

Earnings 3Q20

Conference Call:

October 30th | 11:00AM (10:00AM EDT)

Phone:

Brasil: + 55 11 2188-0155

Abroad: +1 646-843-6054

Replay: +55 11 2188-0400

Code: Fleury

Webcast: www.fleury.com.br/ir

In September 30th, 2020:

Total shares:

317,366,103

Market cap

R\$ 8.4 Bn | US\$ 1.5 Bn

Share price

R\$ 26.48 /US\$ 4.70

Fleury ON

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Investor Relations

www.fleury.com.br/ir | ri@grupofleury.com.br | +55 11 5014-7413

São Paulo, October 29th, 2020 – Grupo Fleury announces today its 3rd quarter 2020 (3Q20) results. All figures are compared to the same period of the previous year, unless otherwise stated, and are rounded to the nearest thousand. However, there may be differences when compared to the financial statements due to decimal digits.

The following numbers considers the implementation of IFRS 16 since 1Q19, unless noted otherwise.

Highlights

- Gross Revenue of R\$ 943.8 MM (+15.4%).
 - Client's Home Service with a 113% growth, corresponding to 8.5% of Gross Revenue.
 - Performed, so far, more than 1.3 million tests for Covid-19¹ (620 thousand tests in 3Q20), being 620 thousand RT-PCR and 680 thousand serologies.
 - Day Clinic in Orthopedics and Drug Infusion Centers increased 177.0% and 48.0%, respectively, compared to 2Q20.
 - Integrated Care: 465 contracts celebrated by more than 400 companies for resumption of their activities.
- Cancellations represented -1.1% (-37 bps).
- EBITDA of R\$ 323.8 MM (+35.7), with margin of 37.0% (+544 bps).
- Net Income of R\$ 132.1 MM, with net margin of 15.1% (+305 bps).
- Operating Cashflow Generation of R\$ 174.8 MM (-31.3%).
- Return on Invested Capital (ROIC) without goodwill ex-IFRS 16 LTM of 29.7% (-861 bps).
- NPS² reached 74.6% in Patient Service Centers and 81.9% in client's home service.

¹ Updated on 10/28/2020, including RT-PCR and Serology | ² Net Promoter Score

Main Financial Indicators

Financial Indicators (R\$ MM)	3Q20	3Q19	Variation	9M 2020	9M 2019	Variation
Gross Revenue	943.8	818.0	15.4%	2,206.6	2,363.5	-6.6%
Net Revenue	874.6	755.7	15.7%	2,043.5	2,185.0	-6.5%
Gross Profit	313.2	231.4	35.4%	503.3	673.5	-25.3%
EBITDA	323.8	238.7	35.7%	539.4	685.9	-21.4%
EBITDA ex-IFRS 16	275.7	196.5	40.3%	413.6	565.7	-26.9%
Net Income	132.1	91.1	45.0%	117.5	256.2	-54.2%
Cancellations (% Gross Revenue)	-1.1%	-1.4%	37 bps	-1.2%	-1.4%	22 bps
Gross Margin %	35.8%	30.6%	519 bps	24.6%	30.8%	-619 bps
EBITDA Margin %	37.0%	31.6%	544 bps	26.4%	31.4%	-500 bps
EBITDA ex-IFRS 16 Margin %	31.5%	26.0%	552 bps	20.2%	25.9%	-565 bps
Effective Tax Rate	-35.0%	-27.0%	-797 bps	-34.8%	-27.0%	-782 bps
Net Income Margin %	15.1%	12.1%	305 bps	5.7%	11.7%	-598.0 bps
Recurring EBITDA	323.8	238.7	35.7%	539.4	704.0	-23.4%
Recurring Net Income	132.1	91.1	45.0%	117.5	269.5	-56.4%
Recurring EBITDA Margin %	37.0%	31.6%	544 bps	26.4%	32.2%	-582 bps
Recurring Net Income Margin %	15.1%	12.1%	305 bps	5.7%	12.3%	-658 bps
Operating Cash Flow	174.8	254.4	-31.3%	372.8	527.6	-29.3%
CAPEX	31.5	40.4	-21.8%	112.4	130.1	-13.6%
ROIC ex-IFRS 16 (LTM)	9.6%	14.1%	-442.0 bps	9.6%	14.1%	-442.0 bps
ROIC without goodwill ex-IFRS 16 (LTM)	29.7%	38.3%	-861 bps	29.7%	38.3%	-861 bps

Management Comments: 4 years in 4 months – our digital future has arrived

The return has substantially arrived

In its 94 years of history, a few times Grupo Fleury has had a period of such growth such as the third quarter of this year. There was an expansion of 15.4%, compared to the same period in 2019. This performance is a reason for celebration not only for the number itself, but for what it represents: our resilience, the strength of our brand, our ability to innovate and execute even in challenging times, the quality and strength of our team of almost 10 thousand employees. This quarter made it clear that our long-term strategy is not a promise for a long-term future - it is something that we already connect with the present and which the first actions we have started to deliver.

After the initial impact of the Covid-19 pandemic, which reduced the volume of services in the Group's Patient Service Centers, not only we were able to make a vigorous resumption, but also, with our products and services, we helped hundreds of Brazilian companies to return to work in a **safe, healthy and sustainable** way. We are convinced that this tripod will be increasingly valued by the society as a whole.

Our unstoppable work in our hundreds of Patient Service Centers, the cultural and digital transformation that we have conducted a few years ago, and the bonds of trust built with our stakeholders, are the reason of our quick and consistent recovery. These elements forms a unique and powerful combination, that legitimizes us as leaders in the transformation of the healthcare market.

Our recent initiatives of opening new growth avenues, exploring new products, services and channels, have brought increasingly better results for the company. Telemedicine services, for example, grew by 50% in the third quarter. Thereby, we added more than 70 thousand medical appointments performed until today since they started operating, in April (medical appointments performed by SantéCorp and Cuidar Digital). The drive-thru service, another service implemented during the pandemic, already totals more than 140 thousand services by the end of the third quarter. We continue to increase the revenues generated by the Covid-19 tests - today we have already added more than 1.3 million tests.

Just like in other aspects of their lives, clients now want to receive healthcare services at home - a need that we have realized and adapted quickly. Client's home services grew by 113% in the quarter, reaching 8.5% of revenues. What makes us even more proud is that the people who are opening the doors of their homes to let us in, are extremely satisfied with the quality of the service provided. The NPS for client's home service was 81.9% in the quarter.

We also had a strong expansion in Integrated Care for Companies, a medical consultancy service created to help companies in resuming their activities, with solutions that involve employee testing, medical consultancy for the definition of health protocols and care coordination with the use of telemedicine and electronic medical record. In total, we have already closed almost 500 contracts that helped hundreds of Brazilian companies to resume their activities following our tripod (in a safe, healthy and sustainable way) and in line with the best ESG practices (of the acronym in English for environmental, social and governance).

New growth avenues

Almost a year, we have presented in our Investor Day the concept of a healthcare platform that would guide our strategy. In September, that plan began to become visible. We launched Saúde iD, a company of the Group based on data science that was born to reinvent the access to healthcare in Brazil, integrating all the actors in the chain. Thanks to its innovative business model, scalable and opened to companies outside the Group, since its launch, Saúde iD has also been called by the market as a "marketplace", "one-stop-shop" and "ecosystem". Regardless of the classification, the ambition of Saúde iD is one: placing the patient at the center of the strategy and integrating its data, in order to have a more efficient use of resources, the platform will **guarantee the sustainability of an increasingly affected sector** by medical inflation and, at the same time, allow individuals to manage their health in a totally digital way. All of this strictly following all guidelines of the General Data Protection Law (LGPD).

From the start, the platform emerged with 7 million lives already connected to the offering of SantéCorp and other brands of Grupo Fleury, and it is available for operators and companies that hire healthcare services for their employees. Soon, it will also be available to individuals. It is an environment strongly based on primary care, which

we believe is the correct gateway to a healthcare system that at the same time privileges the individual and is efficient. Besides the Group's own companies, we already have other companies on the platform, such as Danone Nutrição. The more products and services are incorporated into the platform, the greater the number of transactions carried out and the greater the positive network effect.

To put Saúde iD on its feet, investments of almost 50 million Brazilian reais were necessary. That was the easy part. The difficult one was to accumulate almost a century of knowledge and experience taking care of the health of individuals, understanding the needs of physicians, and relating to hospitals and healthcare operators. This cannot be replicated overnight.

Green commitment

In recent months, driven by the need of a more conscious capitalism, companies around the world have started to incorporate ESG principles. At Grupo Fleury, this concern with impacts that go beyond the financial result began in the 1990s.

Since then, Fleury has been advancing consistently in all fronts, and integrating ESG principles into its business strategy in a genuine way. For us, this is a necessary and inexorable evolution. We believe that this new way of doing business is the only one capable of strengthening the relationships of trust that we have with customers, employees, physicians, shareholders and the community.

At the beginning of the past decade, we have started measuring our greenhouse gas emissions. In 2002 we started to invest in programs to reduce the consumption of water, energy and paper, and to achieve better management and waste reduction. The results have evolved every year. From 2016 to 2019, we reduced water consumption by 12.5% per test. In the same period, we reduced the generation of residue per test by 39%, the consumption of energy per test by 4.3% and the consumption of paper by test performed by the company in 24%. Global emissions of greenhouse gases in 2019 have been reduced by 40% compared to 2018. Two years ago, we started to diversify our energy matrix, also using fuels from renewable sources – a movement that we are going to intensify.

The Covid-19 pandemic has intensified the care we have for our employees, physicians and dependents. In addition to quickly establishing all protocols and care of health to ensure the safety of this population, we were signatories of the #NãoDemita movement, which aimed to preserve jobs. Now, in line with our resumption, we have already opened 350 new jobs.

Our company is constituted within a wide spectrum of diversity of people (race, ethnicity, gender and gender identity, sexual orientation, physical condition, background, origins, etc.) and it is opened to provocations that help us to stay connected to society in the time that it lives, strengthening the relationships we have built with our employees over decades.

The pandemic has also amplified our social impact. For us, **an ESG strategy cannot be fully achieved without the health being made a priority**. Since the beginning of the crisis, we have taken the leading role and participated in various actions that unified science and public health. In April we started a study in partnership with Ibope, Instituto Semeia and scientists from the University of São Paulo (USP) and Federal University of São Paulo (Unifesp) to map the new coronavirus in the capital of São Paulo. We also have participated in a study on the vaccine against Covid-19, developed by Oxford University. We also have partnered with the Butantan Institute, Secretaria de Saúde do Estado de São Paulo, Bradesco Seguros, Coca-Cola Brasil and Coca-Cola FEMSA to increase the processing capacity of Covid-19 diagnostic tests for healthcare professionals, that are in the front line of serving the population that needs assistance the most. In total, almost 24 thousand diagnostic tests were processed.

Regarding Governance, we have made an important progress recently. Our Code of Conduct has been revised and changed into a Code of Trust. The change goes far beyond the name - it is directly connected to a new way of working. It is less imposition and more communication; less command/control and more autonomy. In line with the new capitalism, the Trust Code is valid for employees - including those in home working or flex office scheme -, physicians, suppliers and partners. And, although it is leaner and more direct (about half the size of the previous code), it includes new themes such as the issue of data processing.

The new Code is a kind of materialization of the culture of integrity that we have recently reinforced, seeking an environment that is always ethical and that is more constructive than punitive. Integrity is such a relevant word in our history that our former Compliance area is now called the Integrity Area.

These initiatives are in addition to several others that place the group as a reference when it comes to governance. One of the most significant is the composition of our board of directors, which has 30% independent directors. In addition, the company has been encouraging diversity on the board: today, out of the 10 members, 2 are women. Our concern with the best governance practices, in fact, predates the company's IPO, which took place in 2009. Since 1998, when it was still a privately held company, our board of directors already had independent members.

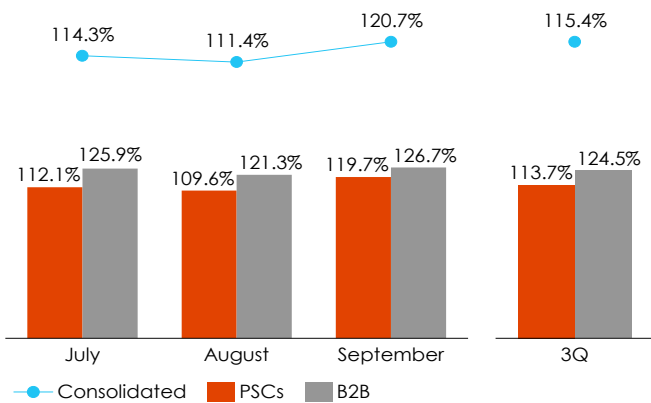
In the last decade we have made great progress in the ESG strategy. But, as a company based on science, trust and excellence, we believe that it is always possible to do more and better. The conscious capitalism that was strengthened during the Covid-19 pandemic is a path of no return - and, just as we have done with our digital transition, we will be among the industry leaders in this movement.

Gross Revenue - COVID-19 Impacts

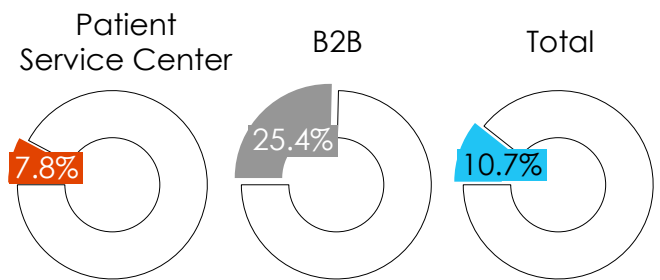
The strong recovery in demand from the Patient Service Centers, which began in June, extended throughout the third quarter, accelerating even more in September reaching 119.7% of Gross Revenue, with 13.7% growth in 3Q20, compared to the previous year. This trend was also seen in B2B, which reached 126.7% of Gross Revenue in September, with 24.5% growth in 3Q20, reflecting the return of elective procedures and the strong contribution of Covid-19 tests in hospitals and the Lab-to-Lab segment.

The contribution of Covid-19 tests decreased in the quarter, reflecting the improvement in volumes of elective procedures, representing 10.7% in total Gross Revenue, with 7.8% in Patient Service Centers and 25.4% in B2B. Which in the last one, there was an acceleration compared to 2Q20 due to the adoption of security protocols that reflected a greater number of tests for Covid-19.

Gross Revenue Relation YoY (%)



Participation in Gross Revenue of COVID-19 tests¹ (% of total)

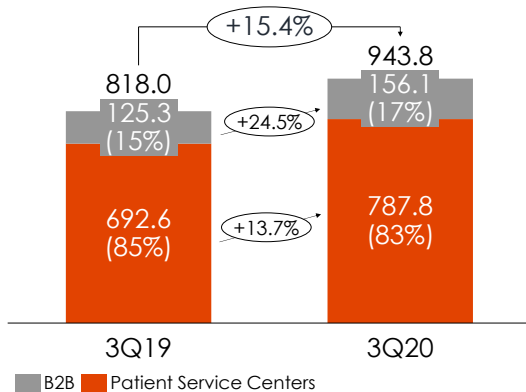


¹ Considered the Gross Revenue from the RT-PCR and Serological tests on the Total Gross Revenue for each segment.

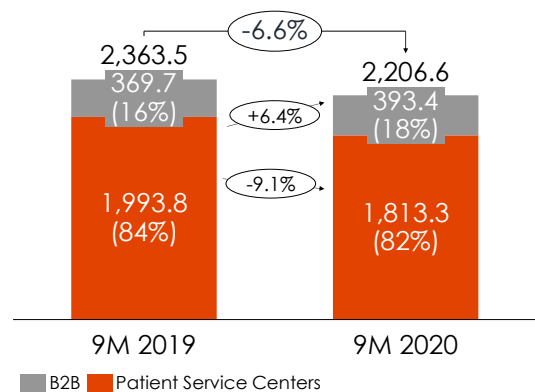
Consolidated Gross Revenue

In 3Q20, total Gross Revenue reached the of R\$ 943.8 million, and an increase of +15.4%, with the Patient Service Centers reducing their share from 85% to 83% of Gross Revenue. In 9M20, the Patient Service Centers represented the share of 82% of the Gross Revenue.

Total Gross Revenue (million)



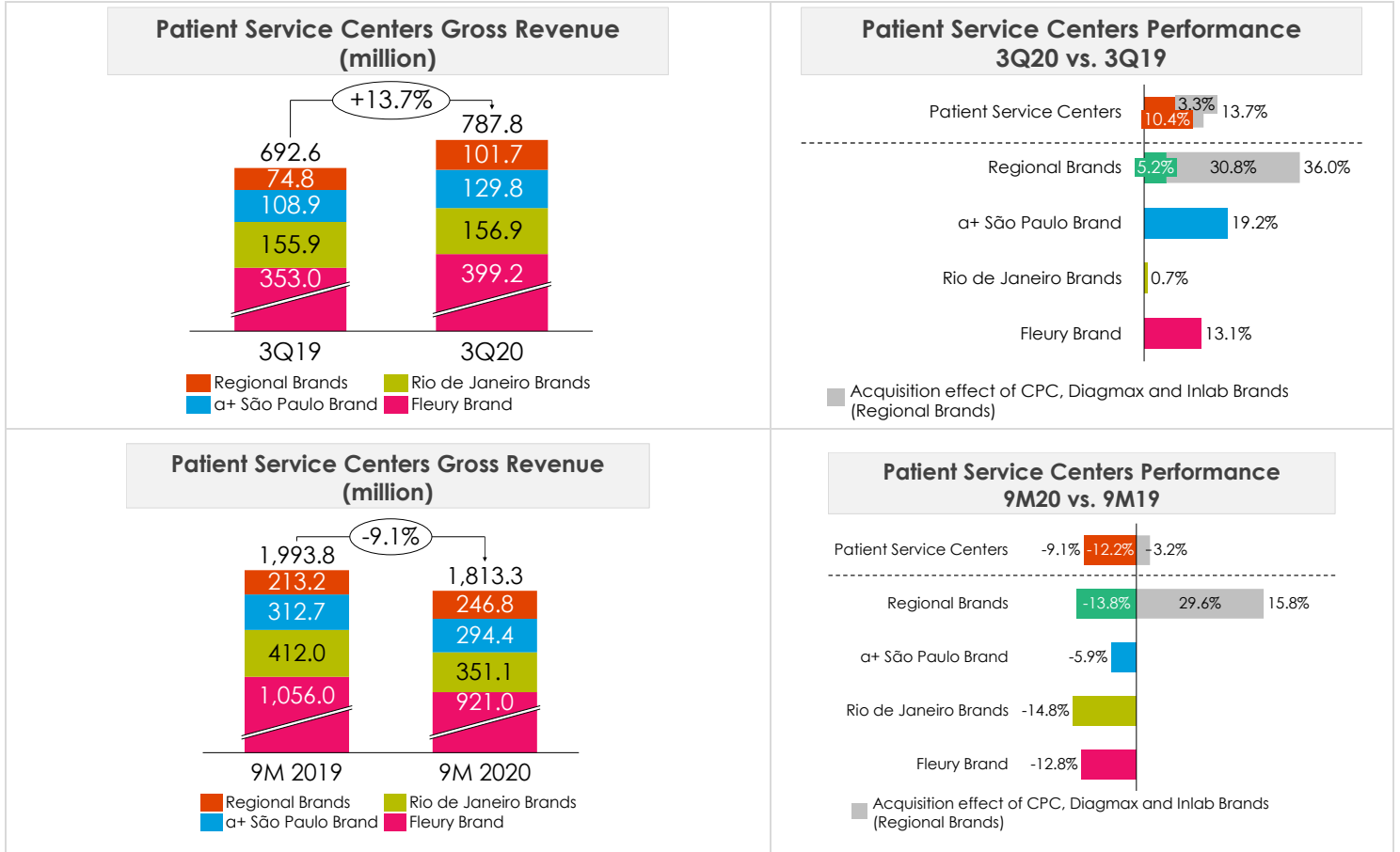
Total Gross Revenue (million)



Patient Service Centers

Gross Revenue | Patient Service Centers

In 3Q20, the Gross Revenue of the Patient Service Centers presented an increase of +13.7% (+10.4% organic), reaching R\$ 787.8 million, highlight to the Fleury brand (+13.1%) and a+ São Paulo (+19.2%). In the 9M20 period, there was a retraction of -9.1% (-12.2% organic). Since the third quarter of 2019 we started to incorporate Lafe brand in the results, which from 3Q20, started to compose the Company's organic growth.



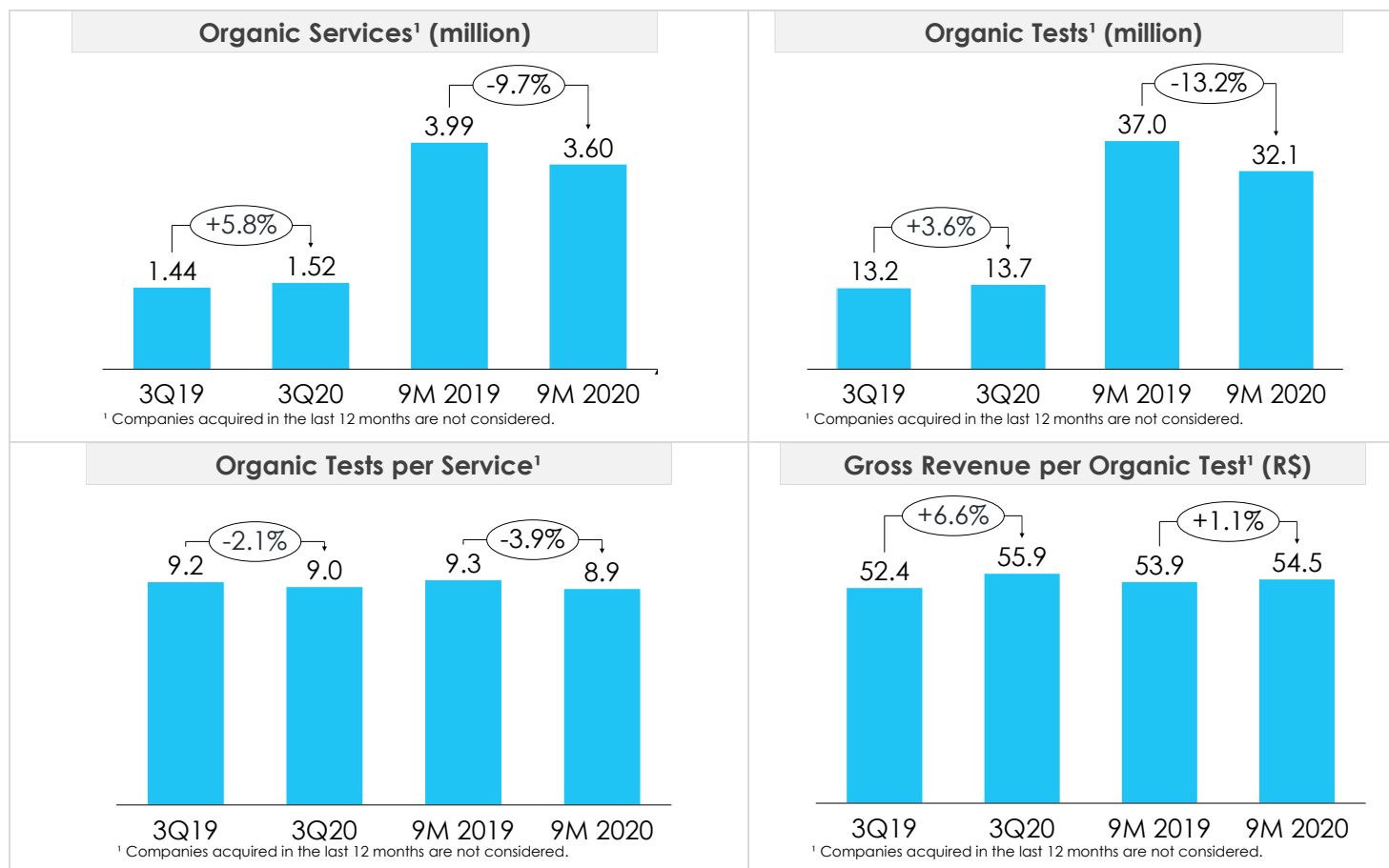
Volume and Gross Revenue per Test | Patient Service Centers

In 3Q20, the number of Organic Services reached 1.5 million, an increase of +5.8% compared to the previous year. The growth reflects the increase of demand in the period, due to the resumption of elective procedures, reflecting the higher flexibility in the restrictions of social distancing and urban mobility in the regions where we operate, in addition to the strong contribution of the Covid-19 tests in the period.

In 3Q20, the volume of Organic Tests reached 13.7 million and registered an increase of + 3.6% in the quarter. The increase reflects the recovery recorded during the quarter, also linked to the participation of RT-PCR and Serology tests for Covid-19.

In 3Q20, the number of Organic Tests per Service decreased by -2.1% compared to 3Q19, reflecting the tests for Covid-19, RT-PCR and Serology, which are often not accompanied by other tests in service.

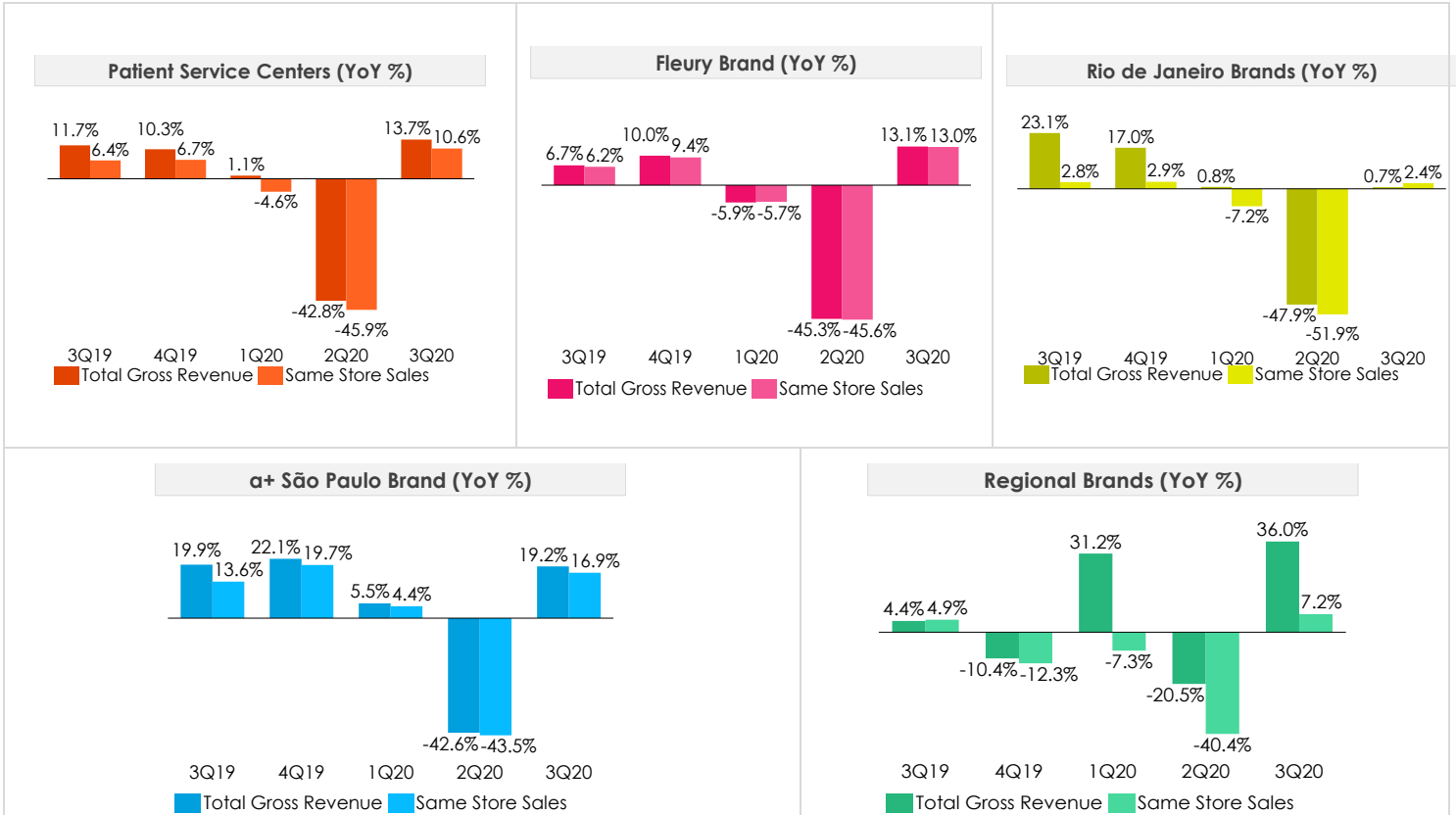
In 3Q20, Gross Revenue per Test increased by +6.6%, reaching R\$ 55.9 compared to R\$ 52.4 in the same period last year. The most relevant effect that occurred in the quarter is related to the mix of tests, with the high incidence of tests related to Covid-19, which represented 7.8% of the Patient Service Centers Gross Revenue, which have the highest Gross Revenue per Test.



Gross Revenue and Same Store Sales | Patient Service Centers

In 3Q20, the Gross Revenue of the Patient Service Centers increased by +13.7% (+10.4% organic). The SSS grew by +10.6%. Throughout the quarter, we continued to intensify the offer of the in client's home service in the main brands. The growth in gross revenue from the in client's home was +113%, representing 8.5% of consolidated revenue in 3Q20.

The recovery observed during the quarter continues in October, where we continue to observe double-digit growth in Gross Revenue in Patient Service Centers.



B2B: Hospital Operations and Lab-to-lab

Volume and Gross Revenue | B2B

In the 3Q20, B2B Operations have showed an increase in Gross Revenue of +24.5%, as a result of the increase of +3.5% in the volume of Tests, and the 20.3% increase in Gross Revenue per Test.

In the quarter, Hospital Operations increased +21.0% in Gross Revenue (+19.0% SSS). In view of the increase of the demand flow for elective procedures, the volume of Tests increased by +4.2%. Besides that, the Gross Revenue per Test was positively impacted by the higher incidence of Covid-19 tests, mainly RT-PCR, which has higher Gross Revenue per Test.

In 3Q20, Lab-to-Lab grew 55.6% in Gross Revenue. Most of the increase comes from Gross Revenue per Test, which grew +73.7%, since the volume of tests decreased (-10.5%). The growth in Gross Revenue per Test reflects the high volume of Covid-19 tests performed for partner labs.

B2B Indicators	3Q20	3Q19	Variation	9M 2020	9M 2019	Variation
Gross Revenue (R\$ Million)						
B2B	156.1	125.3	24.5%	393.4	369.7	6.4%
Hospital Operations	136.3	112.6	21.0%	347.3	334.4	3.9%
Lab-to-Lab	19.8	12.7	55.6%	46.0	35.3	30.5%
Same Store Sales (R\$ Million)						
Hospital Operations	132.4	111.2	19.0%	NA	NA	NA
Tests (Million)						
B2B	8.5	8.2	3.5%	22.2	24.4	-9.0%
Hospital Operations	8.2	7.8	4.2%	21.4	23.4	-8.5%
Lab-to-Lab	0.3	0.4	-10.5%	0.9	1.1	-20.3%
Average Ticket per Test (R\$)						
B2B	18.4	15.3	20.3%	17.7	15.1	16.9%
Hospital Operations	16.7	14.4	16.1%	16.2	14.3	13.5%
Lab-to-Lab	58.2	33.5	73.7%	53.5	32.7	63.8%

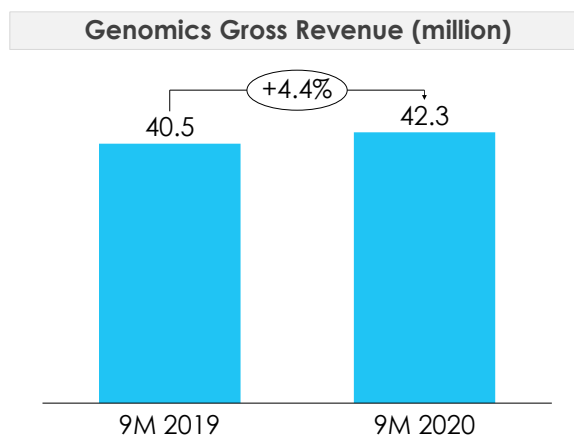
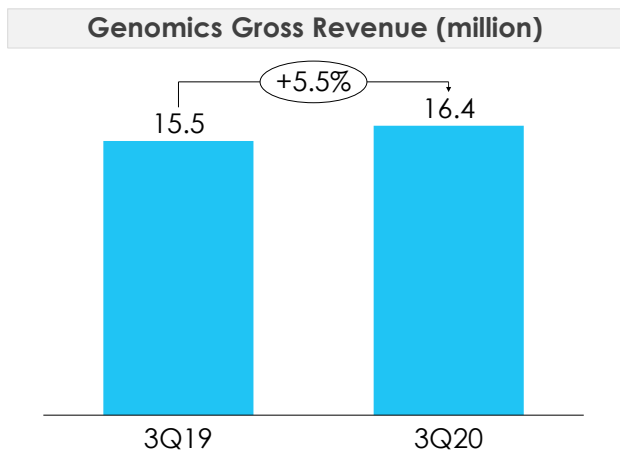
Precision and Personalized Medicine: Genomics

In 3Q20, there was an important expansion of the portfolio of tests. Among them, we highlight the test for prostate cancer made through a tumor piece that helps to identify the genetic profile of the cancer and guide the treatment, and the test of the genetic foot, a neonatal screening that allows to identify a series of actionable clinical conditions in newborns.

We have also had a favorable opinion from CONITEC (National Commission for the Incorporation of Technologies in the SUS), with the recommendation of including the complete sequencing of EXOMA (genetic examination to investigate developmental delays, intellectual disabilities as well as rare diseases) in the ROL of procedures of the ANS (National Agency of Supplementary Health), being another important step for the society to benefit itself from the assertiveness and quality of genetic tests.

In 3Q20, Genomics Gross Revenue reached the record of R\$ 16.4 million, an increase of + 5.5% compared to the previous year. The growth reflects the implementation of a new methodology for test analysis and processing, which generated efficiency and reduced time in preparing reports for these tests, in addition to the resumption of demand in the Patient Service Centers and Hospitals. In the 9M20 period, Genomics Gross Revenue increased by +4.4%, even in the pandemic context.

Genomics tests are offered through four channels (in order of relevance): Patient Service Centers (all brands of Grupo Fleury), Lab-to-Lab, Hospitals and Website. The ones that have shown the greatest growth are Lab-to-Lab, with a higher penetration in small laboratories that do not have the offer of genomic tests as well as the growing demand for programs with the pharmaceutical industry, and the "Fleury Genomics" website, with a an increasingly diverse mix of tests performed, highlighting the preference and ease of the digital channel from start to finish.



Cost of Services

In 3Q20, Costs and Services Provided increased +7.1% in the period. Below, the analysis of the main cost lines in 3Q20 compared to 3Q19.

Personnel and Medical Services (-2.1%): The line mainly consists of costs related to Personnel and Benefits with fixed nature. The other costs are related to Medical Services, which have a variable nature. In fixed costs, the increase in the cost of service due to the higher flow for tests was compensated by the lower medical cost reflected by the lower volume of imaging tests.

General Services, Rentals and Utilities (+3,2%): Most of the line consists in fixed costs related to building maintenance, with equipment maintenance, IT infrastructure, outsourced services and utilities related to Patient Service Center and Technical Areas. With the resumption of operations, almost the totality of the Patient Service Centers that had been temporarily closed due to a reorganization of supply, have already been reopened.

Materials and Test Intermediation (+46.2%) The growth is related to the costs with reagents to perform Covid-19 tests and Personal protective equipment (PPE) to offer service in the Patient Service Centers. Excluding this effect, the cost of input of reagents to other tests had +2.0% growth in 3Q20.

Depreciation and Amortization (+1.0%): Depreciation of the Real State right of use, Medical Equipment and Real State improvements are the most representative of this line.

General Expenses (-47.4%): Reached R\$ 1,027.3 million, reflected by lower costs with travelling and lawsuits.

Cost of Services breakdown	3Q20		3Q19		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
Personnel and medical services	(253.0)	-28.9%	(258.5)	-34.2%	-2.1%	528.3 bps
General services, rentals and utilities	(110.7)	-12.7%	(107.2)	-14.2%	3.2%	153.0 bps
Materials and Test Intermediation	(124.3)	-14.2%	(85.0)	-11.2%	46.2%	-296.5 bps
Depreciation and Amortization	(72.4)	-8.3%	(71.6)	-9.5%	1.0%	120.2 bps
General Expenses	(1.0)	-0.1%	(2.0)	-0.3%	-47.4%	14.1 bps
Cost of Services	-561.4	-64.2%	-524.3	-69.4%	7.1%	519.2 bps

Cost of Services breakdown	9M 2020		9M 2019		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
Personnel and medical services	(708.2)	-34.7%	(751.4)	-34.4%	-5.8%	-26.7 bps
General services, rentals and utilities	(323.0)	-15.8%	(313.7)	-14.4%	3.0%	-145.4 bps
Materials and Exam Intermediation	(292.9)	-14.3%	(230.6)	-10.6%	27.0%	-378.1 bps
Depreciation and Amortization	(213.1)	-10.4%	(210.4)	-9.6%	1.3%	-80.0 bps
General Expenses	(2.8)	-0.1%	(5.4)	-0.2%	-48.4%	11.2 bps
Cost of Services	-1,540.1	-75.4%	-1,511.5	-69.2%	1.9%	-619.0 bps

Operating Expenses and Equity in Subsidiaries

In 3Q20, Operating Expenses decreased -3.0%. Below, the analysis of the main expense lines in 3Q20 compared to 3Q19.

General and Administrative Expenses (-7.0%). Most of the line, approximately 70%, is related to fixed expenses, mainly Personnel and Benefits. The main positive effects are related to use of social security credits and lower expenses with marketing, partially mitigated by higher costs with consulting.

Depreciation and Amortization (+1.8%) Equals to +1.8% of the Net Revenue, increase of 24 bps. The greater representation of the line is related to software amortization.

Other Operating (Income)/Expenses (-290.1%). The main variations are due to positive effects of tax credits recognized in 3Q19, and of higher provisions in 3Q20 related to stock loss and insolvent with asset write-offs in the period.

Provision (Reversal) for Contingency (-123.9%) Represented an increase of 28 bps.

Operating Expenses breakdown and Equity in Subsidiaries	3Q20		3Q19		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
G&A	(59.5)	-6.8%	(63.9)	-8.5%	-7.0%	166 bps
Depreciation and Amortization	(15.4)	-1.8%	(15.2)	-2.0%	1.8%	24 bps
Other Operating (Income) Expenses	(2.7)	-0.3%	1.4	0.2%	-290.1%	-49 bps
Provision (Reversal) for Contingency	0.4	0.0%	(1.8)	-0.2%	-123.9%	28 bps
Equity in Subsidiaries	0.3	0.0%	0.2	0.0%	18.1%	0 bps
Operating Expenses and Equity in Sub.	-76.8	-8.8%	-79.2	-10.5%	-3.0%	170 bps

Operating Expenses breakdown and Equity in Subsidiaries	9M 2020		9M 2019		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
G&A	(176.7)	-8.6%	(188.8)	-8.6%	-6.4%	-1 bps
Depreciation and Amortization	(46.6)	-2.3%	(44.4)	-2.0%	4.9%	-25 bps
Other Operating (Income) Expenses	(1.4)	-0.1%	(6.4)	-0.3%	-78.0%	23 bps
Provision (Reversal) for Contingency	1.0	0.1%	(2.7)	-0.1%	-137.7%	18 bps
Equity in Subsidiaries	(0.7)	0.0%	0.0	0.0%	-1630.2%	-4 bps
Operating Expenses and Equity in Sub.	-224.4	-11.0%	-242.3	-11.1%	-7.4%	11 bps
Non-recurring	0.0	0.0%	18.1	0.8%	-100.0%	-83 bps
Recurring Operating Expenses and Equity in Sub.	-224.4	-11.0%	-224.2	-10.3%	0.1%	-72 bps

Income Statement

Net Revenue increased +15.7%, as a result of the +15.4% increase in Gross Revenue and Cancellations and Discounts, reaching -1.1% in relation to Gross Revenue, decreasing 37 bps compared to 3Q19.

Gross Profit reached R\$ 313.2 million, presenting an increase of +35.4%, reflecting the lower costs and expenses structure compared to the previous year.

EBITDA reached R\$ 323.8 million, an increase of +35.7% compared to 3Q19. EBITDA ex-IFRS 16, which includes rental costs and expenses in its calculation, reached R\$ 275.7 million.

Net Income was R\$ 132.1 million, an increase of +45.0% compared to 3Q19.

Income Statement (R\$ million)	3Q20	3Q19	Variation	9M 2020	9M 2019	Variation
Gross Revenue	943.8	818.0	15.4%	2,206.6	2,363.5	-6.6%
Taxes on Gross Revenue	(59.3)	(50.6)	-17.2%	(137.4)	(145.8)	5.8%
Cancellations	(9.9)	(11.6)	14.7%	(25.8)	(32.7)	21.2%
Cancellations (% Gross Revenue)	-1.1%	-1.4%	37.0 bps	-1.2%	-1.4%	22.0 bps
Net Revenue	874.6	755.7	15.7%	2,043.5	2,185.0	-6.5%
Cost of Rendered Services	(561.4)	(524.3)	-7.1%	(1,540.1)	(1,511.5)	-1.9%
Gross Profit	313.2	231.4	35.4%	503.3	673.5	-25.3%
Gross Margin	35.8%	30.6%	519.0 bps	24.6%	30.8%	-619.0 bps
Operating Expenses and Equity in Subsidiaries	(76.8)	(79.2)	3.0%	(224.4)	(242.3)	7.4%
Financial Results	(33.3)	(27.4)	-21.4%	(98.8)	(80.2)	-23.2%
Earnings Before Tax (EBIT)	203.0	124.7	62.8%	180.2	350.9	-48.7%
Income Tax and Social Contribution	(71.0)	(33.7)	-110.8%	(62.7)	(94.7)	33.8%
Effective Tax Rate	-35.0%	-27.0%	-797.0 bps	-34.8%	-27.0%	-782.0 bps
Net Income	132.1	91.1	45.0%	117.5	256.2	-54.2%
Net Margin	15.1%	12.1%	305.0 bps	5.7%	11.7%	-598.0 bps
EBITDA	323.8	238.7	35.7%	539.4	685.9	-21.4%
EBITDA Margin	37.0%	31.6%	544.0 bps	26.4%	31.4%	-500.0 bps
EBITDA ex-IFRS 16	275.7	196.5	40.3%	413.6	565.7	-26.9%
EBITDA Margin ex-IFRS 16	31.5%	26.0%	552.0 bps	20.2%	25.9%	-565.0 bps
EBITDA Recorrente	323.8	238.7	35.7%	539.4	704.0	-23.4%
Margem EBITDA Recorrente	37.0%	31.6%	544.0 bps	26.4%	32.2%	-582.0 bps
Recurring Net Income	132.1	91.1	45.0%	117.5	269.5	-56.4%
Recurring Net Margin	15.1%	12.1%	305.0 bps	5.7%	12.3%	-658.0 bps

Indebtedness

Gross debt presented an +76.2% increase in the quarter, compared to 3Q19, as a result of issuances (R\$ 500 million in December 2019, R\$ 150 million in March 2020 and R\$ 400 million in April) and amortizations in the period with a consequent impact on cash and cash equivalents that increased its position by +160.9%.

Net debt grew +19.5%, compared to 3Q19 and the relation with EBITDA LTM ratio was 1.1x, reduction of 0.3x compared to 2Q20.

Due to the uncertainties and volatility caused by the Covid-19 pandemic, the Company carried out measures, aiming to establish an even more robust cash position in a preventive manner, in order to ensure that the Company can go through this period overcoming the needs that may arise.

Composition of Net Debt (R\$ MM)	3Q20	3Q19	Variation
Gross Debt (Debentures and Borrowings and Acquisitions)	2,035.2	1,155.0	76.2%
Cash, Cash Equivalents and Marketable Securities	1,209.2	463.6	160.9%
Net Debt	826.0	691.4	19.5%
Net Debt / EBITDA LTM	1.1x	0.8x	0.3x
EBITDA LTM / Financial Result LTM	4.8x	8.7x	-3.9x

Investments

In the quarter, the investments presented a decrease of -21.8%, reaching R\$ 31.5 million.

The investments in new Patient Service Centers, Expansion of Supply in Existing Patient Service Centers and Technical Areas line decreased by -25.8%, since there were no opening of new PSC's in the period.

In the Renewal of Equipment of Diagnostics and Maintenance, the -74.0% reduction is explained by the lower expenses with the integration of the acquired companies compared to the previous year.

The IT/Digital line presented an increase of +2.9%, highlight to the relevant investments focused on the development of the Company's healthcare platform and digitalization strategy

CAPEX (R\$ million)	3Q20	3Q19	Variation	9M 2020	9M 2019	Variation
New PSC's, Offer Expansion in Existing Units and Technical Areas	6.6	8.9	-25.8%	24.7	37.9	-34.9%
Diagnostic Equipment Renewal and Maintenance	2.5	9.7	-74.0%	31.7	39.5	-19.6%
IT/Digital	22.4	21.8	2.9%	55.9	52.6	6.2%
Total Capex	31.5	40.4	-21.8%	112.4	130.1	-13.6%

Cash Flow

In 3Q20, Operating Cash Flow registered R\$ 174.8 million, a decrease of -31.3%. The observed decrease is explained by greater variation in working capital, partially compensated by the increase in EBITDA in the period.

In Working Capital, the variation in accounts receivable had the most relevant impact, from R\$ -3.5 million in 3Q19 to R\$ -226.7 million in 3Q20. The impact is due to the recovery of revenue during the quarter, with consequent increase of the accounts receivable compared to the 2Q20.

In the quarter, the Average Collection Period was 62 days, an improvement of 4 days compared to 3Q19.

Finally, the Shareholder Free Cash Flow decreased, from R\$ 157.7 million to R\$ 85.0 million.

Cash Flow (R\$ MM)	3Q20	3Q19	▲ %	9M 2020	9M 2019	▲ %
EBITDA	323.8	238.7	35.7%	539.4	685.9	-21.4%
Provisions (reversions)	11.2	22.2	-49.5%	29.2	61.5	-52.5%
Income Tax Paid	(28.5)	(16.0)	-78.0%	(57.6)	(82.7)	30.3%
Others Operating Results	5.3	4.9	8.3%	17.7	20.5	-14.0%
Working Capital Variation:	(137.0)	4.6	-3060.1%	(155.8)	(157.6)	1.1%
Trade Accounts Receivables	(226.7)	3.5	-6609.2%	(88.6)	(110.4)	19.7%
Suppliers	34.4	(15.5)	321.2%	1.4	(41.9)	103.2%
Salaries / Charges	19.7	7.0	180.1%	8.1	(4.2)	291.3%
Others Assets and Liabilities	35.6	9.6	268.9%	(76.6)	(1.1)	-7171.2%
(=) Operating Cash Flow	174.8	254.4	-31.3%	372.8	527.6	-29.3%
Capital Expenditures	(31.5)	(40.4)	21.8%	(112.5)	(130.1)	13.5%
Others Investing Activities	(0.8)	0.3	-425.8%	(1.4)	(1.6)	13.4%
(=) Free Cash Flow to Firm (FCFF)	142.4	214.3	-33.5%	259.0	396.0	-34.6%
Interest Paid / Received	(2.9)	(6.6)	56.4%	(41.6)	(47.0)	11.5%
Change in Debt	(6.4)	(8.4)	23.5%	362.2	(190.6)	290.1%
Leasing	(48.1)	(41.7)	15.4%	(125.7)	(118.0)	-6.5%
(=) Free Cash Flow to Equity (FCFE)	85.0	157.7	-46.1%	453.8	40.4	1023.9%
Dividends and Interest on Capital	0.0	0.0	0.0%	(31.2)	(252.3)	87.6%
Payment of Acquisitions	(33.7)	0.0	0.0%	(77.2)	(140.6)	45.1%
Capital Increase (Stock Options)	5.1	5.5	-8.4%	5.9	7.1	-16.8%
(=) Cash Flow	56.4	163.2	-65.4%	351.4	(345.3)	201.8%

¹ It does not consider the variation in Marketable securities

Cash Flow Indicators	3Q20	3Q19	▲	9M 2020	9M 2019	▲
Average Collection Period	62	66	9 days	79	69	-10 days
Average Payment Period	56	54	6 days	62	56	-2 days
Cash Flow Conversion to EBITDA	54.0%	106.6%	-5261.0 bps	69.1%	76.9%	-781.0 bps

Organic Expansion Plan and Acquisitions

In October 2016, the Company announced the projection for opening from 73 to 90 new patient service centers until 2021, which compose the organic expansion plan. Until 3Q20, there were opened 54 patient service centers, corresponding to 74% of the lower range of the projection.

In addition to the 54 patient service centers inaugurated in the organic expansion plan, the Company also made acquisitions of six diagnostics brands, adding another 72 new patient service centers to the brand portfolio, with 36 patient service centers in regions where the Company already has operations and 36 patient service centers in new regions.

Patient Service Centers launched within the Organic Expansion Plan					
	Fleury Brand	Complexity	Patient Service Area (sqm)	State	Date
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
	Regional South	Complexity	Patient Service Area (sqm)	State	Date
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
	a+ São Paulo	Complexity	Patient Service Area (sqm)	State	Date
1	a+ Canário	Grande	680	São Paulo	out/19
2	a+ Chácara Flora	Fast site	299	São Paulo	dec/18
3	a+ Verbo Divino	Fast site	196	São Paulo	dec/18
4	a+ Berrini	Fast site	199	São Paulo	dec/18
5	a+ São Bernardo do Campo	Fast site	517	São Paulo	sep/18
6	a+ Granja Viana	Fast site	231	São Paulo	aug/18
7	a+ Tatuapé	Large	1,483	São Paulo	aug/18
8	a+ Vila Andrade	Fast site	234	São Paulo	jul/18
9	a+ Brasil	Fast site	348	São Paulo	jul/18
10	a+ Alphaville Rio Negro	Fast site	230	São Paulo	jul/18
11	a+ Ipiranga	Medium	359	São Paulo	jun/18
12	a+ Funchal	Fast site	239	São Paulo	may/18
13	a+ Guarulhos	Large	832	São Paulo	apr/18
14	a+ Pedroso de Morais	Medium	421	São Paulo	dec/17
15	a+ Leôncio Magalhães	Medium	544	São Paulo	nov/17
16	a+ Queiroz Filho	Medium	673	São Paulo	oct/17
17	a+ Santo André	Medium	437	São Paulo	jul/17
18	a+ Augusto Tolle	Fast site	392	São Paulo	jul/17
19	a+ Itaim Bibi	Fast site	207	São Paulo	may/17

Patient Service Centers launched within the Organic Expansion Plan (Part 2)					
Regional RJ	Complexity	Patient Service Area (sqm)	State	Date	
1	Felippe Mattoso Mena Barreto	Fast site	276	Rio de Janeiro	dec/18
2	Felippe Mattoso Av. das Américas	Large	1009	Rio de Janeiro	nov/18
3	Labs a+ Carioca	Fast site	559	Rio de Janeiro	nov/18
4	Labs a+ Posto 6	Medium	318	Rio de Janeiro	nov/18
5	Labs a+ Freguesia	Medium	363	Rio de Janeiro	nov/18
6	Labs a+ Flamengo	Medium	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	sep/17
Regional Brasília	Complexity	Patient Service Area (sqm)	State	Date	
1	a+ Asa Sul	Fast site	58	Brasília	aug/17
2	a+ Sudoeste	Fast site	119	Brasília	aug/17
Regional Pernambuco	Complexity	Patient Service Area (sqm)	State	Date	
1	a+ Casa Forte	Small	151	Pernambuco	may/18
Total 54 PSCs		20,085 sqm			

PSCs inaugurated by brand					
Acquired Patient Service Centers (Part 1)					
Company	PSC	Complexity	PSCs area (sqm)	State	
1	Serdil	Serdil	NA	Rio Grande do Sul	1,213
2	IRN	Matriz	NA	Rio Grande do Norte	1,697
3	IRN	Parnamirim	NA	Rio Grande do Norte	453
4	IRN	Lagoa Nova	NA	Rio Grande do Norte	1,193
5	LAFE	Alcantara	NA	Rio de Janeiro	217
6	LAFE	Armando Lombardi	NA	Rio de Janeiro	256
7	LAFE	Bairro de Fatima	NA	Rio de Janeiro	287
8	LAFE	Barra II	NA	Rio de Janeiro	107
9	LAFE	Barra III	NA	Rio de Janeiro	151
10	LAFE	Belford Roxo	NA	Rio de Janeiro	202
11	LAFE	Botafogo I	NA	Rio de Janeiro	442
12	LAFE	Copacabana I	NA	Rio de Janeiro	207
13	LAFE	Copacabana II	NA	Rio de Janeiro	212
14	LAFE	Del Castilho	NA	Rio de Janeiro	303
15	LAFE	Duque de Caxias I	NA	Rio de Janeiro	176
16	LAFE	Duque de Caxias II	NA	Rio de Janeiro	257
17	LAFE	Gavea	NA	Rio de Janeiro	132
18	LAFE	Guadalupe	NA	Rio de Janeiro	120
19	LAFE	Icarai	NA	Rio de Janeiro	522
20	LAFE	Ilha do Governador I	NA	Rio de Janeiro	156
21	LAFE	Ilha do Governador II	NA	Rio de Janeiro	268
22	LAFE	Ipanema I	NA	Rio de Janeiro	251
23	LAFE	Laranjeiras II	NA	Rio de Janeiro	84
24	LAFE	Nilopolis	NA	Rio de Janeiro	170
25	LAFE	Nova Iguacu I	NA	Rio de Janeiro	242
26	LAFE	Nova Iguacu II	NA	Rio de Janeiro	88
27	LAFE	Nova Iguacu III	NA	Rio de Janeiro	200
28	LAFE	Ouvidor	NA	Rio de Janeiro	308
29	LAFE	Sao Cristovão	NA	Rio de Janeiro	620
30	LAFE	Tijuca	NA	Rio de Janeiro	318
31	LAFE	Vila da Penha II	NA	Rio de Janeiro	175

Acquired Patient Service Centers (Part 2)					
32	CPC	Matriz	NA	838	Rio Grande do Norte
33	CPC	Mirassol	NA	94	Rio Grande do Norte
34	CPC	Alexandrino	NA	106	Rio Grande do Norte
35	CPC	Clinorte	NA	43	Rio Grande do Norte
36	CPC	Cidade Verde	NA	132	Rio Grande do Norte
37	CPC	Lima e Silva	NA	124	Rio Grande do Norte
38	CPC	Panamirim	NA	77	Rio Grande do Norte
39	Diagmax	Cedire	NA	317	Pernambuco
40	Diagmax	Derby I	NA	414	Pernambuco
41	Diagmax	Derby li	NA	626	Pernambuco
42	Diagmax	Shopping Recife	NA	565	Pernambuco
43	Diagmax	Shopping Rio Mar	NA	697	Pernambuco
44	Diagmax	Shopping Tacaruma	NA	379	Pernambuco
45	Inlab	Anil	NA	70	Maranhão
46	Inlab	Araçagy	NA	122	Maranhão
47	Inlab	Bequimão	NA	93	Maranhão
48	Inlab	Centro	NA	75	Maranhão
49	Inlab	Cidade Operáeia	NA	67	Maranhão
50	Inlab	Cohab	NA	70	Maranhão
51	Inlab	Cohafuma	NA	88	Maranhão
52	Inlab	Cohajap	NA	72	Maranhão
53	Inlab	Cohama	NA	79	Maranhão
54	Inlab	Cohatrac	NA	64	Maranhão
55	Inlab	Holandeses	NA	324	Maranhão
56	Inlab	João Paulo	NA	153	Maranhão
57	Inlab	Lagoa	NA	82	Maranhão
58	Inlab	Maiobao	NA	76	Maranhão
59	Inlab	São Marcos	NA	24	Maranhão
60	Inlab	Shopping da Ilha	NA	57	Maranhão
61	Inlab	Turu	NA	47	Maranhão
62	Inlab	Olho D'Água	NA	84	Maranhão
63	Inlab	Vinhais	NA	73	Maranhão
64	Inlab	Matriz	NA	298	Maranhão
65	Inlab	Ponta do Farol	NA	65	Maranhão
66	Inlab	São Cristovão	NA	82	Maranhão
67	Inlab	Cassí	NA	15	Maranhão
68	Inlab	I-Medical	NA	9	Maranhão
69	Inlab	São Francisco	NA	22	Maranhão
Total 69 PSCs through acquisition				17650,47 sqm	

Performance Indicators

Operational Indicators	Description	Unit	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Income Statement											
Gross Revenue	Gross Revenue	R\$ MM	738.5	706.8	757.9	787.6	818.0	778.6	770.6	492.2	943.8
Net Revenue	Gross Revenue - Tax (ISS and PIS/COFINS) - Cancellations	R\$ MM	683.0	654.8	700.6	728.7	755.7	720.1	713.9	454.9	874.6
COGS	Personnel and Medical Services + Materials and Outsourcing + General Services, Rent and Utilities + General Expenses + Depreciation and Amortization	R\$ MM	(473.7)	(482.2)	(477.4)	(509.9)	(524.3)	(506.7)	(526.3)	(452.4)	(561.4)
SG&A	Does not include Other Operating Expenses / Revenues, Contingency Provisions and Equity in Subsidiaries	R\$ MM	(72.0)	(79.7)	(70.2)	(83.9)	(79.1)	(85.6)	(80.3)	(68.1)	(74.9)
EBIT	Earnings Before Interest and Taxes	R\$ MM	135.0	91.3	151.5	127.7	151.9	129.4	108.7	(65.1)	236.1
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	R\$ MM	181.5	145.4	235.3	211.9	238.7	195.1	195.9	19.6	323.8
Net Finance Income	Interest Revenue - Interest Expenses	R\$ MM	(11.2)	(15.3)	(24.6)	(28.2)	(27.4)	(53.8)	(28.8)	(36.6)	(33.3)
Net Income	Net Income	R\$ MM	90.3	58.2	92.6	72.6	91.1	56.1	58.7	(73.3)	132.1
Net Cash Income	Net Income - Deferred income tax	R\$ MM	106.1	63.7	94.5	59.1	102.2	61.3	65.6	(89.8)	144.9
Result Indicators											
Cancellation Index	Cancellations / Gross Revenue	%	-1.4%	-1.2%	-1.4%	-1.3%	-1.4%	-1.3%	-1.2%	-1.4%	-1.1%
Gross Margin	Gross Profit / Net Revenue	%	30.6%	26.3%	31.9%	30.0%	30.6%	29.6%	26.3%	0.6%	35.8%
EBIT Margin	Earnings Before Interest and Tax / Net Revenue	%	19.8%	13.9%	21.6%	17.5%	20.1%	18.0%	15.2%	-14.3%	27.0%
EBITDA Margin	Earnings Before Interest, Tax, Depreciation and Amortization / Net Revenue	%	26.6%	22.2%	33.6%	29.1%	31.6%	27.1%	27.4%	4.3%	37.0%
Effective Tax Rate	Current Tax / Earnings Before Tax	%	-27.2%	-23.5%	-27.0%	-27.0%	-27.0%	-25.5%	-26.5%	-28.6%	-35.0%
Net Margin	Net Profit / Net Revenue	%	13.2%	8.9%	13.2%	10.0%	12.1%	7.8%	8.2%	-16.1%	15.1%
Net Cash Income Margin	(Net Income - Deferred income tax) / Net Revenue	%	15.5%	9.7%	13.5%	8.1%	13.5%	8.5%	9.2%	-19.7%	16.6%
Financial Debt											
Cash & Equivalents	Cash, Equivalents and Marketable Securities	R\$ MM	889.8	808.9	602.0	300.4	463.6	857.8	803.6	1,152.8	1,209.2
Gross Debt	Short and Long Term Debts (Borrowings and Debentures)	R\$ MM	1,422.3	1,305.8	1,131.9	1,150.4	1,155.0	1,639.2	1,692.2	2,057.7	2,035.2
Net Debt	Gross Debt - Cash and Cash equivalents	R\$ MM	532.6	497.0	529.8	850.1	691.4	781.4	888.6	904.9	826.0
Net Debt / EBITDA LTM	(Gross Debt - Cash and Cash equivalents) / EBITDA LTM	Multiple	0.8x	0.7x	0.7x	1.1x	0.8x	0.9x	1.1x	1.4x	1.1x
Profitability and Return											
ROIC without Goodwill ex-IFRS 16 (LTM)	NOPAT ex-IFRS 16 LTM (tax= 34%) / Capital Employed (Shareholders Equity + Net Debt - Goodwill)	%	41.3%	41.2%	45.3%	36.0%	38.3%	38.7%	41.0%	21.2%	29.7%
ROIC ex- IFRS 16 (LTM)	NOPAT ex-IFRS 16 LTM (tax= 34%) / Capital Employed (Shareholders Equity + Net Debt)	%	15.4%	15.3%	15.8%	13.6%	14.1%	14.1%	13.1%	7.1%	9.6%

FLEURY S.A. CONSOLIDATED BALANCE SHEET

Balance Sheet as of September 30th, 2020 and December 31st, 2019 (In R\$ thousand) – IFRS 16

Assets	Consolidated	
	09/30/2020	12/31/2019
Current		
Cash and cash equivalents	18,636	8,966
Marketable securities	1,121,192	795,298
Accounts receivable	642,007	570,086
Inventories	81,687	31,867
Taxes recoverable	19,400	17,514
IRPJ e CSLL recoverble	42,592	49,804
Related Parties	-	26
Other assets	29,952	11,639
Derivative financial instruments	357	-
Total current	1,955,823	1,485,200
Non-current		
Marketable securities	69,365	53,538
Other assets	35,211	23,155
Deferred income tax and social contribution	13,095	12,590
Judicial deposits	38,208	39,170
Investments	23,160	16,828
Property and equipment	707,742	750,686
Intangible assets	2,018,352	1,920,808
Rights of use	739,317	794,677
Total non-current	3,644,450	3,611,452
Total assets	5,600,273	5,096,652

Liabilities and equity	Consolidated	
	09/30/2020	12/31/2019
Current		
Financing	62,706	31,220
Debentures	263,475	177,276
Financial lease	97,421	131,939
Derivative financial instruments	-	126
Trade accounts payable	196,967	190,442
Payroll and related taxes payable	148,593	139,226
Taxes and contributions payable	33,633	30,941
IRPJ e CSLL payable	30,783	448
Accounts payable - company acquisition	24,220	8,991
Dividends payable	197,787	31,207
Other accounts payable	5,340	5,219
Total current	1,060,925	747,035
Non-current		
Financing	552,391	47,914
Debentures	1,049,495	1,300,000
Financial lease	686,986	690,940
Labor liabilities	-	218
Deferred income tax and social contribution, net	415,400	409,843
Provision for tax, labor and civil risks	40,356	37,947
Taxes and contributions payable	17,898	21,527
Accounts payable - company acquisition	82,954	73,813
Other accounts payable	6,330	8,439
Total non-current	2,851,810	2,590,641
Equity		
Share capital	1,432,202	1,426,267
Capital reserve - options granted recognized	34,982	32,067
Legal reserve	102,876	102,876
Additional dividends proposed	117,478	197,766
Total equity	1,687,538	1,758,976
Total liabilities and equity	5,600,273	5,096,652

FLEURY S.A. CONSOLIDATED INCOME STATEMENT

Income Statement of the period of three months as of September 30th, 2020 and September 30th, 2019 (In R\$ thousand, except Earnings per share) – IFRS 16

	Consolidated	
	3Q20	3Q19
Revenue from services rendered	874,583	755,708
Cost of services rendered	(561,402)	(524,328)
Gross Profit	313,181	231,380
Operating income (expenses)		
General and administrative	(74,885)	(79,093)
Other operating income (expenses), net	(2,664)	1,401
Provision for tax, labor and civil risks	424	(1,771)
Equity in the earnings (losses) of subsidiaries	292	248
Operating profit before financial result	236,348	152,165
Financial income	9,811	8,350
Financial expenses	(43,124)	(35,785)
Financial result	(33,313)	(27,435)
Earnings before income tax and social contribution	203,035	124,730
Income tax and social contribution:		
Current	(58,171)	(22,493)
Deferred	(12,799)	(11,167)
Profit for the period	132,065	91,070
Earnings per share attributable to owners of the Company		
Basic earnings per share (weighted average)	0.42	0.29
Diluted earnings per share (weighted average)	0.41	0.28

FLEURY S.A. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Statements of Changes in Equity as of September 30th, 2020 and December 31st, 2019 and 2018 (In R\$ thousand) – IFRS 16

	Share Capital		Capital Reserve	Legal Reserve	Investment Reserve	Additional dividends proposed	Equity
	Share Capital	Share issue expenses	Options granted recognized		Profit for the period		
Balances on December 31, 2018	<u>1,441,920</u>	<u>(22,784)</u>	<u>26,259</u>	<u>87,261</u>	<u>217,305</u>	<u>-</u>	<u>1,749,961</u>
Capital increase	7,131	-	-	-	-	-	7,131
Stock option plan	-	-	5,808	-	-	-	5,808
Profit for the period (R\$0,87 per share)	-	-	-	-	-	312,317	312,317
Legal reserve	-	-	-	15,616	-	(15,616)	-
Dividends	-	-	-	-	(217,305)	-	(217,305)
Interest on own capital	-	-	-	-	-	(98,935)	(98,935)
Intangible assets	-	-	-	-	197,766	(197,766)	-
Balances on December 31, 2019	<u>1,449,051</u>	<u>(22,784)</u>	<u>32,067</u>	<u>102,876</u>	<u>197,766</u>	<u>-</u>	<u>1,758,976</u>
Capital increase	5,935	-	-	-	-	-	5,935
Stock option plan	-	-	2,915	-	-	-	2,915
Profit for the period	-	-	-	-	-	117,478	117,478
Intangible assets	-	-	-	-	(197,766)	-	(197,766)
Balances on September 30, 2020	<u>1,454,986</u>	<u>(22,784)</u>	<u>34,982</u>	<u>102,876</u>	<u>-</u>	<u>117,478</u>	<u>1,687,538</u>

FLEURY S.A. CONSOLIDATED STATEMENTS OF CASH FLOW

Statements of Cash Flow of the period of three months as of September 30th, 2020 and September 30th, 2019
(In R\$ thousand) – IFRS 16

	Consolidated	
	30/09/2020	30/09/2019
Profit for the period	117,478	256,241
Items not affecting cash:		
Income tax and social contribution	62,729	94,708
Financial and expenses income	113,350	95,991
Depreciation and amortization	259,734	254,836
Equity in the earnings (losses) of subsidiaries	696	(45)
Stock option plan	2,915	4,378
Constitution of provision for tax, labor and civil risks	(1,029)	2,730
Estimated losses with doubtful accounts and disallowances	27,250	32,976
Profit sharing	30	20,265
Other	3,056	4,707
Cash flows from operating activities before changes in assets and liabilities	586,209	766,787
(Increase) decrease in accounts receivable	(88,622)	(110,416)
(Increase) decrease in inventories	(49,820)	(3,284)
(Increase) decrease in taxes recoverable	5,402	11,979
(Increase) decrease in judicial deposits	964	684
(Increase) decrease in other assets	(29,955)	(6,552)
Increase (decrease) in trade accounts payable	1,358	(41,896)
Increase (decrease) in labor liabilities	8,101	(3,950)
Increase (decrease) in tax liabilities	1,564	(2,864)
Increase (decrease) in taxes paid in installments	(5,244)	(3,034)
(Increase) decrease in other liabilities	456	2,857
Total variation in assets and liabilities	(155,796)	(156,476)
Income tax and social contribution paid	(57,621)	(82,690)
Net cash from operating activities	372,792	527,621
Acquisition of property and equipment and intangible assets	(112,321)	(130,074)
Marketable securities and interest earned	(341,720)	296,562
Payments	(77,155)	(139,352)
Acquisition of	-	(1,216)
Interest earned from financial investments	99	168
Net cash used in investing activities	(531,097)	26,088
Borrowings and debentures	550,000	-
Settlement (principal) of financing and debentures	(188,291)	(188,465)
Interest paid in financing and debentures	(41,729)	(47,209)
Financial expenses paid	(4,288)	(1,678)
Derivative financial instruments	2,789	107
Leasing	(125,722)	(117,998)
Capital integralization	5,935	7,131
Dividends and / or interest on shareholders' equity	(31,177)	(252,264)
Risk Withdrawn Operation	458	
Net cash used in financing activities	167,975	(602,471)
(Decrease) increase in cash and cash equivalents	9,670	(48,762)
Cash and cash equivalents		
At the beginning of the period	8,966	55,231
At the end of the period	18,636	6,469
Variation in cash and cash equivalents	9,670	(48,762)

FLEURY S.A. CONSOLIDATED STATEMENTS OF VALUE ADDED

Statements of Value Added of the period of three months as of September 30th, 2020 and September 30th, 2019 (In R\$ thousand) – IFRS 16

	Consolidated	
	09/30/2020	09/30/2019
Revenues	2,186,116	2,336,386
Goods and products sold and services rendered	2,205,852	2,362,377
Estimated losses with doubtful accounts and disallowances	(27,250)	(32,976)
Other revenue	7,514	6,985
Inputs purchased from third parties	(895,455)	(855,457)
Cost of goods and products sold and services rendered	(828,022)	(792,381)
Materials, electricity, outsourced services and others	(65,508)	(62,230)
Loss/recovery of asset values	(1,925)	(846)
Gross value added	1,290,661	1,480,929
Depreciation and amortization	(259,734)	(254,836)
Net value added	1,030,927	1,226,093
Value added received through transfer	28,814	29,601
Equity in the earnings (losses) of subsidiaries	(696)	45
Financial income	29,510	29,556
	-	-
Total value added	1,059,741	1,255,694
Distribution of value added	(1,059,741)	(1,255,694)
Personnel and charges	(514,636)	(515,991)
Direct remuneration	(351,870)	(353,291)
Benefits	(133,978)	(133,701)
Charges	(28,788)	(28,999)
Taxes, fees and contributions	(275,917)	(342,337)
Federal	(206,258)	(269,485)
Municipalities	(69,659)	(72,852)
Interest, rental and other operating expenses	(151,710)	(141,125)
Rental	(9,828)	(7,743)
Interest	(127,220)	(108,395)
Other operating expenses	(14,662)	(24,987)
Retained earnings	(117,478)	(256,241)