

# EARNINGS RELEASE 2Q21

REDE *D'OR*  
SÃO **LUIZ**





## ABOUT THIS REPORT

Rede D'Or São Luiz presents its results for the second quarter 2021 based on managerial analyses that the administrators believe best interpret the Company's business, reconciled with the international Financial Statement reporting standards (IFRS).

For further information, we recommend reading the Financial Statements of March 31, 2021, available on the Rede D'Or São Luiz's Investor Relations website:

<http://www.rededor.com.br/ri>.

## CONTACT US

Investor Relations Email - [ri@rededor.com.br](mailto:ri@rededor.com.br)

Any press-related questions should be referred to the [Rede D'Or São Luiz's Press Office](#).

If you are interested in working with us, please visit the [Opportunities page](#) on the Rede D'Or São Luiz website.

Any issues not related to investor relations, press and opportunities should be referred to [Contact Us Rede D'Or São Luiz](#).

Shareholder services for Rede D'Or São Luiz S.A. are provided by the commercial branches of Banco Itaú S.A. or through the following channels:

Shareholder Service Center - Business days, 9 a.m. to 6 p.m.

(011) 3003 9285 - Capitals and metropolitan regions

0800 720 9285 - Other locations

## INDEX

01	HIGHLIGHTS AND P&L . . . . .	04	07	EBITDA . . . . .	20
02	COVID-19 AND DIGITAL . . . . .	07	08	FINANCIAL RESULT . . . . .	20
03	GROWTH . . . . .	09	09	NET INCOME . . . . .	22
04	REVENUES . . . . .	13	10	DEBT . . . . .	23
05	COST & EXPENSES . . . . .	17	11	CASH FLOW . . . . .	25
06	EQUITY PICKUP & OTHER . . . . .	19	12	PERFORMANCE & APPENDIX . . . . .	26

## REDE D'OR SÃO LUIZ

Rede D'Or São Luiz ("Rede D'Or" or "Company"), the largest private integrated healthcare network in the country, in existence for 43 years, is present in nine states (Rio de Janeiro, São Paulo, Pernambuco, Bahia, Maranhão, Sergipe, Ceará, Paraná, and Minas Gerais) and the Federal District.

On June 30, 2021, the Company operated 58 hospitals with a total of 9,611 beds and the country's largest integrated cancer treatment network. In addition, Rede D'Or has one of the largest diagnostic networks in Brazil, an extensive blood bank operation and the nation's largest health consultancy.

Rede D'Or São Luiz brings to the sector a complete health proposal for all persons, ranging from prevention to high-complexity treatments, also combining integrated, continuous and coordinated care services.



Furthermore, Rede D'Or is responsible for the most important Brazilian research and teaching institute funded by a private healthcare company, the D'Or Institute (IDOR), which operates in essential fields of medicine such as neurology, cardiology and oncology.

Historically, the Company's growth strategy has been to expand its business through the development of new units, expansions of existing units and acquisitions.

# HIGHLIGHTS (1/2)

## Operational Indicators

- › Rede D'Or's operational indicators evidenced **strong growth in the annual comparison**, as well as **solid evolution in relation to the previous quarter**.
- › Even while in the stage of constant attention due to the pandemic, the Company demonstrated the capacity to introduce an **increasing number of procedures** and services into its units, leading the **average occupancy rate of 2Q21 to the level of 83.0%**.
- › Bearing in mind the acquisitions formally concluded during the quarter, **the Company recorded an increase of 597 beds in operation** during the period.
- › Rede D'Or **continued expanding its digital initiatives**. The digital platform available to patients already **centralizes one-third of all appointments and exams**, and the Company's internet website registered about **13 million accesses** in 6M21.
- › Until this report's publication date, the Company continued to **maintain solid operational indicators**, with a **sequential monthly reduction** since April 2021 in the **number of patients** hospitalized with **COVID-19**, and an **increase in care and hospitalizations for other pathologies**.

## Record Results

- › **Sustaining the recovery** observed in previous quarters, Rede D'Or again reported **record results in 2Q21**. The amounts mentioned below **were the highest ever recorded** by the Company in a single quarter:
- › **Gross revenue** reached **R\$5,871.8 M** in 2Q21, an increase of **88.9% vs. 2Q20** and **10.7% over 1Q21**.
- › **Adjusted EBITDA** reached **R\$1,565.9 M** in 2Q21, **up 607.1% over 2Q20** and **17.7% over 1Q21**. **Accounting EBITDA** reached **R\$1,244.7 M** in 2Q21, compared to a negative R\$138.3 M in 2Q20, and **9.7% higher than in 1Q21**.
- › **Net income totaled R\$477.7 M**, compared to an accounting loss of R\$306.6 M in 2Q20. Compared to 1Q21, net income for the second quarter **grew 18.7%**.
- › As of June 30, 2021, the Company maintained a **cash and cash equivalents position of R\$14,601.8 M**, **net debt of R\$7,538.4 M** and leverage measured by the **Net/EBITDA (12m) ratio of 1.7x**.



## HIGHLIGHTS (2/2)

### Growth and New Partnerships

- › Rede D'Or continued to take advantage of **market opportunities** to make acquisitions and expand its national presence.
- › Since October 2020, the Company has announced **stake acquisitions in 12 hospitals totaling 1,637 beds**, including entry into three new states in the country.
- › During 2Q21, **four acquisitions were concluded**, of the América (SP), Balbino (RJ), Serra Mayor (SP) and Biocor (MG) hospitals.
- › In July 2021, hence events subsequent to the close of the second quarter, the Company **announced the acquisitions of Hospital Proncor**, in Campo Grande (MS), **and Hospital Santa Emília**, in Feira de Santana (BA).
- › At the date of publication of this report, the **conclusions of four hospital acquisitions were pending**: Nossa Senhora das Neves and Clim (PB), Proncor (MS), and Santa Emília (BA).
- › For the table with details of acquisitions announced since October 2020, see page 11.
- › Rede D'Or continues **developing more than 40 projects**, including new hospitals and expansions of existing units. Among the construction projects in progress, we are highlighting construction of Hospital Memorial Star, Maternidade São Luiz Star, Hospital São Luiz Campinas and the expansion of the Hospital Aliança, for the formation of the Aliança Complex.
- › Additionally, the Company continues to **develop more partnerships with strategic partners in the health sector**.
- › In May 2021, Rede D'Or announced the **expansion of its business relationship with Amil**, through accreditation or expansion of accreditation, into 21 of the Company's assets. Among them are hospitals that have never been accredited by Amil, such as Glória D'Or and Niterói D'Or, as well as the three Star line hospitals.
- › In July 2021, in an event subsequent to 2Q21, the Company announced the **commercial agreement with Vale S.A.**, for the management of two of the company's hospitals in the region of Carajás, state of Pará. The self-management partnership, unprecedented for Rede D'Or, aims to increase the quality of care and bring more sustainability to the sector, and also includes the analysis of a possible partnership with Vale in the construction or acquisition of a hospital for highly complex care in Parauapebas (PA).

# INCOME STATEMENT

## Managerial Consolidated Results

(R\$ million)	2Q21	2Q20	Δ %	1Q21	Δ %	6M21	6M20	Δ %
<b>Gross revenue</b>	<b>5,871.8</b>	<b>3,108.0</b>	<b>88.9%</b>	<b>5,303.7</b>	<b>10.7%</b>	<b>11,175.5</b>	<b>6,837.9</b>	<b>63.4%</b>
<i>Hospitals and others</i>	5,425.9	2,776.3	95.4%	4,897.4	10.8%	10,323.3	6,184.9	66.9%
<i>Oncology (infusions)</i>	445.9	331.7	34.4%	406.3	9.8%	852.2	653.0	30.5%
<b>Deductions from gross revenue</b>	<b>(653.1)</b>	<b>(354.2)</b>	<b>84.4%</b>	<b>(584.0)</b>	<b>11.8%</b>	<b>(1,237.1)</b>	<b>(784.6)</b>	<b>57.7%</b>
<i>Glosses (disallowances)</i>	(314.1)	(177.5)	77.0%	(269.0)	16.7%	(583.1)	(387.2)	50.6%
<i>Taxes on revenue</i>	(339.0)	(176.7)	91.9%	(314.9)	7.6%	(653.9)	(397.4)	64.6%
<b>Net revenue</b>	<b>5,218.7</b>	<b>2,753.9</b>	<b>89.5%</b>	<b>4,719.7</b>	<b>10.6%</b>	<b>9,938.4</b>	<b>6,053.3</b>	<b>64.2%</b>
<b>Cost of services rendered</b>	<b>(3,918.0)</b>	<b>(2,747.1)</b>	<b>42.6%</b>	<b>(3,528.5)</b>	<b>11.0%</b>	<b>(7,446.6)</b>	<b>(5,411.4)</b>	<b>37.6%</b>
<i>Personnel</i>	(1,397.7)	(1,172.8)	19.2%	(1,273.8)	9.7%	(2,671.5)	(2,266.8)	17.8%
<i>Materials and medicines</i>	(1,291.0)	(737.8)	75.0%	(1,158.4)	11.5%	(2,449.4)	(1,478.8)	65.6%
<i>Third-party services</i>	(856.4)	(578.2)	48.1%	(760.9)	12.6%	(1,617.3)	(1,154.5)	40.1%
<i>Utilities and services</i>	(90.0)	(68.3)	31.9%	(76.1)	18.3%	(166.1)	(141.4)	17.4%
<i>Rents</i>	(13.4)	(2.2)	500.6%	(17.5)	-23.1%	(30.9)	(4.4)	597.3%
<i>Depreciation and amortization</i>	(269.4)	(187.9)	43.4%	(242.0)	11.4%	(511.4)	(365.4)	40.0%
<b>General and administrative expenses</b>	<b>(252.7)</b>	<b>(373.0)</b>	<b>-32.2%</b>	<b>(217.9)</b>	<b>16.0%</b>	<b>(470.6)</b>	<b>(523.0)</b>	<b>-10.0%</b>
<i>Personnel</i>	(181.8)	(321.0)	-43.4%	(139.2)	30.6%	(321.0)	(415.4)	-22.7%
<i>Third-party services</i>	(22.3)	(18.4)	21.6%	(28.3)	-21.0%	(50.6)	(40.2)	25.8%
<i>Travel and accommodation</i>	(8.7)	(9.9)	-12.2%	(11.1)	-21.7%	(19.8)	(21.1)	-6.4%
<i>Depreciation and amortization</i>	(31.5)	(23.6)	33.3%	(28.4)	10.7%	(59.9)	(46.2)	29.7%
<i>Provision of contingencies and others</i>	(8.4)	-	n/a	(10.9)	-23.1%	(19.3)	-	n/a
<b>Commercial expenses</b>	<b>(5.8)</b>	<b>(5.4)</b>	<b>8.0%</b>	<b>(7.2)</b>	<b>-18.9%</b>	<b>(13.0)</b>	<b>(8.7)</b>	<b>49.2%</b>
<b>Equity pickup</b>	<b>1.1</b>	<b>6.6</b>	<b>-83.9%</b>	<b>(2.3)</b>	<b>n/a</b>	<b>(1.2)</b>	<b>(1.6)</b>	<b>-23.8%</b>
<b>Other operating income (expenses)</b>	<b>(99.5)</b>	<b>15.2</b>	<b>n/a</b>	<b>(99.7)</b>	<b>-0.2%</b>	<b>(199.1)</b>	<b>(48.7)</b>	<b>308.8%</b>
<b>Earnings before taxes and financial result</b>	<b>943.7</b>	<b>(349.9)</b>	<b>n/a</b>	<b>864.1</b>	<b>9.2%</b>	<b>1,807.8</b>	<b>59.9</b>	<b>2,918.2%</b>
<b>Financial results</b>	<b>(327.9)</b>	<b>(305.3)</b>	<b>7.4%</b>	<b>(391.4)</b>	<b>-16.2%</b>	<b>(719.3)</b>	<b>(553.4)</b>	<b>30.0%</b>
<i>Financial revenues</i>	102.6	120.0	-14.5%	61.0	68.1%	163.6	182.7	-10.5%
<i>Financial expenses</i>	(435.2)	(352.6)	23.4%	(445.5)	-2.3%	(880.7)	(733.0)	20.2%
<i>Net exchange variation and other</i>	4.8	(72.7)	n/a	(6.9)	n/a	(2.1)	(3.1)	-32.8%
<b>Earnings before taxes</b>	<b>615.9</b>	<b>(655.2)</b>	<b>n/a</b>	<b>472.7</b>	<b>30.3%</b>	<b>1,088.6</b>	<b>(493.5)</b>	<b>n/a</b>
<b>Income Tax and Social Contribution</b>	<b>(138.1)</b>	<b>348.6</b>	<b>n/a</b>	<b>(70.3)</b>	<b>96.6%</b>	<b>(208.4)</b>	<b>300.4</b>	<b>n/a</b>
<i>Current</i>	(150.7)	(1.8)	8,127.8%	(171.0)	-11.9%	(321.8)	(49.6)	549.0%
<i>Deferred</i>	12.6	350.4	-96.4%	100.7	-87.5%	113.4	350.0	-67.6%
<b>Net income</b>	<b>477.7</b>	<b>(306.6)</b>	<b>n/a</b>	<b>402.4</b>	<b>18.7%</b>	<b>880.2</b>	<b>(193.1)</b>	<b>n/a</b>
<i>Net income attributed to controlling partners</i>	445.5	(298.6)	n/a	372.4	19.6%	817.9	(188.1)	n/a
<i>Net income attributed to non-controlling partners</i>	32.2	(8.0)	n/a	30.0	7.2%	62.2	(5.0)	n/a
<b>EBITDA</b>	<b>1,244.7</b>	<b>(138.3)</b>	<b>n/a</b>	<b>1,134.5</b>	<b>9.7%</b>	<b>2,379.2</b>	<b>471.5</b>	<b>404.6%</b>
<i>Margem EBITDA (%)</i>	23.9%	n/a	n/a	24.0%	-0.2 pp	23.9%	7.8%	16.2 pp
<b>EBITDA ajustado</b>	<b>1,565.9</b>	<b>221.4</b>	<b>607.1%</b>	<b>1,330.4</b>	<b>17.7%</b>	<b>2,896.3</b>	<b>902.6</b>	<b>220.9%</b>
<i>Margem EBITDA ajustado (%)</i>	30.0%	8.0%	22.0 pp	28.2%	1.8 pp	29.1%	14.9%	14.2 pp
<b>ROIC (LTM)</b>	<b>11.7%</b>	<b>8.6%</b>	<b>3.1 pp</b>	<b>9.2%</b>	<b>2.5 pp</b>	-	-	-
<b>Adjusted ROIC (LTM)</b>	<b>18.8%</b>	<b>15.8%</b>	<b>3.0 pp</b>	<b>15.1%</b>	<b>3.6 pp</b>	-	-	-

## COVID-19

More than a year and four months since the declaration of a global pandemic by the World Health Organization, Rede D'Or remains firm in the fight against the disease, structuring its actions quickly and precisely, with planning, focus and determination.

The company continuously supplies resources to its units, mobilizing its entire structure to ensure excellence in patient care, as well as to support the public authorities.

Together with partner companies, Rede D'Or reinforced the activation of 1,350 new hospital beds dedicated exclusively and free of charge to SUS patients, 400 of them operated by the Company in two field hospitals in Rio de Janeiro. In addition, Rede D'Or donated medical

and hospital equipment and supplies to all states of the Federation in which it has operations, as well as other states where the Company has no activities, as is the case of Amazonas, Rondônia and Amapá.

In total, Rede D'Or earmarked more than R\$300 million for these actions, placing it among the five largest donor companies confronting the pandemic. When we add to this amount another R\$100 million donated by partner companies in projects executed by the company, we arrive at a total of more than R\$400 million in philanthropic initiatives, with 100% of the resources coming from non-incentivized private capital. On the innovation and research front alone, about R\$40 million was invested.

Ten lines of research were developed to help fight Covid-19, including a mental health platform that reached more than 60,000 people and the Data for Good app, which uses data intelligence to analyze how the population immunization program is evolving.

The company also contributed in the tests for vaccine development and in the dissemination of relevant and reliable information to society by strengthening communication channels, such as Rede D'Or's official website and its profiles on social networks, which receive about 2.5 million hits per month.



## DIGITAL PLATFORM

### Portal do Paciente Resultados Online de Exames

CONFIRA

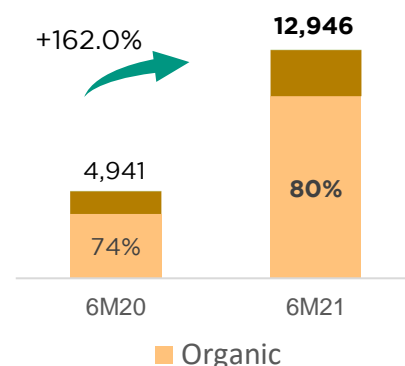


Rede D'Or's unswerving ambition is to be on the frontier of technological and digital developments in the field of patient care, in particular, and healthcare, in general. The Company has built a digital platform that allows users to schedule in-person or remote medical appointments, complementary exams, second medical opinions, and also allows them to receive orientation, access their exam results, and even manage their health need in coordination with exceptionally qualified health professionals.

As a result of this continuous effort, the Company's website - [www.rededorsaoluiz.com.br](http://www.rededorsaoluiz.com.br) - reported a large increase in visits year-over-year, from about five million hits in 6M20 to almost 13 million hits in 6M21, 80% of which were organic traffic (vs. 74% in 2020). The number of exams viewed in the "patient area" of the platform also registered consistent growth recently, increasing 67% over the Dec-20 to Jun-21 period.

The appointments through the platform, in the first half of 2021, accounted for 34% of the total

Number of site visits (thousand)



appointments at Rede D'Or; representing 170% growth compared to the same period of the previous year, when online appointments accounted for 21% of the total. On the other hand, online scheduling of exams reached about 816% growth year-over-year, representing more than 5% of the total exams scheduled.

The digital environment offers its users and physicians a unique experience by integrating the different areas of a broad ecosystem, ensuring fast and secure navigation, as well as convenience and availability.



## GROWTH OF OPERATIONAL CAPACITY (BEDS)

### THROUGH 12 ACQUISITIONS, INCLUDING THREE NEW STATES, THE COMPANY HAS SURPASSED THE MARK OF 1,600 BEDS ACQUIRED SINCE OCTOBER 2020

Over the past 20 years, the Company's growth strategy has been characterized by a high volume of acquisitions, accompanied by successful integration processes.

Since October 2020, despite the challenges introduced by the pandemic, the Company has continued to take advantage of opportunities, and announced the acquisition of 12 hospitals, totaling 1,637 beds.

Eight of these acquisitions already have been formally concluded (Clínica São Lucas and Córdio Pulmonar in 4Q20, Hospital de Clínicas Antônio Afonso and Hospital Central de Guaianases in 1Q21, and Hospital Balbino, Hospital América, Hospital Serra Mayor and Hospital Biocor in 2Q21), while the conclusion of four other hospitals is still pending (respectively, Hospital Nossa Senhora das Neves and Clim Hospital Geral, announced in April, and Hospital Proncor and Hospital Santa Emília, announced at subsequent events<sup>(1)</sup> in July).

*(1) Acquisitions formally announced through Material Facts published on July 8 and 28, 2021, respectively.*

### ACQUISITIONS ANNOUNCED IN 2Q21

On April 5, 2021, the Company executed a binding memorandum of understanding, through its affiliate Clínica São Lucas Ltda., for the acquisition of a 51% stake in Biocor Hospital de Doenças Cardiovasculares Ltda. The acquisition marked the Company's entry into the state of Minas Gerais, in the city of Belo Horizonte, through a renowned highly complex general hospital and 350 beds in operation. The construction of a new "Star" premium flag tower (BH Star) is planned, estimated at an additional 150-200 beds.

Shortly thereafter, on April 9, 2021, the Company executed a binding memorandum of understanding, through its affiliate Diagno São Marcos Ltda., for the acquisition of a 51% stake in Hospital Nossa Senhora das Neves SA (HNSN) which in turn has as subsidiaries Clim Hospital Geral, Luppa Laboratórios, Unigastro,

and Neves Medicina Diagnostic. The acquisition marked the Company's entry into the state of Paraíba, in the city of João Pessoa. HNSN and Clim are general hospitals of high complexity that together have 235 beds in operation and the capacity to expand up to 400 beds.



## GROWTH OF OPERATIONAL CAPACITY (BEDS) (cont'd)

On June 1, 2021, the Company executed a share purchase agreement, through its affiliate Hospitais Integrados da Gávea S.A. – São Vicente, for the acquisition of an interest representing 100% of the capital stock of Serra Mayor Serviços Médicos S.A., completed on the same date. Serra Mayor Hospital is a general hospital located in a highly populated region in the southwestern part of the city of São Paulo, and will have a capacity of 102 beds after completion of the expansion already underway, with room for additional expansion of up to 80 beds.

In a subsequent event, on July 8, 2021, the Company executed a share purchase agreement, through its affiliate Hospital de Clínicas Antônio Afonso Ltda., for the acquisition of a 51% interest in the capital stock of Proncor Intensive Cardiorespiratory Unit. The acquisition marked the Company's entry into the state of Mato Grosso do Sul, in the city of Campo Grande. Proncor is a local reference general hospital, with 136 beds fully capable of serving its patients. On the date of this report, the operation was under analysis by Brazilian anti-trust agency (CADE).

In another subsequent event, on July 28, 2021, the Company executed a share purchase agreement, through its affiliate Hospital Esperança S.A., for the acquisition of 100% of the capital stock of Hospital Santa Emília. Located in the city of Feira de Santana, Bahia, Santa Emília is a reputable maternity and general hospital, with 109 beds considering the ongoing expansion, as well as having the capacity for future expansion of up to 115 additional beds.



## GROWTH OF OPERATIONAL CAPACITY (BEDS) (cont'd)



The returns of Rede D'Or's integration strategy are generated by the gains in scale and the effects of synergies in the optimization of operating costs, in addition to the potential gains in revenue through higher care volumes and complexity of procedures performed in the units. Added to this are the benefits of improving the technological facilities of the units, the relationship with the medical profession, and the level of quality and variety of services provided by each unit.

Hospital	Location	Total beds	Announce-ment ↓	Conclusion	Accounting consolidation
Clínica São Lucas	Macaé, RJ	58	Oct-20	Oct-20	Nov-20
Cárdio Pulmonar	Salvador, BA	181	Nov-20	Dec-20	Dec-20
Guaianases	São Paulo, SP	153	Nov-20	Mar-21	Apr-21
Balbino	Rio de Janeiro, RJ	141	Nov-20	May-21	Jun-21
América	Mauá, SP	112	Nov-20	Jun-21	Jun-21
Antônio Afonso	Jacareí, SP	60	Dec-20	Feb-21	Mar-21
Biocor <sup>(2)</sup>	Belo Horizonte, MG	350	Apr-21	Jun-21	Jul-21
Nossa Senhora das Neves & Clim	João Pessoa, PB	235	Apr-21	<i>pending</i>	<i>pending</i>
Serra Mayor <sup>(3)</sup>	São Paulo, SP	102	Jun-21	Jun-21	Jun-21
Proncor	Campo Grande, MS	136	Jul-21	<i>pending</i>	<i>pending</i>
Santa Emília	Feira de Santana, BA	109	Jul-21	<i>pending</i>	<i>pending</i>
<b>Total</b>		<b>1,637</b>			

(2) As announced through a Notice to the Market, the acquisition of Hospital Biocor (Belo Horizonte, MG) was formally concluded on June 30, 2021; despite incorporating the number of beds in 2Q21, financial results were only consolidated in July 2021.

(3) As announced through a Material Fact, the acquisition of Hospital Serra Mayor (São Paulo, SP) was formally concluded on June 1, 2021; its financial results were consolidated in June 2021.



## GROWTH OF OPERATIONAL CAPACITY (BEDS) (cont'd)

### ORGANIC EXPANSION

In addition to the acquisitions described on the previous page and, moreover, the opportunities to acquire new hospitals over the short- and medium-term, Rede D'Or intends to maintain its focus on building new hospitals and expanding existing ones.

After the recent round of openings in the past few years of Vila Nova Star Hospital in the city of São Paulo, Hospital DF Star in the city of Brasília and the new tower at Hospital Niterói D'Or in the city of Niterói, in April 2020 the Company inaugurated Hospital Gloria D'Or, located in the city of Rio de Janeiro (RJ). The project also encompasses a structure scheduled to receive future Rede D'Or education segment initiatives.

At the end of the first half of 2021, Rede D'Or counted more than 40 projects involving new units and expansions of existing units in different stages of development, including, as an example, nine ongoing works: Hospital Memorial Star, in the city of Recife; the expansion of Hospital São Rafael, in Salvador, in addition to the expansion of Hospital Aliança to form the Aliança Complex, also in the same city; Maternidade São Luiz Star, the new tower of Hospital Vila Nova Star and the expansion of Hospital Ribeirão Pires, in the city of São Paulo; Hospital São Luiz Campinas, in the city of Campinas; the new tower of Hospital São Luiz Osasco, in the city of Osasco; and the expansion of Clínica São Vicente, in the city of Rio de Janeiro.





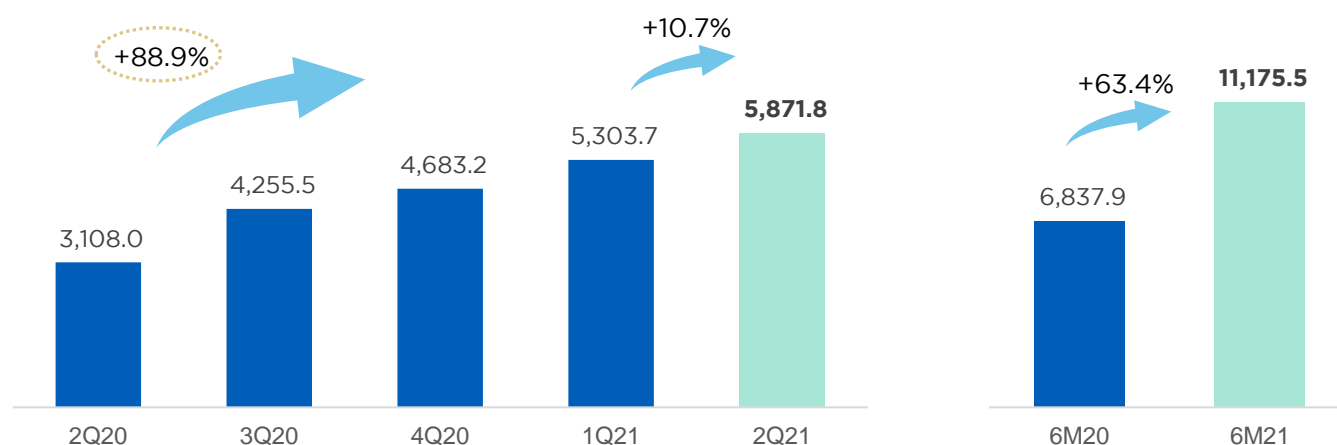
## REVENUES

In 2Q21, the record highest quarterly revenue in the Company's history was set once again, with gross revenue reaching R\$5,871.8 million – growth of 88.9% compared to 2Q20, deriving from the impacts of the pandemic, and 10.7% higher than in 1Q21.

The average ticket, calculated based on the gross revenue of hospitals and other services, and the number of patient-days, rose 20.6% in 2Q21. It is important to note that the indicator is impacted by the increase in the number of more complex treatments and the growth of other lines of business.

(R\$ million)	2Q21	2Q20	Δ %	1Q21	Δ %	6M21	6M20	Δ %
<b>Gross revenues</b>	<b>5,871.8</b>	<b>3,108.0</b>	<b>88.9%</b>	<b>5,303.7</b>	<b>10.7%</b>	<b>11,175.5</b>	<b>6,837.9</b>	<b>63.4%</b>
<i>Hospitals and other</i>	5,425.9	2,776.3	95.4%	4,897.4	10.8%	10,323.3	6,184.9	66.9%
<i>Oncology (infusions)</i>	445.9	331.7	34.4%	406.3	9.8%	852.2	653.0	30.5%

Gross revenues (R\$ million)



### GROSS REVENUE BREAKDOWN

Rede D'Or São Luiz's gross revenue is composed of revenues from health services, which includes hospital daily rates, medicines, hospital supplies, examinations and medical fees, and is provided mainly to healthcare plan operators.

The Company details its gross revenue in two segments: 'hospitals & other services', and 'oncology (infusions)'.

**'Hospitals & other services'** represented 92.4% of gross revenue in 2Q21, totaling R\$5,425.9 million in the period, 95.4% higher than in 2Q20 and 10.8% higher than in 1Q21.

**'Oncology (infusions)'** represented 7.6% of gross revenue in the quarter, reaching R\$445.9 million in 2Q21; an increase of 34.4% over the same period of the previous year and 9.8% higher than in 1Q21.

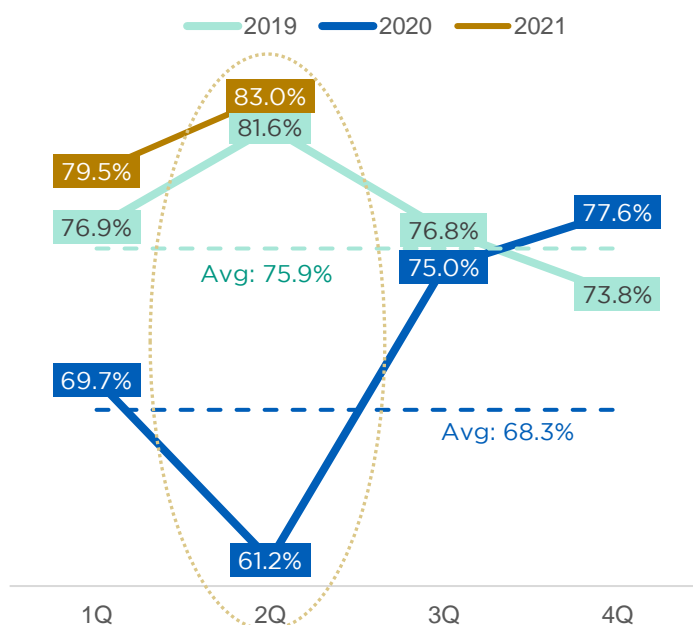
It is worth noting that the Company's revenues are historically impacted by, mainly, (i) price adjustments in the contracts signed, principally, with health insurance companies, (ii) patient volume, (iii) variety and complexity of services provided, and (iv) evolution of the number of beds, either organically, through the development of new units or expansion of existing units, or through acquisitions of third-party units.

## BED OCCUPANCY RATE

Rede D'Or São Luiz's hospital bed occupancy rate reached 83.0% in 2Q21, indicating the highest quarterly rate since 2Q18, and 353 b.p. above the occupancy recorded in 1Q21.

The upward trend in the bed occupancy rate since April 2020, when the lowest recent monthly levels were recorded, illustrates the gradual recovery in numbers of patients, who are returning to seek healthcare facilities as hospital safety protocols have been established to mitigate the risks of contagion and knowledge about COVID-19 has evolved.

Hospital beds average occupancy rate



## NUMBER OF BEDS EVOLUTION

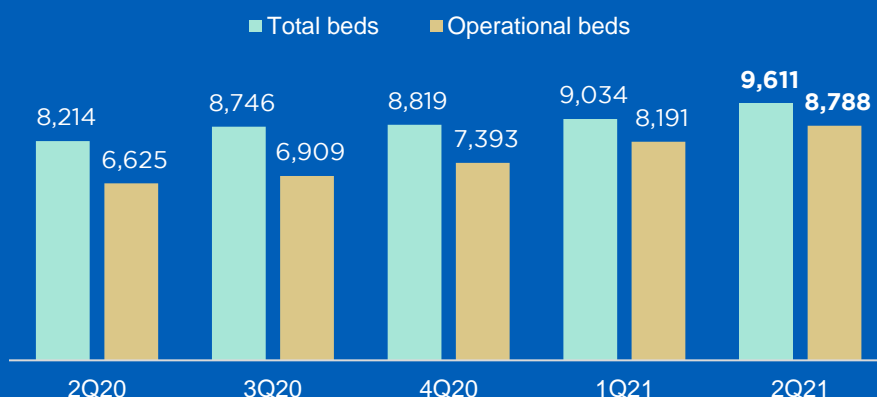
Rede D'Or ended 2Q21 with 9,611 total beds, of which 8,788 were in operation; 597 more operational beds than at the end of the previous quarter.

The chart below shows the sequence of increases in the number of operational beds since 2Q20, when the Company adopted the strategy of temporarily suspending the

operation of unused beds at the beginning of the pandemic, due to the drop in the volume of procedures, in favor of balancing the operating costs of its assets.

The main investments responsible for the increase in the total number of beds in 2Q21 were the acquisitions of new hospitals (Balbino, RJ; América, SP; Serra Mayor, SP; and Biocor<sup>(4)</sup>, MG).

Evolution of beds (end of period)



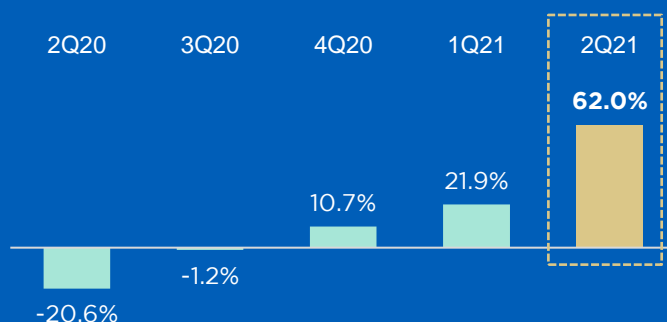
(4) Despite incorporating the number of beds in 2Q21, financial results were only consolidated in July 2021.

## VOLUME OF PATIENTS

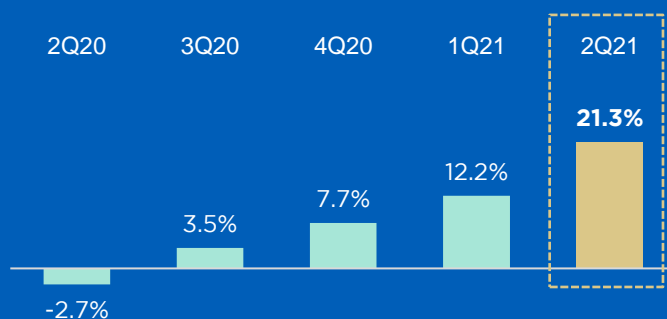
In 2Q21, Rede D'Or recorded 628,3 thousand patient-days in its hospitals, an increase of 62.0% over 2Q20 and 13.4% over the previous quarter. In addition, 48,8 thousand medical infusions were performed in its own oncology treatment units, and another 3,9 thousand oncology infusions in clinics invested by the Company (whose results are accounted for through the equity pickup method).

The clear recovery in volumes of care and procedures performed since 2Q20 reflects Rede D'Or's efforts and initiatives to bring greater safety and wellness to its patients, employees and society during the pandemic.

Patients-day (YoY)



Volume of oncological infusions (YoY)



## EXPANSION OF THE BUSINESS RELATIONSHIP WITH AMIL

In May 2021, Rede D'Or announced the expansion of its business relationship with Amil, through accreditation or expansion of accreditation, into 21 of the Company's assets. Among them are hospitals that have never been accredited by Amil, such as Glória D'Or and Niterói D'Or, as well as the three Star line hospitals (Copa Star, Vila Nova Star and DF Star, located in the cities of Rio de Janeiro, São Paulo and Brasília, respectively).

The growth of this business partnership consolidates the importance and attractiveness of the services provided by the two companies and brings a positive impact to more than 1.3 million beneficiaries of Amil in the Federal District and in the states of Rio de Janeiro and São Paulo.



## DEDUCTIONS FROM GROSS REVENUES

The deductions in the Company's gross revenue are related to two main factors. The first involves cancellations and rebates, which basically consist of the provisioning of medical disallowances that the Company incurs as a result of the review (audit of non-approvals), together with health insurance operators, of materials and services provided. The second corresponds to the taxes levied on gross revenue, mainly PIS and COFINS, which are federal contributions at the rates of 0.65% and 3.0%, respectively; and ISS, which is a municipal tax levied at rates ranging from 2% to 5%, depending on the municipality where the Company actually provides healthcare services.

The deductions on gross revenue recorded, combined, growth levels similar to those of the revenue itself, as indicated in the following table.

As a result, Rede D'Or's consolidated net revenue in 2Q21 reached R\$5,218.7 million, representing 89.5% growth over the revenue in the same period of the previous year, and 10.6% in relation to 1Q21. Year-to-date, net revenue totaled R\$9,938.4 million; an increase of 64.2% compared to the total sum in 1H20.

(R\$ million)	2Q21	2Q20	Δ %	1Q21	Δ %	6M21	6M20	Δ %
<b>Gross revenues</b>	<b>5,871.8</b>	<b>3,108.0</b>	<b>88.9%</b>	<b>5,303.7</b>	<b>10.7%</b>	<b>11,175.5</b>	<b>6,837.9</b>	<b>63.4%</b>
<i>Glosses (disallowances)</i>	(314.1)	(177.5)	77.0%	(269.0)	16.7%	(583.1)	(387.2)	50.6%
<i>Taxes on revenue</i>	(339.0)	(176.7)	91.9%	(314.9)	7.6%	(653.9)	(397.4)	64.6%
<b>Net revenues</b>	<b>5,218.7</b>	<b>2,753.9</b>	<b>89.5%</b>	<b>4,719.7</b>	<b>10.6%</b>	<b>9,938.4</b>	<b>6,053.3</b>	<b>64.2%</b>





## COSTS AND EXPENSES

### COST OF SERVICES PROVIDED

The costs of services rendered are composed of the accounts for personnel, materials and medicines, third-party services, utilities and services, rents, depreciation and amortization.

In the quarter, the costs of services provided totaled R\$3,918.0 million, an increase of 42.6% compared to 2Q20. Year-to-date, the costs of services provided reached R\$7,446.6 million, an increase of 37.6% year-over-year.

The year-over-year advance partially followed the revenue growth in the period and reflected, mainly, the strong increase in the patient-day volume, the increase of more than 1,800 operational beds, and the expansion of the drug-intensive Oncology business.

(R\$ million)	2Q21	2Q20	Δ %	1Q21	Δ %	6M21	6M20	Δ %
<b>Net Revenues</b>	<b>5,218.7</b>	<b>2,753.9</b>	<b>89.5%</b>	<b>4,719.7</b>	<b>10.6%</b>	<b>9,938.4</b>	<b>6,053.3</b>	<b>64.2%</b>
<b>Cost of services provided</b>	<b>(3,918.0)</b>	<b>(2,747.1)</b>	<b>42.6%</b>	<b>(3,528.5)</b>	<b>11.0%</b>	<b>(7,446.6)</b>	<b>(5,411.4)</b>	<b>37.6%</b>
<i>Personnel</i>	(1,397.7)	(1,172.8)	19.2%	(1,273.8)	9.7%	(2,671.5)	(2,266.8)	17.8%
<i>Medical supplies</i>	(1,291.0)	(737.8)	75.0%	(1,158.4)	11.5%	(2,449.4)	(1,478.8)	65.6%
<i>Thrid-party services</i>	(856.4)	(578.2)	48.1%	(760.9)	12.6%	(1,617.3)	(1,154.5)	40.1%
<i>Utilities and services</i>	(90.0)	(68.3)	31.9%	(76.1)	18.3%	(166.1)	(141.4)	17.4%
<i>Rents</i>	(13.4)	(2.2)	500.6%	(17.5)	-23.1%	(30.9)	(4.4)	597.3%
<i>Depreciation and amortization</i>	(269.4)	(187.9)	43.4%	(242.0)	11.4%	(511.4)	(365.4)	40.0%
<b>Costs over net revenues (%)</b>	<b>75.1%</b>	<b>99.8%</b>	<b>-24.7 pp</b>	<b>74.8%</b>	<b>0.3 pp</b>	<b>74.9%</b>	<b>89.4%</b>	<b>-14.5 pp</b>
<b>Costs (ex-D&amp;A) over net revenues (%)</b>	<b>69.9%</b>	<b>92.9%</b>	<b>-23 pp</b>	<b>69.6%</b>	<b>0.3 pp</b>	<b>69.8%</b>	<b>83.4%</b>	<b>-13.6 pp</b>



## GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are composed of administrative and executive staff costs, third-party services, travel and lodging, and depreciation and amortization of the Company's corporate assets.

In the quarter, general and administrative expenses (G&A) reached R\$252.7 million, down 32.2% when compared to 2Q20. Year-to-date, G&A expenses fell 10.0% over the previous year.

The analysis of G&A expenses continues to be impacted by the effects of the change in the executive compensation model via actions as detailed in the EBITDA section. Excluding this effect, general and administrative expenses totaled R\$172.8 million in 2Q21, an increase of 87.7% when compared to the same quarter of the previous year. The increase is largely related to (i) the payment of profit-sharing from 2020, mainly to its healthcare workforce, in an amount above what was provisioned throughout 2020, in

recognition of the extraordinary work in fighting the pandemic; (ii) the impact of collective bargaining agreement; and (iii) the transfer of part of the administrative structure of recently acquired hospitals from cost of services line to general and administrative expenses. Rede D'Or believes that over time these expenses will be partially diluted by the continuous optimization of the Company's Shared Services Center (CSC).

General and administrative expenses (ex-shares plan) as a percentage of net revenues fell to 3.3% (vs 3.6%) in the year.

## SELLING EXPENSES

Commercial expenses totaled R\$5.8 million in 2Q21, an increase of 8.0% compared to the R\$5.4 million recorded in 2Q20. Accumulated for the year, commercial expenses totaled R\$13.0 million compared to R\$8.7 million in the same period of the previous year.

(R\$ million)	2Q21	2Q20	Δ %	1Q21	Δ %	6M21	6M20	Δ %
<b>Net revenues</b>	<b>5,218.7</b>	<b>2,753.9</b>	<b>89.5%</b>	<b>4,719.7</b>	<b>10.6%</b>	<b>9,938.4</b>	<b>6,053.3</b>	<b>64.2%</b>
<b>General and administrative expenses</b>	<b>(252.7)</b>	<b>(373.0)</b>	<b>-32.2%</b>	<b>(217.9)</b>	<b>16.0%</b>	<b>(470.6)</b>	<b>(523.0)</b>	<b>-10.0%</b>
<i>Personnel</i>	(181.8)	(321.0)	-43.4%	(139.2)	30.6%	(321.0)	(415.4)	-22.7%
<i>Third-party services</i>	(22.3)	(18.4)	21.6%	(28.3)	-21.0%	(50.6)	(40.2)	25.8%
<i>Travel and accommodation</i>	(8.7)	(9.9)	-12.2%	(11.1)	-21.7%	(19.8)	(21.1)	-6.4%
<i>Depreciation and amortization</i>	(31.5)	(23.6)	33.3%	(28.4)	10.7%	(59.9)	(46.2)	29.7%
<i>Provision of contingencies and other</i>	(8.4)	-	n/a	(10.9)	-23.1%	(19.3)	-	n/a
<b>Expenses over net revenues (%)</b>	<b>4.8%</b>	<b>13.5%</b>	<b>-8.7 pp</b>	<b>4.6%</b>	<b>0.2 pp</b>	<b>4.7%</b>	<b>8.6%</b>	<b>-3.9 pp</b>
<b>Expenses (ex-D&amp;A) over net revenues (%)</b>	<b>4.2%</b>	<b>12.7%</b>	<b>-8.5 pp</b>	<b>4.0%</b>	<b>0.2 pp</b>	<b>4.1%</b>	<b>7.9%</b>	<b>-3.7 pp</b>

## EQUITY PICKUP

In 2Q21, the equity pickup result, referring to the movements of the Company's main investees, was positive by R\$1.1 million compared to R\$6.6 million in 2Q20.

The negative performance vis à vis 2Q20 reflected the exclusion of the equity income from investees that are now fully consolidated by the Company, mainly GGSH Participações, owner of the blood bank, and Córdio Pulmonar da Bahia S.A.

The growth in relation to the immediately preceding quarter (1Q21) was attributed to the increase in the shareholding in Qualicorp S.A. in Mar-21, but whose effect was fully reflected only in 2Q21.

## OTHER OPERATING EXPENSES/REVENUES

In 2Q21, the result of the other operating income and expenses line was negative by R\$99.5 million, in line with the immediately preceding quarter (1Q21).

The decline in relation to the result of R\$15.2 million recorded in 2Q20 reflected the positive effect of the adjustment in the fair value of the acquisition of an additional interest in Hospital São Rafael in Jun-20.





## EBITDA

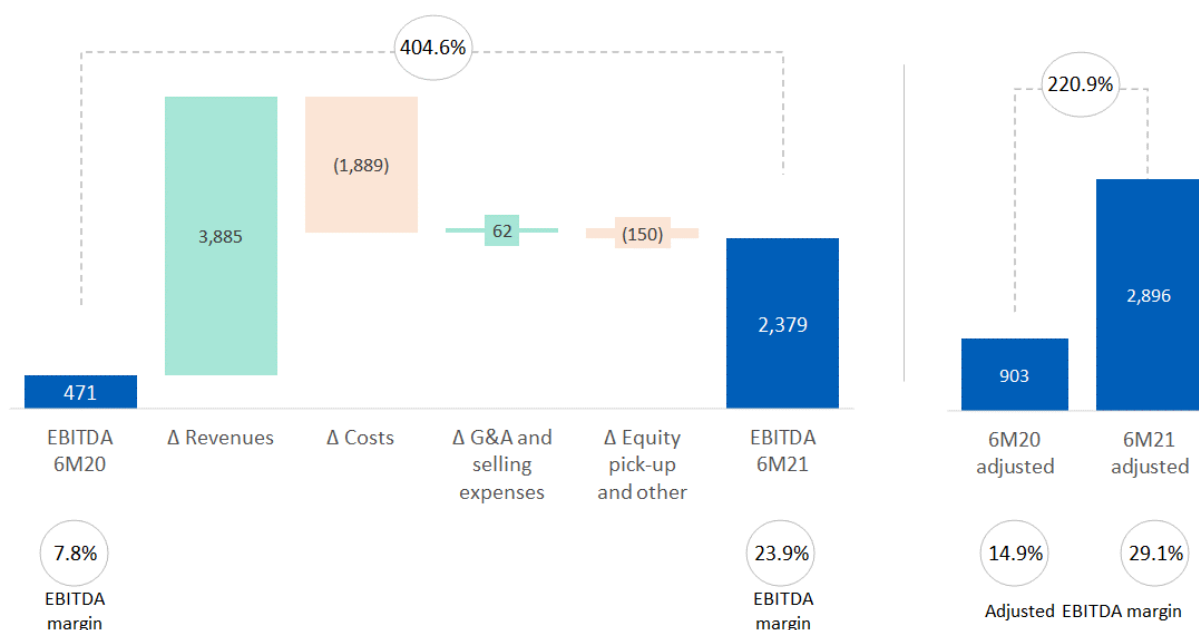
In 2Q21, Rede D'Or recorded a new EBITDA record, reaching R\$1,244.7 million, an increase of 9.7% compared to the previous quarter (1Q21). In the year-to-date, EBITDA reached R\$2,379.2 million, an increase of more than five times that recorded in the same period in 2020.

The strong result continues to show the Company's planning and execution capacity, in addition to the success of the expansion efforts, which allowed an increase of more than 1,800 operational beds compared to 2Q20.

EBITDA was driven by a scenario of greater patient flows in our units, with the maintenance of high occupancy rates, and the resumption of elective procedures and surgeries – which were significantly impacted by the pandemic throughout 2020.

As a result, the EBITDA margin reached 23.9% in the year, an increase of 16.1 p.p. compared to the same period in 2020 and remaining practically flat compared to 1Q21.

**EBITDA breakdown in 6M21, compared to same period last year**  
(R\$ million)





## EBITDA (cont'd)

In 2Q21, the non-recurring effects related to the pandemic continued to impact the Company's EBITDA.

In response to the increase in COVID-19 cases at the end of 1Q21, the Company reinforced its structure to fight the pandemic with provisional resources, impacting costs and expenses in 2Q21. Part of this structure was demobilized in the last months of the quarter, following the reduction in cases of the disease.

As a result, the Company recorded increased non-recurring expenses associated with the pandemic, including: (i) increase in PPE consumption; (ii)

hiring of healthcare professionals; (iii) higher expenses with third-party services; and (iv) costs with the demobilization of temporary resources dedicated to fighting the pandemic in the last months of the quarter accompanying the reduction of cases.

Excluding the effects of the pandemic and other non-recurring items, the Adjusted EBITDA reached R\$1,565.9 million in 2Q21, representing significant growth of 607.1% when compared to 2Q20 and R\$2,896.3 million year-to-date (+220.9% year-over-year). The Adjusted EBITDA margin reached 30.0% in the quarter.

(R\$ million)	2Q21	2Q20	Δ %	1Q21	Δ %	6M21	6M20	Δ %
<b>Net income</b>	<b>477.7</b>	<b>(306.6)</b>	<b>n/a</b>	<b>402.4</b>	<b>18.7%</b>	<b>880.2</b>	<b>(193.1)</b>	<b>n/a</b>
(+) Financial result	(327.9)	(305.3)	7.4%	(391.4)	-16.2%	(719.3)	(553.4)	30.0%
(+) Income tax and social contribution	(138.1)	348.6	n/a	(70.3)	96.6%	(208.4)	300.4	n/a
(+) Depreciation and amortization	300.9	211.5	42.3%	270.4	11.3%	571.3	411.6	38.8%
<b>EBITDA</b>	<b>1,244.7</b>	<b>(138.3)</b>	<b>n/a</b>	<b>1,134.5</b>	<b>9.7%</b>	<b>2,379.2</b>	<b>471.5</b>	<b>404.6%</b>
<b>EBITDA margin (%)</b>	<b>23.9%</b>	<b>n/a</b>	<b>n/a</b>	<b>24.0%</b>	<b>-0.2 pp</b>	<b>23.9%</b>	<b>7.8%</b>	<b>207.3%</b>

(R\$ million)	2Q21	2Q20	Δ %	1Q21	Δ %	6M21	6M20	Δ %
<b>EBITDA</b>	<b>1,244.7</b>	<b>(138.3)</b>	<b>n/a</b>	<b>1,134.5</b>	<b>9.7%</b>	<b>2,379.2</b>	<b>471.5</b>	<b>404.6%</b>
(+) EBITDA of recently opened hospitals	3.4	46.1	-92.5%	(6.0)	n/a	(2.6)	78.0	n/a
(+) Expenses with Stock Options/RSU	79.9	280.9	-71.6%	61.1	30.9%	140.9	303.4	-53.5%
(+) Costs of business combinations	17.9	10.9	63.6%	5.6	221.4%	23.4	22.5	4.0%
(+) Incentive laws	7.1	0.5	1,474.1%	1.0	595.5%	8.1	1.4	477.1%
(+) Covid-19 pandemic	211.6	95.5	121.7%	127.3	66.3%	338.8	95.8	253.5%
(+/-) Other non-recurring/non-operational	1.4	(74.0)	n/a	7.0	n/a	8.4	(70.0)	n/a
<b>Adjusted EBITDA</b>	<b>1,565.9</b>	<b>221.4</b>	<b>607.1%</b>	<b>1,330.4</b>	<b>17.7%</b>	<b>2,896.3</b>	<b>902.6</b>	<b>220.9%</b>
<b>Adjusted EBITDA margin (%)</b>	<b>30.0%</b>	<b>8.0%</b>	<b>22.0 pp</b>	<b>28.2%</b>	<b>1.8 pp</b>	<b>29.1%</b>	<b>14.9%</b>	<b>95.4%</b>

## FINANCIAL RESULT

The financial result ended the quarter with a negative balance of R\$327.9 million, down 7.4% from 2Q20.

Financial revenue reached R\$102.6 million, a reduction of 14.5% year-over-year. Despite the increase in the cash position as a result of fundraising, the negative variation can be attributed to the effect of the mark-to-market of the participation in Qualicorp S.A. in the 2Q20 –

absent in 2Q21 due to the change in the accounting of the asset for investments and its result being booked via equity pickup.

The financial expense was R\$435.2 million, up 23.4% compared to 2Q20 due to the higher average debt and the increase in two important indexes for the Company's debts: the IPCA and the CDI.

(R\$ million)	2Q21	2Q20	Δ %	1Q21	Δ %	6M21	6M20	Δ %
<b>Financial result (a+b+c)</b>	<b>(327.9)</b>	<b>(305.3)</b>	<b>7.4%</b>	<b>(391.4)</b>	<b>-16.2%</b>	<b>(719.3)</b>	<b>(553.4)</b>	<b>30.0%</b>
<b>Financial revenues (a)</b>	<b>102.6</b>	<b>120.0</b>	<b>-14.5%</b>	<b>61.0</b>	<b>68.1%</b>	<b>163.6</b>	<b>182.7</b>	<b>-10.5%</b>
<b>Financial expenses (b)</b>	<b>(435.2)</b>	<b>(352.6)</b>	<b>23.4%</b>	<b>(445.5)</b>	<b>-2.3%</b>	<b>(880.7)</b>	<b>(733.0)</b>	<b>20.2%</b>
<i>Interest and monetary adjustments</i>	(291.8)	(227.4)	28.3%	(236.6)	23.4%	(528.4)	(467.2)	13.1%
<i>Taxes and charges</i>	(7.0)	(7.2)	-2.8%	(6.9)	1.3%	(13.9)	(12.5)	12.0%
<i>Leasing <sup>(1)</sup></i>	(111.4)	(95.4)	16.7%	(85.3)	30.6%	(196.6)	(191.2)	2.9%
<i>Other financial expenses/revenues</i>	(25.0)	(22.5)	11.0%	(116.8)	-78.6%	(141.8)	(62.2)	128.1%
<b>Net exchange variation and other <sup>(2)</sup> (c)</b>	<b>4.8</b>	<b>(72.7)</b>	<b>n/a</b>	<b>(6.9)</b>	<b>n/a</b>	<b>(2.1)</b>	<b>(3.1)</b>	<b>-32.8%</b>

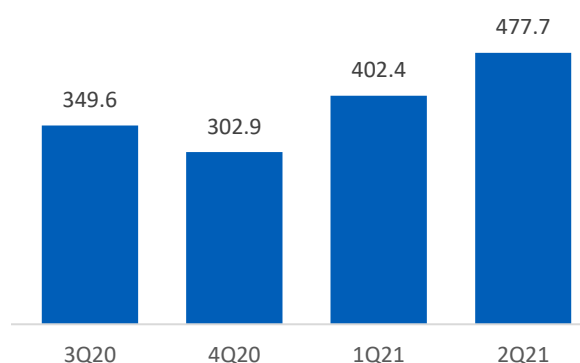
(1) Referring mainly to the effects of IFRS-16. For more information, see note 11 of the ITR.

(2) Considers the effects of net exchange variation, fair value of debt and the fair value and settlement of derivatives (swap). For more information, see note 25 of the ITR.

## NET INCOME

Due to the factors mentioned above, the Company's net income reached R\$477.7 million in 2Q21, more than R\$780 million higher than in 2Q20 and an increase of 18.7% compared to the result of the immediately previous quarter (1Q21).

Net income (R\$ million)



### IFRS-16

In 2Q21, leasing expenses booked by the Company as interest and depreciation totaled R\$173.5 million. Considering the cash effect, the Company's rent expenses would have totaled R\$137.3 million in the quarter and R\$273.2 million in the year to date.

## DEBT

At the end of 2Q21, the Company's gross debt balance<sup>(5)</sup> was R\$22,140.1 million, up 4.3% compared to the same period last year. Of this amount, 62.4% is denominated in Brazilian Reals, while the remainder is U.S. dollar-denominated, hedged for fully contracted currency exposure.

The Company contracts derivative financial instruments (swaps) with the purpose of hedging against (i) fluctuations in foreign exchange rates and currencies, exchanging the exposure arising from variations in foreign currency for the exposure arising from an interest rate in Brazilian Reals; and (ii) interest rate variations, exchanging the exposure arising from interest rates for a fixed interest rate and/or exchanging the exposure arising from inflation for a floating interest rate.

At the end of the period, 71.7% of the Company's gross debt was linked to floating interest rates, mostly the DI rate, while 28.3% was tied to fixed interest rates.

Rede D'Or's gross debt on June 30, 2021 registered an average cost equivalent to CDI + 1.3%, and an average term of 5.7 years.

At the end of the period, the Company's cash and cash equivalents position was R\$14,601.8 million, up 56.1% compared to the same period last year, due to fundraising via IPO (Dec-20) and a Follow-On + CRI issue (May-21), which more than offset the investments made in the period.

### ISSUANCE OF REAL ESTATE RECEIVABLES CERTIFICATE (CRI)

On May 11, 2021, the Company, through a securitization firm, carried out the 6th issue of Certificates of Real Estate Receivables ("CRI") nominative, book-entry, in the amount of **R\$1.5 billion**, maturing in 2036. Concomitantly, the Company contracted a derivative financial instrument to protect the IPCA inflation rate, converting it into interest corresponding to 100.0% of the CDI plus 1.35% per year. There are no guarantees.

### PUBLIC OFFER OF PRIMARY AND SECONDARY DISTRIBUTION

Through a Material Fact released on May 26, 2021, the Company informed the conclusion of a public offering of 68,860,000 shares, composed of (i) primary issuance of 25,040,000 shares totaling R\$1.78 billion; and (ii) secondary offering of 43,820,000 shares of the Company's shareholders. In the scope of the primary offering, 50% of the funds were allocated to increase the Company's capital stock to R\$7.57 billion while the remainder was allocated as profit reserves.

The funds raised will finance the company's inorganic and organic expansion plan (greenfield and brownfield), to which 11 new projects have been added, totaling 1,369 hospital beds and an investment of R\$1.7 billion.

(5) Corresponds to the sum of the balances of loans, financing and debentures net of all derivative financial instruments (current and noncurrent).

## DEBT (cont'd)

(R\$ million)	2Q21	2Q20	Δ %	1Q21	Δ %
<b>Cash and cash equivalents</b>	<b>(14,601.8)</b>	<b>(9,354.8)</b>	<b>56.1%</b>	<b>(13,663.1)</b>	<b>6.9%</b>
<i>Cash and cash equivalents</i>	(96.5)	(82.3)	17.2%	(115.7)	-16.6%
<i>Securities</i>	(14,505.2)	(9,272.4)	56.4%	(13,547.4)	7.1%
<b>Gross debt</b>	<b>22,140.1</b>	<b>21,226.8</b>	<b>4.3%</b>	<b>21,118.3</b>	<b>4.8%</b>
<i>Loans, financing and bonds</i>	24,152.6	24,240.9	-0.4%	23,918.1	1.0%
<i>Derivative financial instruments</i>	(2,250.4)	(3,014.1)	-25.3%	(3,039.6)	-26.0%
<i>Cash flow hedge</i>	237.9	(118.1)	n/a	239.9	-0.8%
<b>Net debt</b>	<b>7,538.4</b>	<b>11,753.9</b>	<b>-35.9%</b>	<b>7,455.2</b>	<b>1.1%</b>
<b>Net debt / LTM EBITDA</b>	<b>1.7x</b>	<b>5.3x</b>	<b>-</b>	<b>2.5x</b>	<b>-</b>

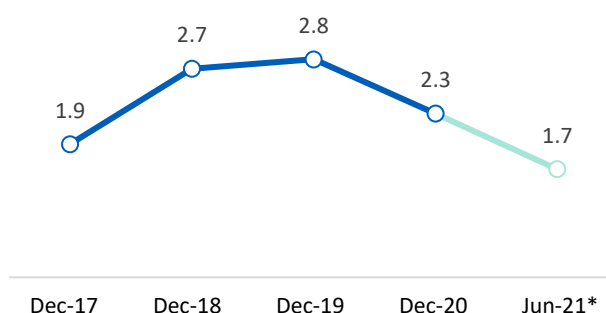
As a result, the Company's net debt reached R\$7,538.4 million at the end of the quarter, a reduction of 35.9% compared to 2Q20.

The Company's leverage ratio measured by the Net Debt/EBITDA ratio reached 1.7x, in 2Q21, an improvement when compared to the 5.3x registered in 2Q20, due to the reduction of the Company's net debt together with the better operational result evidenced by the strong EBITDA growth in the period.

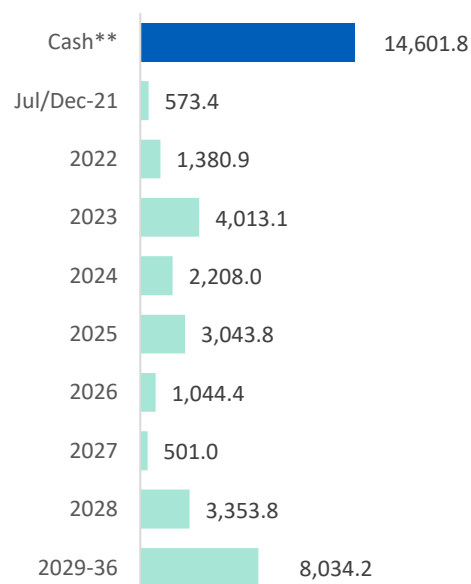
It is important to highlight that the company has no restrictive financial clauses (covenants) to indebtedness levels, or based on EBITDA and financial expenses.

The following graphs show the evolution of the leverage ratio, as well as the repayment schedule for loans, financing and debentures in the coming years.

Net debt / EBITDA



Debt amortization schedule  
(R\$ million)



(\*) Last 12 months EBITDA.

(\*\*) Cash equivalents and securities.



## CASH FLOW (Managerial)

### OPERATIONAL CASH FLOW

In the first six months of 2021, the Company registered operating cash generation of R\$552.2 million, a decrease of 37.2% from the same period last year, reflecting the deterioration in working capital, impacted by consolidated acquisitions in the period, and the effect of non-recurring items associated with the COVID-19 pandemic.

Excluding these and other effects, adjusted operational cash flow was R\$887.6 million in the semester, recording a growth of 20.1% compared to 6M20.

### INVESTMENTS (CAPEX)

Investments (ex-M&A) totaled R\$854.7 million in the semester, down 13.5% compared to the same period last year.

Operational maintenance capex totaled R\$243.9 million in the year-to-date, or 2.5% of net revenue (compared to 3.6% in 6M20).

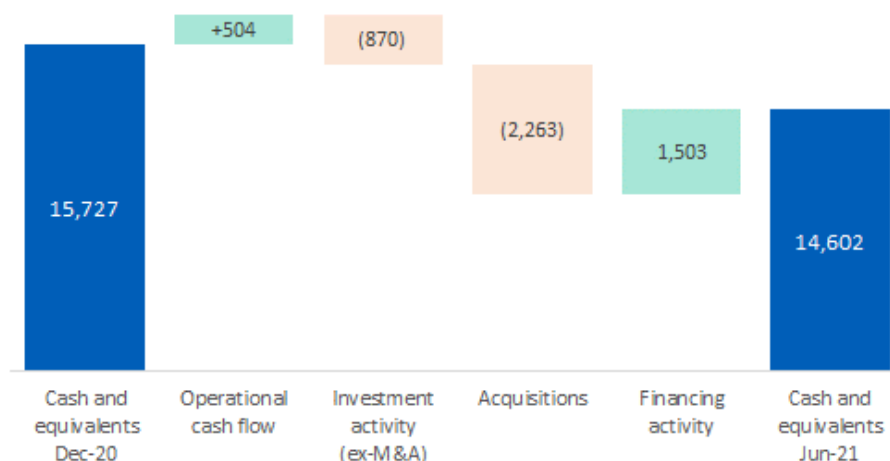
### FUNDING ACTIVITIES

Cash flow generated by financing activities was positive by R\$1,503.1 million in the semester, boosted by funds raised through the 6th issue of CRI and primary issue of shares (Follow-On), both concluded in May-21, and partially offset by the prepayment of two promissory notes and distribution of Interest on Equity (IoE) in the period.

Considering the impact of cash generation, investments, and financing activities, the Company recorded a reduction in its cash position of R\$1,125.4 million compared to Dec-20.

(R\$ million)	2Q21	2Q20	Δ %	1Q21	Δ %	6M21	6M20	Δ %
<b>Investments (ex-M&amp;A)</b>	<b>(447.3)</b>	<b>(711.2)</b>	<b>-37.1%</b>	<b>(407.4)</b>	<b>9.8%</b>	<b>(854.7)</b>	<b>(988.6)</b>	<b>-13.5%</b>
Maintenance	(134.2)	(124.5)	7.8%	(109.8)	22.2%	(243.9)	(218.4)	12.0%
Expansion	(313.2)	(586.7)	-46.6%	(297.6)	5.2%	(610.8)	(770.1)	-21.0%
<b>Merger and acquisitions (M&amp;A)</b>	<b>(1,054.7)</b>	<b>(361.1)</b>	<b>192.1%</b>	<b>(1,224.2)</b>	<b>-13.8%</b>	<b>(2,278.9)</b>	<b>(1,202.2)</b>	<b>89.6%</b>

Cash flow – 6M21 (R\$ million)



## RDOR3 PERFORMANCE

The Rede D'Or São Luiz (RDOR3) share price ended the first half of 2021 quoted at R\$69.03, registering an appreciation of 19.2% since the IPO, compared to the IBOV index's 12.5% rise in the same period.

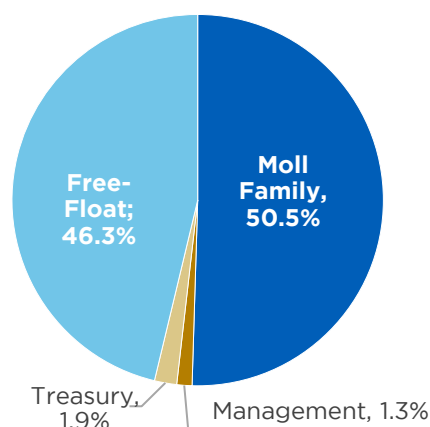
The average daily trading volume in 2Q21 was R\$171.2 million (equivalent to USD32.4 million<sup>(6)</sup>), while the average daily turnover was 9,046.

RDOR3 is listed on 102 indexes, including several belonging to the FTSE, MSCI, and S&P groups.

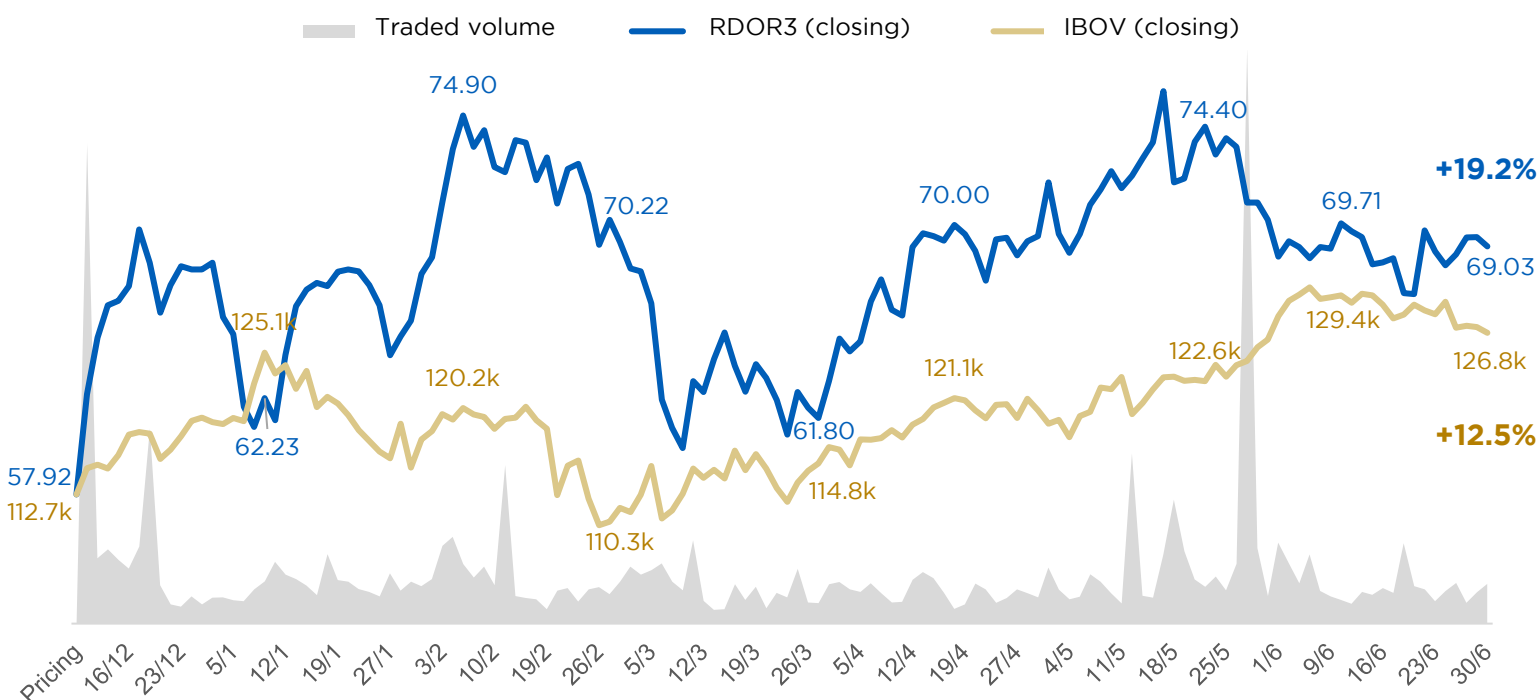
As of June 30, 2021, the Moll Family held, directly and indirectly, 50.5% of the Company's shares, while the Free-Float comprised 46.3% of the shares. The sum of Management<sup>(7)</sup> and Treasury shares represented 3.2%.

RDOR3 at B3	2Q21
Outstanding shares – end of period	2,010,367,155
Treasury shares – end of period	38,913,916
Closing price (R\$) - end of period	69.03
Average closing price (R\$)	70.18
Average daily traded volume (R\$ million)	171.2
Number of trades daily average	9,046
Market Cap (R\$ million) - end of period	136,089

Shareholder composition 06/30/2021



RDOR3, volume traded, and IBOV since the IPO of Rede D'Or (ending 06/30/2021)



(6) Considering the average exchange rate, informed by the Central Bank, of R\$5.2907/USD in 2Q21.

(7) Management represents only members of Board of Directors and Statutory Management.

# APPENDIX

## BALANCE SHEET

Balance Sheet (R\$ thousands)	06/30/2021	03/31/2021	06/30/2020
<b>Assets</b>			
Current			
Cash and cash equivalents	96,524	115,701	82,337
Marketable securities	14,505,250	13,547,399	9,272,443
Accounts receivable	6,776,299	5,890,859	3,866,844
Inventories	676,604	570,601	570,567
Taxes recoverable	357,750	398,895	184,485
Derivative financial instruments	155,511	163,275	304,622
Related parties	-	-	-
Dividends receivable	63	63	-
Receivables from disposal of properties	18,532	18,465	18,342
Assets held for sale	-	-	386,849
Other	544,137	331,975	356,130
<b>Total Current Assets</b>	<b>23,130,670</b>	<b>21,037,233</b>	<b>15,042,619</b>
Noncurrent			
Related parties	41,342	32,796	42,354
Deposit for acquisition of property	97,701	97,701	97,644
Judicial deposits	318,200	296,834	217,348
Deferred income tax and social contribution	631,807	546,579	588,525
Derivative financial instruments	2,841,870	3,653,185	3,164,454
Investments in subsidiaries, affiliates and jointly controlled subsidiaries	2,126,975	2,160,048	1,232,782
Property and equipments	7,981,954	7,569,115	6,902,834
Intangible assets	8,899,134	7,984,762	6,417,159
Right of use - leases	2,933,003	2,983,518	2,390,361
Others	240,859	254,557	192,049
<b>Total noncurrent assets</b>	<b>26,112,845</b>	<b>25,579,095</b>	<b>21,245,510</b>
<b>Total assets</b>	<b>49,243,455</b>	<b>46,616,328</b>	<b>36,288,129</b>
<b>Liabilities</b>			
Current			
Trade account payable	1,098,870	950,257	666,031
Derivative financial instruments	275,469	249,870	308,278
Loans, financing and debentures	836,599	617,584	858,031
Salaries, provisions and social charges	853,474	798,100	1,022,511
Tax liabilities	471,258	422,970	336,539
Accounts payable for acquisitions	151,382	140,380	80,568
Dividends payable	310,627	270,052	388,611
Deferred gain on the disposal of real estate	3,920	3,920	3,920
Leases	368,979	340,327	296,798
Others	164,538	154,442	155,789
<b>Total current liabilities</b>	<b>4,535,116</b>	<b>3,947,902</b>	<b>4,117,076</b>
Noncurrent			
Derivative financial instruments	471,526	526,947	146,699
Loans, financing and debenture	23,315,982	23,300,491	23,382,874
Related parties	30,201	29,124	1,751
Tax obligations	272,316	266,036	221,366
Accounts payable for acquisitions	436,962	420,130	305,577
Deferred income tax and social contribution	401,087	351,766	171,664
Provision for lawsuits	346,935	332,324	263,755
Provision for investment losses	-	-	-
Deferred gain on the disposal of real estate	62,505	63,483	66,415
Leases	2,869,878	2,912,912	2,317,785
Others	174,615	156,913	165,308
<b>Total noncurrent liabilities</b>	<b>28,382,007</b>	<b>28,360,126</b>	<b>27,043,194</b>
Equity			
Capital	7,575,516	6,472,948	867,776
Capital reserves	4,986,943	4,675,693	2,422,768
Treasury shares	(13,350)	(263,384)	(474,462)
Income reserves	2,339,880	2,496,100	2,337,116
Retained earnings	817,938	372,404	(188,103)
Advance for future capital increase	4,224	4,224	4,224
Other reserves	157,036	158,323	(77,936)
<b>Total equity</b>	<b>15,868,187</b>	<b>13,916,308</b>	<b>4,891,383</b>
Share of noncontrolling shareholders	458,145	391,992	236,476
<b>Total shareholders' equity, advance for future capital increase and participation of non-controlling shareholders</b>	<b>16,326,332</b>	<b>14,308,300</b>	<b>5,127,859</b>
<b>Total liability</b>	<b>49,243,455</b>	<b>46,616,328</b>	<b>36,288,129</b>

## APPENDIX ACCOUNTING CASH FLOW

Cash flows (R\$ thousands)	2Q21	2Q20
<i>Income before income tax and social contribution</i>	1,088,575	(493,525)
<b>Adjustments to reconcile pre-tax profit to cash generated by operating activities</b>		
<i>Depreciation and amortization</i>	571,322	411,591
<i>Gain on the disposal of real estate</i>	(1,960)	(1,960)
<i>Gain on step acquisition</i>	-	(76,497)
<i>Fair value of debt</i>	(433,300)	442,939
<i>Gain from investment</i>	1,069,919	(600)
<i>Interest and monetary and exchange variations, net</i>	59,469	80,071
<i>Share-based payment</i>	19,255	-
<i>Provision for contingencies</i>	1,243	1,630
<i>Equity pickup</i>	583,133	387,192
<b>(Increase) decrease in assets and liabilities</b>		
<i>Trade accounts receivable</i>	(2,102,451)	(89,820)
<i>Inventories</i>	(57,756)	(228,031)
<i>Recoverable taxes</i>	(51,529)	(84,079)
<i>Judicial deposits</i>	(35,569)	(12,191)
<i>Other assets</i>	(179,212)	(473,908)
<i>Trade accounts payable</i>	220,073	142,032
<i>Salaries, provisions and social charges</i>	(255,669)	493,143
<i>Tax obligations</i>	19,981	91,384
<i>Related parties</i>	(1,871)	(2,142)
<i>Provision for contingencies</i>	(1,931)	(1,928)
<i>Leases</i>	-	-
<i>Other liabilities</i>	(61,035)	29,289
	<b>450,687</b>	<b>614,590</b>
<i>Interest payment</i>	(614,633)	(532,150)
<i>Payment of income tax and social contribution</i>	(235,923)	(158,424)
<b>Net cash generated by (applied in) operating activities</b>	<b>(399,869)</b>	<b>(75,984)</b>
<b>Cash flows from investment activities</b>		
<i>Payment in business acquisition, net of acquired cash</i>	(1,782,371)	(1,162,184)
<i>Acquisition of equity interest</i>	-	7,441
<i>Advance for future capital increase</i>	(14,500)	(8,374)
<i>Asset purchases</i>	(810,111)	(565,524)
<i>Sale of property, plant and equipment</i>	3,476	-
<i>Acquisitions of intangible assets</i>	-	-
<i>Additions to intangible assets</i>	(76,257)	(59,809)
<i>Acquisitions of securities</i>	(26,082,830)	(29,625,942)
<i>Redemptions of securities</i>	26,763,027	25,839,754
<i>Receipts of dividends and interest on equity</i>	50,160	2,440
<b>Net cash invested in investment activities</b>	<b>(1,949,406)</b>	<b>(5,572,198)</b>
<b>Cash flows from financing activities</b>		
<i>Capital increase, net</i>	1,741,893	-
<i>Treasury shares</i>	250,034	-
<i>Acquisition of non-controlling interest</i>	-	(1,662)
<i>Distribution of dividends and interest on equity</i>	(469,418)	(8,147)
<i>Borrowing, financing and debentures</i>	2,226,602	5,990,098
<i>Loan payments, financing and debentures</i>	(1,375,478)	(348,635)
<i>Swap settlement</i>	(55,355)	61,181
<i>Accounts payable for acquisitions</i>	(19,413)	(31,000)
<b>Net cash generated in financing activities</b>	<b>2,298,865</b>	<b>5,661,835</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(50,360)</b>	<b>13,653</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>146,884</b>	<b>68,684</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>96,524</b>	<b>82,337</b>



## RELATIONSHIP WITH INDEPENDENT AUDITORS

In line with the determination of CVM Instruction 381/2003, we inform you that our policy of hiring independent auditors considers the best principles of governance, which preserve the independence of the auditor, according to internationally accepted criteria.

Ernst & Young Auditors Independentes S.S. is contracted by the Company for external audit services, and, for the purpose of CVM Normative Instruction 381/2003, we declare that, in the period ended June 30, 2021, in addition to these services, Ernst & Young Auditores Independentes S.S. was hired to provide financial, accounting, labor, social security and tax due diligence services, and agreed procedure services on contractual clauses. The services were contracted for less than one year and involve R\$152 thousand in fees, which represents 1.8% of the fees related to external audit services.

The Company understands that, due to the nature of the contracted service and its representativeness compared to external audit services, there is no conflict of interest or loss of independence in relation to the work of the auditors.