<b>June 30, 2019</b>	<u>6,668</u>	<u>(1,787,349)</u>	<u>-</u>	<u>(1,780,681)</u>
<b>December 31, 2018</b>	4,396	(461,646)	-	(457,250)

Given the nature of the balances, we assume that the fair value of the Company's financial instruments is close to the carrying amount. The comparison between the recorded amounts and the fair values did not show differences material enough to be disclosed.

#### b) Capital management

Grupo Fleury monitors its capital based on the consolidated financial leverage ratio, which corresponds to net debt divided by equity.

**FLEURY S.A.****Notes to the parent company and consolidated interim financial information as of June 30, 2019**

In thousands of Brazilian reais, unless otherwise stated

Financial leverage ratio

	<b>Consolidated</b>	
	<u>6/30/2019</u>	<u>12/31/2018</u>
Financing and debentures	1,069,426	1,255,173
Confirming operation	3,023	4,003
Accounts payable from acquisitions	77,986	46,666
Cash and cash equivalents	(8,960)	(55,231)
Short-term investments (marketable securities)	<u>(291,410)</u>	<u>(753,651)</u>
<b>Net debt</b>	<b>850,065</b>	<b>496,960</b>
Equity	1,702,584	1,749,961
<b>Financial leverage ratio</b>	<b>0.50</b>	<b>0.28</b>

**c) Financial and market risks**Exchange rate risk

The Company and its subsidiaries have trade receivables and trade payables denominated in foreign currency (mainly in U.S. dollars). The risk related to these assets and liabilities arises from the possibility of Grupo Fleury incurring losses due to exchange rate variations.

	<b>Consolidated – R\$ '000</b>	
	<u>6/30/2019</u>	<u>12/31/2018</u>
Current liabilities	685,888	624,700
Foreign supplier	852	813
<b>Exposure to risk</b>	<b><u>0.12%</u></b>	<b><u>0.13%</u></b>
	<u>6/30/2019</u>	<u>12/31/2018</u>
Trade receivables	607,591	505,424
Foreign supplier	1,302	558
<b>Exposure to risk</b>	<b><u>0.21%</u></b>	<b><u>0.11%</u></b>

The Parent Company contracted derivative financial instruments to hedge against exchange rate fluctuations when acquiring products and services in foreign currency.

Below, the Company's net exposure on June 30, 2019 (US\$1.00 - R\$3.8322) and December 31, 2018 (US\$1.00 - R\$3.8748):

	<b>Consolidated</b>			
	<u>6/30/2019</u>		<u>12/31/2018</u>	
	<u>US\$ '000</u>	<u>R\$ '000</u>	<u>US\$ '000</u>	<u>R\$ '000</u>
Trade receivables	340	1,302	144	558
Trade payables	(222)	(852)	(210)	(813)
Derivatives (Note 6)	<u>1,464</u>	<u>5,610</u>	<u>(44)</u>	<u>(170)</u>
<b>Net exposure</b>	<b><u>1,582</u></b>	<b><u>6,060</u></b>	<b><u>(110)</u></b>	<b><u>(425)</u></b>

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

#### Interest rate risk

The Company has financing in domestic currency subject to interest rates pegged to indices, including the CDI interbank rate, as well as balances of updated taxes paid in installments indexed to the benchmark interest rate (SELIC). The risk inherent in these liabilities arises from the possibility of fluctuations in these rates with an impact on cash flows. The Company and its subsidiaries do not have derivative contracts to hedge this risk because they believe that the risk is mitigated by the existence of assets indexed to the CDI (financial investments).

#### Credit risk

Grupo Fleury is exposed to credit risk in its operating activities, which is reflected in the statement of financial position under Trade receivables. See Note 7.

The Company and its subsidiaries are also subject to credit risks related to their operations with financial institutions, represented by bank deposits, financial investments and derivative instruments. In Management's opinion, the risk is low since these operations are carried out with top-tier banks and there are treasury policies with specific limits for the allocation of funds.

#### Liquidity risk

Grupo Fleury's cash flow estimate is carried out by the Finance Department. This area monitors the continuous estimates of Grupo Fleury's liquidity requirements to ensure it has sufficient funds to meet its operating needs. It also maintains enough free space available in its credit lines at any time, so that Grupo Fleury is in compliance with the limits and covenants of financing and debentures (when applicable) in all its credit lines. This estimate takes into consideration the Group's financing plans, compliance with covenants and internal balance sheet ratio targets and, if applicable, legal or external regulatory requirements, such as currency restrictions.

The surplus cash maintained by the operating entities, in addition to the balance required to manage working capital, is used in investments with proper maturities or with liquidity sufficient to provide the necessary margin determined by the abovementioned estimates.

The table below analyzes Grupo Fleury's liabilities and financial instruments by maturity date, corresponding to the period remaining in the statement of financial position until the contractual maturity date. The amounts disclosed represent the undiscounted cash flows contracted and, therefore, cannot be reconciled with the carrying amounts.

	<b>Consolidated</b>					
	<u>Carrying amount</u>	<u>Contracted amount</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
<b>June 30, 2019</b>						
Debentures	978,431	1,141,879	232,857	303,929	605,093	-
Financing	90,995	97,698	32,451	29,585	35,662	-
Confirming operation	3,023	3,023	3,023	-	-	-
Finance lease	1,008,452	1,276,995	164,556	319,426	405,329	387,684
Trade payables	173,846	173,846	173,846	-	-	-

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

---

Accounts payable – company acquisition	77,986	77,986	12,881	16,442	43,501	5,162
Derivatives	150	150	150	-	-	-
Other payables	14,561	14,561	4,480	3,048	7,033	-

#### d) Management of operating risks

With the aim of properly managing its operating risks, Grupo Fleury has striven to establish a governance structure that involves the Senior Management, including the structuring of the Risk Management and Internal Audit departments and ensuring the involvement of all leadership positions in implementing initiatives to reduce the Company's exposure to this type of risk, ensuring this commitment through incentives suitable to the organization's reality.

The main initiatives carried out by the Company to properly manage operating risks include:

- a) Biannual cycle of internal audit, covering the Company's main processes;
- b) Mapping and documentation of internal controls and risks;
- c) Internal procedures and policies;
- d) Periodic review of the risk portfolio;
- e) Monitoring of internal controls;
- f) Business continuity plans;
- g) Training of employees and third parties;
- h) Clear definition of scopes; and
- i) Implementation of initiatives to reduce exposure to risks, including the contracting of insurance, when applicable.

All these measures are monitored and periodically reported to the Audit and Risk Management Committee established by Grupo Fleury's Board of Directors, which instructs and oversees Management during this process.

#### e) Environmental risk

The Company implements the following procedures in order to mitigate socio-environmental risks:

**Waste:** Risks related to potential inappropriate disposal of waste generated by operations. In order to mitigate that, Fleury created a waste management system based on legal requirements and voluntary commitments assumed by the Company. The program includes the implementation of work policies and instructions focused on the issue, the setting of annual targets to reduce waste generation, training programs and campaigns to raise employees' awareness, and continuous monitoring of disposal processes through indicators and based on internal audits.

**Natural resources:** Possible risks associated with reduced availability of natural resources. In this regard, the Company sets annual targets to reduce water and electricity consumption and implements employee continuing education programs and eco-efficiency measures designed to reduce the consumption of these resources, including the search for technology solutions to reduce water consumption and diversification of the Group's energy matrix. The Company's climate change program reinforces these initiatives.

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

Suppliers: In order to reduce supply chain risks, Grupo Fleury has defined socio-environmental and compliance criteria to qualify and evaluate suppliers, including the adoption of evaluation surveys and the search for legal documentation. Moreover, suppliers are required to sign the Citizenship and Sustainability agreement and the Anti-corruption attachment when they are contracted. The sustainability and compliance performance of critical suppliers is monitored through the Program of Excellence in Supply Chain Relationship (PERC).

#### f) Statement of sensitivity analysis

##### Sensitivity analysis for changes in exchange rate

The Finance Department periodically assesses the risk of exposure to variations in the U.S. dollar.

In order to calculate the probable scenario, the Company used the exchange rate at the closing of this interim financial information (US\$1.00 – R\$3.8322). These instruments are already recorded at fair value through profit or loss (probable scenario) and, therefore, there are no effects for this scenario. In the “Possible” and “Remote” scenarios of depreciation of the dollar against the real, the exchange rate was increased by 25% and 50%, respectively, before taxes:

	<u>Maturity</u>	<u>Risk</u>	<u>Possible (25%)</u>	<u>Remote (50%)</u>
Trade receivables	2019	US\$ depreciation	(326)	(651)
Trade payables	2019	US\$ appreciation	213	426
Derivative financial instruments	2019	US\$ depreciation	<u>(1,403)</u>	<u>(2,806)</u>
<b>Net effect</b>			<b><u>(1,516)</u></b>	<b><u>(3,031)</u></b>

##### Sensitivity analysis for changes in interest rate

In order to calculate the probable scenario, the Company used the reference rates obtained from the BM&FBOVESPA on June 30, 2019. The “Possible” and “Remote” scenarios consider increases of 25% and 50%, respectively. The results, in nominal amounts, are as follows, and debenture interest expenses are calculated until the end of each indexed contract.

		<u>Probable</u>	<u>Possible</u>	<u>Remote</u>
	CDI (p.a.)	6.40%	6.40% +25%	6.40% +50%
	<b>Accounting balance</b>	<b>Probable</b>	<b>Possible</b>	<b>Remote</b>
Financial investments classified as Cash and cash equivalents	2,292	147	37	73
Financial investments classified as Marketable securities	291,410	18,650	4,663	9,325
Debentures	<u>(978,431)</u>	<u>(62,620)</u>	<u>(15,655)</u>	<u>(31,310)</u>
Net exposure in CDI	<b><u>(684,729)</u></b>	<b><u>(43,823)</u></b>	<b><u>(10,955)</u></b>	<b><u>(21,912)</u></b>

**FLEURY S.A.****Notes to the parent company and consolidated interim financial information as of June 30, 2019**

In thousands of Brazilian reais, unless otherwise stated

**4. Cash and cash equivalents**

	Parent Company		Consolidated	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
Cash and banks	5,156	4,413	6,668	4,396
Cash equivalents:				
Financial bills	-	4,700	2,292	4,726
Repurchase agreements (i)	-	<u>43,227</u>	-	<u>46,109</u>
	-	47,927	2,292	50,835
	<b><u>5,156</u></b>	<b><u>52,340</u></b>	<b><u>8,960</u></b>	<b><u>55,231</u></b>

(i) The repurchase investments were remunerated at an average rate of 99.5% of the CDI and the automatic investments were remunerated at an average weighted rate of 20% of the CDI in 2018.

**5. Marketable securities**

	Parent Company		Consolidated	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
Government bonds (LFTN)	-	164,114	-	164,999
Fund quotas – indexed to the DI rate (i)	222,060	552,323	289,466	587,206
Secured short-term investments	<u>1,944</u>	<u>1,446</u>	<u>1,944</u>	<u>1,446</u>
	<b><u>224,004</u></b>	<b><u>717,883</u></b>	<b><u>291,410</u></b>	<b><u>753,651</u></b>

(i) Refer to Fund quotas – indexed to the DI rate, remunerated at an average weighted rate of 99.64% of the CDI in the first six months of 2019 and 102.5% of the CDI in 2018.

**Short-term investments balance activity schedule (\*)**

	Parent Company		Consolidated	
	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Opening balance	765,810	670,094	804,486	670,566
Investment	780,432	1,255,217	837,901	1,308,178
Acquisition of control - IRN	-	-	-	18,523
Earnings	17,271	18,244	18,734	18,587
Redemption	<u>(1,339,509)</u>	<u>(1,102,295)</u>	<u>(1,367,419)</u>	<u>(1,136,036)</u>
	<b><u>224,004</u></b>	<b><u>841,260</u></b>	<b><u>293,702</u></b>	<b><u>879,818</u></b>

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

(\*) Fixed term deposits, repurchase agreements, government bonds and other financial investments classified as cash and cash equivalents and marketable securities.

## 6. Derivative financial instruments – Parent Company and Consolidated

Pursuant to the Treasury policy, the Parent Company contracts derivative financial instruments to cover future disbursements with outsourced services and medical equipment. On June 30, the contracted position totaled R\$1,464, with an average rate of R\$3.99 and maturities between September 2019 and March 2020.

## 7. Trade receivables

### a) Balance breakdown

	Parent Company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Billed amounts	493,451	432,177	513,568	438,521
Amounts to be billed	<u>110,461</u>	<u>79,048</u>	<u>120,976</u>	<u>90,694</u>
	<b>603,912</b>	<b>511,225</b>	<b>634,544</b>	<b>529,215</b>
Estimated losses with disallowances and doubtful accounts	<u>(23,801)</u>	<u>(23,234)</u>	<u>(26,953)</u>	<u>(23,791)</u>
<b>Total receivable</b>	<b><u>580,111</u></b>	<b><u>487,991</u></b>	<b><u>607,591</u></b>	<b><u>505,424</u></b>

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Current	509,642	447,404	535,532	465,161
Past due:				
Up to 120 days	55,762	29,973	58,457	30,170
121 to 360 days	25,456	24,345	25,946	24,357
Over 361 days	<u>13,052</u>	<u>9,503</u>	<u>14,609</u>	<u>9,527</u>
	<b><u>603,912</u></b>	<b><u>511,225</u></b>	<b><u>634,544</u></b>	<b><u>529,215</u></b>

### Changes of estimated losses with disallowances and doubtful accounts

	Parent Company		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Balance at the beginning of the period	(23,234)	(19,213)	(23,791)	(19,213)
Write-off of uncollectible instruments	20,435	19,730	20,454	19,748
Addition due to acquisition of subsidiary	-	-	(2,215)	(459)

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

Additions of disallowances and doubtful accounts (Notes 28 and 31)	<u>(21,002)</u>	<u>(19,606)</u>	<u>(21,401)</u>	<u>(19,622)</u>
<b>Balance at the end of the period</b>	<b><u>(23,801)</u></b>	<b><u>(19,089)</u></b>	<b><u>(26,953)</u></b>	<b><u>(19,546)</u></b>

Estimates with expected credit losses are recorded based on the historical average of loss. In percentages ranging between 0.1% and 1% for short-term receivables and 100% for receivables overdue more than 240 days.

The criterion to provision disallowances corresponds to 1% of the Group's gross revenue less revenue from the business segments that are not subject to disallowances (check-up customers, hospitals and private customers).

The Company and its subsidiaries have a certain degree of concentration in their customer portfolio (legal entities). On June 30, 2019, the six main customers accounted for 65.15% of the total portfolio (63.93% on December 31, 2018).

## 8. Inventories

	Parent Company		Consolidated	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
Diagnostic kits	17,451	13,962	17,484	13,994
Collection and nursing material	5,520	6,383	6,351	7,013
Auxiliary laboratory materials	4,303	3,434	4,321	3,440
Administrative, promotional and other types of material	<u>2,013</u>	<u>2,094</u>	<u>2,572</u>	<u>2,116</u>
	<b><u>29,287</u></b>	<b><u>25,873</u></b>	<b><u>30,728</u></b>	<b><u>26,563</u></b>

## 9. Taxes recoverable

	Parent Company		Consolidated	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
Social security tax (INSS)	12,477	2,549	12,511	2,575
Social Integration Program Tax on Revenue (PIS) and Social Security Financing Tax on Revenue (COFINS)	6,868	6,714	7,165	6,971
Tax on services (ISS)	<u>4,701</u>	<u>2,656</u>	<u>4,771</u>	<u>2,721</u>
	<b><u>24,046</u></b>	<b><u>11,919</u></b>	<b><u>24,447</u></b>	<b><u>12,267</u></b>

## 10. Judicial deposits

### Noncurrent assets

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

On June 30, 2019, judicial deposits totaled R\$39,782 at the Parent Company (R\$40,316 on December 31, 2018) and R\$40,462 in the Consolidated (R\$40,921 on December 31, 2018) and refer to lawsuits classified as remote or possible loss by the Company's legal counsel and for which, therefore, a provision for contingencies has not been recorded. Among these claims is an amount of R\$11,164 related to ICMS tax levied on equipment imports (Note 24).

#### Noncurrent liabilities

Judicial deposits referring to lawsuits considered as probable loss are recorded under noncurrent liabilities, reducing the balance of the related provision by R\$8,975 on June 30, 2019 (R\$8,678 on December 31, 2018). Judicial deposits also included R\$1,523 related to ISS tax described in Note 20, in the "Other" item, net of the obligation in the same amount.

## 11. Investments

	Parent Company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Fleury CPMA (direct subsidiary)	348,824	166,647	1,288	-
Papaiz (joint venture)	=	=	10,812	10,399
	<b>348,824</b>	<b>166,647</b>	<b>12,100</b>	<b>10,399</b>
Others	3,336	1,532	3,336	1,881
	<b>352,160</b>	<b>168,179</b>	<b>15,436</b>	<b>12,280</b>

Subsidiary/joint ventures	Reference date	% of interest in the paid-up capital	Number of shares of capital stock	Equity	Profit (loss) for the period
Fleury CPMA	6/30/2019	100%	386,065	347,473	752
	12/31/2018	100%	204,640	165,296	8,667
Serdil	6/30/2019	100%	14,867	10,377	41
	12/31/2018	100%	13,773	9,242	(2,786)
Papaiz	6/30/2019	51%	1,466	4,935	(202)
	12/31/2018	51%	1,466	4,547	900
IRN	6/30/2019	100%	11,423	21,021	412
	12/31/2018	100%	7,000	17,319	4,393
Cardionuclear Natal	6/30/2019	100%	250	2,940	359
	12/31/2018	100%	250	2,581	(362)
Radiodonto Natal	6/30/2019	100%	10	91	98
	12/31/2018	100%	10	(8)	14
SantéCorp	6/30/2019	100%	417	236	(163)
	12/31/2018	100%	135	195	17
Grupo Lafe	5/31/2019	100%	48,829	10,925	-
	12/31/2018	100%	-	-	-

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

Changes in investment balances						
Parent Company	Investees	Balance on 12/31/2018	Acquisition (a)	Equity in the earnings (losses) of subsidiaries	Other changes (b)	Balance on 6/30/2019
Fleury S.A.	Fleury CPMA	166,647	174,964	752	6,461	348,824
Fleury S.A.	Others	1,532	1,334	-	470	3,336
<b>Subtotal Parent Company</b>		<b>168,179</b>	<b>176,298</b>	<b>752</b>	<b>6,931</b>	<b>352,160</b>
Fleury CPMA	Papaiz	10,399	615	(202)	-	10,812
Fleury CPMA	IRN	-	-	-	700	700
Fleury CPMA	SantéCorp	-	-	-	19	19
Fleury S.A.	Grupo Lufe	-	-	-	569	569
Fleury S.A.	Others (a)	1,881	1,334	-	121	3,336
<b>Subtotal Consolidated</b>		<b>12,280</b>	<b>1,949</b>	<b>(202)</b>	<b>1,409</b>	<b>15,436</b>

(a) Investment in the startup Qure, jointly with Grupo Sabin, and acquisition of Grupo Lufe.

(b) Substantially represented by advance for future capital increase (AFAC).

## 12. Property and equipment

	Average annual depreciation rate %	Parent Company			
		6/30/2019			12/31/2018
		Cost	Accumulated depreciation	Net balance	Net balance
Machinery and equipment	8	662,434	(302,701)	359,733	334,502
Leasehold improvements	20	324,099	(141,533)	182,566	174,654
Facilities	10	277,386	(187,313)	90,073	97,833
IT equipment	20	89,283	(62,765)	26,518	26,678
Properties	2	28,026	(5,749)	22,277	27,318
Construction in progress (expansion)	-	16,807	-	16,807	67,561
Land	-	13,637	-	13,637	16,123
Furniture and fixtures	10	48,866	(36,107)	12,759	12,863
		<b>1,460,538</b>	<b>(736,168)</b>	<b>724,370</b>	<b>757,532</b>
	Average annual depreciation rate %	Consolidated			
		6/30/2019			12/31/2018
		Cost	Accumulated depreciation	Net balance	Net balance
Machinery and equipment	8	722,907	(347,001)	375,906	353,207
Leasehold improvements	20	328,220	(142,360)	185,860	176,898
Facilities	10	281,465	(189,058)	92,407	99,875

**FLEURY S.A.**
**Notes to the parent company and consolidated interim financial information as of June 30, 2019**
**In thousands of Brazilian reais, unless otherwise stated**

IT equipment	20	93,563	(65,552)	28,011	27,609
Construction in progress (expansion)	-	24,386	-	24,386	68,084
Properties	2	28,026	(5,749)	22,277	27,318
Furniture and fixtures	10	51,772	(37,984)	13,788	13,567
Land	-	13,637	-	13,637	16,123
Vehicles	20	89	(40)	49	-
		<b><u>1,544,065</u></b>	<b><u>(787,744)</u></b>	<b><u>756,321</u></b>	<b><u>782,681</u></b>

Changes in property and equipment are shown below:

<b>Changes Parent Company (2018 – 2019)</b>						
	Balance on 12/31/2018	Additions	Net write-offs	Depreciation	Reclass / Transfers (a)	Balance on 6/30/2019
Machinery and equipment	334,502	24,297	(117)	(25,959)	27,010	359,733
Leasehold improvements	174,654	7,180	(9)	(26,743)	27,484	182,566
Facilities	97,833	2,071	(55)	(12,253)	2,477	90,073
IT equipment	26,678	2,640	(257)	(4,272)	1,729	26,518
Properties	27,318	-	-	(234)	(4,807)	22,277
Construction in progress (expansion)	67,561	16,087	-	-	(66,841)	16,807
Land	16,123	-	-	-	(2,486)	13,637
Furniture and fixtures	<u>12,863</u>	<u>521</u>	<u>(35)</u>	<u>(1,380)</u>	<u>790</u>	<u>12,759</u>
	<b><u>757,532</u></b>	<b><u>52,796</u></b>	<b><u>(473)</u></b>	<b><u>(70,841)</u></b>	<b><u>(14,644)</u></b>	<b><u>724,370</u></b>

<b>Changes Consolidated (2018 – 2019)</b>								
	Balance on 12/31/2018	Acquisition of subsidiary (b)	Negative/ positive surplus value (b)	Additions	Write-offs	Depreciation	Reclass / Transf (a)	Balance on 6/30/2019
Machinery and equipment	353,207	693	-	24,395	(117)	(29,404)	27,132	375,906
Leasehold improvements	176,898	2,297	(1,556)	7,666	(9)	(27,015)	27,579	185,860
Facilities	99,875	195	69	2,088	(55)	(12,396)	2,631	92,407
IT equipment	27,609	136	94	2,673	(262)	(4,439)	2,200	28,011
Construction in progress (expansion)	68,084	-	-	25,291	-	-	(68,989)	24,386
Properties	27,318	-	-	-	-	(234)	(4,807)	22,277
Furniture and fixtures	13,567	121	225	524	(35)	(1,305)	691	13,788
Land	16,123	-	-	-	-	-	(2,486)	13,637
Vehicles	-	32	17	-	-	-	-	49
	<b><u>782,681</u></b>	<b><u>3,474</u></b>	<b><u>(1,151)</u></b>	<b><u>62,637</u></b>	<b><u>(478)</u></b>	<b><u>(74,793)</u></b>	<b><u>(16,049)</u></b>	<b><u>756,321</u></b>

(a) Represented by changes between Property and equipment and Intangible assets. The residual amount of approximately R\$7,000 refers to the reclassification of the existing finance lease in 2018 into Right of use.

(b) Acquisition of control and negative/positive surplus value of Lafa.

**FLEURY S.A.**

**Notes to the parent company and consolidated interim financial information as of June 30, 2019**

**In thousands of Brazilian reais, unless otherwise stated**

	<b>Changes Parent Company (2017 – 2018)</b>					Balance on 6/30/2018
	Balance on 31/12/2017	Additions	Net write-offs	Depreciation	Reclass/ Transfers	
Machinery and equipment	263,390	20,160	(464)	(22,811)	6,974	267,249
Leasehold improvements	162,564	14,934	(119)	(20,363)	1,339	158,355
Facilities	112,946	1,628	(113)	(12,258)	425	102,628
Properties	27,867	-	-	(274)	-	27,593
Construction in progress (expansion)	17,499	19,518	-	-	(12,014)	25,003
IT equipment	21,534	2,473	-	(3,828)	226	20,405
Land	16,123	-	-	-	-	16,123
Furniture and fixtures	<u>11,381</u>	<u>1,003</u>	<u>(33)</u>	<u>(1,363)</u>	<u>1,648</u>	<u>12,636</u>
	<b><u>633,304</u></b>	<b><u>59,716</u></b>	<b><u>(729)</u></b>	<b><u>(60,897)</u></b>	<b><u>(1,402)</u></b>	<b><u>629,992</u></b>

	<b>Changes Consolidated (2017 – 2018)</b>						Balance on 6/30/2018
	Balance on 31/12/2017	Acquisition of subsidiary (a)	Additions	Net write-offs	Depreciation	Reclass / Transf	
Machinery and equipment	270,520	9,816	20,365	(463)	(23,974)	7,510	283,774
Leasehold improvements	162,564	-	14,933	(119)	(20,363)	1,340	158,355
Facilities	114,167	22	2,439	(113)	(12,258)	449	104,706
Properties	27,867	-	-	-	(274)	-	27,593
Construction in progress (expansion)	17,499	-	19,518	-	-	(12,014)	25,003
IT equipment	21,651	66	2,947	-	(3,828)	204	21,040
Land	16,123	-	-	-	-	-	16,123
Furniture and fixtures	<u>11,529</u>	<u>305</u>	<u>1,055</u>	<u>(33)</u>	<u>(1,363)</u>	<u>1,537</u>	<u>13,030</u>
	<b><u>641,920</u></b>	<b><u>10,209</u></b>	<b><u>61,257</u></b>	<b><u>(728)</u></b>	<b><u>(62,060)</u></b>	<b><u>(974)</u></b>	<b><u>649,624</u></b>

(a) Acquisition of the control of Grupo IRN.

**13. Intangible assets**

	Average annual amortization rate - %	<b>Parent Company</b>			Net balance
		6/30/2019		12/31/2018	
		Cost	Accumulated amortization	Net balance	Net balance
Goodwill	-	1,342,222	(44,413)	1,297,809	1,297,809
Licenses and software developed/acquired	20	340,104	(195,580)	144,524	140,535
Customer contracts	10	154,387	(119,650)	34,737	42,456
Intangible assets in progress (software and products)	-	29,169	-	29,169	20,666
Trademarks and patents	7	13,226	(8,262)	4,964	5,429
Products internally developed	-	4,264	-	4,264	3,978
		<b><u>1,883,372</u></b>	<b><u>(367,905)</u></b>	<b><u>1,515,467</u></b>	<b><u>1,510,873</u></b>

**FLEURY S.A.**

**Notes to the parent company and consolidated interim financial information as of June 30, 2019**

**In thousands of Brazilian reais, unless otherwise stated**

	Average annual amortization rate - %	Consolidated			
		6/30/2019		12/31/2018	
		Cost	Accumulated amortization	Net balance	Net balance
Goodwill	-	1,615,681	(44,414)	1,571,267	1,409,631
Licenses and software developed/acquired	20	345,205	(198,303)	146,902	140,953
Customer contracts	10	158,873	(122,059)	36,814	42,457
Intangible assets in progress (software and products)	-	29,384	-	29,384	21,120
Trademarks and patents	7	20,565	(10,078)	10,487	11,086
Products internally developed	-	4,264	-	4,264	3,978
		<b><u>2,173,972</u></b>	<b><u>(374,854)</u></b>	<b><u>1,799,118</u></b>	<b><u>1,629,225</u></b>

Changes in intangible assets are shown below:

	Changes Parent Company (2018 – 2019)					
	Balance on 12/31/2018	Additions	Write- offs	Amortization	Reclass / Transf (a)	Balance on 6/30/2019
Goodwill	1,297,809	-	-	-	-	1,297,809
Licenses and software developed/acquired	140,535	11,719	(19)	(20,951)	13,240	144,524
Customer contracts	42,456	-	-	(7,719)	-	34,737
Intangible assets in progress (software and products)	20,666	15,229	-	-	(6,726)	29,169
Trademarks and patents	5,429	-	-	(465)	-	4,964
Products internally developed	3,978	-	-	-	286	4,264
	<b><u>1,510,873</u></b>	<b><u>26,948</u></b>	<b><u>(19)</u></b>	<b><u>(29,135)</u></b>	<b><u>6,800</u></b>	<b><u>1,515,467</u></b>

	Changes Consolidated (2018 – 2019)							
	Balance on 12/31/2018	Acquisition of subsidiary (b)	Positive surplus value (c)	Additions	Write -offs	Amortization	Reclass / Transf (a)	Balance on 6/30/2019
Goodwill	1,409,631	156,673	-	-	-	-	4,963	1,571,267
Licenses and software developed/acquired	140,953	283	-	11,844	(19)	(21,040)	14,881	146,902
Customer contracts	42,457	-	2,300	-	-	(7,943)	-	36,814
Intangible assets in progress (software and products)	21,120	-	-	15,229	-	-	(6,965)	29,384
Trademarks and patents	11,086	-	-	-	-	(599)	-	10,487
Products internally developed	3,978	-	-	-	-	-	286	4,264
	<b><u>1,629,225</u></b>	<b><u>156,956</u></b>	<b><u>2,300</u></b>	<b><u>27,073</u></b>	<b><u>(19)</u></b>	<b><u>(29,582)</u></b>	<b><u>13,165</u></b>	<b><u>1,799,118</u></b>

(a) Represented by changes between Property and equipment and Intangible assets, and additional related to the allocation of IRN's goodwill.

**FLEURY S.A.**

**Notes to the parent company and consolidated interim financial information as of June 30, 2019**

**In thousands of Brazilian reais, unless otherwise stated**

(b) Acquisition of the control of Life.

(c) Positive surplus value of SantéCorp.

	<b>Changes Parent Company (2017 – 2018)</b>				Balance on 6/30/2018
	Balance on 12/31/2017	Additions	Amortization	Reclassification / Transfers	
Goodwill	1,297,809	-	-	-	1,297,809
Licenses and software developed/acquired	132,916	11,678	(18,072)	62	126,584
Customer contracts	57,895	-	(7,719)	-	50,176
Intangible assets in progress (software and products)	9,625	12,540	-	(62)	22,103
Trademarks and patents	6,360	-	(465)	-	5,895
Products internally developed	<u>984</u>	=	=	=	<u>984</u>
	<b><u>1,505,589</u></b>	<b><u>24,218</u></b>	<b><u>(26,256)</u></b>	=	<b><u>1,503,551</u></b>

	<b>Changes Consolidated (2017 – 2018)</b>					Balance on 6/30/2018
	Balance on 31/12/2017	Acquisition of subsidiary (a)	Additions	Amortization	Reclassification / Transfers	
Goodwill	1,327,985	76,647	515	-	-	1,405,147
Licenses and software developed/acquired	133,062	-	11,691	(18,072)	61	126,742
Customer contracts	58,223	-	-	(7,938)	-	50,285
Intangible assets in progress (software and products)	9,625	-	12,542	-	(64)	22,103
Trademarks and patents	7,430	-	-	(644)	736	7,522
Products internally developed	<u>984</u>	=	=	=	=	<u>984</u>
	<b><u>1,537,309</u></b>	<b><u>76,647</u></b>	<b><u>24,748</u></b>	<b><u>(26,654)</u></b>	<b><u>733</u></b>	<b><u>1,612,783</u></b>

**14. Right of use**

	Average annual depreciation rate %	<b>Parent Company</b>			12/31/2018 Net balance
		6/30/2019		Net balance	
		Cost	Accumulated depreciation		
Properties	8	887,505	(52,544)	834,961	-
Machinery and equipment	5	113,212	(7,334)	105,878	-
IT equipment	4	10,619	(1,202)	9,417	-
Vehicles	2	<u>6,428</u>	<u>(1,554)</u>	<u>4,874</u>	=
		<b><u>1,017,764</u></b>	<b><u>(62,634)</u></b>	<b><u>955,130</u></b>	=

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

	Average annual depreciation rate %	Consolidated			
		6/30/2019			12/31/2018
		Cost	Accumulated depreciation	Net balance	Net balance
Properties	8	931,346	(54,754)	876,592	-
Machinery and equipment	5	113,212	(7,334)	105,878	-
IT equipment	4	10,811	(1,224)	9,587	-
Vehicles	2	<u>6,428</u>	<u>(1,554)</u>	<u>4,874</u>	-
		<u>1,061,797</u>	<u>(64,866)</u>	<u>996,931</u>	=

Right-of-use changes are as follows:

Changes Parent Company						
	First-time adoption	Additions	Monetary restatement	Depreciation	Other (a)	Balance on 6/30/2019
Properties	847,233	-	33,486	(52,544)	6,786	834,961
Machinery and equipment	90,372	22,840	-	(7,334)	-	105,878
IT equipment	10,619	-	-	(1,202)	-	9,417
Vehicles	<u>6,428</u>	=	=	<u>(1,554)</u>	=	<u>4,874</u>
	<u>954,652</u>	<u>22,840</u>	<u>33,486</u>	<u>(62,634)</u>	<u>6,786</u>	<u>955,130</u>

Changes Consolidated						
	First-time adoption	Additions (b)	Monetary restatement	Depreciation	Other (a)	Balance on 6/30/2019
Properties (b)	866,752	23,156	33,486	(53,588)	6,786	876,592
Machinery and equipment	90,372	22,840	-	(7,334)	-	105,878
IT equipment	10,811	-	-	(1,224)	-	9,587
Vehicles	<u>6,428</u>	=	=	<u>(1,554)</u>	=	<u>4,874</u>
	<u>974,363</u>	<u>45,996</u>	<u>33,486</u>	<u>(63,700)</u>	<u>6,786</u>	<u>996,931</u>

- In 2017, the Company signed a built to suit lease agreement. At the time, the agreement was recorded under Property and equipment, pursuant to CPC 06 (R1) and, after adoption of IFRS 16, it was reclassified to Right of use, pursuant to CPC 06 (R2).
- The addition of R\$23,000 refers to the consolidation of Life.

## 15.Financing

**FLEURY S.A.**

**Notes to the parent company and consolidated interim financial information as of June 30, 2019**

**In thousands of Brazilian reais, unless otherwise stated**

Funders Domestic currency – R\$	Charges Fixed rate	Funding - Consolidated			
		Signature date	Contracted amount	Accumulated amount paid	Final maturity
FINEP PROMETHEUS I and II	4.00% p.a.	8/28/2014	155,444	152,444	09/2022
FINEP 2	4.00% p.a.	8/06/2012	10,752	10,752	08/2020
BNDES FINAME	3.55% p.a.	1/31/2013	4,876	4,876	11/2023

Changes - Parent Company						
Funders Domestic currency – R\$	12/31/2018	Incurred interest	Interest paid	Principal amortization	Other operations	6/30/2019
FINEP PROMETHEUS I and II	100,304	1,846	(1,878)	(13,351)	-	86,921
Confirming operation (c)	4,003	-	-	-	(980)	3,023
FINEP 2	3,312	55	(57)	(992)	-	2,318
	<b><u>107,619</u></b>	<b><u>1,901</u></b>	<b><u>(1,935)</u></b>	<b><u>(14,343)</u></b>	<b><u>(980)</u></b>	<b><u>92,262</u></b>
Capitalization cost (a)	(960)	-	-	128	-	(832)
	<b><u>106,659</u></b>	<b><u>1,901</u></b>	<b><u>(1,935)</u></b>	<b><u>(14,215)</u></b>	<b><u>(980)</u></b>	<b><u>91,430</u></b>
<b>Current</b>	<b>32,612</b>					<b>31,597</b>
<b>Noncurrent</b>	<b>74,047</b>					<b>59,833</b>

Changes - Consolidated						
Funders Domestic currency – R\$	12/31/2018	Incurred interest	Interest paid	Principal amortization	Other operations	6/30/2019
FINEP PROMETHEUS I and II	100,304	1,846	(1,878)	(13,351)	-	86,921
Confirming operation (c)	4,003	-	-	-	(980)	3,023
BNDES FINAME (b)	2,887	47	(48)	(318)	-	2,568
FINEP 2	3,312	55	(57)	(992)	-	2,318
BNDES card (Lafe)	-	-	-	-	19	19
	<b><u>110,506</u></b>	<b><u>1,948</u></b>	<b><u>(1,983)</u></b>	<b><u>(14,661)</u></b>	<b><u>(961)</u></b>	<b><u>94,849</u></b>
Capitalization cost (a)	(959)	-	-	128	-	(831)
	<b><u>109,547</u></b>	<b><u>1,948</u></b>	<b><u>(1,983)</u></b>	<b><u>(14,533)</u></b>	<b><u>(961)</u></b>	<b><u>94,018</u></b>
<b>Current</b>	<b>33,252</b>					<b>32,255</b>
<b>Noncurrent</b>	<b>76,295</b>					<b>61,763</b>

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

(a) The capitalization cost corresponds to the R\$1,721 disbursed by FINEP to cover inspection and supervision expenses related to the Prometheus I and Prometheus II projects.

(b) Acquisition of medical equipment.

(c) The Company has agreements with partner banks to offer confirming operations to its main suppliers. In this operation, suppliers transfer the right to receive the instruments to the bank in exchange for the early receipt of the instrument. The bank, in turn, becomes the creditor of the operation and the Company settles the instrument on the date same originally agreed with its supplier and receives a commission from the Bank for the intermediation and confirmation of the instruments payable.

On June 30, 2019, the noncurrent installments of the financings matured as follows:

	<u>Parent Company</u>	<u>Consolidated</u>
2020	13,553	13,849
2021	26,445	27,029
2022 to 2024	<u>19,835</u>	<u>20,885</u>
	<b>59,833</b>	<b>61,763</b>

FINEP has a clause that requires the Company to ensure the payment of any liability arising from the agreement by issuing a bank guarantee letter in the amount of the entire financing. This clause is indispensable to the signature of the agreement.

Certain financings have covenants, including but not limited to the execution or formalization of collateral or personal guarantees, restrictions to the change, transfer or assignment of controlling interest, merger or spin-off without the creditor's prior consent, and the maintenance of financial and liquidity ratios measured every six months.

On June 30, 2019, the Company and its subsidiaries complied with all the above-mentioned financial ratios, as well as with all the covenants.

## 16. Debentures – Parent Company and Consolidated

The debentures were placed as follows:

	<u>Issued amount (R\$)</u>	<u>Number of debentures</u>	<u>Final maturity</u>	<u>Semi-annual interest</u>	<u>Total issued</u>
2nd Issue – Single Series	10,000	50,000	Feb/20	CDI + 0.85% p.a.	500,000
3rd Issue – Single Series	10,000	30,000	Nov/22	CDI + 0.49% p.a.	300,000
4th Issue – First Series	10,000	25,000	Apr/21	CDI + 0.35% p.a.	250,000
4th Issue – Second Series	10,000	25,000	Apr/23	CDI + 0.60% p.a.	250,000

The Company used the amounts raised with the debenture issues to strengthen its working capital, maintain its cash strategy, extend its debt profile and fund its investments and acquisitions in the coming years. The debentures issued are non-convertible and unsecured.

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

---

#### 2nd Debenture Issue

This issue was carried out through a public offering for the distribution of simple debentures with restricted placement efforts, in a single series, concluded on February 19, 2013.

The debentures were/will be amortized in three equal and annual installments on February 15, 2018, 2019 and 2020. Payment of remuneration will occur every six months and there are no plans for renegotiation.

#### 3rd Debenture Issue

This issue was carried out through a public offering for the distribution of simple debentures with restricted placement efforts, in a single series; the Company issued thirty thousand (30,000) debentures, all registered, book-entry, with nominal unit value of R\$10,000, totaling R\$300,000. The debentures will mature in five (5) years as of the issue date and will be amortized in two annual installments, 50% of which on November 24, 2021, and 50% on November 24, 2022.

#### 4th Debenture Issue

The Company carried out its fourth debenture issue through a public offering for the distribution of simple debentures with restricted placement efforts, in two series amortized in a single payment on the maturity date.

#### Changes in debentures

Domestic currency – R\$	<u>12/31/2018</u>	<u>Incurred interest</u>	<u>Interest paid</u>	<u>Principal amortization</u>	<u>6/30/2019</u>
2nd Issue – Single Series	342,117	7,424	(11,955)	(166,667)	170,919
3rd Issue – Single Series	301,918	9,961	(9,961)	-	301,918
4th Issue – First Series	252,745	8,125	(8,125)	-	252,745
4th Issue – Second Series	<u>252,849</u>	<u>8,439</u>	<u>(8,439)</u>	-	<u>252,849</u>
	<b><u>1,149,629</u></b>	<b><u>33,949</u></b>	<b><u>(38,480)</u></b>	<b><u>(166,667)</u></b>	<b><u>978,431</u></b>
Current	182,962				178,431
Noncurrent	966,667				800,000

The installments recorded under Noncurrent liabilities on June 30, 2019 mature as follows:

Maturity	3rd Issue Single Series	4th Issue First Series	4th Issue Second Series	Consolidated
2021	150,000	250,000	-	400,000
2022	150,000	-	-	150,000
2023	-	-	250,000	250,000
	<b>300,000</b>	<b>250,000</b>	<b>250,000</b>	<b>800,000</b>

#### Covenants

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

The debentures have covenants, and all obligations related to them will mature early if the Company fails to comply with the following financial ratios:

- (a) Net financial debt/earnings before interest, depreciation and amortization (EBITDA) ratio lower than or equal to 3.0 times and/or;
- (b) EBITDA/Net financial expense ratio equal to or higher than 1.5 times

On June 30, 2019, the Company and its subsidiaries complied with all the above-mentioned financial ratios, as well as with all the covenants.

## 17. Lease

On June 30, 2019, the financial lease liabilities are as follows:

### Minimum lease payments:

	Parent Company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Up to 1 year	158,326	1,352	164,556	1,352
Between 1 and 5 years	698,013	7,042	724,755	7,042
More than 5 years	<u>366,548</u>	<u>6,681</u>	<u>387,685</u>	<u>6,681</u>
	1,222,887	15,075	1,276,996	15,075
(-) Future financial charges	<u>(256,719)</u>	<u>(8,289)</u>	<u>(268,544)</u>	<u>(8,289)</u>
Present value of the minimum payments	<u><b>966,168</b></u>	<u><b>6,786</b></u>	<u><b>1,008,452</b></u>	<u><b>6,786</b></u>
Current	108,254	610	112,240	610
Noncurrent	857,914	6,176	896,212	6,176

The maturities of noncurrent installments on June 30, 2019 are as follows:

	<u>Parent Company</u>	<u>Consolidated</u>
2020	67,597	70,441
2021	110,519	114,841
2022	109,533	113,984
2023 onwards	<u>570,265</u>	<u>596,946</u>
	<u><b>857,914</b></u>	<u><b>896,212</b></u>

The changes of the lease are shown below:

**FLEURY S.A.**

**Notes to the parent company and consolidated interim financial information as of June 30, 2019**

**In thousands of Brazilian reais, unless otherwise stated**

	<b>Changes Parent Company</b>						Balance on 6/30/2019
	Balance on 12/31/2018	First-time adoption	Additions	Interest accrual	Monetary restatement	Principal amortization (a)	
Properties	6,786	847,233	-	23,037	33,365	(65,497)	844,924
Machinery and equipment	-	90,372	22,844	2,483	-	(8,904)	106,795
IT equipment	-	10,619	-	247	-	(1,338)	9,528
Vehicles	-	6,428	-	110	-	(1,617)	4,921
	<b>6,786</b>	<b>954,652</b>	<b>22,844</b>	<b>25,877</b>	<b>33,365</b>	<b>(77,356)</b>	<b>966,168</b>

	<b>Changes Consolidated</b>						Balance on 6/30/2019
	Balance on 12/31/2018	First- time adoption	Additions (b)	Interest accrual	Monetary restatement	Principal amortization (a)	
Properties	6,786	866,752	23,401	23,572	33,365	(66,840)	887,036
Machinery and equipment	-	90,372	22,844	2,483	-	(8,904)	106,795
IT equipment	-	10,811	-	252	-	(1,363)	9,700
Vehicles	-	6,428	-	109	-	(1,616)	4,921
	<b>6,786</b>	<b>974,363</b>	<b>46,245</b>	<b>26,416</b>	<b>33,365</b>	<b>(78,723)</b>	<b>1,008,452</b>

(a) Amortization under the accrual basis; the cash flow presents the actual cash outflow.

(b) The addition of R\$23,000 refers to the consolidation of Lufe.

**18. Trade payables**

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
Domestic	162,475	186,467	172,994	193,132
Foreign	852	813	852	813
	<b><u>163,327</u></b>	<b><u>187,280</u></b>	<b><u>173,846</u></b>	<b><u>193,945</u></b>

**19. Payroll and related charges**

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
Provision for vacation and charges	51,190	48,642	53,750	50,093
Provision for Christmas bonus and charges payable	18,461	-	19,432	-
Provision for profit sharing	16,210	32,688	16,281	32,688
Payroll charges payable	15,105	17,124	15,893	17,978

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

Provision for health care	14,761	18,382	14,762	18,382
Other	9,961	1,454	10,725	1,796
Commission and bonus	4,810	6,489	4,834	6,489
Loans to employees	<u>1,174</u>	<u>1,275</u>	<u>1,229</u>	<u>1,289</u>
	<b><u>131,672</u></b>	<b><u>126,054</u></b>	<b><u>136,906</u></b>	<b><u>128,715</u></b>

## 20. Taxes and contributions payable

	Parent Company		Consolidated	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
REFIS installment – Law 11,941	26,487	28,317	28,079	28,317
PIS/COFINS on revenue	8,471	6,951	8,654	7,409
ISS on revenue	7,250	5,273	8,040	5,813
PIS, COFINS and withholding social contribution (CSRF)	2,315	2,214	2,598	2,462
INSS withheld	1,170	1,901	1,223	1,941
Withholding income tax (IRRF)	1,020	6,288	1,131	6,343
Other	653	80	987	80
Taxes on exam intermediation	607	570	607	570
ISS paid in installments (RJ)	311	582	311	582
ICMS paid in installments	=	=	<u>144</u>	<u>226</u>
	<b><u>48,284</u></b>	<b><u>52,176</u></b>	<b><u>51,774</u></b>	<b><u>53,743</u></b>
Current	25,983	27,929	28,139	29,405
Noncurrent	22,301	24,247	23,635	24,338

On June 30, 2019, noncurrent installments matured as follows:

	<b><u>Consolidated</u></b>
2020	2,569
2021	4,952
2022	4,902
2023	4,614
2024 onwards	<u>6,598</u>
	<b><u>23,635</u></b>

## 21. Accounts payable – Company acquisition

Refer to debt incurred due to acquisition of companies, to be paid in accordance with the contractual terms, which are monthly restated, mainly by the IGP-M (FGV) and the Extended Consumer Price Index (IPCA) (IBGE).

Parent Company		Consolidated	
<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

Current	268	260	14,052	15,039
Noncurrent	<u>6,880</u>	<u>6,754</u>	<u>63,934</u>	<u>31,627</u>
	<u><b>7,148</b></u>	<u><b>7,014</b></u>	<u><b>77,986</b></u>	<u><b>46,666</b></u>

On June 30, 2019, noncurrent installments matured as follows:

	<u>Consolidated</u>
2020	8,849
2021	15,412
2022	15,412
2023	15,412
Other (*)	<u>8,849</u>
	<u><b>63,934</b></u>

(\*) On June 30, 2019, the maturities of specific installments are subject to final and unappealable decisions. It is, therefore, not possible to estimate payment for the coming years.

## 22. Other Liabilities

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
Early revenue	12,660	15,500	12,660	15,500
Other accounts payable	167	3	1,100	1,077
Provision for waste fees	402	381	402	381
Bank-issued guarantees	<u>399</u>	<u>135</u>	<u>399</u>	<u>135</u>
<b>Total</b>	<u><b>13,628</b></u>	<u><b>16,019</b></u>	<u><b>14,561</b></u>	<u><b>17,093</b></u>
Current	3,782	3,619	4,715	4,693
Noncurrent	9,846	12,400	9,846	12,400

## 23. Income tax and social contribution – Deferred

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
Effective rate linearization	45,639	-	45,639	-
Stock option provision and other	44,801	37,008	45,030	37,008
Provision for tax, labor and civil risks	40,767	34,767	41,640	34,767
Tax loss	-	22,546	33,946	51,089

**FLEURY S.A.****Notes to the parent company and consolidated interim financial information as of June 30, 2019****In thousands of Brazilian reais, unless otherwise stated**

Estimated losses with allowance for doubtful accounts	23,801	23,235	26,396	23,235
Provision – Profit sharing	16,210	32,688	16,320	32,688
Goodwill amortization - non-deductible until 2008	14,487	14,487	14,487	14,487
Effect of IFRS 16	11,039	-	11,523	-
Asset revaluation	84	84	84	84
Net assets acquired from business combinations	(7,039)	(10,431)	(19,793)	(14,124)
Goodwill amortization effects for tax purposes	(1,334,918)	(1,331,293)	(1,334,917)	(1,331,296)
<b>Tax base</b>	<b>(1,145,129)</b>	<b>(1,176,909)</b>	<b>(1,119,645)</b>	<b>(1,152,062)</b>
Deferred income tax and social contribution at a combined rate of approximately 34%	<u>(389,344)</u>	<u>(400,149)</u>	<u>(380,679)</u>	<u>(391,701)</u>
Income tax and social contribution - Assets	-	68,744	8,665	78,448
Income tax and social contribution - Liabilities	(389,344)	(468,893)	(389,344)	(470,149)

**Breakdown per company**

	<b>Fleury SA</b>	<b>CPMA</b>	<b>Serdil</b>	<b>IRN</b>	<b>SantéCorp</b>	<b>NewsScan</b>	<b>Total</b>
Assets	77,998	9,699	108	203	68	2,923	90,999
Liabilities	(467,342)	(4,336)	-	-	-	-	(471,678)

The balance of Fleury S.A. is recorded under noncurrent liabilities, pursuant to CPC 32.

The estimated realization term of the deferred tax asset recorded in the Consolidated is as follows:

	<b><u>Consolidated</u></b>
2019	25,784
2020	32,397
2021	13,426
2022	13,321
2023 onwards	<u>6,071</u>
	<b><u>90,999</u></b>

Current and deferred income tax and social contribution recorded in profit (loss) are reconciled as follow:

	<b><u>Parent Company</u></b>		<b><u>Consolidated</u></b>	
	<b><u>6/30/2019</u></b>	<b><u>6/30/2018</u></b>	<b><u>6/30/2019</u></b>	<b><u>6/30/2018</u></b>
Income before income tax and social contribution	225,969	249,347	226,219	251,012

**FLEURY S.A.**

**Notes to the parent company and consolidated interim financial information as of June 30, 2019**

**In thousands of Brazilian reais, unless otherwise stated**

Standard rate	34%	34%	34%	34%
Income tax and social contribution expenses – standard rate	<u>(76,829)</u>	<u>(84,778)</u>	<u>(76,914)</u>	<u>(85,344)</u>
Equity in the earnings (losses) of subsidiaries	256	638	(69)	938
Effect of effective rate linearization	15,517	13,842	15,517	13,842
Other permanent (additions) exclusions	258	4,011	418	2,612
<b>Income tax and social contribution expenses:</b>	<b><u>(60,798)</u></b>	<b><u>(66,287)</u></b>	<b><u>(61,048)</u></b>	<b><u>(67,952)</u></b>
Current	(71,604)	(58,789)	(72,661)	(60,969)
Deferred	10,806	(7,498)	11,613	(6,983)
Effective tax rate - %	26.9%	26.6%	26.9%	27.1%

**24. Provision for tax, labor and civil risks**

The Company is subject to tax, labor and civil risks in the normal course of its operations. Management periodically reviews known contingencies, assesses probable losses and adjusts the respective provision, taking into consideration its legal counsel's assessment and other data available at the end of the reporting periods, such as the nature of the lawsuits and past experience. On June 30, 2019, the balance and the change of the Provision for tax, labor and civil risks were as follows:

	<b>Parent Company</b>		<b>Consolidated</b>	
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>	<u>12/31/2018</u>
Labor	21,711	19,983	22,124	20,192
Tax	13,382	11,739	13,884	11,995
Civil	<u>5,674</u>	<u>3,045</u>	<u>5,704</u>	<u>3,074</u>
	<b><u>40,767</u></b>	<b><u>34,767</u></b>	<b><u>41,712</u></b>	<b><u>35,261</u></b>
Judicial deposits (Note 10)	<u>(8,975)</u>	<u>(8,678)</u>	<u>(8,975)</u>	<u>(8,678)</u>
	<b><u>31,792</u></b>	<b><u>26,089</u></b>	<b><u>32,737</u></b>	<b><u>26,583</u></b>

	Balance on <u>12/31/2018</u>	Subsidiary (a)	Addition/ Reversal	Reclassification/ Payments (b)	Monetary restatement	Balance on <u>6/30/2019</u>
Labor	20,192	237	518	(1,459)	2,636	22,124
Tax	11,995	-	274	23	1,592	13,884
Civil	<u>3,074</u>	-	<u>1,290</u>	<u>621</u>	<u>719</u>	<u>5,704</u>
	<b><u>35,261</u></b>	<b><u>237</u></b>	<b><u>2,082</u></b>	<b><u>(815)</u></b>	<b><u>4,947</u></b>	<b><u>41,712</u></b>
Judicial deposits	<u>(8,678)</u>	=	=	<u>(297)</u>	=	<u>(8,975)</u>
	<b><u>26,583</u></b>	<b><u>237</u></b>	<b><u>2,082</u></b>	<b><u>(1,112)</u></b>	<b><u>4,947</u></b>	<b><u>32,737</u></b>

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

---

(a) Acquisition of the control of Lafe.

(b) Former shareholders are liable for part of the lawsuits, which will be refunded to the Company at a rate of 67% and, therefore, are reclassified under “Other assets”.

#### **a) Lawsuits classified as probable loss, for which provisions were recorded:**

##### **Tax lawsuits**

The main tax matter refers to the challenge related to the exemption of COFINS granted to companies that provide services related to professions regulated by law. Supplementary Law 70/91, which created COFINS, addressed the exemption granted to this type of entity. Law 9,430/96, however, expressly revoked this exemption and required the contribution based on the service providers' gross revenue. The Company's legal counsel understands that, since Law 9,430/96 is an ordinary law, it could not have revoked the exemption granted by Supplementary Law 70/91. Nevertheless, given that the Federal Supreme Court has already issued an opinion contrary to said thesis, the Company had a provision to cover risks of R\$2,120 on June 30, 2019 (R\$2,096 on December 31, 2018).

##### **Labor and civil lawsuits**

The Company considers that the provision for labor and civil lawsuits is sufficient to cover expected losses. The Group's legal counsel analyzes lawsuits on a case-by-case basis, classifying the risk of loss in accordance with the guidelines established by the Company in its internal policy.

#### **b) Lawsuits classified as possible loss**

The Company has tax, civil and labor claims that are not provisioned since they are classified as a possible loss by Management and its legal counsel.

On June 30, 2019, the consolidated amount was approximately R\$530,747 (R\$525,079 on December 31, 2018).

Tax lawsuits classified as a possible loss amounted to R\$295,647 (R\$283,211 on December 31, 2018), mainly comprising, in the federal sphere: (i) R\$133,012 (R\$130,540 on December 31, 2018), mainly related to discussions on exemption from income tax (IRPJ), social contribution (CSLL), social integration program tax on revenue (PIS), social security financing tax on revenue (COFINS) and import PIS/COFINS; (ii) social security contributions totaling R\$53,815 (R\$53,109 on December 31, 2018); and (iii) sundry federal lawsuits totaling R\$6,506 (R\$4,094 on December 31, 2018).

Regarding state taxes, lawsuits classified as a possible loss amounted to R\$25,333 (R\$25,047 on December 31, 2018) and mainly refer to state value-added tax (ICMS) on equipment imports.

In relation to municipal taxes, lawsuits classified as a possible loss reached R\$76,980 (R\$70,421 on December 31, 2018) and mainly refer to claims involving tax on services of any kind (ISSQN).

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

In the civil sphere, the Company's lawsuits classified as a possible loss totaled R\$41,446 (R\$40,714 on December 31, 2018), of which R\$11,441 (R\$10,413 on December 31, 2018) mainly related to civil liability lawsuits claiming compensation for damages and pain and suffering due to, among others, alleged diagnostic errors or malpractice, and other lawsuits addressing different requests, totaling R\$30,005 (R\$30,301 on December 31, 2018).

Labor lawsuits classified as a possible loss amounted to R\$193,654 (R\$201,154 on December 31, 2018), of which (i) R\$186,075 (R\$193,765 on December 31, 2018) refers to labor claims from former employees, class lawsuits and actions for annulment; (ii) R\$7,139 (R\$6,950 on December 31, 2018) refers to secondary liability lawsuits filed by employees of companies that render specialized services to the Company on an outsourced basis; and (iii) R\$440 (R\$439 on December 31, 2018) refers to ongoing administrative lawsuits.

Also in the labor sphere, the Company was summoned in a public civil action suit pending at the Labor Court of Rio de Janeiro that essentially challenges the legality of hiring specialized medical companies. The Company is fighting this lawsuit by proving the legitimacy of its practice of hiring legal entities to provide medical services in accordance with the applicable laws, with favorable precedents from the Federal Supreme Court (ADPF 324 and RE 958,252, with general repercussion). To confirm this thesis, the lower court denied the claim; this decision was partially overruled by the 1st Region Appellate Labor Court. The Company filed an appeal at the Superior Labor Court, which, recently, by unanimous vote, partially overruled, in favor of the Company, the decision previously issued by the 1st Region Appellate Labor Court. The likelihood of loss changed to "remote" since, in the opinion of the external legal counsel, the remaining conviction over the Company is currently unenforceable, as it depends on the review of production of future evidence by the appellate court, making it impossible to indicate any conviction amount.

## 25. Related parties

The Parent Company has a balance receivable of R\$1,502 related to the provision of administrative services to its subsidiaries (revenue in the same amount recorded under Other revenue).

### a) Impacts on the statement of income and statement of financial position (Consolidated)

#### Result:

Result	6/30/2019		6/30/2018	
	Revenue	Expense	Revenue	Expense
OdontoPrev S/A (e)	202	-	-	-
Transinc Fundo Inv. Imobiliário (a)	-	(9,888)	-	(4,486)
Amicabilis Participações e Empreendimentos Ltda. (a)	-	(3,511)	-	(1,762)
Harmonikos 32 Participações e Empreendimentos Ltda. (a)	-	(3,322)	-	(1,341)
Companies associated with Bradseg (b)	-	(84,133)	-	(66,899)
	<u>202</u>	<u>(100,854)</u>	<u>-</u>	<u>(74,488)</u>
<b>Total, net</b>		<b><u>(100,652)</u></b>		<b><u>(74,488)</u></b>

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

Statement of financial position	6/30/2019		12/31/2018	
	Assets	Liabilities	Assets	Liabilities
OdontoPrev S/A (e)	71	-	29	-
Bradesco (c)	161,878	-	553,718	-
Administrative expenses (d)	198	-	198	-
Transinc Fundo Inv. Imobiliário (a)	54,016	(55,517)	-	(758)
Amicabilis Participações e Empreendimentos Ltda. (a)	22,954	(23,251)	-	-
Harmonikos 32 Participações e Empreendimentos Ltda. (a)	21,153	(21,425)	-	-
Companies associated with Bradseg (b)	-	(22,034)	-	(21,347)
	<u>260,270</u>	<u>(122,227)</u>	<u>553,945</u>	<u>(22,105)</u>
<b>Total, net</b>	<b><u>138,043</u></b>		<b><u>531,840</u></b>	

(a) These property funds have shareholders that are direct and indirect shareholders of the Company). The balances recorded in Assets refer to Right of use and, in Liabilities, to Finance lease. The amounts recorded in the result refer to the adoption of the new accounting standard CPC 06 (R2) – IFRS16, in which lease expenses were converted into depreciation and interest, as disclosed in Note 2.1 (e).

(b) Bradseg, a shareholder with a significant interest in the Company, holds an interest in and/or control of health insurance operators and companies that have a business relationship with the Company. Bradseg also holds an indirect interest in Odontoprev S.A., a dental care provider and parent company of Clidec Participações, partner of Fleury Centro de Procedimentos Médicos Avançados, subsidiary of the Company, in Papaiz Associados. These amounts refer to service agreements, mainly health insurance and food/meal and transportation vouchers, and private pension plans. A group of companies associated with Bradseg is among the Company's main clients.

(c) Grupo Fleury holds financial investments and balances in bank accounts in Banco Bradesco. On June 30, 2019, investment operations consisted of an exclusive fund classified as fixed revenue and repurchase agreements, whose yields are shown in Note 5.

(d) The Company provides administrative and clinical analysis services to Serdil and IRN.

(e) SantéCorp provides health management services to OdontoPrev S/A.

#### b) Management compensation

For the period ended June 30, 2019, Management compensation included salaries, management fees, benefits, payroll charges, stock options and bonus, totaling R\$13,304 (R\$12,362 on June 30, 2018), which is recorded under “General and administrative expenses” in the statement of income.

The compensation of Executive Officers and Management members did not exceed the maximum limit approved by the Meeting held on April 29, 2019.

The provision for employee and Management profit sharing totaled R\$16,281 in the period ended June 30, 2019 (R\$17,767 on June 30, 2018).

Pursuant to CPC 33 – Employee Benefits, the Company offers post-employment benefits to its Management, comprising private pension and life insurance.

## **26. Equity**

### **a) Share Capital**

On June 30, 2019, the fully paid-in share capital was R\$1,443,535, represented by 316,113,442 registered, book-entry common shares with no par value. The net amount of share issue expenses was R\$1,420,751. The Company is authorized to increase its share capital, regardless of amendments to the Bylaws, upon resolution of the Board of Directors, up to the limit of 320,000,000 common shares.

In February 2019, the Company concluded the capital payment in the amount of R\$1,615, corresponding to the exercise of options approved on December 13, 2018.

### **b) Dividends and Interest on Equity**

On February 27, 2019, the Board of Directors, *ad referendum* of the Annual Shareholders' Meeting, approved the distribution of interim dividends to shareholders, in the amount of R\$217,305, corresponding to the gross value per share of R\$0.6874, referring to the profit for 2018, which was paid on May 31, 2019.

## **27. Employee benefit**

### Private Pension Plan

The Company sponsors a private pension plan that is currently managed by Bradesco Vida e Previdência S.A., whose main purpose is to complement the government pension. This defined-contribution plan is optional for all employees. In the period ended June 30, 2019, the Company contributed R\$1,024 (R\$1,029 in the period ended June 30, 2018) to this plan, recorded under "Cost of services" and "General and administrative expenses".

### Stock Option Plan

The Company's Board of Directors is responsible for determining, at each grant, the participants of the plan, as well as the number of shares to be acquired when each option is exercised, the term, the exercise price, payment conditions and other conditions.

Under the current plans, no amount is paid or will be paid by the beneficiary when the option is received. The options do not grant voting rights or rights to dividends, until they are effectively exercised.

Due to the stock split resolved on by the Extraordinary Shareholders' Meeting of June 26, 2017, every one (1) share issued by the Company is now represented by two (2) shares of the same type.

- (i) 2010 to 2014 Grants

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

#### In thousands of Brazilian reais, unless otherwise stated

The Extraordinary Shareholders' Meeting of November 12, 2009 approved the Company's Stock Option Plan, authorizing the grant of stock options to employees selected by the Board of Directors. The options granted under this plan will be limited to 3% of the total shares of the Company's subscribed and paid-in share capital.

Each stock option may be converted into one common share of Fleury S.A. upon the exercise of the option, which may occur at any moment from the date the right is acquired to six years after the grant date, when the options expire. No amount is paid or will be paid by the beneficiary when the option is received. The options do not grant voting rights or rights to dividends, until they are effectively exercised.

Participants will have at the most six years to exercise the options, as of the date the options are granted.

The exercise price of the options will be based on the weighted average of the trading sessions of the month immediately prior to the signing of the option agreement. Exceptionally for the first grant, the exercise price of the options was equivalent to the price per share established within the scope of the first primary public offering of common shares issued by the Company ("IPO").

#### (ii) 2016 to 2018 Grants

The Extraordinary Shareholders' Meeting of July 25, 2016 approved the Company's new Stock Option Plan intended for its executives, management, and employees (beneficiaries).

The options granted under this Plan may not exceed, during the term of the Stock Option Plan, the maximum accumulated limit of two point five percent (2.5%) of the total shares of the Company's subscribed and paid-in share capital on this date. In this context, 1,822,767 options were granted.

Also under this plan, the following stock options were approved.

<u>Approval date</u>	<u>Number of options</u>	<u>Approval</u>
July 27, 2016	3,645,534 options	Board of Directors
May 3, 2017	550,000 options	Extraordinary Shareholders' Meeting
October 25, 2017	150,000 options	Board of Directors
December 15, 2017	235,000 options	Extraordinary Shareholders' Meeting
March 1, 2018	140,000 options	Board of Directors
May 10, 2018	375,000 options	Board of Directors
June 20, 2018	47,000 options	Board of Directors

Each stock option may be converted into one common share of Fleury S.A. upon exercise of each portion of the option, which may occur at any moment from the date the right is acquired to two years after the exercise date, when the options expire. After exercising each portion of the option and subscribing the respective share, the beneficiaries will only be able to sell or transfer them after six months of the date of subscription.

The option can be fully exercised by the beneficiaries within, at least, six years as of the signing of the respective adherence agreement. Each portion of the option can be exercised as follows: (i) 12.5% in the 24th month as of the signing of the adherence agreement; (ii) 25% in the 36th month; (iii) 25% in the 48th month; (iv) 25% in the 60th month; and (v) 12.5% after the end of the 72nd month as of the signing of the adherence agreement.

**FLEURY S.A.**

**Notes to the parent company and consolidated interim financial information as of June 30, 2019**

**In thousands of Brazilian reais, unless otherwise stated**

The exercise price of the options will be based on the average closing price of the share in the ninety (90) trading sessions prior to the Board of Directors' meeting that will resolve on said grant.

The changes in the number of stock options and corresponding weighted average exercise prices are as follows:

	Grant date:	October 5, 2014 (5th Grant)	July 27, 2016 (1st PN)	May 3, 2017 (2nd PN)	October 25, 2017 (3rd PN)	December 15, 2017 (4th PN)	March 1, 2018 (5th PN)	May 10, 2018 (6th PN)	June 20, 2018 (7th PN)
<b>Balance on 12/31/2018</b>	Number of options	546	2,398,226	350,000	150,000	235,000	140,000	375,000	47,000
	Average exercise price	9.33	8.74	20.22	28.92	28.86	28.18	27.66	26.24
<b>Expired</b>	Number of options	-	(138,208)	-	(150,000)	-	-	-	-
	Average exercise price	-	8.74	-	28.92	-	-	-	-
<b>Cancelled</b>	Number of options	(546)	-	-	-	-	-	-	-
	Average exercise price	9.33	-	-	-	-	-	-	-
<b>Balance on 6/30/2019</b>	Number of options	-	<b>2,260,018</b>	<b>350,000</b>	-	<b>235,000</b>	<b>140,000</b>	<b>375,000</b>	<b>47,000</b>
	Average exercise price	-	<b>8.74</b>	<b>20.22</b>	-	<b>28.86</b>	<b>28.18</b>	<b>27.66</b>	<b>26.24</b>

From a total of 3,407,018 existing options on June 30, 2019 (3,695,772 options on December 31, 2018), 43,750 options can be exercised (none of them were exercisable on December 31, 2018).

On June 30, 2019, the Company recorded pro-rata expenses of R\$3,142 under General and administrative expenses (R\$4,186 in the period ended June 30, 2018).

The stock options outstanding on June 30, 2019 had the following maturities and exercise prices:

	Date	Stock options granted	Stock option exercise price**	Position on 6/30/2019		Position on 6/30/2018	
				Number of options	Period price	Number of options	Period price
2018 Grant	June 20, 2018	47,000	26.24	47,000	26.24	47,000	26.24
2018 Grant	May 10, 2018	375,000	27.66	375,000	27.66	375,000	27.66
2018 Grant	March 1, 2018	140,000	28.18	140,000	28.18	140,000	28.18
2017 Grant	December 15, 2017	235,000	28.86	235,000	28.86	235,000	28.86
2017 Grant	October 25, 2017	150,000	28.92	-	-	150,000	28.92
2017 Grant	May 3, 2017	550,000	20.22	350,000	20.22	550,000	20.22
2016 Grant	July 27, 2016	645,534	8.74	2,260,018	8.74	2,740,830	8.74
2014 Grant	October 5, 2014	2,298,670	7.14	-	-	459,192	8.82
				<b>3,407,018</b>		<b>4,697,022</b>	

\*\* The price of the options will be restated by the IPCA Consumer Price Index variation, except for Grants between 2016 and 2018.

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

On June 30, 2019, the market price of each share was R\$21.35 (R\$26.45 on June 30, 2018).

Options granted between 2011 and 2014 were priced based on the binomial model and the significant data included in the fair value pricing model of the stock options granted in the period were as follows:

	<u>Vesting in 48 months</u> <u>– Grant on</u> <u>October 5, 2014</u>
Volatility	28.4%
Expected life for the exercise of the options	2 years
Risk-free annual interest rate	10.33%

Options granted between 2016 and 2018 were priced based on the Black & Scholes model and the significant data included in the fair value pricing model of the stock options granted in this period were as follows:

	<u>Vesting in 48 months - Grant on</u>						
	June 20, 2018	May 10, 2018	March 1, 2018	December 15, 2017	October 25, 2017	May 3, 2017	July 27, 2016
Volatility	30.16%	29.49%	29.38%	28.97%	42.79%	29.12%	28.36%
Dividend yield	2.94%	3.22%	3.76%	3.17%	2.93%	3.09%	1.75%
Expected life for the exercise of the options	2 years	2 years	2 years	2 years	2 years	2 years	2 years
Risk-free annual interest rate	7.59%	7.59%	7.71%	8.20%	8.04%	9.54%	12.70%

## 28. Revenue from services rendered

	Parent Company			
	4/01/2019 to 6/30/2019	4/01/2018 to 6/30/2018	1/01/2019 to 6/30/2019	1/01/2018 to 6/30/2018
Gross revenue	763,544	706,194	1,498,013	1,403,445
Taxes	(46,647)	(43,797)	(91,578)	(86,883)
Disallowances	(9,742)	(8,861)	(19,877)	(18,219)
Rebates	(191)	(293)	(432)	(339)
Net revenue	<u>706,964</u>	<u>653,243</u>	<u>1,386,126</u>	<u>1,298,004</u>
	Consolidated			
	4/01/2019 to 6/30/2019	4/01/2018 to 6/30/2018	1/01/2019 to 6/30/2019	1/01/2018 to 6/30/2018
Gross revenue	787,633	728,118	1,545,532	1,434,388
Taxes	(48,513)	(45,544)	(95,176)	(89,140)
Disallowances	(9,938)	(8,864)	(20,255)	(18,236)
Rebates	(490)	(293)	(816)	(340)
Net revenue	<u>728,692</u>	<u>673,417</u>	<u>1,429,285</u>	<u>1,326,672</u>

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

The breakdown of net revenue among the main lines of services provided for by the Company (Diagnostic Medicine, Integrated Medicine and Dental) are presented on Note 34 – Segment reporting.

## 29. Cost of services

	Parent Company			
	4/01/2019 to 6/30/2019	4/01/2018 to 6/30/2018	1/01/2019 to 6/30/2019	1/01/2018 to 6/30/2018
Personnel and medical services	(241,336)	(219,222)	(467,961)	(438,003)
Rent, occupancy and utility (a)	(101,683)	(127,987)	(197,634)	(250,033)
Direct material and exam intermediation	(76,782)	(63,551)	(143,640)	(123,122)
Depreciation and amortization(a)	(67,066)	(31,216)	(133,366)	(62,540)
General expenses	(1,962)	(2,036)	(3,426)	(3,548)
	<b><u>(488,829)</u></b>	<b><u>(444,012)</u></b>	<b><u>(946,027)</u></b>	<b><u>(877,246)</u></b>

	Consolidated			
	4/01/2019 to 6/30/2019	4/01/2018 to 6/30/2018	1/01/2019 to 6/30/2019	1/01/2018 to 6/30/2018
Personnel and medical services	(253,904)	(229,796)	(492,888)	(454,205)
Rent, occupancy and utility (a)	(106,312)	(131,569)	(206,416)	(254,054)
Direct material and exam intermediation	(77,936)	(64,473)	(145,590)	(124,231)
Depreciation and amortization(a)	(69,718)	(32,222)	(138,831)	(63,949)
General expenses	(1,987)	(2,078)	(3,485)	(3,593)
	<b><u>(509,857)</u></b>	<b><u>(460,138)</u></b>	<b><u>(987,210)</u></b>	<b><u>(900,032)</u></b>

(a) In 2019, part of the leases presented in the line were included under the scope of the new standard CPC 06 (R2) – IFRS 16, as described in Note 2.1.e. Another effect from the adoption of this standard is the increase in the Depreciation line (Right of use).

## 30. General and administrative expenses

	Parent Company			
	4/01/2019 to 6/30/2019	4/01/2018 to 6/30/2018	1/01/2019 to 6/30/2019	1/01/2018 to 6/30/2018
Personnel and benefits	(48,537)	(41,433)	(87,162)	(79,674)
Depreciation and amortization	(14,521)	(12,289)	(29,244)	(24,613)
Institutional and legal matters	(7,395)	(2,101)	(11,745)	(8,604)
Marketing	(5,607)	(5,444)	(9,182)	(9,556)
Other general and administrative expenses	(3,719)	(6,637)	(7,071)	(6,787)
Third-party services	(1,509)	(2,256)	(3,480)	(4,850)

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

IT and telecommunications	(996)	(1,296)	(2,394)	(2,396)
Properties and utilities	<u>(982)</u>	<u>(2,989)</u>	<u>(2,277)</u>	<u>(5,883)</u>
	<b><u>(83,266)</u></b>	<b><u>(74,445)</u></b>	<b><u>(152,555)</u></b>	<b><u>(142,363)</u></b>

	Consolidated			
	4/01/2019 to 6/30/2019	4/01/2018 to 6/30/2018	1/01/2019 to 6/30/2019	1/01/2018 to 6/30/2018
Personnel and benefits	(48,991)	(41,500)	(88,207)	(80,073)
Depreciation and amortization	(14,521)	(12,289)	(29,244)	(24,765)
Institutional and legal matters	(7,455)	(2,106)	(11,838)	(8,684)
Marketing	(5,758)	(5,449)	(9,469)	(9,584)
Other general and administrative expenses	(3,681)	(6,648)	(7,123)	(6,862)
Third-party services	(1,525)	(2,312)	(3,527)	(5,175)
IT and telecommunications	(1,003)	(1,308)	(2,426)	(2,480)
Properties and utilities	<u>(995)</u>	<u>(3,040)</u>	<u>(2,292)</u>	<u>(6,271)</u>
	<b><u>(83,929)</u></b>	<b><u>(74,652)</u></b>	<b><u>(154,126)</u></b>	<b><u>(143,894)</u></b>

### 31. Other operating revenue (expenses), net

	Parent Company			
	4/01/2019 to 6/30/2019	4/01/2018 to 6/30/2018	1/01/2019 to 6/30/2019	1/01/2018 to 6/30/2018
Other revenue (expenses) (a)	(8,730)	(3,079)	(7,900)	(4,053)
Provision/loss with insolvent customers	(767)	(880)	(1,125)	(1,387)
Result on the write-off/sale of assets	<u>(103)</u>	<u>709</u>	<u>(490)</u>	<u>769</u>
	<b><u>(9,600)</u></b>	<b><u>(3,250)</u></b>	<b><u>(9,515)</u></b>	<b><u>(4,671)</u></b>

	Consolidated			
	4/01/2019 to 6/30/2019	4/01/2018 to 6/30/2018	1/01/2019 to 6/30/2019	1/01/2018 to 6/30/2018
Other revenue (expenses) (a)	(6,895)	(2,796)	(6,193)	(3,735)
Provision/loss with insolvent customers	(769)	(1,110)	(1,146)	(1,616)
Result on the write-off/sale of assets	<u>(107)</u>	<u>709</u>	<u>(494)</u>	<u>768</u>
	<b><u>(7,771)</u></b>	<b><u>(3,197)</u></b>	<b><u>(7,833)</u></b>	<b><u>(4,583)</u></b>

(a) The main effect, in the amount of R\$ 8,179, is a result of the recognition of the provision for loss of "Receivables" for the sale of "Cruzeiro do Sul" in November 2015.

### 32. Financial result

**FLEURY S.A.**

**Notes to the parent company and consolidated interim financial information as of June 30, 2019**

**In thousands of Brazilian reais, unless otherwise stated**

	Parent Company			
	4/01/2019 to 6/30/2019	4/01/2018 to 6/30/2018	1/01/2019 to 6/30/2019	1/01/2018 to 6/30/2018
<b>Financial income:</b>				
Income from financial investments - securities	7,189	5,815	17,271	9,899
Restatement of taxes and judicial deposits	24	746	1,786	1,866
Exchange variation and others	151	89	280	180
Derivative financial instruments	-	421	3	519
PIS/COFINS on financial income	(339)	(470)	(891)	(939)
Income from financial investments	<u>-</u>	<u>3,514</u>	<u>-</u>	<u>8,345</u>
	<b><u>7,025</u></b>	<b><u>10,115</u></b>	<b><u>18,449</u></b>	<b><u>19,870</u></b>
<b>Financial expenses:</b>				
Interest on debentures	(16,295)	(18,688)	(33,949)	(33,398)
Interest from leases	(12,859)	(195)	(25,877)	(371)
Monetary restatement of provision for tax, labor and civil risks	(2,731)	(803)	(4,599)	(2,036)
Interest on financing and other interest	(964)	(1,228)	(2,116)	(2,512)
Exchange variation and others	(659)	(1,256)	(1,683)	(2,345)
Financial fees	(516)	(1,336)	(1,071)	(1,947)
Restatement of taxes and accounts payable	(379)	(498)	(759)	(1,708)
Derivative financial instruments	<u>(142)</u>	<u>(2)</u>	<u>(94)</u>	<u>(131)</u>
	<b><u>(34,545)</u></b>	<b><u>(24,006)</u></b>	<b><u>(70,148)</u></b>	<b><u>(44,448)</u></b>
<b>Net financial result</b>	<b><u>(27,520)</u></b>	<b><u>(13,891)</u></b>	<b><u>(51,699)</u></b>	<b><u>(24,578)</u></b>
				Consolidated
	4/01/2019 to 6/30/2019	4/01/2018 to 6/30/2018	1/01/2019 to 6/30/2019	1/01/2018 to 6/30/2018
<b>Financial income:</b>				
Income from financial investments - securities	7,957	6,076	18,706	10,325
Restatement of taxes and judicial deposits	31	746	1,803	1,866
Exchange variation and others	151	126	281	217
Income from financial investments	8	3,186	28	8,262
Derivative financial instruments	-	421	3	519
PIS/COFINS on financial income	<u>(370)</u>	<u>(498)</u>	<u>(947)</u>	<u>(975)</u>
	<b><u>7,777</u></b>	<b><u>10,057</u></b>	<b><u>19,874</u></b>	<b><u>20,214</u></b>
<b>Financial expenses:</b>				
Interest on debentures	(16,295)	(18,688)	(33,949)	(33,398)
Interest from leases	(13,127)	(195)	(26,416)	(371)
Monetary restatement of provision for tax, labor and civil risks	(3,071)	(803)	(4,947)	(2,036)
Interest on financing and other interest	(998)	(1,264)	(2,182)	(2,604)
Exchange variation and others	(788)	(1,420)	(1,986)	(2,757)
Restatement of taxes and accounts payable	(993)	(1,193)	(1,965)	(2,537)
Financial fees	(516)	(1,336)	(1,071)	(1,947)
Derivative financial instruments	<u>(142)</u>	<u>(2)</u>	<u>(94)</u>	<u>(131)</u>
	<b><u>(35,930)</u></b>	<b><u>(24,901)</u></b>	<b><u>(72,610)</u></b>	<b><u>(45,781)</u></b>
<b>Net financial result</b>	<b><u>(28,153)</u></b>	<b><u>(14,844)</u></b>	<b><u>(52,736)</u></b>	<b><u>(25,567)</u></b>

**Notes to the parent company and consolidated interim financial information as of June 30, 2019**

**In thousands of Brazilian reais, unless otherwise stated**

### 33. Earnings per share

#### Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares issued in the period, excluding common shares acquired by the Company and held as treasury shares.

	<u>6/30/2019</u>	<u>6/30/2018</u>
Profit attributable to the Company's shareholders	165,171	183,060
Weighted average number of common shares issued/outstanding	<u>316,113,442</u>	<u>314,902,610</u>
Basic earnings per share - R\$	<u><b>0.52</b></u>	<u><b>0.58</b></u>

#### Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to assume the conversion of all diluted potential common shares.

The Company had outstanding dilutive potential common shares in the period, related to the Company's Stock Option Plan, as follows:

	<u>6/30/2019</u>	<u>6/30/2018</u>
Profit attributable to the Company's shareholders	165,171	183,060
Weighted average number of outstanding common shares	316,113,442	314,902,610
(+) Adjustments due to stock options	<u>4,442,397</u>	<u>7,881,262</u>
(=) Weighted average number of common shares for diluted earnings per share	<u>320,555,839</u>	<u>322,783,872</u>
Diluted earnings per share – R\$	<u><b>0.52</b></u>	<u><b>0.57</b></u>

### 34. Segment reporting

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

## FLEURY S.A.

### Notes to the parent company and consolidated interim financial information as of June 30, 2019

In thousands of Brazilian reais, unless otherwise stated

	Period ended 6/30/2019				Period ended 6/30/2018			
	Diagnostic Medicine	Integrated Medicine	Dental	Consolidated	Diagnostic Medicine	Integrated Medicine	Dental	Consolidated
Net revenue	1,198,327	230,958	-	1,429,285	1,091,495	235,017	160	1,326,672
EBITDA	405,441	41,791	-	447,232	325,786	38,975	10	364,771
Equity in the earnings (losses) of joint venture	-	-	(202)	(202)	-	-	522	522
Depreciation and amortization	-	-	-	(168,075)	-	-	-	(88,714)
Financial result	-	-	-	(52,736)	-	-	-	(25,567)
<b>Income before income taxes</b>	-	-	-	<b>226,219</b>	-	-	-	<b>251,012</b>

Assets and liabilities by reportable segment are not being presented, in line with CPC 22, given that this information is not regularly presented to the main managers of the operations.

Pursuant to accounting standard CPC 19 (R2) - Joint Arrangements, the indirect subsidiary Papaiz is accounted for by the equity accounting method because it is jointly controlled. Dental operations are broken down as follows:

	<u>6/30/2019</u>	<u>6/30/2018</u>
Net revenue	6,196	5,798
EBITDA	646	1,249
Depreciation and amortization	(334)	(304)
Financial result	(317)	(237)
<b>Income (loss) before taxes</b>	<b>(5)</b>	<b>706</b>
Income tax and social contribution	(197)	(184)
<b>Profit</b>	<b>(202)</b>	<b>522</b>

## 35. Insurance

The Company has the policy to contract insurance for possible risks related to its assets, loss of profit and/or liability in amounts sufficient to cover possible losses, considering the nature of its activities and in accordance with the assessment of Management and its specialized consultants. The net insurance premium of the Parent Company and Consolidated for the policies in effect on June 30, 2019 totaled R\$955.

The agreements are in effect until February 26, 2020.

The maximum amounts insured by the main insurance on June 30, 2019 were as follows:

	<u>Consolidated</u>
Operating risks	R\$614,725
Civil liability	R\$105,000
International transport - Imports	US\$ ('000) 750

\*\*\*

**FLEURY S.A.**

**Notes to the parent company and consolidated interim financial information as of June 30, 2019**

**In thousands of Brazilian reais, unless otherwise stated**

---

Carlos Alberto Iwata Marinelli  
CEO

Fernando Augusto Rodrigues Leão Filho  
Chief Executive Finance, Investor Relations and Legal Officer

Gisele Schneider  
Technical manager  
TCRC 1SP304488

## **BOARD OF EXECUTIVE DIRECTORS DECLARATION ABOUT FINANCIAL STATEMENTS**

The Executive Directors of Fleury S.A. ("Company"), pursuant to item VI of Article 25 of CVM Instruction 480 of December 7<sup>th</sup>, 2009, declare that they reviewed, discussed and agreed with the Company's financial statements for the period ended on June 30, 2019, authorizing the completion on this date.

São Paulo, June 30<sup>th</sup>, 2019.

### **Board of Executive Directors**

#### **Carlos Alberto Iwata Marinelli**

Chief Executive Officer

#### **Fernando Augusto Rodrigues Leão Filho**

Chief Financial, Investor Relations and Legal Officer

#### **Jeane Mike Tsutsui**

Fleury Brand Officer

#### **José Roberto Araujo da Silva**

Commercial and B2B Business Officer

#### **Claudio Almeida Prado**

Operations Support Officer

#### **Edgar Gil Rizzatti**

Medical, Technical and Process Officer

## **BOARD OF EXECUTIVE DIRECTORS DECLARATION ABOUT INDEPENDENT AUDITOR'S REPORT**

The Executive Officers of Fleury S.A. ("Company"), in accordance with item V of Article 25 of CVM Instruction 480 of December 7<sup>th</sup>, 2009, declare that they reviewed, discussed and agreed with the opinions expressed in the independent auditors' report on the Company's financial statements for the period ended June 30, 2019, authorizing the completion on this date.

São Paulo, June 30<sup>th</sup>, 2019.

### **Board of Executive Directors**

#### **Carlos Alberto Iwata Marinelli**

Chief Executive Officer

#### **Fernando Augusto Rodrigues Leão Filho**

Chief Financial, Investor Relations and Legal Officer

#### **Jeane Mike Tsutsui**

Fleury Brand Officer

#### **José Roberto Araujo da Silva**

Commercial and B2B Business Officer

#### **Claudio Almeida Prado**

Operations Support Officer

#### **Edgar Gil Rizzatti**

Medical, Technical and Process Officer

**FLEURY S.A.**  
**CNPJ/MF nº 60.840.055/0001-31**  
**NIRE 35.300.197.534**

**Ata da Reunião do Comitê de Auditoria e Gestão de Riscos**  
**realizada em 19 de julho de 2019**

**Data, hora e local:** Realizada às 09:00 horas do dia 19 de julho de 2019, na sede social da Companhia, localizada na Cidade de São Paulo, Estado de São Paulo, na Av. General Valdomiro de Lima, nº 508, Jabaquara.

**Presença:** A integralidade dos membros do Comitê, Srs. Luiz Carlos Vaini (coordenador), Marcio Pinheiro Mendes, e Haydewaldo Roberto Chamberlain e dos convidados: Carlos Marinelli – Presidente Executivo, Fernando Augusto Rodrigues Leão Filho – Diretor Executivo de Finanças, Gisele Schneider – Gerente de Controladoria, Jeferson Guilherme dos Santos – Gerente de Auditoria Interna, Marcos Boscolo e Bruno Silva – representantes da KPMG Auditores Independentes.

**Deliberações:** Reunido para avaliar as demonstrações financeiras da Companhia relativa ao Segundo Trimestre de 2019, o relatório da administração e o relatório dos auditores independentes, o Comitê solicitou aos representantes da KPMG que prestassem esclarecimentos sobre a auditoria realizada, tendo estes informado que não ocorreram mudanças significativas no planejamento de auditoria; não houve discordância entre a auditoria e a administração; não ocorreram fatos ou impedimentos aos trabalhos da auditoria, que as estimativas realizadas pela Administração estão adequadas; não terem qualquer apontamento relacionado a indícios de fraudes e atos ilícitos envolvendo membros da Administração, que os representantes da KPMG reafirmaram que cumprem todos os requisitos de independência estabelecidos nas normas e regulamentos. O Comitê foi informado ainda que na opinião dos auditores as demonstrações financeiras apresentam adequadamente, em todos os aspectos relevantes, a posição patrimonial e financeira, individual e consolidada, do Fleury S.A., o desempenho individual e consolidado de suas operações e os seus respectivos fluxos de caixa individuais e consolidados para o Segundo Trimestre, de acordo com as práticas contábeis adotadas no Brasil e as normas internacionais de relatório financeiro (IFRS) emitidas pelo International Accounting Standards Board (IASB). Finda a apresentação, a conclusão da auditoria externa foi pela aprovação das Demonstrações Financeiras sem ressalvas.

Desta forma, o Comitê recomenda ao Conselho de Administração a aprovação das demonstrações financeiras – Controladora e Consolidado – relativas ao período findo em 30 de junho de 2019, elaboradas pela Companhia e auditadas pela empresa KPMG Auditores Independentes

**Encerramento**. Nada mais havendo a ser tratado e inexistindo qualquer outra manifestação, foi encerrada a presente reunião, da qual lavrou-se a presente ata que, lida e aprovada, foi assinada por todos.

**Membros do Comitê:**

---

Luiz Carlos Vaini

---

Márcio Pinheiro Mendes

---

Haydewaldo Roberto Chamberlain