



Tax Transparency Report 2023



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About the report

We are happy to have you visit the Fleury Group Tax Transparency Report. In this document, which is being released for the second year in a row, we reinforce our commitment with transparency and provide the key findings for the Company's fiscal year, from January 1st to December 31st, 2023.

In April 2023, Fleury completed the business combination with Pardini Group. Therefore, the information regarding the total tax contribution (TTC) in this Report takes into account the Company's consolidated annual pro-forma*.

The information presented here aims to provide a clearer and more comprehensive understanding of the Group's tax contribution, connecting our values with our tax governance strategy.

In this report, we will disclose the relevant Tax Incentives and reconcile our effective tax rate. Moreover, the total tax contribution will be divided according to its nature into:

- Profit Taxes;
- Goods and Services Taxes; and
- Payroll taxes.

*Pro-forma results consider the reporting of information assuming its consolidation since 01/01/2023.

The tax contribution will also be classified according to its collection into:

- Taxes borne; and
- Withheld taxes from third parties.

For a better understanding, the figures presented take into account the collection of our actual contribution to the public coffers (disbursements and compensations).

With a view to the best governance and transparency practices used globally, this Report is based on the international corporate sustainability reporting guidelines of the Global Report Initiative (GRI), more specifically GRI 207 – Taxes, designed to improve transparency in the organizations' tax practices.

We consider that the taxes we pay are one of Fleury Group's main contributions to public finances in the places where we operate and, therefore, it is one of our main contributions to society and to the fulfillment of the 8th Sustainable Development Goal (SDG) of the United Nations (UN).



Any questions, suggestions or requests for information can be sent to: tributario@grupofleury.com.br



Message from the **Board**

Fleury Group has consistently produced strong outcomes and executed its institutional strategy with excellence over the last 12 months. This demonstrates our business stability throughout the course of 97 years, during which it has distinguished itself as an inventive enterprise that foresees major market developments.

As a consequence of the business combination with Pardini Group, we are moving closer to more comprehensive and integrated solutions for the patient care journey, all the while upholding our strict financial discipline to guarantee the rigorous and long-term execution of the Company's development plan.

Through our operations and value creation, we contribute on a large scale to the economy's development. As such, we understand the crucial role of our contribution by means of taxes' payment in providing resources to foster public policies for the entire population at national, state and municipal level.

Consistent with the Group's disciplined financial management and investments, we closed last year with all business lines achieving revenue gains. This result was mirrored in the Gross Revenue, which reached R\$ 6.96 billion in 2023 – a 44.9% rise over the previous year.

We had an outstanding operating and financial performance and we will continue to run our business at a high standard in 2024.

José Antônio de Almeida Filippo

Executive Director of Finance and Investor Relations



Message from Tax Managers

We are very proud to have successfully completed the first year of integration between Fleury and Pardini Group, and it has been gratifying to take part in this unique moment for the Company. We worked hard to find synergies in the processes and to adapt the tax structure, closing the year with a feeling of mission accomplished and the certainty that the tax area has played and will continue to play an important role in the integration of these two healthcare giants.

The favorable outcomes reported in this Tax Transparency Report were also evident in 2023. In accordance with the moral and openness standards that guide the organization, we present in this paper the financial situation of the Fleury Group companies in an understandable and impartial manner.

The diligent work of our tax department's 28 employees played a pivotal role in maintaining the processes and controls that support the daily execution of our activities, in conjunction with automated systems, ensuring the tax compliance of the Fleury Group's companies. Thus, we headed into another year firmly committed to our strategy, with discipline and focus to maintain good results.

Gisele Schneider

Senior Manager of Controllershship, Taxes and Integration– IMO

Weberthon Correia Nunes

Tax Manager



The Fleury Group

Who we are

We began our activities in 1926 as a clinical analysis laboratory and, over the years, we expanded our operations to a business model dedicated to offering complete and integrated solutions for patients' entire health journey of care.

Currently, we stand as a benchmark in Brazil's healthcare sector, recognized by the medical community and society for our technical, medical, care, and management excellence, as well as our ability to drive the sector through innovation.

To provide comprehensive and integrated diagnostic medicine solutions, we coordinate patient-centered journey of cares through our 39 brands.



MISSION

To provide even more complete and integrated solutions for healthcare management and personal wellbeing, with excellence, humanity and sustainability.

.....



VISION

Health and wellbeing for people's full realization.

.....



VALUES

Excellence, Respect, Interdependence, Solidarity, Focus on the Customer, Integrity, Innovation and Enthusiasm.



OUR ESSENCE

Since our inception, we have been driven by a passion for medicine and a permanent restlessness, that makes us pursue the best in all dimensions.

We understand that those who are passionate about their work deliver their best. This is why our essence is founded on passion, especially for our people. They are our protagonists of yesterday, today, and the future. After all, they are the driving force behind our success, which is ultimately symbolized by the satisfaction of our customers, who are served in a welcoming manner and with a genuine desire to do well.

We do our best because we are **passionate about what we do.**

Operational context

Integration with Pardini

This year, we would like to highlight the integration between Fleury Group and Pardini Group, which took place in 2023 and raised our capacity to generate value to a new level.

The business combination between both companies expands the integrated offer of diagnostic health services throughout the country and places us as one of the main players in the market.

This union brings complementary brand portfolios and expanded geographic coverage, totaling 558 service units (34 of which are Novos Elos) and 24 specialized health technical areas spread across Brazilian states and municipalities.

Business complementarity not only diversifies our reach, but also drives substantial growth in our operational capacity, impacting the Group's tax management.

Among the changes that have occurred in the Fleury Group's tax department as a result of the business combination with Pardini are the following:



12 new companies
under control of the Group's Tax Area



217 CNPJs e
217 municipal registrations
in **9** states



49 municipalities
37 of which are municipalities in which
we did not operate before integration




14 new employees
in the tax area





Access [here](#) the Fleury Group Financial Statements to learn more about the Company's results.

2023 Highlights

EFFECTIVE GROWTH STRATEGY

 R\$ 6.96 billion gross accounting revenue, 44.9% higher than the previous period

 R\$ 1.6 billion EBITDA, 39.2% higher than the previous year

 R\$ 467 million net profit, a growth of 51.7%

 20.80% of Accounting Net Income

 R\$ 200 million invested in IT/Digital, an increase of 33.9%

 R\$ 21.5 million invested in R&D

R\$ 1.27 billion

Total taxes, being:

R\$ 270 million

Collected taxes


R\$ 1.0 billion

Taxes borne


FIRST YEAR OF SUCCESSFUL INTEGRATION JOURNEY BETWEEN FLEURY AND PARDINI

 524 service units

 34 Novos Elos units

 24 technical areas for exam processing

ROBUST AND EFFICIENT OPERATION

 15 expansions, 10 of which in diagnostic medicine and 5 in Novos Elos

 28 employees working in the Tax area

PATIENT AT THE CENTER

 243.5 million exams performed

Governance

Relevant tax factors

TAX REFORM

As in 2022, we watched for progress on issues related to **Tax Reform**, and, in December 2023, the Constitutional Amendment No. 132 was enacted, which established the Tax Reform on consumption, still pending regulation by Complementary Laws.

The approval brought considerable changes to Brazil's tax system. Among the main changes is the removal of a number of taxes by consolidating them into a Value Added Tax (VAT) divided into two parts (dual):

- Goods and Services Tax (IBS), which brings together state and municipal taxes; and
- Contribution on Goods and Services (CBS), which groups federal taxes.

The standard rate to be used has not yet been defined, however, the latest estimates from the Ministry of Finance predicted 27.50% on revenue from services rendered.

The Health Services area was included in the list of sectors that will see a 60% reduction in the standard rate.

Currently, Fleury Group has a tax burden on revenue hovering around 3.65% (PIS and COFINS) under the cumulative system and ISSQN, which can vary from 2% to 5%.

Finally, it's worth mentioning that last year the Company created a working group to analyze the new tax model and measure its impact on the business.

ONE-OFF FINE

The Brazilian Supreme Court (STF) unanimously ruled, in a trial that ended on March 17, 2023, that the 50% one-off fine levied on taxpayers for not having their credit offset accepted by the IRS is unconstitutional.

This decision reduces the financial risk for the company and seeks to strengthen the right to contest tax in the event of a fine.



Fleury Group's new headquarters in São Paulo (SP)

Our Tax Strategy

Fleury Group places great importance on the quality of the processes and products it offers and is concerned with the ESG agenda in all its aspects. In the governance realm, especially in the tax context, we constantly seek to grow and mature our compliance and information security routines.

All our decisions related to the payment of taxes are made based on the Company's values and taking into account the potential risks to our business and stakeholders. This concern with transparency and tax governance, considered a pioneer in the Brazilian healthcare sector, places us in a prominent position in the market.

It is part of the process of acquiring companies in the Fleury Group to carry out due diligence to identify possible tax risks. The final report is submitted to the Finance Committee and the Board of Directors.

To this end, our tax strategy is based on **Integrity, Transparency** and **Excellence**, with taxes being calculated and paid within a strict compliance process aimed at complying with current legislation.

Our Tax Management puts extra effort into finding the most economical and sustainable tax systems for the business, respecting current legislation and case law, never losing sight of the necessary alignment of decision-making with the company's strategic values.

Principles and Values of Tax Strategy

GRI 207-1

The Fleury Group's compliance with its tax obligations and its relations with the tax authorities are governed by the principles described in the **Tax Policy** (as shown in the table on the right).

We carry out our fiscal transparency strategy in line with our values and principles, which are also presented in this Policy, which is available on the Company's IR website.



RESPONSIBILITY

Making decisions in line with current regulations, avoiding risks and ensuring legitimate and efficient taxation.



TRANSPARENCY

Comply with tax legislation and regulations by collecting taxes and submitting ancillary obligations.



GOOD-FAITH

Building relations with the authorities based on respect for the law, loyalty, trust, professionalism, collaboration and reciprocity, without prejudice to legitimate disputes.



PROACTIVITY

Seeking improvements in processes to prevent and reduce significant tax risks.



Access [here](#) Fleury's Integrity Policy (Portuguese only).
Access [here](#) Fleury's Tax Policy.

Governance, Transparency and Value Creation

GRI 207-1 | 207-2

Ethical business management, aligned with the market's best corporate governance practices, is one of our commitments and a key factor in the sustainability and longevity of our operations. Through this commitment, we aim to ensure transparency and integrity, thereby promoting the creation of value for all our stakeholders over time.

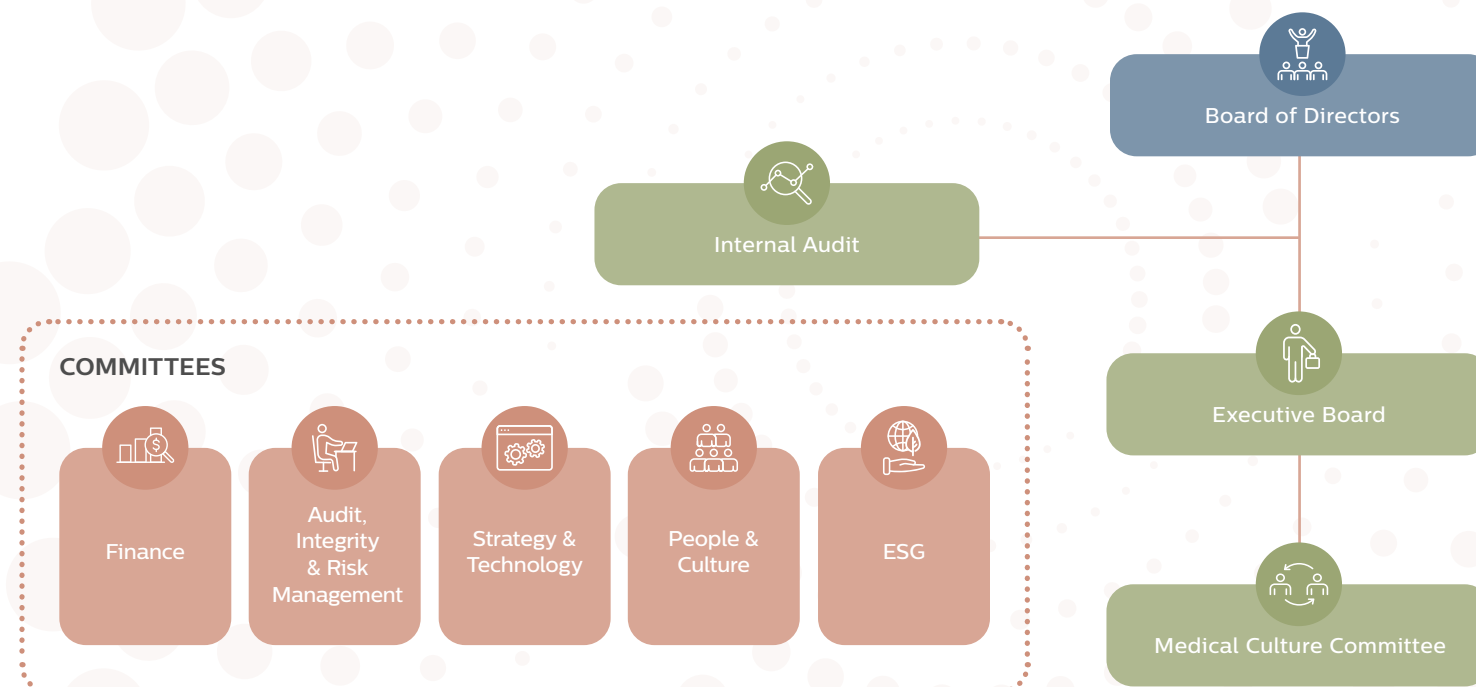
We run a robust and transparent Corporate Governance structure, based on high standards and geared towards protecting the interests of our shareholders. Since 2009, we have been a member of the Novo Mercado of B3 (Brasil, Bolsa e Balcão), and have adopted the main guidelines recommended by the Brazilian Institute of Corporate Governance (IBGC), in accordance with its Code of Best Corporate Governance Practices.

Our management is made up of an Executive Board and a Board of Directors, which in turn is supported by five Advisory Committees. We also have an Internal Audit, separate from the lines of operation, which reports directly to the Board of Directors.

Fleury Group's Tax Governance is based on practices that involve processes and strategies to comply with existing tax laws and regulations, bringing important elements such as:

- Transparency;
- Risk management;
- Legal compliance;
- Tax efficiency;
- Continuous monitoring;
- Education and training of the employees involved; and
- Use of technology.

HIGH STANDARDS OF CORPORATE GOVERNANCE

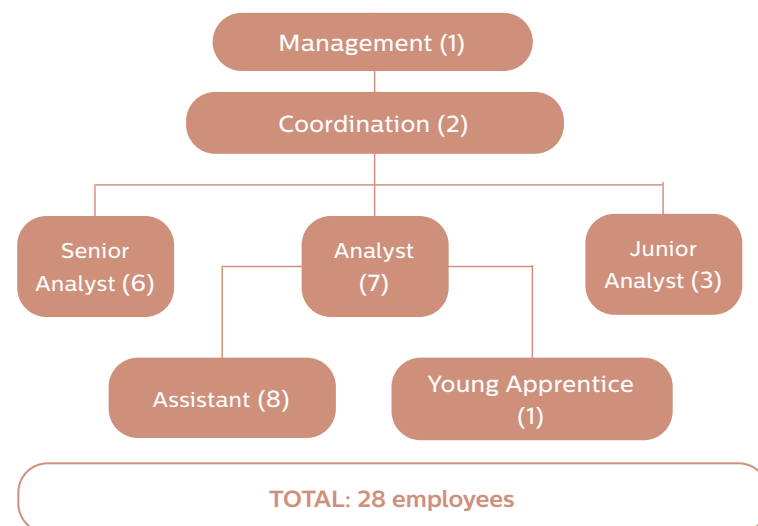


Tax Department Governance

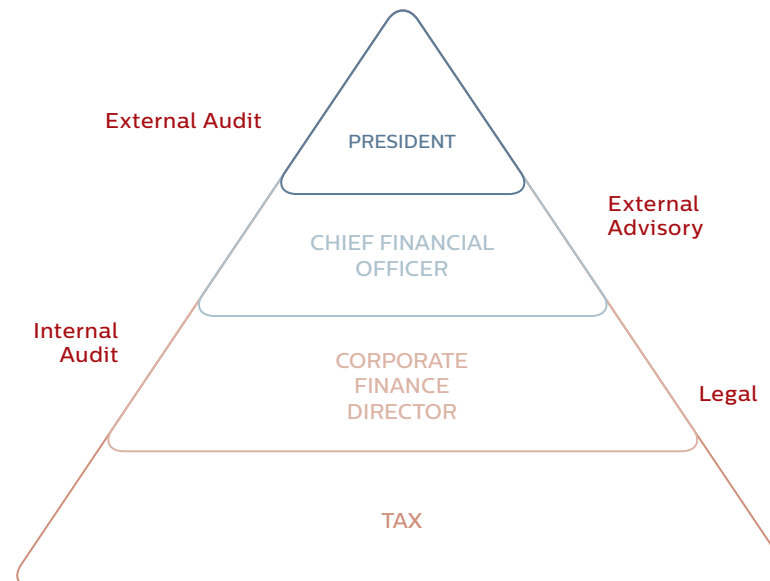
The Board of Directors is in charge of approving and reviewing the Group's tax strategy and policy, as well as verifying that the principles and good tax practices are being applied in the Company, ensuring transparency and security for all those involved.

Moreover, the Board of Directors supports the Executive Board in encouraging compliance with the principles and best tax practices in the Company, ensuring compliance in all the organization's processes.

TAX DEPARTMENT STRUCTURE



By doing so, we avoid tax inefficiency through a lean and functional structure, which pursues operational efficiency through legal mechanisms and internal due process. We understand that this is the only way we are able to fulfill our objectives in a sustainable manner, be it with our shareholders, our customers, our suppliers or society in general.



VALIDATION OF TAX AREA PROCESSES

So as to guarantee compliance with tax regulations, the tax area's processes are reviewed by the Group's Internal Audit Area, in accordance with the annual periodic review plan set out in an internal policy.

Once the review process is finished, a report is issued and presented to the leadership with possible improvements and suggestions.

As part of the financial statements audit, an external auditor annually reviews certain tax procedures and issues, when applicable, a recommendations report.



Click [here](#) to learn more about Fleury Group's corporate structure and duties.

Transparency

Fleury Group joined the Novo Mercado in 2009, a stock exchange segment that holds companies to the highest standards of corporate governance.

Concern for excellence is in our DNA. In 2023, we received the Transparency Trophy for the Financial Statements for the sixth year, an award granted by the National Association of Finance, Administration and Accounting Executives (ANEFAC) with the aim of encouraging and rewarding the development of transparent practices in organizations.

This Report serves as another evidence of our dedication to openness and communication with our stakeholders.



Risk Management

Fleury Group's risk management is based on the guidelines of our **Risk Management Policy**, which was updated in 2023 and covers all of the Group's departments and companies, including subsidiaries.

Following the integration with Pardini, the Company's risk management structure underwent changes, the main one being the division of the Compliance, Audit and Risks Department. This made it possible to apply a more efficient risk analysis method.

In line with the best market practices, our risk management process was defined based on the guidelines of ISO 31000:2018* and the instructions of COSO ERM**, seeking to align the risk appetite with the Company's strategy and provide integrated responses to the several risks to which we are subject.

ESG risk identification, assessment and treatment processes are integrated into global risk management and are rigorously monitored by the Executive Board, Audit Committee and Board of Directors.

* ISO 31000:2018 is the international standard for risk management, which assists organizations in their risk analysis and assessment by providing basic principles and guidelines.

** COSO ERM is a publication by the multinational COSO, which provides international risk management guidelines and recognizes the need to focus not only on process controls, but on risk management within a context of effective corporate governance.

This year, we highlight the risk management model that is based on the three lines of defense concept, where each part of the organization as specific roles in the process:

1ST LINE OF DEFENSE

01

Business and support areas manage and have responsibility for risks, responsible for monitoring and controlling processes, and reporting on the risks inherent in operations, as well as implementing corrective actions.

2ND LINE OF DEFENSE

02

The Risk Management and Integrity/ Compliance departments oversee risks and establish policies and procedures for their management and compliance.

3RD LINE OF DEFENSE

03

Internal Audit provides independent assessments and is responsible for evaluating and reporting on the effectiveness of governance, risk management and internal controls.

TAX RISK MANAGEMENT

The use of technology has been an important ally when it comes to monitoring the Company's tax compliance. Last year, we implemented a real-time monitoring system of the tax situation of all the Group's companies in the three spheres: municipal, state and federal.

We closed 2023 with the monitoring of the Group's 28 companies, considering 728 CNPJs and Municipal Registrations, located in 18 states and 111 municipalities.

This system allowed for greater control over keeping Debt Clearance Certificates (CND), supporting transparency, tax strategy and the Company's best practices.



Access [here](#) Fleury's Risk Management Policy.

Access [here](#) 2023 Sustainability Report for more information on Fleury Group's risk management.



The Company's risk management is mirrored in its tax management, since the latter must agree with the corporate policies and risk matrix, as well as follow the governance and risk standards laid down for the Fleury Group as a whole.

Advocacy

GRI 207-3

The Company seeks to maintain a clear and open relationship with regulatory bodies and complies with its legal obligations, aiming to meet regulatory inspections quickly and efficiently.

Fleury Group is a member of associations that act as spokespersons for their associates in dialogues with public, governmental and regulatory institutions, expressing the sector's vision and wishes on matters related to health and the adoption of policies and measures that take into account the importance of diagnostic medicine in caring for the Brazilian population.

These associations include:

- Brazilian Association of Diagnostic Medicine (ABRAMED);
- Union of Hospitals, Clinics and Labs in the State of São Paulo (SINDHOSP); and
- Brazilian Society of Clinical Pathology/Laboratory Medicine (SBPC/ML).

Over the last year, we were reintegrated to the Board of Digital Health Brazil, participated in the Strategic Committee for Government Relations at the American Chamber of Commerce SP (AMCHAM SP) and became a member of the Board of Directors of the Instituto Coalizão Saúde.

We have also been recognized by renowned institutions and groups for our responsible, transparent and sustainable actions. In 2023, Fleury Group came 2nd in the Health and Health Services category of the Best of ESG ranking, a partnership between Exame magazine and Ibmec.

In line with our Code of Trust and Sponsorship and Donations Policy, Fleury Group does not make political contributions in cash or in any other form, and does not make any kind of contribution to political campaigns, political organizations, lobbyists or lobbying organizations, trade associations, groups aimed at promoting tax exemption and other one-off expenditures, such as voting measures, laws or referendums.



Access [here](#) Fleury Group's Trust Code.



Tax department and Controllershship team

Our people

Employees in the Tax Department

GRI 207-2

Our team is made up of 28 highly qualified employees to ensure that the Company complies with current tax laws and regulations. The team plays a crucial role in tax management, monitoring the legislation in force, planning and calculating taxes, all the way through to submitting tax obligations.

Over the last year, this team of talents has expanded. Following the business combination with Pardini Group, 14 employees joined the area in 2022. This moment represented an excellent growth opportunity for the whole team, as the exchange of experiences and the interaction of different cultures enabled us to improve our processes, taking advantage of each company's best features.

The tax department is strategic if a company is to fulfill its tax obligations efficiently and be prepared to face the tax environment's challenges.



For more information on the profile of Fleury Group employees, visit the [2023 Sustainability Report](#).



Some of the team's main responsibilities include:



Monitoring legislation: we constantly monitor changes in tax laws, such as changes in tax rates, ancillary obligations and tax benefits. This ensures that the Company is up to date and can adapt to the new rules.



Tax Calculation: we calculate the taxes owed by the Company based on the operations carried out. This involves analyzing financial data, invoicing, purchases and other relevant transactions.



Paralegal: the team carries out certain activities to create CNPJs, municipal registrations and city hall enrollments in order to issue electronic invoices (NFEs).



Tax planning: we aim to optimize the Group's tax burden. This includes strategies such as using tax incentives, choosing the most appropriate tax system and planning operations.



Compliance with Tax Obligations: the team prepares and submits tax returns, such as the Public Digital Bookkeeping System (SPED), the Declaration of Federal Tax Debts and Credits (DCTF) and other specific obligations.

Tax Department highlights

The following are some of the annual activities carried out by the tax department, which exemplify the indirect costs associated with the complexity of the national tax system:

- Direct and indirect taxes: 4,584 tax calculations;
- Internal consultancy: 1,499 services in the year;
- Direct taxes: 396 tax calculations; and
- Emission of debt certificates: 28 federal and 728 state and municipal.



TRAINING

By means of both theoretical and practical training, including a distance learning portal specifically for tax and accounting issues, our people are kept abreast of the latest developments, ensuring that those responsible for carrying out tax activities are properly knowledgeable and up-to-date, facilitating the training required to carry out their work, in addition to ESG training so that the area is integrated into the Group's strategy on this agenda.



TAX TRANSPARENCY INITIATIVES

In 2023, the tax department updated the 37 internal rules that guide the daily processes for carrying out activities. The work was very important for the Group, as it ensures better governance for the area's routines and operations.



VOLUME OF ANCILLARY OBLIGATIONS AND HOURS OF WORK

To comply with the regulations, the taxpayer must submit several ancillary obligations on a monthly and annual basis.

During 2023, the tax department maintained tax compliance of the 28 Group's companies, ensuring 1,560 deliveries of ancillary obligations on a monthly basis (PerdComp, DCTF, DCTF-Web, EFD-Reinf, EFD-Contribuições, Devec-RJ, Devec-SP) and 72 annually (DIRF, DMED, ECF).

ANEFAC 2023 AWARD

Our Tax Manager won the 4th Anefac 2023 Tax Merit Professional Award in the Health category, which evaluates 5 criteria, including: risk mapping, use of technology and information management. This award recognizes the quality, ethics and professionalism of the Fleury Group's tax department employees.



Performance

Total Tax Contribution (TTC)

By communicating the details of our entire tax contribution, including taxes on goods and services, and social security contributions, among others, we show the broad contribution we make to society through our taxes.

In 2023, considering all of Fleury Group's subsidiaries, our activities resulted in a total tax contribution of R\$ 1.27 billion.

Fleury and Pardini's tax contributions were combined in 2023 as a result of the business integration, totaling R\$ 394 million. The new municipalities were of particular note, which received R\$ 44 million in ISSQN, and the amount of R\$ 673,000 earmarked for the State of Minas Gerais as ICMS.

Tax contribution (R\$ million)

R\$ 1.27 billion

in 2023 (pro-forma*)

R\$ 913 million

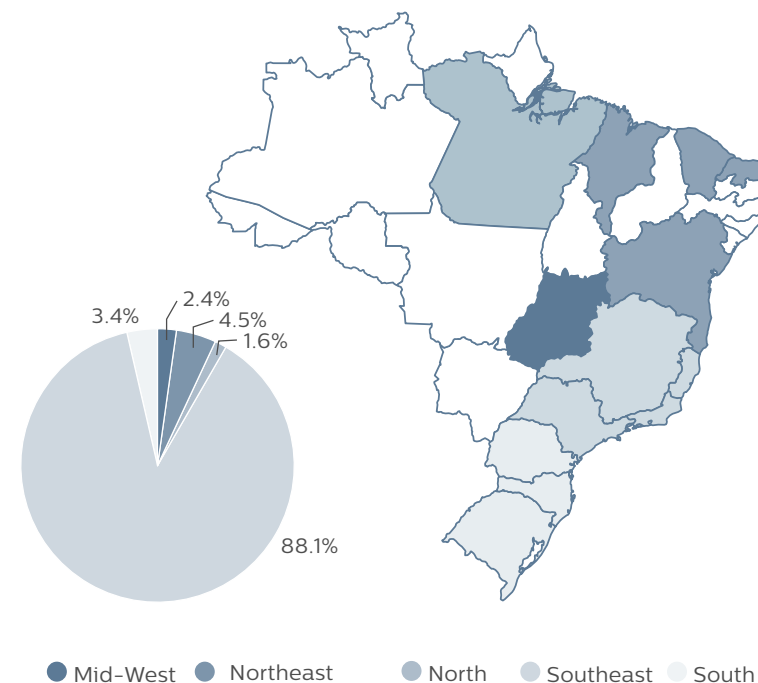
in 2022

*Pro-forma results consider the reporting of information assuming consolidation since 01/01/2023.

TAX DISTRIBUTION

Our revenue in 2023 was mainly directed to the Federal Government and the municipalities in which we operate. With the business combination, we started operating in 37 new municipalities and, in total, our ISSQN payments were made in all the places where we provide diagnostic medicine services.

Tax Distribution by State

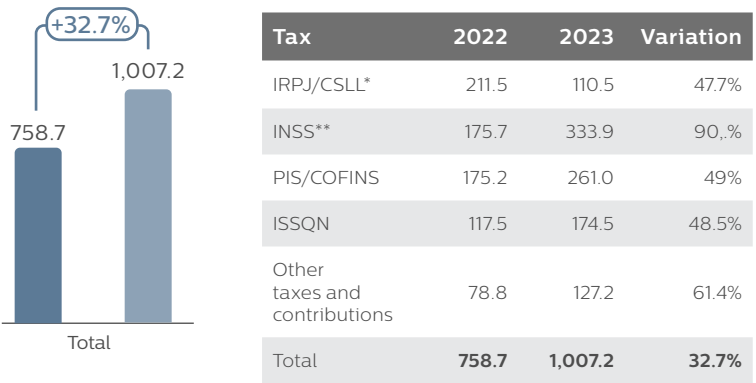


TAXES BORNE

In 2023, already considering the business combination with Pardini, Fleury Group paid a total of R\$ 1 billion in taxes borne to the public coffers, 32.7% higher than in 2022 (R\$ 758.7 million).

Taxes borne are those that are essentially levied on the Company’s operating revenue, payroll and profit.

Taxes borne (R\$ million)

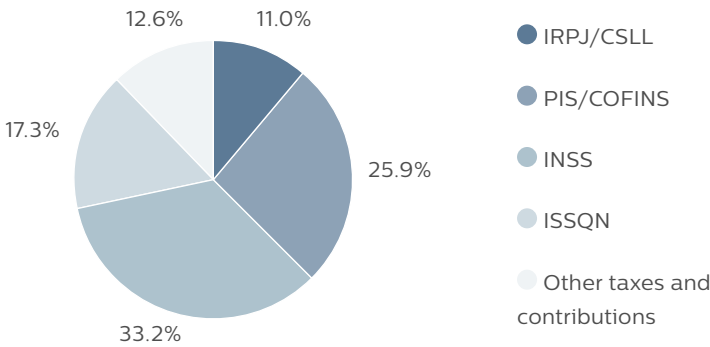


* The reduction in IRPJ/CSLL in 2023 is due to the JCP tax benefit (interest on equity).
** With the increase of around 7,000 employees from the Pardini Group, the Fleury Group increased its INSS contribution on the payroll.

With regard to IRPJ and CSLL, we are subject to nominal rates of 25% and 9%, respectively. Some of the Group’s companies are subject to taxation under the Actual Profit system and others are subject to the Presumed Profit system, whose taxation is carried out based on the presumption of profit at a percentage previously determined by legislation depending on the type of service. In our operation we apply 8% IR and 12% CS.

With regard to PIS and COFINS contributions, the Group’s revenues are mostly subject to the cumulative tax rates (0.65% and 3%, respectively), with no rights to appropriate tax credits. PIS and COFINS contributions represent Fleury Group’s second largest disbursement category.

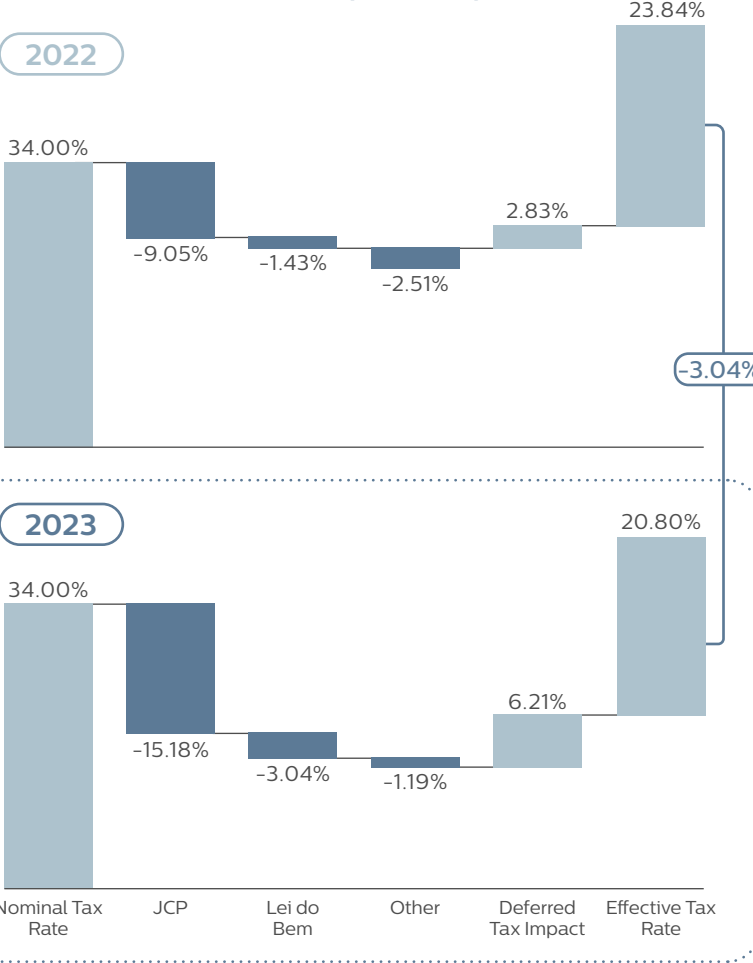
Taxes borne distribution (in %)



IRPJ/CSLL EFFECTIVE TAX RATE RECONCILIATION

The reconciliation of the effective tax rate clearly shows the events that occurred during the fiscal year that impacted on the nominal tax rate (set by law), demonstrating the real tax burden to which the company was subjected.

IRPJ/CSLL effective tax rate (R\$ million)

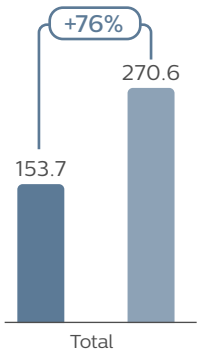




TAXES COLLECTED FROM THIRD PARTIES

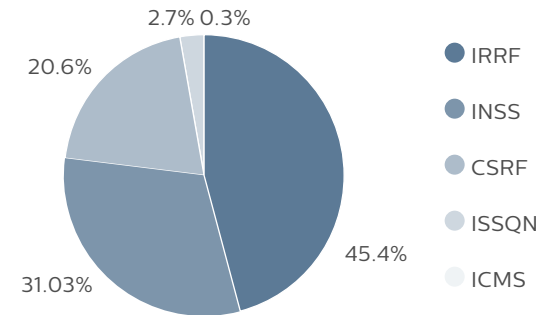
Fleury Group strictly complies with current legislation on the withholding of taxes on behalf of third parties. Thus, part of our contribution in 2023 refers to taxes collected from third parties and passed on to the government. Last year, taxes withheld from third parties totaled R\$ 270.6 million, 76% higher than in 2022 (R\$ 153.7 million).

Taxes collected from third parties (R\$ million)



Tax	2022	2023	Variation
IRRF	79.7	122.9	54.2%
INSS	25.7	84.0	226.7%
CSRF	42.4	55.7	31.5%
ISSQN	5.9	7.3	23.1%
ICMS	-	0.7	-
Total	153.7	270.6	76%

Taxes collected from third parties distribution (in %)



RECOVERABLE TAXES

The group closed 2023 with an amount of R\$ 182.8 million recorded in its consolidated balance sheet as taxes recoverable. These taxes are basically advance payments made by third parties when contracting our services and will be deducted from the taxes payable by the Fleury Group. The amounts are concentrated in the following taxes, expected to be recovered in the next financial year.

Recoverable taxes distribution (R\$)

R\$ 162.5 million

IRPJ/CSLL

R\$ 2.1 million

PIS/COFINS

R\$ 7.0 million

INSS

R\$ 8.7 million

ISSQN

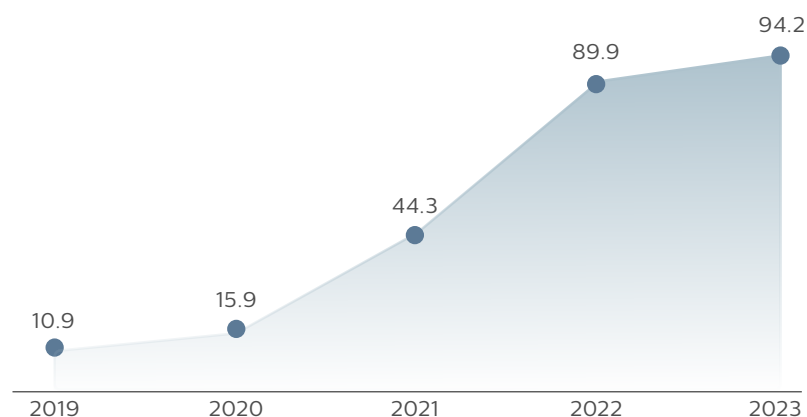
R\$ 2.5 million

ICMS

Tax proceedings

Throughout 2023, Fleury, together with its legal advisors, conducted 402 tax proceedings, which totaled R\$ 519.4 million in taxes, 46% of which were administrative proceedings and 54% judicial. The proceedings are mostly classified as possible losses and can be consulted in the [financial statements](#), as well as their constitution.

Constitution of proceedings in the last 5 years (R\$ million)



Tax clearance certificates

Over the last year, the 28 companies that make up the Fleury Group, considering all 728 active units in 18 states and 111 municipalities, have been monitored as to the status of their tax clearance certificates.

Active certificates (%)



96.55%
Federal



99.86%
State

Up until this report's publication date in September 2024, the percentage of active municipal certificates was 92.27%. In December 2023, the certificates for the municipality of São Paulo were still being renewed, with 71.57% of them active.



Hermes Pardini head office

Main projects

Law No. 11.196/2006, known as the “Lei do Bem” (Good Law), aims to stimulate private investment in technology in order to increase the competitiveness of the Brazilian market in this regard. To this end, it provides tax benefits focused on reducing the IRPJ/CSLL tax burden for companies that carry out Research, Development and Innovation (RD&I) activities.

Eligible projects undergo a strict validation process by the Federal Government’s Ministry of Science, Technology and Innovation (MCTI).

As in recent years, in 2023 Fleury Group captured projects eligible for the Lei do Bem, generating a substantial cut in the tax burden. By using tax incentives intended for companies that invest in research and development, the benefits go far beyond reducing the tax burden.

Resources incentivized by the Lei do Bem generate a range of positive effects that directly impact the community’s well-being through the implementation of new products, services and methodologies.

Furthermore, the promotion of research and development generates highly qualified job opportunities and the creation and expansion of research centers all contribute to the training of specialized professionals, attracting talent to the region.

Project evaluation – Fleury S.A.

Base Year	Expenditure	Fiscal Impact	Approval MCTI*
2018	8.5	2.3	100%
2019	22.2	6.0	100%
2020	13.7	2.8	100%
2021	18.6	5.1	Under analysis
2022	23.1	6.3	Under analysis
2023	37.8	10.3	Under analysis

Project evaluation – Hermes Pardini

Base Year	Expenditure	Fiscal Impact	Approval MCTI*
2018	10.1	2.8	100%
2019	10.9	3.0	100%
2020	16.2	3.3	Under analysis
2021	11.2	3.1	Under analysis
2022	18.0	4.9	Under analysis
2023	21.3	5.8	Under analysis

*The projects are submitted for evaluation by the MCTI and, if questioned, are reconsidered and adjusted by the organization for resubmission for evaluation by the Ministry.



Perspectives for the future

We ended 2023 with excellent results from a tax point of view. For 2024, we anticipate continuing to look for business combination synergies, particularly with Pardini, to bring even more positive results to this agenda. Our goal is to manage Fleury Group's tax burden effectively and transparently.

The biggest challenge, however, lies in the repercussions of the Tax Reform, which brought significant changes such as the simplification and unification of taxes, in addition to the modernization of collection. The creation of new bills may require adaptations to our systems and working model.

We are working to adapt to possible systemic and operational changes the Reform will bring, while maintaining the good results of the Company's tax management. In this regard, technology will be our greatest ally, enabling real-time data analysis, system integration, and process automation, all of which will ensure quick and effective compliance with the new regulatory standards.



Attachments



Glossary

Advocacy: Advocacy is a strategy to influence decision makers to make changes in public policies.

Taxpayer: Natural or legal person on whom the tax obligation falls.

CSLL (Social Contribution on Net Profit): This is a Brazilian federal tax levied on net income for the base period, before provision for income tax.

DCTF (Declaration of Federal Tax Credits and Debits): A monthly ancillary obligation filled out by the taxpayer to inform the federal taxes due to the Brazilian Federal Revenue Service, as well as the credits for each tax.

DEVEC: declaration that has the objective of informing the value of the operations with electricity performed in the free market.

DIRF (Withholding Income Tax Statement): Issued at least annually by the paying source, which can be either an individual or a company, its purpose is to inform the IRS of the amounts of income tax and other contributions that were withheld from payments to third parties.

DMED (Medical and Health Services Statement): The DMED must inform the payments received by legal entities (or equivalent individuals) providing healthcare services and private healthcare plan operators.

ECF: The Tax Accounting Bookkeeping (ECF) has replaced the Declaration of Economic and Fiscal Information of Legal Entities (DIPJ), as of the 2014 calendar year. All legal entities taxed by the real profit, presumed profit, arbitrated profit and all immune and exempt legal entities are obliged to submit the ECF. Those opting for Simples Nacional, public bodies, autarchies, public foundations and inactive legal entities referred to in RFB Normative Instruction 1,605, of December 22, 2015, are not obliged to submit the ECF.

EFD-Contribuições: The EFD-Contribuições is a digital file created in the Public System of Digital Bookkeeping (SPED), to be used by private legal entities in the accounting of the Contribution to the PIS/Pasep and Cofins, in the noncumulative and/or cumulative calculation systems.

EFD-Reinf The EFD-Reinf is one of the modules of the Public Digital Bookkeeping System (SPED), which must be used in addition to the Digital Bookkeeping System of Tax, Social Security, and Labor Obligations (eSocial) to report income paid and withholdings of income tax and social contributions.

Tax incentives: Benefits granted by the State to encourage through tax reductions, a certain activity or conduct.

IPI (Tax on Manufactured Products): A consumption tax applied to industrialized products.

IRPJ (Corporate Income Tax): It is a tax levied on income of any kind, provided for in the Federal Constitution of 1988 and in the National Tax Code (Law No. 5,172 of 1966), and regulated by the Income Tax Regulations.

IRRF (Withholding Income Tax): It is a tax obligation intended for the Federal Revenue Service that can be collected from both Individuals (PF) and Legal Entities (PJ).

ISSQN (Tax on Services of Any Nature): It is a Brazilian tax applied by Brazilian municipalities to service providers (companies or self-employed professionals).

ISS (Tax on Services): Tax levied by municipalities on the provision of services.

Actual profit: Regime for calculating corporate income tax, mandatory for large companies (annual turnover above R\$ 20,000,000.00).

Per/DCOMP: An ancillary obligation through which the taxpayers of federal taxes can request the refund or restitution of overpaid taxes (cash receipt), or the offsetting of current or future taxes.

PIS/COFINS: Taxes provided for in articles 195 and 239 of the Federal Constitution. PIS is the abbreviation for Social Integration Program and COFINS stands for Contribution to Social Security Financing.

Assurance Letter



São Paulo, September 17, 2024

FLEURY S.A.

158 João Pedro Cardoso Avenue, Jardim Aeroporto

São Paulo, SP, 04355-000, Brazil

Verification Report of the information contained in the Fiscal Transparency Report

To Directors and Shareholders,

This report presents the results of the verification on the Fleury Group's Tax Transparency Report ("TTR") for the fiscal year ended on December 31, 2023. The objective of this verification is to provide reasonable assurance regarding the accuracy of the total taxes collected and withheld, as well as other information presented, herein referred as Selected Information, in accordance with the Global Reporting Initiative (GRI) 207: Tax 2019.

Management and Governance Responsibilities over the Selected Information of the Report

The Company's management is responsible for the preparing the Selected Information in compliance with the basis of preparation of the Report. Management is also responsible for establishing internal controls to ensure the preparation of the Selected Information is free from material misstatements, whether arising from fraud or error. Those responsible for governance are tasked with overseeing the preparation of the Tax Transparency Report and other financial reports of the Company and its subsidiaries.

Scope of Work and Methodology

The scope of the verification included the assessment of the Fiscal Transparency Report based on the following criteria:

Work planning, considering the relevance and volume of the information presented;

- Interviews with professionals to understand the main criteria and assumptions used to prepare the report;
- Validation, through tests on sample bases, of the evidence supporting the qualitative and quantitative data of the report;
- Sample verification, on a test evidence basis, of documents, files, reports, databases, and corporate policies that support the information;
- Improvement report, containing recommendations for the management and reporting processes, as well as the process of collecting and consolidating information;
- Delivery of the Verification Report, which contains information from the Fiscal Transparency Report, in Portuguese.

Sampling Verification

We conducted sample checks on the documents, files, reports, databases and corporate policies that support the report information. The sampling approach was designed to encompass a representative cross-section of the presented data.

Throughout this process, the qualitative and quantitative information presented in the report was analyzed and cross-referenced with a range of documents, such as: ancillary obligations

of the Group's companies, like the Federal Tax Debts and Credits Statement, Federal Tax Collection Proof, reports of issued and received invoices, and control spreadsheets of the Companies belonging to the Fleury Group.

Verification of Material Differences

Following a thorough analysis of the sample scope, we did not identify material differences concerning the amounts reported in relation to the Tax Transparency Report.

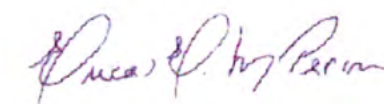
Delivery This Verification

Report has been provided in both English and Portuguese versions, ensuring accessibility and comprehensibility for all stakeholders.

Verification Results

In summary, the Tax Transparency Report complies with the standards required by GRI 207: Tax, it presents a clear and organized structure, with relevant and up-to-date information.

ERNST & YOUNG
Business Consulting Ltd.



Erica Perin
Tax Partner

Credits

Fleury Group

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To learn more, visit

[2023 Financial Statements](#)

[2023 Sustainability Report](#)

