

Management Report **2021**



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Management Report - 2021

Management Report - 2021	2
Message from the Management	3
Macroeconomic and Industry Scenario	5
About Grupo Fleury	6
Grupo Fleury in 2021 numbers:	7
ESG	8
Certifications, Voluntary Commitments, and Reports	16
Innovation	18
Physician Relationship	22
People Management	23
Economic and Financial Performance	24
Capital Markets	29

Message from the Management

Strengthening the core business and expanding the other business units

In 2021 Grupo Fleury presented a record financial performance and remarkable advances. With a new executive management and renewed focus on established growth avenues – the core business of diagnostics, the new links in the value chain and the Healthcare Platform – the group achieved the highest revenue, highest EBITDA and highest net income in its history, and also record operating cash generation.

In diagnostics – our core business – we registered growth of 25.0% in the Patient Service Centers ("PSCs") and 22.2% in B2B. We also grew in the new links of the value chain both with acquisitions and organically, with an expansion of 1714.2%. And our healthcare platform, with Saúde iD brand, grew its revenue by 38.2%. Together, the revenues from the new links and the healthcare platform represent 5.4% of the group's total revenue. These two avenues not only have a high potential for growth, but also drive the expansion of the core of Diagnostics.

An unprecedented performance, but not by chance, supported by the combination of organic and inorganic growth. We made six acquisitions in 2021 – three in Diagnostics (one acquisition still pending regulatory approvals) and three in the New Links, respectively in infusion therapy, orthopedics and ophthalmology segments.

In the last 2 years, we expanded our client's home service, which represented 7.4% of the Group's total annual revenue, equivalent to the average revenue of 26 PSCs. Additionally, in 2021 we had the inclusion of 40 PSCs through acquisitions, the opening of three new PSCs organically, in addition to the retrofit of 14 PSCs.

Also as a highlight in the Gross Revenue composition, we had the impact of Covid-19 exams, which represented 7.3% of annual Gross Revenue in 2021. This contribution has already shown a downward trend in recent quarters and ended the year on 5.7%, the lowest level since the beginning of the pandemic. Another highlight is the growth in revenue from Genomics, whose gross revenue grew by 49.7% in 2021. This business will become part of Gênesis, a joint venture with Sociedade Israelita Brasileira Albert Einstein (HIAE) (JV still in approval by CADE), becoming the platform with the largest portfolio of Genomics tests in Brazil.

It is important to point out that the organic growth (excluding acquisitions) of 24.0% of Gross Revenue shows an already robust business in itself, proving the strength of our core business and of recognized and demanded brands for the quality of their products and services. Our acquisitions and strategic investments in building the complete healthcare ecosystem serve to further strengthen and expand the scale of our business, ensuring the conditions for long-term sustainable growth focused on adding value to the customer's healthcare journey.

Innovation Management

In 2021, Grupo Fleury also registered another record: the number of implementations of new products, services and new methodologies. There were 430 deployments in total, 35% more than the number of deployments carried out in the previous year. The gains resulting from these incremental innovation projects are essential for our leadership and quality positioning in our business - they encompass the improvement of medical practice, the reduction of costs and tests deadlines and the reduction of waste generation, bringing tangible benefits to patients and the environment, in line with our commitment to ESG factors. These projects generated an annual cost reduction of more than R\$ 127 million. During the year, the Company invested R\$ 21 million in R&D, specifically intended for new tests and changes in methodologies.

ESG

In the current reality, after the challenging period that generated reflections around the health issue, our client increasingly values an undisputed, effective and efficient partner of trust - strengthening our thesis of building an integrated, preventive and hybrid healthcare ecosystem. And as everyone has observed, the pandemic has further highlighted the importance of ESG factors, which was no different in our business.

In 2021, we continued advancing on the ESG agenda with improvements in our Corporate Governance, including the increase in the number of independent members (40% of the total) on the Board of Directors, with the participation of two women. We also created the ESG Committee, coordinated by the chairman of the Board of Directors, and the Medical Culture Committee, with the objective of promoting, disseminating and improving the Company's medical and health culture to ensure quality in patient care and safety. As of 2021, the ESG targets began to impact Executive compensation, and we carried out the first issuance of ESG debentures – an SLB (Sustainability Linked Bonds) in the amount of R\$ 1 billion. In addition, the inclusion for the second consecutive year in the Dow Jones Sustainability Index and the permanence in the B3 ISE portfolio for the ninth consecutive year are a seal of recognition of our ESG strategy by the capital markets.

We ended the year even stronger, thanks to the almost 13 thousand employees and 3 thousand doctors of the Group who dedicated themselves intensely to the health and well-being of our customers. We are grateful not only for the work of the teams, but also for the trust placed by Grupo Fleury's customers and partners throughout the year.

The work of this team is essential for Grupo Fleury brands to continue to be a healthcare reference in the country, and the robust performance of 2021 reinforces our confidence in remaining committed to the mission of offering quality services throughout the entire health journey of our customers.

Marcio Pinheiro Mendes

Chairman of the Board of Directors

Jeane Tsutsui

CEO of Grupo Fleury

Macroeconomic and Industry Scenario

Relevant growth even in the continuity of the challenging macroeconomic scenario, with the number of beneficiaries of private health plans showing growth in the base and unemployment indicators still below expectations

According to data from the National Supplementary Health Agency (ANS), the number of beneficiaries of private health plans increased to 49.0 million lives in December 2021, compared to 47.5 million in December 2020. Of the total of beneficiaries, 68.8% had a collective business plan; 18.2%, individual or family plans; 12.9%, collective membership plan; and 0.1% did not inform the type of plan they had.

According to the Brazilian Institute of Geography and Statistics (IBGE), at the end of 2021, there were 12 million unemployed people, which means an unemployment rate of 11.1% compared to 14.2% in 2020, still below expectations. despite the improvement recorded.

In Brazil, most healthcare plans are still corporate. In 2021, the number of beneficiaries of the plans increased compared to 2020, reflecting the improvement in the unemployment rate in the country, which led to a greater number of individuals with access to private healthcare plans. Health continues to be a point of great relevance, even more so due to the events related to COVID-19 during 2021.

Grupo Fleury continued to show positive results in 2021, despite the impacts caused by the COVID-19 pandemic, which extended throughout the period, reflecting the increase in cases and the emergence of new variants of the virus. Gross revenue increased by 30.1%, with growth of 25.0% in PSCs, 22.0% in B2B operations, in addition to the strong growth arising from the New Links and Saúde iD, which reached 5.4% of Group's consolidated gross revenue. This performance is related to the fact that we are positioned in different markets, in the intermediate and premium segments, with a portfolio of brands recognized for their medical, technical and service excellence. In addition, there was also a contribution from the new initiatives launched in recent years (new links and Saúde iD), and also from the revenue obtained through the processing of COVID-19 exams throughout 2021.

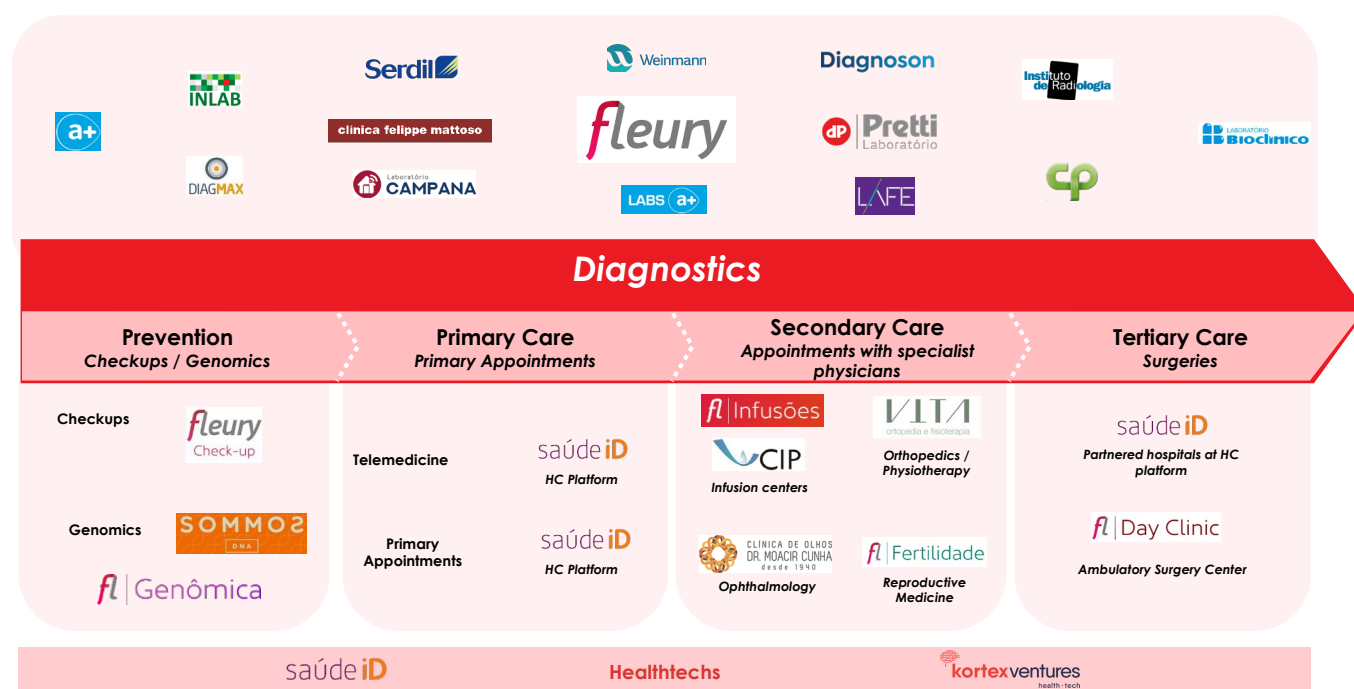
About Grupo Fleury

Fleury will consolidate itself as a solution for the integrated care of the individual, leading the generation of value for the entire healthcare chain through its integrated, preventive and hybrid healthcare ecosystem.

For this purpose, Grupo Fleury is one of the most traditional medical and healthcare organizations in the country, focused on coordinating care centered on the individual. With more than 95 years of history, it is referenced by the medical community, patients and public opinion for its medical and service excellence, innovation and sustainable development.

An Integrated Healthcare Ecosystem

We have 16 diagnostics brands present in the largest metropolitan regions of Brazil and positioned in the premium, intermediate-high and intermediate sectors, in addition to the other brands that make up the Group's Healthcare Ecosystem, focused on primary care, healthcare coordination, telemedicine, infusion therapy, ophthalmology, reproductive medicine, Day Clinic in orthopedics.



The Company has three avenues of growth:

- **Diagnostics:**
 - **Patient Service Centers:** There are 284 units in the states of São Paulo, Rio de Janeiro, Rio Grande do Sul, Pernambuco, Bahia, Paraná, Rio Grande do Norte, Maranhão, Espírito Santo, in addition to the Federal District, and clientes home service, providing diagnostics services for premium and intermediate-high healthcare plans;

- **B2B Operations:** Diagnostics operations in 31 hospitals, providing clinical analysis and imaging tests; and lab-to-lab operation with performance of highly complex tests for laboratories, hospitals and clinics throughout Brazil.
- **New Links:** Complete specialty clinics, offering infusion therapy, ophthalmology, orthopedics and reproductive medicine services, in addition to our Day Clinic, which performs low-complexity surgeries in several specialties.
- **Saúde ID:** marketplace focused on B2C, with a portfolio of services involving medical teleconsultations, diagnostics and low-complexity procedures; corporate solutions and face-to-face primary care; as well as solutions for physicians with digital office and medical education.

Grupo Fleury in 2021 numbers:

- **Record Gross Revenue** of **R\$ 4.2 billion**, with **growth** of **30.1%** in the period
- **Recurring EBITDA** totaled **R\$ 1.1 billion**, with an **EBITDA margin** of **28.2%** and **adjusted net income**¹ of **R\$ 374.7 million**
- **Operating Cash Generation** totaled **1.0 billion**, an **expansion** of **57.5%**
- **99.2 million** performed tests; of which 1.9 million refer to tests for COVID-19
- refer to tests for COVID-19
- **404.4** thousand medical consultations and **85.1** thousand integrated reports
- **13 thousand** employees and **3 thousand** physicians providing services

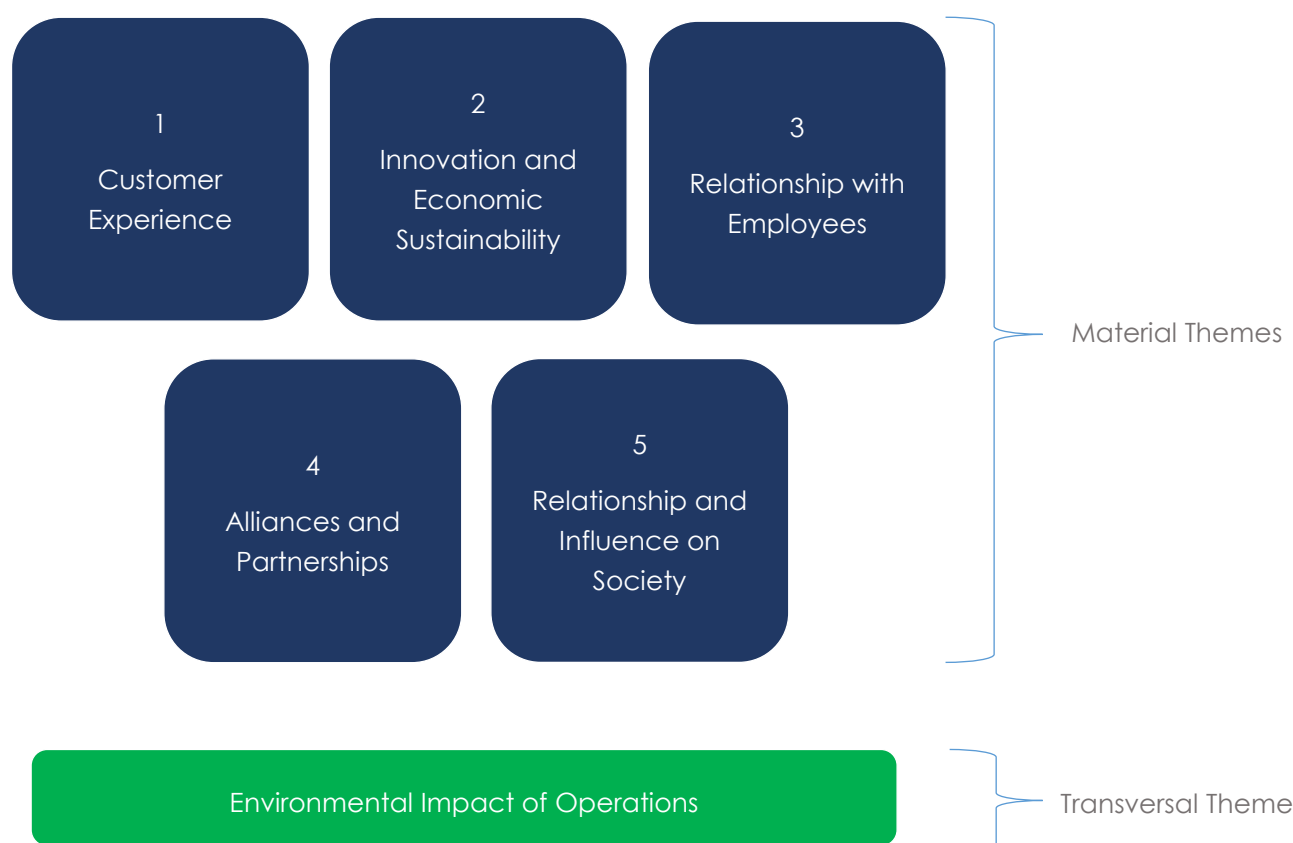
¹ Net profit attributable to controlling shareholders.

ESG

Grupo Fleury aims to consolidate its position of reference in sustainability in the healthcare area, expanding the Company's social impact and inspiring the adoption of sustainable practices in the sector.

For Grupo Fleury, sustainability has a direct link with the company's mission and is understood as the integrated and balanced management of ESG concepts - environment, social and governance - aligned with the company's business and strategy, without neglecting focus on the excellence of its services and processes.

The strategic sustainability agenda, revised every 3 years, aims to leverage the value of sustainability through proprietary themes of the healthcare market, selected together with the main stakeholders in order to generate organizational learning, business opportunities, innovation and competitive advantage – concepts already present in Grupo Fleury's business strategy. The agenda addresses current challenges of the Brazilian healthcare market, transforming them into motivators for the creation of shared value among the actors of the system.



Grupo Fleury maps, monitors and is clear about its responsibilities towards society, seeking to strengthen its relationship and minimize possible impacts resulting from its activities through various social and

environmental programs. To address the Company's material themes, the ESG Strategic Project was launched in 2021, a project with an initial stipulated duration of 3 years, with a view to improving the Group's sustainability initiatives. Topics such as water consumption reduction, expansion of the ISO9001/14001 integrated certification (quality and environment), reinforcement of the Diversity and Inclusion program initiatives, opportunities for voluntary work in digital and ESG innovation strategies were part of its scope in the year. Two fronts of the project impacted Grupo Fleury as a whole, the adoption of ESG goals in the Corporate BSC and their respective unfolding in the profit sharing of all employees, and the review of the ESG strategic plan, based on the unfolding of the Company's strategic planning, with the adoption of long-term goals, such as the Group's commitment to become a Net Zero company by 2030.

In addition, in June 2021, the Group carried out its sixth debentures issuance in the SLB (Sustainability Linked Bonds) format, tying long-term social and environmental goals to the interest associated with the issuance. Two goals were set:

- Reduction in the generation of the biological waste index (Kg/exam) by 20% by 2025
- Provide access to healthcare for 1 million people from the C, D and E classes through the Company's products and services by 2026.

This was the first issuance of its kind by a healthcare company in the country, the second at retail and the first at retail with a social goal. Actions aimed to the development of new products and services on the Saúde iD platform, evaluation of initiatives to expand the coverage of basic healthcare plans and improvements in the automation lines at the technical headquarters in São Paulo are part of the plan to achieve the defined goals.

Environment

Grupo Fleury monitors and controls the segregation, disposal, storage and transport of hazardous and non-hazardous waste arising from its operation. The destination given to them is defined according to their type and is based on criteria based on the procedures of the Environmental Management System and on current legislation.

Since 2008, the Company has prepared and published, in the Public Registry of Emissions of the GHG Protocol, the annual inventory that accounts for its direct and indirect greenhouse gas (GHG) emissions. Each year, data collection and expansion of the reported scope progresses, which includes emissions from air travel, energy consumption, fuel consumption in material transport, paper consumption in administrative areas and outsourced transport.

As for the Company's greenhouse gas emissions, the 2021 Emissions Inventory will be published in the first half of 2022. In 2020, there was a 10.4% reduction in the Company's total emissions, considering scopes 1, 2 and 3. Regarding emissions related to scope 2, compared to 2019, there was a 4.5% decrease in the Group's total emissions. In relation to Scope 2, the reduction of 17.5%, and in relation to scope 3, as it is not directly controlled by the company, it presents greater variability, which makes it difficult to make a historical comparison. In the last year the reduction was 1.34%. Despite the entry of the Maranhão regional in the scope of the inventory, there was a reduction in all scopes. This is mostly explained by the effect of

the Sars-Cov-2 pandemic on the company's operations, such as the lower use of headquarters due to home office, a significant reduction in corporate travel and temporary closure of units during the peak months. Another point to highlight in 2021 was the expansion of renewable energy consumption from the free market to another 19 units of the Group. The year was also marked by the in-depth study of the Company's climate and adaptation risks, and their integration into the Group's strategic risk map.

We also present below a comparison of energy, water consumption and waste generation indicators. Comparing the years 2020 and 2021, there was an absolute increase of 4.4% in energy consumption, an effect of the inclusion of the LAFE, Inlab, Diagmax and Cedire brands in the corporate electric energy target, as well as an absolute increase of 16.9% in water consumption due to the same reason. However, the relative indices of energy (Kwh/test) and water (m3/test) were, respectively, 14.6% and 5.7% lower than those measured in 2020. As for waste generation, there was an increase of 18.7% in the total absolute volume of waste generated, caused by the inclusion of LAFE (RJ), Diagmax/Cedire (PE), Inlab (MA) and IR/CPC (RN) brand service units in the waste monitoring program. The relative rates (Kg/exam) of common and biological waste were, respectively, 1.1% and 14.8% lower compared to the previous year.

Index	2021	2021 vs. 2020	2020	2020 vs. 2019	2019	2019 vs. 2018	2018
Energy (Kwh)	57,913,620	4.4%	55,485,392	1.3%	54,770,185	9.7%	49,930,736
Water (m3)	163,275	16.9%	139,634	-9.4%	154,160	-1.8%	156,963
Total of waste generation (KG)	1,531,932	18.7%	1,290,958	-15.9%	1,534,528	2.0%	1,504,757
Common waste	875,448	23.5%	708,844	-20.3%	889,539	-0.1%	890,285
Infecting waste	656,484	12.8%	582,114	-9.7%	644,990	5.0%	614,472

Grupo Fleury has historically adopted a series of measures aimed at greater efficiency in the use of energy, water and waste generation. Among these actions, we highlight advances in telemetry, installation of LED lighting, replacement of equipment for models with lower energy consumption or Energy Star seal, purchase of energy in the free market, water reuse systems - such as the reuse of water of the treatment system at the Technical area in São Paulo - review of processes with a view to reducing the consumption of materials and waste, in addition to campaigns and initiatives to raise awareness among employees of the need for rational use of the resource.

Grupo Fleury took another important step in 2021 in adopting strategies for the use of renewable energy. To further advance these initiatives, the Company signed an agreement with GreenYellow to contract 4.5 MWp of solar energy. The contracted resource will supply 47% of the energy consumed by Grupo Fleury in Rio de Janeiro through the brands in which they are present in the state, which represents 45 units between Labs a+, Felipe Mattoso and LAFE – all at low voltage. Grupo Fleury's energy consumption in Rio de Janeiro currently represents 27% of the total used by the Company throughout the country. Similarly, the company Voltxs will manage the contracting of 3.2 MWp of solar energy for around 50 consumer units present in the State of São Paulo. The expectation is that in the second half of 2022 the plants will start operating.

Social

In 2021, the adaptation of the Group's social initiatives to the context of the pandemic and the search for new forms of volunteer engagement marked the year. Regarding the face-to-face initiatives carried out in the year, the Outubro Rosa initiative, which marks the fight against breast cancer, stands out. The Group's regional offices opened the doors of a set of units for the voluntary care of patients from the public health network, federal and state public hospitals and philanthropic institutions in the various locations where the Group operates. In this action, 12 PSCs participated, 1087 patients were treated and more than 9,000 tests were performed.

It is also worth mentioning the continuity of the development of social initiatives remotely, in order to adapt the Company's social activities to the limitations of occupation and social distancing. In partnership with Instituto Gerando Falcões, the Group participated in the campaign Corona no Paredão, Fome Não, in the angel company category. With the participation of the company's employees and suppliers, 952 basic food baskets were collected, corresponding to a value of R\$ 47.6 thousand. On the other hand, Grupo Fleury doubled the amount raised, donating another R\$ 50 thousand to the campaign. Also in partnership with BNDES, the Group donated R\$ 1 million to the Salvando Vidas campaign, focused on the purchase and distribution of PPE and medical oxygen to philanthropic hospitals in the country. The Group's donation impacted 21 hospitals, especially in the locations where the Group operates. In 2021, the Group also joined the Unidos pela vacina movement, led by the Mulheres do Brasil group, whose objective is to contribute to increasing vaccine coverage against COVID-19 in the population and encourage people to adhere to vaccination, disseminating guidance materials on the theme. The Group also participated by donating RT-PCR tests to several institutions, such as the Sankofa project, CIEE and Fundação Arca, and also donating flu vaccines to two institutions in São Paulo. In all, about 700 items were donated between tests and vaccines. At the end of the year, the donation campaign carried out in partnership with Instituto Devolver and other institutions mobilized employees from all regional.

Also noteworthy in 2021 was the partnership with the NGO Amigos do Bem for the development of a telemedicine service project for those assisted in the institution's transformation centers, scheduled to start in the first quarter of 2022.

In order to maintain internal engagement, the Company has also developed remote work projects, such as Adote um Idoso, in partnership with the NGO Velho Amigo, and Colabinar, an initiative in which the Group's employees can work voluntarily to develop and learning from other employees through online classes and video classes.

In 2021, Grupo Fleury also made contributions via tax incentive laws, prioritizing seven projects encouraged through the Federal Culture Incentive Law, Childhood and Adolescence Fund, Elderly Fund and Sports Law. The total amount invested in these projects was R\$ 992 thousand.

In March 2021, the company also launched the Coração da Mulher movement, with the aim of encouraging care for women's cardiological health.

Also this year, the company reinforced the initiatives of its Diversity Program, through the ESG Connection event, which encompassed the Group's third Diversity Week, in addition to investments in training for leaders and new employees, launching campaigns aimed at Diversity issues and carrying out the 2021

diversity census, with the objective of improving the Company's demographic data and evaluating the perceptions of employees, with a view to seeking improvement opportunities. Inclusion initiatives were also prioritized, such as efforts to hire people with disabilities, notably intellectual disabilities and autism spectrum disorders, in addition to reviewing the criteria of the internship and trainee program, in order to increase its attractiveness to smaller audiences. In 2021, the Emprego Apoiado initiative, aimed at the inclusion of people with intellectual disabilities, and developed with the support of the Jô Clemente Institute, was recognized with the municipal seal of Human Rights and Diversity from the city of São Paulo.

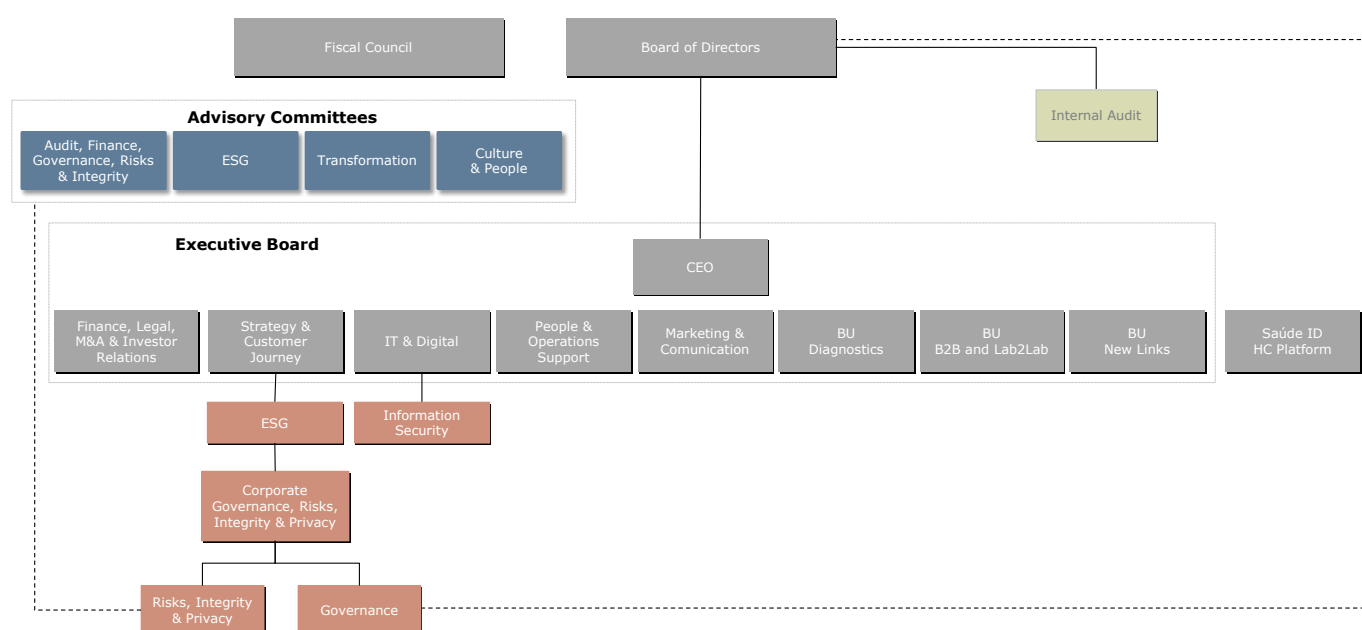
Corporate Governance

Listed on the Novo Mercado, the Company guides its performance by the highest standards of Corporate Governance.

Grupo Fleury's shares are traded under the ticker FLRY3 on the Novo Mercado segment of B3, a special listing segment of the Brazilian stock exchange that requires the adoption of the highest standards of Corporate Governance. Grupo Fleury has practices and processes in line with the principles of transparency, equity, accountability, corporate and social and environmental responsibility. This was a natural process for the Company, since before listing its shares on the Stock Exchange, there was already a shared management between the Executive Board and the Board of Directors, with the participation of independent directors.

The corporate organizational chart established by the Company meets the best market practices and governance is supported by the structures that make up the Internal Controls System: Internal Audit, Compliance, Risk Management, Privacy and Information Security.

Organization Chart of Grupo Fleury



Board of Directors

Created in 1998, the Grupo Fleury's Board of Directors has a minimum of seven and a maximum of eleven sitting members, with up to eight alternate members. The Board of Directors aims to establish the general business guidelines and to elect the Statutory Executive Board, among other powers conferred by law and by the Company's Bylaws. The Board of Directors has an Internal Regulations governing its operation and its Advisory Committees. The tenure of the directors is established for two years, and the reelection is allowed.

Structure of the Board of Directors

Members of the Board of Directors	Position	Term of Office
Marcio Pinheiro Mendes	Chairman	GSM 2023
Fernando Lopes Alberto	Vice-Chairman	GSM 2023
Rui Monteiro de Barros Maciel	Board Member	GSM 2023
Luiz Carlos Trabuco Cappi	Board Member	GSM 2023
Samuel Monteiro dos Santos Junior	Board Member	GSM 2023
Ivan Luiz Gontijo Junior	Board Member	GSM 2023
Andréa Cristina de Lima Rolim	Independent Member	GSM 2023
Rachel Ribeiro Horta	Independent Member	GSM 2023
João Roberto Gonçalves Teixeira	Independent Member	GSM 2023
Raul Calfat	Independent Member	GSM 2023
Manoel Antônio Peres	Alternate Member	GSM 2023
Octavio de Lazari Junior	Alternate Member	GSM 2023
Mauricio Machado de Minas	Alternate Member	GSM 2023

Currently, the Board of Directors has ten sitting members and two alternate members, four independent effective directors, with a 20% participation of women in its composition. The Board is supported by four Advisory Committees: Audit, Finance, Risk and Integrity; Transformation; Culture and People and ESG. The Committees are permanent, meet monthly (Audit, Finance, Risks and Integrity, Transformation and Culture and People) and bimonthly (ESG) and are all coordinated by a member of the Board of Directors.

Fiscal Council

Established in 2018, the Fiscal Council is an independent body of the Company's management. Law 6404/76 establishes that the responsibilities of the Fiscal Council include supervising the management's activities, reviewing the publicly-held company's financial statements and disclosing its conclusions to shareholders.

Structure of the Fiscal Council

Member of the Fiscal Council	Position	Term of Office
Luciana Doria	Board Member	GSM 2022
José Maria Chapina Alcazar	Board Member	GSM 2022
Sergio Moreno	Board Member	GSM 2022
Carolina Strobel	Alternate Member	GSM 2022
Adriana Ruiz Alcazar	Alternate Member	GSM 2022
Paulo Sergio Rodrigues	Alternate Member	GSM 2022

Currently, the Fiscal Council has three sitting members and their respective alternates.

Audit, Finance, Risk and Integrity Committee

On December 15, 2004, the Board of Directors created the Audit Committee, currently called the Audit, Governance, Risks and Compliance Committee, with permanent operation, to recommend the conditions for hiring an independent external audit and propose its objectives; analyze and evaluate the work of the internal audit, guarantee and improve internal controls; recommend procedures in the event of inadequacies in relation to best accounting practices; and monitoring the mapping of risks to which the company is exposed and the respective preventive and mitigating actions. On May 27, 2021, the Finance Committee merged with the Audit, Risk and Integrity Committee and the name changed to the Audit, Finance, Risk and Integrity Committee.

Transformation Committee

It is responsible for advising the Board of Directors with the assessment, prioritization and monitoring of the most relevant projects in the Company, as well as the development of structure, system and organizational processes, both under the focus of the strategy. The Committee also has the function of advising the Board of Directors with the assessment of the strategic planning proposed by the Executive Board and promoting the Company's innovation, research and development.

Culture and People Committee

Responsible for evaluating, appointing and dismissing executive officers; monitoring the progress of the organization, facing strategic challenges for the business and management; evaluating the systems of performance evaluation, salary policies and staff development programs; proposing guidelines and criteria for variable remuneration programs; and monitoring and proposing actions arising from the evaluation of the organizational environment.

ESG Committee

Created by the Board of Directors on April 15, 2021, the ESG Committee has the function of leveraging the development of work on the topic that is already being carried out by the Company, reinforcing Grupo Fleury's permanent attention to ESG principles in its strategy of business, and to accentuate the discussions on the subject within the main long-term strategic lines, which will contribute to the perpetuity of the organization and the environment that the Group influences and is part of on a daily basis.

Statutory Executive Board

Grupo Fleury's Statutory Executive Board ended 2021 with four members, as follows:

Structure of the Statutory Executive Board

Directors	Position	Term of Office
Jeane Tsutsui	CEO	BOD meeting After GSM 2023
Claudio Almeida Prado	New Links Executive Director	BOD meeting After GSM 2023
Edgar Gil Rizzatti	Chief Medical, Technical and Process Director	BOD meeting After GSM 2023
José Antonio Filippo	Chief Financial Officer, Investor Relations Director and Legal Officer	BOD meeting After GSM 2023

In accordance with CVM Instruction 381/03, we hereby report that the Company and its subsidiaries adopt as a formal procedure consulting independent auditors of PwC to ensure that the provision of other services does not affect its independence and objectivity required to carry out independent audit services. The Company's policy for hiring services of independent auditors ensures that there is no conflict of interest, loss of independence or objectivity

In the fiscal year ended December 31, 2021, PwC provided other additional services representing 9% of the audit fees of Grupo Fleury's consolidated financial statements.

When contracting these services, the policies adopted by the Company are based on principles that preserve the auditor's independence. These principles consist, according to internationally accepted standards, in: (a) the auditor must not audit his own work; (b) the auditor must not exercise a management role for its client, and (c) the auditor must not legally represent the interests of its clients.

PwC declared that the provision of services was carried out in strict compliance with the accounting standards that deal with the independence of independent auditors in audit work and did not represent a situation that could affect the independence and objectivity of the performance of its external audit services.

Certifications, Voluntary Commitments, and Reports

Grupo Fleury was a pioneer in the field of diagnostic medicine in the implementation of an Integrated Management System certified by ISO 9001 (Quality Management) and ISO 14001 (Environmental Management), which reflects its concern with quality, the environment, continuous improvement of procedures and sustainability. In 2021, the continued expansion of the scope of certification in the Rio de Janeiro Region and the certifications of the Fleury Day Clinic and Infusion Center of the Fleury Medicina e Saúde brand stood out. Also noteworthy are the following accreditations: that of the American College of Pathologists (CAP), both in the accreditation and quality control programs for the Central Technical Area and the Group's Technical Area located at Hospital Sírio-Libanês, both in São Paulo; the National Glycohemoglobin Standardization Program (NGSP) and the Brazilian Society of Clinical Pathology/Laboratory Medicine (SBPC/ML). All the regional offices of the Group are also accredited by the Accreditation Program for Clinical Laboratories (PALC) of the Brazilian Society of Clinical Pathology. The Company is the first company in Brazil to obtain accreditation from the American College of Radiology (ACR) for stereotaxy, in the Paraíso PSC of the Fleury Medicina e Saúde brand. We also have ACR accreditation for Nuclear Medicine, Tomography and Magnetic Resonance services at the Ponte Estaiada and Paraíso PSCs of the Fleury Medicina e Saúde brand. Also in 2019, the Fleury Medicina e Saúde brand was accredited by the requirements of the Accreditation Program in Imaging Diagnosis (PADI) of the Brazilian College of Radiology (CBR). The Ponte Estaiada, Rochaverá, Braz Leme and Alphaville PSCs of the same brand are also certified by the Leadership In Energy & Environmental Design (LEED).

In 2021, Grupo Fleury was recognized as the outstanding company in the healthcare area in the Melhores do ESG award by Exame magazine and, since 2014, it has been part of the B3 Corporate Sustainability Index (ISE) portfolio. In 2021, it was part of the Dow Jones Sustainability Index - Emerging Markets portfolio for the second time. The portfolio comprises 108 companies, of which only 10 are Brazilian, and Grupo Fleury is the only company in the healthcare sector in the Americas to be part of the index. The Group is also part of the index's Sustainability Yearbook 2021.

The DJSI is the most important global sustainability index, composed of companies that stand out worldwide for the adoption of best social, economic and environmental practices (Environmental, Social and Governance - ESG), and is a reference for investors who evaluate these dimensions in their portfolios. In 2021, for the second time, the Group was also included in B3's ICO2 (Efficient Carbon) index.

The Group's concern and engagement with sustainable development is also evident through its adhesion to a series of voluntary initiatives, which are undertaken with national and international sectoral entities. In 2021, the Group reinforced its commitment to the promotion of Diversity and Inclusion, and to the fight against corruption. Among the commitments are:

Sustainable Development Goals (SDG): Agreement signed in 2015 by the countries that integrate the United Nations (UN) brings together 17 objectives and 169 goals to be achieved by the world by 2030, involving themes such as poverty eradication, education, climate change, sustainable cities, employment and inclusive economic growth, among others. The themes covered by the 17 objectives are pointed out with SDG icons. Grupo Fleury participates in discussions on the topic in the working group of the Brazil Network of the United Nations (UN) Global Pact.

United Nations Global Pact: Signatory since 2013, Grupo Fleury maintains its commitment to the promotion of social and environmental responsibility actions of the 10 Universal Principles of the Global Pact. The UN initiative aims to mobilize the international business community to adopt, in its business practices, fundamental values in the areas of human rights, labor relations, the environment and the fight against corruption.

Principles of Women's Empowerment: In 2017, the Company adhered to the commitment of UN Women and the Global Pact, in which it reaffirms its commitment to guaranteeing a fair, equal environment and opportunities for all employees. Additionally, it was created on a voluntary basis by a women's team from the Company, the Female Leadership group, to discuss how we can promote gender equality.

Term of Commitment with Ethics and Integrity: In 2021, the Company was again approved in the program promoted by the Executive Secretariat of Pró-Ética, linked to the Comptroller General of the Union, in order to act and contribute to a more honest, ethical and transparent corporate environment..

Business Pact for Integrity and Against Corruption: Signed by the Company in 2010, the document designed by the Ethos Institute, the Brazilian Committee of the Global Pact and the United Nations Office against Drugs and Crime (Unodoc) addresses topics such as corruption of public agents, organized crime, tax evasion and money laundering.

Carbon Disclosure Program (CDP): Since 2015, Grupo Fleury has joined this initiative on a voluntary basis. CDP's objective is to foster a new way for companies to do business, preventing damage caused by climate change and the depletion of natural resources.

Mulher 360 Movement: In 2021, the Group adhered to the commitments of the Mulher 360 Movement, with the objective of promoting gender equity and increasing female participation in the corporate environment, communities and in the value chain.

Forum of Business and LGBTI+ Rights: in 2021 the group joined the Forum, a business movement bringing together large companies around 10 Commitments to the promotion of LGBTI+ human rights

Business Initiative for Racial Equality: still in 2021, the Group adhered to the commitment, with a view to promoting racial inclusion and overcoming racism

100% Transparency Movement: at the end of 2021, the Group became one of the pioneer companies in adopting the commitment of Rede Brasil to the Global Compact, with the objective of adopting measures that go beyond legal obligations to strengthen mechanisms of transparency and integrity and of fighting corruption.

The complete list of certifications and awards received by Grupo Fleury and the complete version of the 2020 Annual Sustainability Report can be accessed on the Company's Investor Relations website (www.fleury.com.br/ir).

Innovation

Grupo Fleury: Another year of fighting the pandemic, combined with the accelerated and growing implementation of innovations in products and services.

In another year strongly impacted by the pandemic, Grupo Fleury implemented innovations in products and services, which go far beyond the Portfolio related only to COVID-19.

Innovation Management

In 2021, Grupo Fleury had a record in the number of implementations of new products, services and new methodologies. There were 430 deployments in total, a number that is 35% higher than the number of deployments carried out in the previous year (318 deployments in 2020). Of these 430 implementations that took place in 2021, 269 are for new products and 161 are for changes in methodologies, which characterize improvements and enhancements to products already in force in the company's portfolio. It is important to emphasize the gains resulting from these incremental innovation projects, which range from cost and time reduction to the reduction of waste generation, for example, in line with our ESG principles, bringing benefits to our patients and also to the environment. These projects generated an annual cost reduction of more than R\$ 127 million. During the year, the Company invested R\$ 21 million in R&D, specifically intended for new tests and methodologies.

On the Research front, the Group ended 2021 with the number of 73 publications of scientific articles with the participation and intellectual contribution of Grupo Fleury. Among them, two recent publications in genetics stand out that evaluate data from the Brazilian population and the diagnostic contribution of the Group (see references 1 and 2). It is also worth reinforcing the participation that Grupo Fleury continues to carry out in the SoroEpi MSP study – Serial seroepidemiological surveys to monitor the prevalence of SARS-CoV-2 infection in the Municipality of São Paulo, SP, Brazil. The project is now in its seventh phase and has all the results published on the website and also in a recently published scientific article (see reference 3).

Also with regard to Innovation Management, Grupo Fleury is undergoing a Digital Transformation in R&D, through which a new digital platform will be implemented for the submission and management of portfolio innovation proposals in 2022. This Transformation project Digital aims to accelerate the implementation of innovations, making them reach our patients faster, automating processes and ensuring improvements in portfolio management.

References:

1. Quaio CRDC, Obando MJR, Perazzio SF, et al. Exome sequencing and targeted gene panels: a simulated comparison of diagnostic yield using data from 158 patients with rare diseases. *Genet Mol Biol.* 2021 Sep 29;44(4):20210061.
2. Quaio CRDC, Chung CH, Perazzio SF, et al. Frequency of carriers for rare recessive Mendelian diseases in a Brazilian cohort of 320 patients. *Am J Med Genet C Semin Med Genet.* 2021 Sep;187(3):364-372.

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Data Science and Bioinformatics

The Medical and Technical Operations Data Science and Bioinformatics Group worked on the development of 45 new Genomics products and SOMMOS DNA brand products, completed the structuring phase of Grupo Fleury's Alelos Database, developed 21 new projects focused on Health Data Science, published 3 articles in specialized magazines, in addition to constantly working on disseminating the data culture in the company. All these initiatives contributed to the advancement of the portfolio in precision medicine, improvement of quality management, improvement of methodologies and processes, safety and patient experience. In this context, collaborative developments, guided by an open innovation ecosystem, place Grupo Fleury at the forefront of advances in Artificial Intelligence with a focus on the patient's journey. Nevertheless, relationships with important institutions, such as A. C. Camargo Cancer Center, have been strengthened through the structured integration of laboratory and clinical outcome data for the discovery of clinically useful markers in Oncology.

Accelerated growth of the Personalized and Precision Medicine Portfolio

In 2021, among new products and changes in methodology, there were 53 new deployments in the Genomics Portfolio. On the Oncology front, the Tumor Panel for Gastrointestinal Stromal Cancer (somatic) and the Fusion Panel for Diagnosis of Sarcoma and other conditions stand out. In addition, more than 20 new genetic panels were implemented in 2021. These include, for example, the Panel for Skeletal Dysplasias, the Panel for Hereditary Deafness, the Panel for Ophthalmology, the Panel for Male Infertility and the Panel for Hereditary Cardiomyopathies.

In addition to new products, improvements and the offer of new services also appeared in Grupo Fleury's Genomics Portfolio. In 2021, our patients and also prescribing physicians were offered the possibility of carrying out a genetic reanalysis at a more affordable price. That is, if the patient performs a smaller genetic panel with us and then needs to expand the analysis to an Expanded Panel or even to EXOMA, this is possible, for a better cost-benefit to the patient. In addition, in 2021, the patient was also offered the possibility of delivering the result of the EXOMA test for half the conventional deadline. That is, now the patient can choose to receive the result in 30 days (standard) or in 15 days (short term). This early delivery of results often makes the difference in closing the patient's clinical condition.

On the B2C front, under the SOMMOS DNA brand, 5 new DTC (Direct to Consumer) tests were launched throughout 2021. The most recent were: Viva o seu Bebê and Viva Mulher. The first analyzes more than 350 genetic diseases, which, if detected early, can change the future of the baby's health and the second evaluates characteristics of all stages of a woman's adult life, from the risk of infertility, predisposition to cancer, to symptoms of menopause. It is also worth remembering that every client who performs a SOMMOS test is entitled to a free post-test genetic consultation to clarify all their doubts about the result.

COVID-19 related portfolio

The year 2021, like 2020, was another year of combating and facing the COVID-19 pandemic. We started to offer our patients new test options: the rapid test for antigen research and also the test for the detection of neutralizing antibodies. The latter is quite relevant given the advancement of vaccination in the country and also given the prescription of this test performed by some physicians, often prior to performing elective surgeries and medical procedures.

Another important test deployed at the end of 2021 is the SARS-CoV-2 spike gene sequencing test. This test investigates the presence of the most important mutations present in the spike gene (S gene) of SARS-CoV-2, related to the variants of concern (VOC) currently in circulation, by next generation sequencing (NGS), including the new variant (Omicron).

It is also worth noting that some people who have had Covid-19 report experiencing difficulties in resuming daily activities. With this in mind and always keeping the patient at the center, Grupo Fleury has developed an exclusive Check-up for those who have contracted Covid-19 and need a personalized diagnosis to ensure that their health is up to date. The Post-Covid Check-up, implemented in 2021, is a personalized preventive medicine service, which includes the performance of various tests and analysis.

New Business Portfolio Growth

In 2021, Grupo Fleury won another business: Fleury Fertilidade. With this new business, around 50 new tests and procedures related to the Fertility Center were also implemented.

In addition to the Fertility Center, the new Infusions and Day Clinic businesses also continue to grow. In Infusions, with the approval of new drugs, we also started offering these new procedures to our patients. In 2021, about 10 infusions of new drugs/new dosages were offered. In Day Clinic, new procedures were also offered, with emphasis on the most recent procedures incorporated into the Day Clinic portfolio: renal biopsy and liver biopsy.

Innovation is deeply rooted in Grupo Fleury's strategic vision and the pandemic has accelerated the speed with which we pursue our purpose. Over the next five years, the Group seeks to intensify its vision of the individual at the center, seeking technologies that will improve the patient's experience and access to innovative diagnoses and treatments. For this, it is essential to create a culture of innovation and connection with different actors in the ecosystem, ensuring sustainable growth for the company.

Saúde iD

Saúde iD's mission is to provide increasingly complete and integrated solutions for patient health management. Operating through a B2C marketplace, with a broad portfolio of services, such as medical consultations, diagnostics tests and low-complexity procedures, and consisting of services and products from the Group and also from partners, it has corporate solutions and primary care in person; as well as solutions for physicians with digital office and medical education.

In 2021, approximately 800 thousand medical teleconsultations were carried out with an NPS (net promoter score) above 90%, in addition to the expansion in the number of registered doctors, which totals more than 5 thousand physicians using the solutions of Saúde iD.

Kortex Ventures

In order to be more connected to the ecosystem of startups and healthtechs, having the opportunity to follow the development of promising businesses and take the most innovative to its customers, the Company created Kortex Ventures, a Corporate Venture Capital fund with the objective of investing in startups that are transforming the markets in which the group is present, and whose object is digital healthcare, diagnostics and personalized medicine. In this context, in 2021, the fund evaluated more than 200 opportunities in innovative healthcare technologies and made 3 investments, one of which was an indirect investment in a Venture Capital fund in the United States, which represents Kortex's first step in building partnerships in the Silicon Valley. This partnership was driven by our vision to expand borders beyond the Brazilian healthcare and technology market, accessing geographies where we are not yet present, as we did with Qure in Israel and also in our investment in Sweetch, which was recently considered by CB Insights as one of the 10 most promising digital therapy companies in the world, which placed Kortex Ventures as the only Brazilian Venture Capital fund among the top 10 investors in DTx (digital therapeutics) on the planet.

This was just the year the fund was launched, which already has 2 more new companies in the investment phase for 2022, which still has 4 more years to build its startup portfolio.

Kortex Ventures, one of the largest healthcare Corporate Venture Capital funds in Brazil, aims to identify emerging and technology-based opportunities in the market, analyzing and taking actions to generate value in investee companies, building bridges and partnerships between the investees of the portfolio and Grupo Fleury.

Physician Relationship

Medical knowledge is the competitive advantage that adds value to health

To stimulate the generation and sharing of medical knowledge, the Company promotes internal actions of scientific studies, in addition to supporting the participation of its physicians in national and international conferences. The main actions of 2020 were:

- 186 scientific materials (including folders, portfolios, and magazines for the medical audience);
- 33 update meetings and 157 medical specialty meetings;

Grupo Fleury is a disseminator of knowledge through the production of publications for physicians. All brands carried out medical visits, in which 36 scientific publications distributed to the Fleury Medicina e Saúde brand in São Paulo and 47 video classes were delivered, in addition to four editions of the Fleury Medicina e Saúde medical magazine and five editions of the Grupo Fleury Medical Magazine with regional distribution. Due to the pandemic, our main channel for disseminating our classes was webmeetings. In addition to the 43 webmeetings held (some in partnership with other companies), we also participated in 35 congresses, with emphasis on the South American Symposium on Scoliosis, the 17th Paulista Online Mastology Journey, Brazilian Congress of Hematology, Hemotherapy and Cell Therapy (HEMOPLAY 2021), theme: Inspiring future generations in Hematology - A tribute to the memory of Professor José Kerbauy, Brazilian Congress of Diabetes - Traps of glycated hemoglobin and other stories, among others.

These initiatives reinforce Grupo Fleury's focus on greater proximity and strengthening of communication channels with medical customers, presenting them with its differentials, processes and use of internal knowledge that guarantee the technical excellence present in its history. This technical excellence, based on medical knowledge, is one of the main pillars of the Company's performance, which aims to deliver conclusive diagnoses to physicians and clients. For this, it has services such as medical consulting, in which Grupo Fleury's clinical staff supports the requesting physician in understanding more complex diagnostic cases. In 2021, 404,395 consultations were provided, a growth of 16.8% compared to 2020. The number of integrated reports sent to client doctors, on the other hand, totaled 85,052 in the year, an increase of 20.1% compared to the year of 2020. The reports involved diagnostic cases considered to be of high complexity and which are evaluated in a multidisciplinary approach.

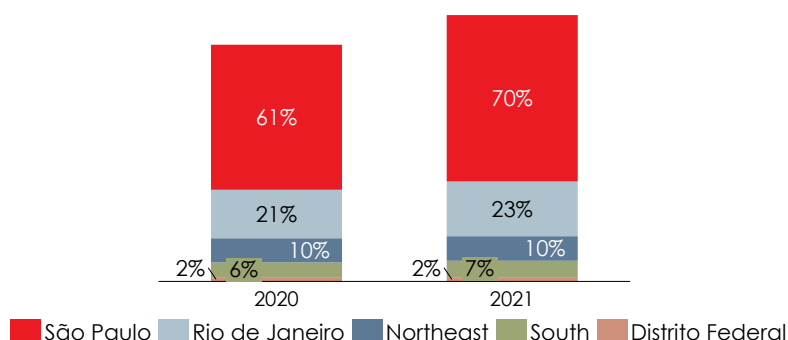
Grupo Fleury ended 2021 with 2,874 medical service providers, an increase of 13.3% compared to the previous year.

People Management

One of Grupo Fleury's culture basis, the Company's employees reflect the characteristics of our values such as excellence, respect, and enthusiasm

Grupo Fleury believes that the recognition that sets it apart as a reference in medical excellence, care and management is due to the qualification of its team of professionals. They are the ones who daily deliver the services that have made the organization a reference, including for other segments. In 2021, the Company ended the year with 13 thousand employees, an increase of 12.6% compared to 2020. The increase in the number of employees is due to the greater demand recorded in the period, in addition to the continuous increase in its exposure through the acquisition of new brands and business expansion beyond Diagnostics, with the acquisition of a company and expansion of the New Links and Healthcare Platform. The Company's total turnover reached 28.3%, a reduction of 900 bps (19.3% in 2020). Turnover by employee choice was 13.5%, a reduction of 480 bps compared to 2020.

Employess by region



In 2021, investments in training and updating professionals totaled R\$ 3.2 million. More than 270 thousand hours of training were conducted by the Corporate University, which resulted in 25 hours of training per employee.

Economic and Financial Performance

The following data has been impacted by the COVID-19 Pandemic in the years 2020 and 2021.

30.3% growth in Net Revenue; 28.6% growth in Recurring EBITDA, with a recurring margin of 28.2%; and Net Margin of 9.6%

Gross Revenue

Grupo Fleury's consolidated Gross Revenue reached a new record, totaling R\$ 4.2 billion, an increase of 30.1% in 2021. Disregarding the effect of acquisitions in the last 12 months, the Company presented organic growth of 24.0%.

PSCs grew by 25.0%, reaching R\$ 3.3 billion in revenue. During the period, the Company opened three new PSCs, 'Fleury Vila Mariana', 'a+ SP Vila Mascote' in the city of São Paulo and the 'Weinmann Farrapos' in Rio Grande do Sul. In B2B, growth was 22.2%, reaching R\$ 694.5 million. In 2021, four new hospital operations were initiated, namely Hospital Santa Virgínia in the city of São Paulo and, in the fourth quarter, operations began in three units of Hospital São Camilo, also in São Paulo.

The New Links and Healthcare Platform initiatives continued to show significant growth due to the acquisitions made in the period. In 2021, Gross Revenue from the New Links and the Healthcare Platform totaled R\$ 223.3 million, up 450.6%, representing 5.4% of the Group's Gross Revenue.

Deductions and allowances

Taxes on Gross Revenue remained constant compared to the previous year, representing 6.2% of the group's gross revenue in 2021 and 2020.

Net Revenue

Net Revenue increased by 30.3%, reaching R\$ 3.9 billion.

Gross Profit

Gross Profit - 2021 vs. 2020

Cost of Services breakdown	2021		2020		Δ	
	R\$ MM	% NR	R\$ MM	% NR	%	bps
Net Revenue	3,872.7	100.0%	2,971.6	100.0%	30.3%	0 bps
Cost of Services	(2,745.8)	-70.9%	(2,161.9)	-72.8%	27.0%	185 bps
Personnel and medical services	(1,296.3)	-33.5%	(987.5)	-33.2%	31.3%	-24 bps
General services and utilities	(544.0)	-14.0%	(446.3)	-15.0%	21.9%	97 bps
Materials and Test Intermediation	(574.3)	-14.8%	(426.9)	-14.4%	34.5%	-47 bps
Depreciation and Amortization	(325.0)	-8.4%	(296.4)	-10.0%	9.7%	158 bps
General Expenses	(6.2)	-0.2%	(4.8)	-0.2%	28.0%	0 bps
Gross Profit	1,126.9	29.1%	809.7	27.2%	39.2%	185 bps

In 2021, Gross Profit reached R\$ 1.1 billion, with a 39.2% growth and margin of 29.1%, 185 bps above 2020. This increase was mainly due to the strong growth in revenue (+30.3%), in addition to the operating leverage registered in the period. Below, there is a breakdown of the main Cost of Services components:

- **Personnel and Medical Services (+31.3%):** the 24 bps increase in the year is mainly due to the comparison basis that 2020 represents. The year 2020 was benefited from (i) a Contingency Plan for costs and expenses to mitigate the effects of the pandemic ('lockdown'), (ii) a temporary reduction in working hours and wages by 25% (PM 936/20) and (iii) strong resumption of elective tests in 3Q20 and 4Q20, which affected the typical seasonality at the end of the year (physicians and patients' vacations). In addition, in 2021, there was a staff recomposition to support the demand increase at the PSCs, improvement in the level of services and expansion of Client's home service routes.
- **General Services and Utilities (+21.9%):** the dilution of 97 bps is a consequence of higher volumes registered when compared to the previous year.
- **Direct Material and Test Intermediation (+34.5%):** the increase of 47 bps mainly reflects higher activities with infusion therapy with the acquisition of CIP (Centro de Infusões Pacaembu), and higher volumes of materials for tests and personal protective equipment ('PPE's).
- **Depreciation and Amortization (+9.7%):** Mainly arising from the right to use real estate, medical equipment and improvements, and higher amortization of software licenses in the period.

Operating Expenses and Equity Income

Operating Expenses – 2021 vs 2020

Operating Expenses breakdown and Equity in Subsidiaries	2021		2020		Δ	
	R\$ MM	% NR	R\$ MM	% NR	%	bps
Gross Profit	1,126.9	29.1%	809.7	27.2%	39.2%	185 bps
Op. Expenses and Equity in Sub.	-459.6	-11.9%	-331.1	-11.1%	38.8%	-73 bps
G&A	(416.7)	-10.8%	(258.9)	-8.7%	61.0%	-205 bps
Depreciation and Amortization	(64.3)	-1.7%	(62.1)	-2.1%	3.5%	43 bps
Other Operating Income (Expenses)	21.8	0.6%	(1.1)	0.0%	-2018.3%	60 bps
Reversal (Provision) for Contingency	(1.0)	0.0%	(8.6)	-0.3%	-88.8%	27 bps
Equity in Subsidiaries	0.5	0.0%	(0.3)	0.0%	-268.8%	3 bps
Non-recurring	34.8	0.9%	10.6	0.4%	229.7%	54 bps
Recurring Op. Expenses and Equity in Sub.	-424.8	-11.0%	-320.5	-10.8%	32.6%	-18 bps
EBIT	667.3	17.2%	478.7	16.1%	39.4%	112 bps

In 2021, recurring Operating Expenses represented 11.0% of net revenue against 10.8% in 2020, reaching R\$ 424.8 million. This evolution is mainly a consequence of:

- **General and Administrative Expenses (+61.0%):** The 205 bps increase is mainly a reflection of acquisitions, expansion of the Healthcare Platform's organizational structure, provisions for profit sharing and long-term incentive plan. Additionally, there were non-recurring expenses with consultancy for the cyber incident, organizational restructuring and company acquisitions.
- **Depreciation and Amortization (+3.5%):** Equivalent to 1.7% of Net Revenue, a reduction of 43 bps. It mainly refers to software amortization expenses.
- **Other Operating Income/Expenses (-2018.3%):** mainly refers to the non-recurring effect of cyber incident insurance reimbursement.
- **Reversion / Provision for Contingencies (-88.8%):** the variation refers to the non-recurring effect registered in 4Q20, related to the provision for ICMS on imports of equipment and raw materials.

EBITDA

EBITDA totaled R\$ 1.1 billion, an increase of 26.1% compared to the same period of the previous year and a margin of 27.3%. Excluding the non-recurring effects of the period, recurring EBITDA totaled R\$ 1.1 billion in the year, with a margin of 28.2%.

Financial result

The Financial Result in 2021 represented an expense of R\$ 171.2 million, with a growth of 24.1% compared to the previous year. This growth reflects the increase in net debt, a reflection of acquisitions and investments in the year, and the increase in the CDI.

Income tax and social contribution

The total income tax/CSLL was R\$ 144.6 million, resulting in an effective rate of 29.2% versus 24.6% in 2020.

Net profit

In the year, Adjusted Net Income totaled R\$ 374.7 million, up 37.3% over 2020 and adjusted margin of 9.7%, 49 bps above the previous year.

Capital Investments

CAPEX (R\$ million)	2021	2020	Variation
New PSC's, Offer Expansion in Existing Units and Technical Areas	137.3	52.0	164.2%
Diagnostic Equipment Renewal and Maintenance	112.9	44.7	152.5%
IT/Digital	163.0	91.1	79.0%
Total Capex	413.3	187.8	120.0%

In 2021, Grupo Fleury's investments totaled R\$ 413.3 million, an increase of 120% compared to 2020. The increase is mainly a consequence of the resumption of investments extended in 2020 during the most acute phase of the pandemic.

Debt

Composition of Net Debt (R\$ MM)	2021	2020	Variation
Gross Debt (Debentures and Borrowings and Acquisitions)	2,272.8	2,012.6	12.9%
Cash, Cash Equivalents and Marketable Securities	861.4	1,111.4	-22.5%
Net Debt	1,411.4	901.2	56.6%
Net Debt / EBITDA LTM	1.3x	1.1x	0.3x
EBITDA LTM / Financial Result LTM	0.0x	0.0x	0.0x

In 2021, the Company carried out the 6th issuance of debentures, this being the first issuance of Debentures by a company in the Healthcare sector in Brazil with targets linked to ESG (Environmental, Social and Governance) performance. The total amount was R\$ 1.0 billion, divided into three series, the First Series of R\$ 250 million, the Second of R\$ 375 million and the Third of R\$ 375 million, maturing on July 8, 2025, July 8, 2026 and July 8, 2028, respectively.

In the period, amortizations of R\$ 400 million were made referring to the third and fourth issuances of debentures and R\$ 387.8 million referring to the second, third and fourth series of promissory notes. In addition, R\$ 26.4 million were amortized referring to FINEP and R\$ 0.6 million referring to FINAME contracts, received with the purchase of Sordil. We also paid R\$ 91.6 million in interest on debentures, FINEP, FINAME, bank credit notes and promissory notes.

Risk Rating

According to the latest report by the rating agency Moody's, published on July 19, 2021, the corporate rating of Fleury S.A. was AA.br. The outlook was rated stable, reflecting the company's strong and well-recognized brands, its solid market position in Brazil, focus on the higher-income population and the positive long-term prospects of the Brazilian healthcare industry. In addition, it also stems from the growing diversification in terms of brands, customer profile and geographic presence, resulting from the growth strategy through acquisitions, as well as investments in the healthcare platform and strengthening of presence in the digital and physical environments.

Income Distribution

On March 17, 2022, we announced the distribution of R\$ 225.0 million through dividends. Adding this amount to the distributions of interest on equity, which took place on July 29 and December 15, 2021, in the amounts of R\$ 42.4 million and R\$ 30.0 million, respectively, the total amount distributed to shareholders was R\$ 297.4 million, representing a payout of 85% of Net Income and a dividend yield of 5.2%.

Share Buyback Program

On November 26, 2020, the Company approved the creation of the Buyback Program, with the objective of backing the Company's Deferred Share Plan, approved at the Extraordinary Shareholders' Meeting of December 5, 2019. The Buyback Program allowed the acquisition by the Company of up to 1% of the outstanding shares on the date, for a period of 12 months from November 30, 2020, and this program ended on November 30th, 2021.

As of December 31, 2021, the Company held 975,233 common shares of FLRY3 in treasury.

Capital Markets

Presence in the main indexes of the Brazilian Stock Exchange

On December 30, 2021, Grupo Fleury shares closed at R\$ 17.99. The average daily financial volume for trading the shares reached R\$ 44.6 million in 2021. As a result of this evolution in volume and trades, the Tradability Index reached 0.178% in the year. The Company ended the year with 317,943,996 shares.

In 2021, we held more than 1,000 interactions with the market, including those held in the 34 events that the Company participated in, including 20 conferences and Healthcare Days, in addition to events with the Company's Management (Lives with the Market and calls with Institutional Investors). Grupo Fleury ended 2021 with 14 sell-side coverages, comprising three Buy recommendations, eight Neutral recommendations and three Sell recommendations.

In 2021, the Company integrated, for the ninth consecutive time, the Corporate Sustainability Index (ISE) portfolio, in the new methodology. In addition to ISE, Grupo Fleury also remained in the IBOVESPA index portfolio in 70th position, with a participation in the theoretical portfolio of 0.273%, in the IBr-X 100, IGC (Index of Shares with Differentiated Corporate Governance) and the ITAG (Index of Shares with Differentiated Tag Along). In 2021, the Group was also included in B3's ICO2 (Efficient Carbon) index.

For the second consecutive year, the Company was included in the portfolio of the Dow Jones Sustainability Index of the New York Stock Exchange, in the DJSI Emerging Markets 2021/2022 portfolio. The portfolio is made up of 108 companies, of which only ten are Brazilian, and Grupo Fleury is the only company in the Healthcare sector in the Americas to be part of the index.