

Individual and Consolidated Financial Statements

Rede D'Or São Luiz S.A.

December 31, 2023
with Independent Auditor's Report

Rede D’Or São Luiz S.A.

Individual and consolidated financial statements

December 31, 2023, 2022 and 2021

Contents

Independent auditor’s report on individual and consolidated financial statements.....	1
Individual and consolidated financial statements	
Statements of financial position.....	8
Statements of profit or loss	10
Statements of comprehensive income	11
Statements of changes in equity	12
Statements of cash flows	13
Statements of value added	14
Notes to individual and consolidated financial statements.....	15



Centro Empresarial PB 370
Praia de Botafogo, 370
8º ao 10º andar - Botafogo
22250-040 - Rio de Janeiro - RJ - Brasil
Tel: +55 21 3263-7000
ey.com.br

A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

Independent auditor's report on individual and consolidated financial statements

The shareholders and directors of
Rede D'Or São Luiz S.A.
Rio de Janeiro - RJ, Brazil

Opinion

We have audited the individual and consolidated financial statements of Rede D'Or São Luiz S.A. ("Company"), identified as Parent Company and Consolidated, respectively, which comprise the balance sheets as at December 31, 2023, and the related statements of income, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Rede D'Or São Luiz S.A. as at December 31, 2023, its individual and consolidated financial performance and its related individual and consolidated cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy ("CFC") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis - Restatement of Corresponding Values

As described in explanatory note 2.2, due to the change in accounting policies adopted by Company as of December 31, 2023, the corresponding values for the previous year, presented for comparison purposes, have been adjusted and are being restated as provided in NBC TG 23 Accounting Policies, Changes in Accounting Estimates and Errors Correction. Our opinion does not contain any modification related to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements taken as a whole, and in forming our opinion thereon and, therefore, we do not provide a separate opinion on these matters. For each matter below, the description of how our audit addressed this matter, including any comments on the results of our procedures, is presented in the context of the financial statements taken as a whole.

We have fulfilled the responsibilities described in the section of our report referenced as “Auditor’s responsibilities for the audit of the individual and consolidated financial statements” including those relating to these key audit matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of risks of material misstatement of the financial statements. The results of our audit procedures, including those performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Recognition of hospital service revenue

As mentioned in Notes 2.6, 5.1 and 18.1 the Company’s revenues related to the hospital services, including the use of medicines and medical supplies, and they are recognized based on the services provided up to the balance sheet date, for which it is necessary to determine the amount of revenue appropriately to be recognized, billed or unbilled, and the estimate of the expected losses (“disallowances”) on procedures performed, supplies and medicines used but that eventually are not approved by the health insurance companies.

These processes involve complex controls and analyses to ensure that service revenues are accounted for within the correct accrual period and at the fair value of the consideration received or to be received and to ensure that the corresponding balances receivable are recognized at realizable value.

Due to the significance of amounts involved and the characteristics inherent to the revenue recognition process, including unbilled revenues and estimates related to the measurement of disallowances, as well as the impact that any changes in assumptions and estimates used would cause on the individual and consolidated financial statements, we considered this issue a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others (i) the understanding and evaluation of the internal control environment specifically related to the processes, revenue capture and recognition; (ii) document inspection procedures up to the subsequent settlement level for a sample of the balance of trade accounts receivable; (iii) evaluation of revenue recognition according to the progress of the service provided, through documental tests for a selected sample; (iv) analysis of assumptions used to determine the percentages of loss from disallowances; (v) recalculation of provisions for disallowances, based on the position of trade accounts receivable at December 31, 2023 and percentage obtained of losses from disallowances; (vi) analysis of the risk of accounting

for revenue outside the correct period based on the average length of stay of patients; and (vii) evaluation of the adequacy of disclosures made by the Company on this matter in the financial statements.

Based on the results of audit procedures performed, which is consistent with management's assessment, we considered acceptable the Company's policies for revenue recognition and estimates of losses from disallowances adopted by management as well as the respective disclosures made, are appropriate in the context of the financial statements taken as a whole.

2. Impairment of nonfinancial assets

As mentioned in Notes 8, 9 and 10, as at December 31, 2023, the Company has significant nonfinancial assets, mainly represented by property and equipment, intangible assets and investments in subsidiaries, associates and joint ventures, including goodwill generated in business combinations.

These assets are annually tested for the purpose of evaluating events or changes in economic and operating circumstances that may indicate deterioration or impairment. Indefinite-lived intangible assets, including goodwill, must be annually tested for impairment, regardless of indications of deterioration. The impairment test of these assets, including the definition of Cash Generating Units (CGUs), has a high degree of subjectivity, and is based on various assumptions and their realization is impacted by market projections and uncertain economic scenarios.

Due to the significance of the balances, the level of uncertainty and the high degree of judgment inherent to determining the corresponding recoverable amounts, we considered this issue a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others: (i) the evaluation of the criteria for determining and identifying the CGUs; (ii) the involvement specialists to assist us in evaluating the projections prepared by management for the recoverability of these assets; (iii) evaluation of the adequacy and consistency of assumptions used in the estimates and projections of future cash flows comparing them, when available, with data from external sources, such as projected economic growth and cost inflation; (iv) evaluation of the calculation methodology and sensitivity analysis of assumptions; and (v) review of the disclosures made by the Company in the financial statements.

Based on the results of the audit procedures performed on the impairment test of nonfinancial assets, which is consistent with management's assessment, we considered that the criteria and assumptions related to recoverable amount adopted by management are acceptable, as well as the respective disclosures made in the context of the financial statements taken as a whole.

3. First time adoption IFRS 17 (CPC 50) – Insurance Contracts

As disclosed in explanatory note 2.2 e 2.20, the IFRS 17 (CPC 50) Insurance Contracts, issued in May 2017, established principles for the recognition, measurement, presentation, and disclosure of insurance contracts, with adoption for fiscal years beginning on or after January 1, 2023. The Company, through its subsidiaries that trade insurance contracts, adhered to the aforementioned pronouncement retrospectively, in accordance with the provisions of IAS 8 (CPC23) - Accounting Policies, Changes in Accounting Estimates and Errors Correction.

The adoption of IFRS 17 (CPC 50) required significant investment by the Company's management, among other activities, in people, technology, financial resources, detailed diagnostic and implementation planning, training, as well as a high degree of subjectivity in defining the assumptions and methodologies necessary for the implementation of the aforementioned standard. Therefore, due to the adoption of this standard, we defined it as one of the key audit matters.

How our audit addressed this matter

Our audit procedures included, among others: (i) discussions with the Company's management and external consultants to understand the methodologies and assumptions adopted; (ii) monitoring the progress of the implementation project; (iii) meetings with the management, as well as with other governance bodies involved; (iv) understanding of existing operational controls; (v) reconciliation of accounting records with the controls supporting the recorded values; (vi) use of actuarial specialists to assist us in evaluating and testing the actuarial models used; (vii) evaluation of the reasonableness of the assumptions and methodologies used by the Company's management; (viii) validation of the information used in the calculations of insurance contracts; (ix) conducting independent calculations sensitizing some of the key assumptions used; and (x) reviewing the adequacy of disclosures included in the individual and consolidated financial statements.

Based on the results of our audit procedures performed on the initial adoption of IFRS 17 (CPC 50), we consider that the methodologies, assumptions, and respective calculations made for the determination of the respective insurance contracts, as well as the respective disclosures in the explanatory notes, are acceptable, in the context of the individual and consolidated financial statements taken together.



Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for year ended December 31, 2023, prepared under the responsibility of Company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 - Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are those responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International standards on auditing will always detect material misstatements when they exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve override of internal controls, collusion, forgery, intentional omissions or misrepresentations.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise substantial doubt as to the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among others matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rio de Janeiro, March 26, 2024.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC-SP015199/F

A handwritten signature in blue ink, appearing to read 'Diogo Afonso da Silva', is written over the printed name.

Diogo Afonso da Silva
Accountant CRC-RJ114783/O

A free translation from Portuguese into English of Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

Rede D'Or São Luiz S.A.

Statements of financial position
December 31, 2023, 2022 and 2021
(In thousands of reais)

	Note	Individual			Consolidated		
		2023	2022	2021	2023	2022	2021
Assets			(restated)		(restated)	(restated)	
Current assets							
Cash and cash equivalents	4	257,423	96,360	43,910	3,267,408	1,109,796	124,621
Marketable securities	4	9,239,876	11,165,890	11,249,728	28,463,882	29,236,645	12,429,549
Accounts receivable	5	4,840,796	3,966,046	3,707,070	8,939,144	7,911,452	7,564,769
Inventories	6	365,793	414,005	401,479	705,896	808,688	735,245
Taxes recoverable		545,021	433,513	285,897	1,002,564	656,696	422,765
Insurance contract assets	12	-	-	-	41,419	70,012	-
Reinsurance contract assets		-	-	-	64,934	44,741	-
Derivative financial instruments	24	49,550	203,730	131,643	49,550	251,740	182,018
Transactions with related parties	7	245,080	167,578	32,540	36,492	7,753	-
Dividends receivable		70,593	75,277	74,093	3,154	1,769	-
Other		230,183	137,450	197,016	549,038	524,607	430,617
Total current assets		15,844,315	16,659,849	16,123,376	43,123,481	40,623,937	21,889,584
Noncurrent assets							
Transactions with related parties	7	1,985,841	1,659,658	1,265,885	191,803	75,899	44,886
Marketable securities	4	-	-	-	1,702,460	1,806,334	-
Accounts receivable	5	-	-	-	1,674,369	1,659,489	-
Taxes recoverable		8,677	8,677	-	490,566	469,970	-
Insurance contract assets	12	-	-	-	40,595	79,496	-
Reinsurance contract assets		-	-	-	3,525	527	-
Judicial deposits	14	362,366	294,653	226,746	2,682,556	2,862,274	350,512
Deferred taxes	17	12,222	-	-	3,600,118	3,366,280	792,083
Derivative financial instruments	24	570,513	334,186	627,153	1,917,874	2,487,765	3,967,943
Investments in subsidiaries, associates and joint ventures	8	27,296,375	26,271,987	14,586,409	2,563,868	2,553,401	2,325,839
Property and equipment	9	5,294,123	4,212,807	3,567,148	12,909,403	11,106,286	9,097,050
Intangible assets	10	7,508,728	6,880,944	2,683,489	16,449,568	16,477,631	10,631,031
Right of use - leases	11	2,158,506	2,263,454	1,743,808	2,680,462	2,834,600	2,624,447
Other		94,612	86,098	67,142	311,708	274,476	247,239
Total noncurrent assets		45,291,963	42,012,464	24,767,780	47,218,875	46,054,428	30,081,030
Total assets		61,136,278	58,672,313	40,891,156	90,342,356	86,678,365	51,970,614

Rede D'Or São Luiz S.A.

Statements of financial position
December 31, 2023, 2022 and 2021
(In thousands of reais)

	Note	Individual			Consolidated		
		2023	2022 (restated)	2021	2023	2022 (restated)	2021 (restated)
Liabilities and equity							
Current liabilities							
Trade accounts payable		636,124	532,476	409,917	1,355,666	1,256,601	990,942
Derivative financial instruments	24	466,050	682,825	343,265	639,580	827,908	469,249
Loans, financing and debentures	13	2,587,944	4,707,009	1,260,597	2,918,435	4,973,066	1,554,588
Salaries, accruals and social charges		539,971	445,623	430,156	1,101,223	982,150	794,061
Tax obligations		192,729	266,602	199,681	757,933	787,887	592,127
Dividends and interest on equity payable	16	88,499	137,640	57,339	99,769	145,085	64,551
Insurance contract liabilities	12	-	-	-	4,683,939	3,913,312	-
Leases	15	534,822	476,704	222,316	872,949	621,751	296,247
Other		108,591	120,586	93,059	1,808,053	1,243,605	336,790
Total current liabilities		5,154,730	7,369,465	3,016,330	14,237,547	14,751,365	5,098,555
Noncurrent liabilities							
Derivative financial instruments	24	571,342	1,131,108	786,166	571,342	1,131,108	786,166
Loans, financing and debentures	13	29,062,394	24,310,593	21,009,175	31,667,514	27,910,159	26,074,748
Transactions with related parties	7	-	-	-	5,179	4,207	2,199
Tax obligations		35,826	45,990	54,421	200,119	240,550	239,835
Insurance contract liabilities	12	-	-	-	12,458,584	11,229,028	-
Deferred taxes	17	-	307,259	161,010	168,667	398,414	592,976
Provision for contingencies	14	820,185	1,208,942	135,220	3,268,354	3,792,172	344,868
Provision for losses on investments	8	613,560	509,044	214,115	-	-	-
Leases	15	2,037,512	2,116,624	1,750,260	2,299,676	2,710,651	2,697,213
Other		301,023	230,485	181,081	1,629,728	1,802,977	1,456,115
Total noncurrent liabilities		33,441,842	29,860,045	24,291,448	52,269,163	49,219,266	32,194,120
Equity							
Capital	16	15,711,360	15,711,360	7,575,516	15,711,360	15,711,360	7,575,516
Share issue costs		(253,031)	(253,031)	(253,031)	(253,031)	(253,031)	(253,031)
Capital reserves		4,914,555	4,914,500	4,475,504	4,914,555	4,914,500	4,475,504
Treasury shares		(519,418)	(544,610)	(139,282)	(519,418)	(544,610)	(139,282)
Income reserves		2,508,424	1,300,278	1,600,180	2,508,424	1,300,278	1,600,180
Future capital contribution		4,224	4,224	4,224	4,224	4,224	4,224
Other comprehensive income		173,592	310,082	320,267	173,592	310,082	320,267
Total equity attributable to the Company's shareholders		22,539,706	21,442,803	13,583,378	22,539,706	21,442,803	13,583,378
Noncontrolling interests		-	-	-	1,295,940	1,264,931	1,094,561
Total equity		22,539,706	21,442,803	13,583,378	23,835,646	22,707,734	14,677,939
Total liabilities and equity		61,136,278	58,672,313	40,891,156	90,342,356	86,678,365	51,970,614

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of profit or loss
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

	Note	Individual			Consolidated		
		2023	2022	2021	2023	2022	2021
Net operating revenues	18	13,099,959	11,508,663	10,596,880	46,508,558	22,987,443	20,381,883
Costs of hospital services	19	(9,051,184)	(8,034,112)	(7,363,840)	(38,937,076)	(17,785,662)	(15,572,114)
Gross profit		4,048,775	3,474,551	3,233,040	7,571,482	5,201,781	4,809,769
General and administrative expenses	20	(605,381)	(906,444)	(898,260)	(1,314,957)	(926,445)	(919,056)
Selling expenses		(50,281)	(20,144)	(16,888)	(201,947)	(36,400)	(37,070)
Equity pickup	8	1,660,081	691,698	524,536	(5,673)	46,080	79,338
Other operating income (expenses), net	21	(135,050)	(164,966)	(77,978)	(483,634)	(386,176)	(264,614)
Income before finance income (costs) and income taxes		4,918,144	3,074,695	2,764,450	5,565,271	3,898,840	3,668,367
Finance income	22	3,876,375	2,641,676	1,889,121	9,317,468	5,683,308	5,699,438
Finance costs	22	(6,905,536)	(4,850,773)	(3,075,896)	(12,332,395)	(8,256,884)	(7,335,189)
Income before income taxes		1,888,983	865,598	1,577,675	2,550,344	1,325,264	2,032,616
Income taxes	17	151,739	329,368	(2,369)	(436,643)	(62,947)	(354,881)
Net income for the year		2,040,722	1,194,966	1,575,306	2,113,701	1,262,317	1,677,735
Income attributable to controlling interests		2,040,722	1,194,966	1,575,306	2,040,722	1,194,966	1,575,306
Income attributable to noncontrolling interests		-	-	-	72,979	67,351	102,429
Basic earnings per share (in reais)	23	0,9051	0,5301	0,7991	0,9051	0,5301	0,7991
Diluted earnings per share (in reais)	23	0,9051	0,5290	0,7968	0,9051	0,5290	0,7968

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of comprehensive income
December 31, 2023, 2022 and 2021
(In thousands of reais)

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
Net income for the year	2,040,722	1,194,966	1,575,306	2,113,701	1,262,317	1,677,735
Other comprehensive income to be reclassified to P&L for subsequent years,						
Cash flow hedge	(211,403)	(68)	468,117	(226,767)	(15,432)	592,159
Loss on fair value of equity instrument (shares)	-	(325,542)	-	-	(325,542)	-
Gain/loss on insurance and reinsurance liability	-	-	-	(26,913)	-	-
Unrealized gains/(losses) on financial assets available for sale	-	-	-	56,428	-	-
Tax effects	71,877	23	(159,160)	66,134	5,247	(201,334)
Gains/(losses) on changes in shareholding interest	2,072	-	-	-	-	-
Other comprehensive income of associates and subsidiaries, by equity pickup	964	(10,140)	81,868	(5,372)	-	-
Other comprehensive income to be reclassified to P&L for subsequent years, net of taxes	(136,490)	(335,727)	390,825	(136,490)	(335,727)	390,825
Total comprehensive income	1,904,232	859,239	1,966,131	1,977,211	926,590	2,068,560
Attributable to:						
Controlling interests	1,904,232	859,239	1,966,131	1,904,232	859,239	1,966,131
Noncontrolling interests	-	-	-	72,979	67,351	102,429

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of changes in equity December 31, 2023, 2022 and 2021 (In thousands of reais)

Description	Capital reserves						Income reserves			Controlling interests					Noncontrolling interests	Total
	Capital	Share issue costs	Premium reserve (issue of shares)	Goodwill on capital transactions	Share-based payment reserve	Treasury shares	Legal reserve	Investment reserve	Dividends in excess of mandatory minimum dividends	Other comprehensive income	Future capital contribution	Retained earnings	Total equity			
Balances at December 31, 2020	6,686,596	(213,648)	4,863,877	(293,655)	-	(153,194)	8,666	2,633,122	147,692	(70,558)	4,224	-	13,613,122	389,060	14,002,182	
Capital increase (Note 16)	888,920	-	888,920	-	-	-	-	-	-	-	-	-	1,777,840	3,436	1,781,276	
Share issue costs (Note 16)	-	(39,383)	-	-	-	-	-	-	-	-	-	-	(39,383)	-	(39,383)	
Capital transactions in subsidiaries and acquisition of noncontrolling shareholders	-	-	-	(957,963)	-	-	-	-	-	-	-	-	(957,963)	697,129	(260,834)	
Changes - RSU (Note 16)	-	-	(25,675)	-	(120,427)	13,912	-	-	-	-	-	-	(132,190)	-	(132,190)	
Share-based payment (Note 16)	-	-	-	-	120,427	-	-	-	-	-	-	-	120,427	-	120,427	
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	1,575,306	1,575,306	102,429	1,677,735	
Dividends and interest on equity (Note 16)	-	-	-	-	-	-	-	-	-	-	-	(656,914)	(656,914)	(97,493)	(754,407)	
Interim dividends (Note 16)	-	-	-	-	-	-	-	(1,960,000)	(147,692)	-	-	-	(2,107,692)	-	(2,107,692)	
Cash flow hedge (Note 16)	-	-	-	-	-	-	-	-	-	390,825	-	-	390,825	-	390,825	
Allocation to investment reserve	-	-	-	-	-	-	-	918,392	-	-	-	(918,392)	-	-	-	
Balances at December 31, 2021	7,575,516	(253,031)	5,727,122	(1,251,618)	-	(139,282)	8,666	1,591,514	-	320,267	4,224	-	13,583,378	1,094,561	14,677,939	
Capital increase (Note 16)	8,135,844	-	-	-	-	-	-	-	-	-	-	-	8,135,844	-	8,135,844	
Acquisitions of subsidiaries (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	-	131,958	131,958	
Capital transactions in subsidiaries and acquisition of noncontrolling shareholders	-	-	863,017	(178)	-	-	-	-	-	-	-	-	862,839	16,632	879,471	
Treasury shares (Note 16)	-	-	(440,366)	-	-	(413,872)	-	-	-	-	-	-	(854,238)	-	(854,238)	
Changes - RSU (Note 16)	-	-	16,523	-	(70,623)	8,544	-	-	-	-	-	-	(45,556)	-	(45,556)	
Share-based payment (Note 16)	-	-	-	-	70,623	-	-	-	-	-	-	-	70,623	-	70,623	
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	1,194,966	1,194,966	67,351	1,262,317	
Dividends and interest on equity (Note 16)	-	-	-	-	-	-	-	-	-	-	-	(800,090)	(800,090)	(45,571)	(845,661)	
Loss on fair value of equity instrument (shares)	-	-	-	-	-	-	-	-	-	(325,542)	-	-	(325,542)	-	(325,542)	
Reclassification of income from (losses on) equity instruments realized in the year	-	-	-	-	-	-	-	-	-	325,542	-	(325,542)	-	-	-	
Cash flow hedge (Note 16)	-	-	-	-	-	-	-	-	-	(10,185)	-	-	(10,185)	-	(10,185)	
Allocation to investment reserve	-	-	-	-	-	-	-	69,334	-	-	-	(69,334)	-	-	-	
Balances at December 31, 2022	15,711,360	(253,031)	6,166,296	(1,251,796)	-	(544,610)	8,666	1,660,848	-	310,082	4,224	-	21,812,039	1,264,931	23,076,970	
Set up of other reserves as a result of IFRS 17/CPC 50	-	-	-	-	-	-	-	(369,236)	-	-	-	-	(369,236)	-	(369,236)	
Balances at December 31, 2022 (restated)	15,711,360	(253,031)	6,166,292	(1,251,796)	-	(544,610)	8,666	1,285,004	-	310,082	4,224	-	21,436,191	1,264,931	22,701,122	
Acquisitions of subsidiaries (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	-	959	959	
Capital transactions in subsidiaries and acquisition of noncontrolling shareholders	-	-	-	(91)	-	-	-	-	-	-	-	-	(91)	24,223	24,132	
Changes - RSU (Note 16)	-	-	146	-	(42,769)	25,192	-	-	-	-	-	-	(17,431)	-	(17,431)	
Share-based payment (Note 16)	-	-	-	-	42,769	-	-	-	-	-	-	-	42,769	-	42,769	
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	2,040,722	2,040,722	72,979	2,113,701	
Dividends and interest on equity (Note 16)	-	-	-	-	-	-	-	-	-	-	-	(832,576)	(832,576)	(67,152)	(899,728)	
Cash flow hedge (Note 16)	-	-	-	-	-	-	-	-	-	(149,667)	-	-	(149,667)	-	(149,667)	
Net finance income (costs) from insurance and reinsurance contracts	-	-	-	-	-	-	-	-	-	(16,234)	-	-	(16,234)	-	(16,234)	
Equity adjustments	-	-	-	-	-	-	-	-	-	29,411	-	-	29,411	-	29,411	
Allocation to investment reserve	-	-	-	-	-	-	-	1,208,146	-	-	-	(1,208,146)	-	-	-	
Balances at December 31, 2023	15,711,360	(253,031)	6,166,442	(1,251,887)	-	(519,418)	8,666	2,499,758	-	173,592	4,224	-	22,539,706	1,295,940	23,835,646	

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of cash flows December 31, 2023, 2022 and 2021 (In thousands of reais)

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
Cash flows from operating activities						
Income before income and social contribution taxes	1,888,983	865,598	1,577,675	2,550,344	1,325,264	2,032,616
Adjustments to reconcile income before taxes to cash flows from operating activities						
Depreciation and amortization	834,601	805,353	711,853	1,500,033	1,404,142	1,228,670
Gain on property sales	(3,920)	(3,920)	(3,920)	(3,920)	(3,920)	(3,920)
Impairment	-	-	-	15,148	-	-
Gain/loss on acquisitions in stages	-	-	(147,459)	23,801	-	(117,302)
Fair value of debt	965,596	(661,055)	(1,470,911)	673,122	(1,370,559)	(945,825)
Interest, monetary variations and foreign exchange differences, net	1,793,271	2,761,233	2,576,351	117,052	3,699,617	2,322,014
Share-based payment	78,400	124,276	120,427	78,400	124,276	120,427
Provision for/(reversal of) contingencies	(431,722)	(21,595)	21,159	(105,751)	(32,954)	21,742
Equity pickup	(1,660,081)	(691,698)	(524,536)	5,673	(46,080)	(79,338)
Income from (loss on) insurance services	-	-	-	5,594,485	-	-
Provision for disallowances and allowance for expected credit losses	713,511	596,745	500,882	1,371,237	1,290,258	1,103,432
(Increase) decrease in assets and increase (decrease) in liabilities						
Accounts receivable	(1,490,641)	(606,827)	(1,388,706)	(2,413,809)	(1,928,490)	(3,282,965)
Inventories	54,975	(1,369)	(45,362)	102,792	(66,472)	(99,603)
Taxes recoverable	(106,286)	(55,365)	(105,456)	(301,098)	23,570	(108,083)
Judicial deposits	(60,248)	(56,419)	(54,137)	37,777	(67,239)	(66,810)
Other assets	404,954	109,301	221,239	199,118	96,499	(360,700)
Trade accounts payable	89,842	105,326	85,323	99,065	224,730	60,615
Salaries and social charges	44,101	(57,433)	(68,037)	92,639	(56,129)	(80,592)
Tax obligations	(241,205)	40,667	12,431	(379,188)	(166,694)	(12,884)
Transactions with related parties	(684,755)	(753,870)	(614,889)	(143,671)	(34,791)	(46,264)
Provision for contingencies	(3,741)	(1,244)	(2,784)	(335,129)	(3,877)	(5,361)
Insurance and reinsurance assets (liabilities)	-	-	-	(3,508,636)	-	-
Other liabilities	3,656	22,093	(236,417)	(20,537)	185,350	217,107
	2,189,291	2,519,797	1,164,726	5,248,947	4,596,501	1,896,976
Payment of interest	(3,812,606)	(2,537,761)	(1,196,242)	(4,250,937)	(2,911,101)	(1,408,136)
Payment of income and social contribution taxes	-	(3,123)	(79,843)	(602,098)	(367,097)	(360,575)
Net cash flows from (used in) operating activities	(1,623,315)	(21,087)	(111,359)	395,912	1,318,303	128,265
Cash flows from investing activities						
Payment in business acquisition, net of cash acquired	-	-	(886,730)	-	(232,065)	(2,964,757)
Cash from merger of subsidiary	464	741	332	-	-	-
Acquisition of equity interest	-	-	-	(7,272)	-	-
Future capital contribution	(1,209,456)	(2,575,879)	(4,341,894)	(27,816)	(59,600)	(27,000)
Acquisition of property and equipment	(1,129,087)	(845,207)	(743,685)	(2,470,281)	(2,476,405)	(2,126,545)
Sale of property and equipment	-	-	-	-	-	23,041
Acquisitions of intangible assets	(94,717)	(110,096)	(117,150)	(251,308)	(81,621)	(162,998)
Acquisitions of marketable securities	(21,679,269)	(33,799,193)	(29,294,672)	(56,184,147)	(45,093,364)	(40,973,575)
Redemption of marketable securities	24,867,821	34,183,816	30,625,149	60,684,760	44,952,318	44,437,246
Dividends and interest on equity received	731,774	128,463	108,073	6,465	21,533	142,707
Net cash flows used in investing activities	1,487,530	(3,017,355)	(4,650,577)	1,750,401	(2,969,204)	(1,651,881)
Cash flows from financing activities						
Capital increase, net	-	-	1,738,457	-	-	1,741,893
Acquisition of noncontrolling interests	-	-	-	-	-	11,925
Distribution of dividends and interest on equity	(785,862)	(651,090)	(2,978,587)	(849,188)	(696,426)	(3,071,597)
Loans, financing and debentures raised	5,164,594	5,015,501	6,900,520	6,003,333	5,085,501	7,069,770
Payments of loans and financing and debentures	(3,597,619)	(1,092,606)	(962,996)	(4,490,158)	(1,447,974)	(4,062,970)
Settlement of swap	(484,265)	(164,731)	100,626	(634,043)	(255,273)	(81,665)
Accounts payable for acquisitions	-	(16,182)	(14,265)	(18,645)	(49,752)	(106,003)
Net cash flows from financing activities	296,848	3,090,892	4,783,755	11,299	2,636,076	1,501,353
Increase (decrease) in cash and cash equivalents	161,063	52,450	21,819	2,157,612	985,175	(22,263)
Cash and cash equivalents at beginning of year	96,360	43,910	22,091	1,109,796	124,621	146,884
Cash and cash equivalents at end of year	257,423	96,360	43,910	3,267,408	1,109,796	124,621

See accompanying notes,

Rede D'Or São Luiz S.A.

Statements of value added

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

	Individual			Consolidated		
	12/31/2023	12/31/2022	12/31/2021	12/31/2023	12/31/2022	12/31/2021
Revenue	13,879,219	12,218,629	11,391,242	48,302,139	24,483,333	21,820,899
Sales of goods, products and services	14,588,810	12,811,454	11,740,745	22,797,558	25,769,671	22,803,109
Revenues from insurance operations	-	-	-	26,719,752	-	-
Allowance for doubtful accounts	(713,511)	(596,745)	(500,882)	(1,371,237)	(1,290,258)	(1,103,432)
Other revenues	3920	3920	151,379	156,066	3,920	121,222
Benefits and claims	-	-	-	(19,263,465)	-	-
Expenses with benefits and redemptions	-	-	-	(19,263,465)	-	-
Bought-in inputs	(4,719,291)	(4,518,654)	(4,262,329)	(11,422,650)	(10,107,490)	(8,991,333)
Costs of sales	(4,845,806)	(4,236,965)	(3,897,766)	(10,544,797)	(9,599,694)	(8,449,526)
Materials, energy, third-party services and other	(305,207)	(303,284)	(343,404)	(983,604)	(540,750)	(520,065)
Loss/recovery of assets	431,722	21,595	(21,159)	105,751	32,954	(21,742)
Gross value added	9,159,928	7,699,975	7,128,913	17,616,024	14,375,843	12,829,566
Depreciation and amortization	(834,601)	(805,353)	(711,853)	(1,500,033)	(1,404,142)	(1,228,670)
Net value added	8,325,327	6,894,622	6,417,060	16,115,991	12,971,701	11,600,896
Value added received in transfer	5,536,456	3,333,374	2,413,657	9,483,233	5,729,388	5,778,776
Equity pickup	1,660,081	691,698	524,536	(5,673)	46,080	79,338
Finance income (costs)	3,876,375	2,641,676	1,889,121	9,317,468	5,683,308	5,699,438
Valuation (devaluation) of investment fund shares, government securities and corporate bonds	-	-	-	2,411,723	-	-
Finance income (costs) from insurance contracts	-	-	-	(2,240,285)	-	-
Total value added	13,861,783	10,227,996	8,830,717	25,599,224	18,701,089	17,379,672
Value added distributed	(13,861,783)	(10,227,996)	(8,830,717)	(25,599,224)	(18,701,089)	(17,379,672)
Personnel and charges	(4,031,215)	(3,591,532)	(3,351,689)	(8,216,159)	(7,082,976)	(6,242,615)
Taxes, charges and contributions	(649,470)	(376,678)	(645,352)	(2,211,890)	(1,554,917)	(1,672,675)
Interest, rents and other operating expenses	(7,140,376)	(5,064,820)	(3,258,370)	(13,057,474)	(8,800,879)	(7,786,647)
Dividends and interest on equity	(832,576)	(800,090)	(2,764,606)	(899,728)	(845,661)	(2,862,099)
Retained profits	(1,208,146)	(394,876)	1,189,300	(1,213,973)	(416,656)	1,184,364

See accompanying notes.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

1. Operations

Rede D'Or São Luiz S.A, (the "Company" or "Parent Company" and jointly with its subsidiaries "Rede D'Or" or "Group"), headquartered at Rua Francisco Marengo, 1312, in the city and state of São Paulo, is engaged in the rendering of hospital services, offering assistance and hospitality concepts, creating medical and diagnostic excellence centers and generating medical knowledge and experience that ensure security to customers, either doctors, patients or healthcare plans, Through its subsidiaries and associates, the Company operates in the health (health and dental insurance, administrative services only (ASO) health and dental plans, and health and wellness solutions), life insurance, private pension, and asset management segments,

Rede D'Or operates in the states of Rio de Janeiro, São Paulo, Pernambuco, Maranhão, Bahia, Sergipe, Paraná, Ceará, Minas Gerais, Mato Grosso do Sul, Paraíba, Alagoas and the Federal District, with 70 own hospitals and over 50 projects under development, in addition to oncology and radiotherapy clinics and laboratories, Currently, the Group has 9,598 hospital beds in total,

The first hospital unit, Hospital Barra D'Or, was opened in 1998, and Hospital Copa D'Or and Hospital Quinta D'Or were opened in 2000 and 2001, respectively, Since 2004, strategic partnerships have been made with other hospitals, thus increasing its range of expertise and reaching other areas in Rio de Janeiro, Also through partnerships and acquisitions, Rede D'Or started operations in the state of Pernambuco in 2007; in the states of Maranhão and Bahia in 2018; in the state of Sergipe in 2019; in the states of Paraná and Ceará in 2020; in the states of Minas Gerais, Mato Gross do Sul and Paraíba in 2021; and in the state of Alagoas in 2022,

In December 2022, the business combination between the Company and SulAmérica S.A, was completed through the merger of SulAmérica S.A, into Rede D'Or, As a result of the merger, Sul América S.A, was dissolved and succeeded by Rede D'Or as regards all its assets, rights and obligations, and Rede D'Or became the parent company of Sul América Group ("SASA" or "Sul América" - comprising the subsidiaries, associates and investment funds remaining from the merger of Sul América S.A,), Thus, since December 23, 2022, the shares of Sul América S.A, are no longer traded on B3 and the former shareholders of Sul América S.A, have become shareholders of the Company, For more details, see Note 3 - Business Combination,

The business combination includes two health market leaders in Brazil and joins the largest hospital chain to one of the main independent insurers in the country, Additionally, the business combination is based on a strategy for expanding and aligning their health ecosystems, including the health, dental, life, pension and investment businesses, favoring all customers, beneficiaries and business partners,

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

1. Operations (Continued)

Seasonality

There are no significant seasonal effects on the Company's operations; however, a smaller volume of customers and, consequently, of claims in the insurance and health insurance businesses, is generally observed in December, January and February due to year-end celebrations and vacation period, and a larger volume of customers is observed in Winter,

2. Accounting policies

The individual and consolidated financial statements have been prepared and are presented in accordance with the accounting practices adopted in Brazil, which comprise the rules issued by the Brazilian SEC (CVM) and the pronouncements issued by Brazil's FASB (CPC), which are in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The individual and consolidated financial statements are presented in Brazilian reais (R\$), which is the functional currency of the Company and its subsidiaries. The individual and consolidated financial statements were prepared with comparative information in relation to prior year. This information is being restated to reflect the adoption of IFRS 17 - Insurance Contracts (CPC 50) and to enhance certain disclosures in explanatory notes.

In addition, the Group considered the guidance provided for in Accounting Guidance OCPC 07, issued by Brazil's FASB ("CPC") in November 2014, in preparing its financial statements. Accordingly, significant information of the financial statements themselves is being disclosed and corresponds to that used to manage the Company's operations.

The issue of these individual and consolidated financial statements was authorized by the Board of Directors on March 26, 2024.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.1. Basis of consolidation

The consolidated financial statements comprise the financial information of the Company and its subsidiaries for the year ended December 31, 2023. Control is obtained when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if, and only if, it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- Ability to use its power over the investee to affect the amount of its returns.

Usually, it is assumed that the majority of voting rights results in control. In order to support this assumption and when the Company has less than the majority of voting rights of an investee, the Company considers all relevant facts and circumstances in evaluating whether it has power in relation to an investee, including:

- The contractual arrangement between the investor and the other vote holders;
- Rights arising from other contractual arrangements; and
- The voting rights and potential voting rights of the investor.

The Company assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the aforementioned three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses such control. Assets, liabilities and P&L of a subsidiary acquired or disposed of in the year are included in the consolidated financial statements as from the date on which the Company obtains control until the date the Company no longer exercises control over the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the Company's controlling and noncontrolling shareholders, even if this results in loss to noncontrolling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-group assets, liabilities, profit or loss, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the equity interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.1. Basis of consolidation

If the Company loses control exercised over a subsidiary, the corresponding assets (including any goodwill) and the subsidiary's liabilities are written off at their carrying amount on the date the control is lost, so is the carrying amount of any noncontrolling interests (including any other comprehensive income components). Any resulting gains or losses are recorded in profit or loss. Any investment retained is recognized at fair value on the date it loses control.

The Company's investments in its subsidiaries are accounted for using the equity method in its individual financial statements.

The individual and consolidated financial statements include the operations of the Company and of its subsidiaries, whose interest percentage at the statement of financial position date is presented in Note 8. Additionally, it should be stressed that as at December 31, 2023, the Company has investments in funds of one that are fully consolidated.

2.2. Restatement of the financial statements

In May 2017, the IASB published IFRS 17 - Insurance Contracts (CPC 50), replacing IFRS 4 (CPC 11), which established principles for the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts.

The effectiveness of the standard was established from approval by the regulators. In this regard, the Brazilian SEC issued CVM Resolution No. 42 of July 22, 2021, approving CPC 50 and making it mandatory for publicly-held companies as of January 1, 2023, therefore it must be adopted by the Company.

Accordingly, in compliance with the procedures set forth in CPC 23 - Accounting Policies, Change in Accounting Estimates and Errors, the new accounting practice was applied retrospectively, recomposing the comparative balances for the purposes of presentation in these financial statements matched against equity. It should be noticed that the application of this standard had no impact on the statements of profit or loss, statements of comprehensive income, statements of cash flows as well as statements of value added for the year ended December 31, 2022, since the balances impacted by IFRS 17 come from the business combination related to the acquisition of Sul América S.A. that occurred at the end of that year. These adjustments are presented in the tables below.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.2. Restatement of financial statements (Continued)

In addition, as part of the process of continuous review and quality improvement of its accounting practices, management has eliminated certain lease agreements involving group companies matched against Right of use in the amounts corresponding to the consolidated financial statements. This adjustment impacts the statement of financial position only and is intended to reflect a more accurate presentation and improve the understanding of these operations in the Company's consolidated financial statements.

	Individual		
	12/31/2022 (original)	Changes -	12/31/2022 (restated)
Assets			
Total current assets	16,659,849	-	16,659,849
Noncurrent assets			
Investments in subsidiaries, associates and joint ventures	(a) 26,549,365	(277,378)	26,271,987
Intangible assets	(a) 9,126,029	(2,245,085)	6,880,944
Other	8,859,533	-	8,859,533
Total noncurrent assets	44,534,927	(2,522,463)	42,012,464
Total assets	61,194,776	(2,522,463)	58,672,313
Liabilities and equity			
Current liabilities			
Total current liabilities	7,369,465	-	7,369,465
Noncurrent liabilities			
Insurance contract liabilities	(a) 2,105,907	(2,105,907)	-
Deferred taxes	(b) 354,579	(47,320)	307,259
Other	29,552,786	-	29,552,786
Total noncurrent liabilities	32,013,272	(2,153,227)	29,860,045
Equity			
Total equity	21,812,039	(369,236)	21,442,803
Total liabilities and equity	61,194,776	(2,522,463)	58,672,313

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.2. Restatement of financial statements (Continued)

Consolidated						
Reference	12/31/2021 (Originally)	Adjustment	12/31/2021 (Restated)	12/31/2022 (Originally)	Adjustment	12/31/2022 (Restated)
Current assets						
Cash and cash equivalents						
Marketable securities	124,621	-	124,621	1,109,796	-	1,109,796
Accounts receivable	12,429,549	-	12,429,549	29,236,645	-	29,236,645
Inventories	(a) 7,564,769	-	7,564,769	8,522,503	(611,051)	7,911,452
Taxes recoverable	735,245	-	735,245	808,688	-	808,688
Insurance contract assets	422,765	-	422,765	656,696	-	656,696
Reinsurance assets	(a) -	-	-	-	70,012	70,012
Derivative financial instruments	-	-	-	106,882	(61,696)	45,186
Transactions with related parties	182,018	-	182,018	251,740	-	251,740
Dividends receivable	-	-	-	7,753	-	7,753
Deferred acquisition costs	-	-	-	1,769	-	1,769
Other	(a) -	-	-	450,610	(450,610)	-
Total current assets	(a) 430,617	-	430,617	524,607	(445)	524,162
Current assets	<u>21,889,584</u>	<u>-</u>	<u>21,889,584</u>	<u>41,677,689</u>	<u>(1,053,790)</u>	<u>40,623,899</u>
Noncurrent assets						
Transactions with related parties	44,886	-	44,886	75,899	-	75,899
Marketable securities	-	-	-	1,806,334	-	1,806,334
Accounts receivable	-	-	-	1,659,489	-	1,659,489
Taxes recoverable	-	-	-	469,970	-	469,970
Insurance contract assets	(a) -	-	-	-	79,496	79,496
Reinsurance assets	-	-	-	4,874	7,056	11,930
Judicial deposits	350,512	-	350,512	2,862,274	-	2,862,274
Deferred taxes	(b) 792,083	-	792,083	3,818,728	(452,448)	3,366,280
Derivative financial instruments	3,967,943	-	3,967,943	2,487,765	-	2,487,765
Investments in subsidiaries, associates and joint ventures	2,325,839	-	2,325,839	2,553,401	-	2,553,401
Property and equipment	9,097,050	-	9,097,050	11,106,286	-	11,106,286
Intangible assets	(a) 10,631,031	-	10,631,031	18,831,039	(2,353,408)	16,477,631
Right of use – leases	(c) 3,134,453	(510,006)	2,624,447	3,864,560	(1,029,960)	2,834,600
Deferred acquisition costs	(a) -	-	-	997,897	(997,897)	-
Other	(a) 247,239	-	247,239	274,476	(11,403)	263,073
Total noncurrent assets	<u>30,591,036</u>	<u>(510,006)</u>	<u>30,081,030</u>	<u>50,812,992</u>	<u>(4,758,564)</u>	<u>46,054,428</u>
Noncurrent assets	<u>52,480,620</u>	<u>(510,006)</u>	<u>51,970,614</u>	<u>92,490,681</u>	<u>(5,812,354)</u>	<u>86,678,327</u>

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

	Consolidado						
	Reference	12/31/2021	Adjustment	31/12/2021 (Restated)	12/31/2022	Adjustment	12/31/2022 (Restated)
Current liabilities							
Trade accounts payable							
Derivative financial instruments		990,942	-	990,942	1,256,601	-	1,256,601
Loans, financing and debentures		469,249	-	469,249	827,908	-	827,908
Salaries, accruals and social charges		1,554,588	-	1,554,588	4,973,066	-	4,973,066
Tax obligations		794,061	-	794,061	982,150	-	982,150
Dividends and interest on equity payable	(b)	592,127	-	592,127	800,950	(13,063)	787,887
Insurance contract liabilities		64,551	-	64,551	145,085	-	145,085
Leases	(a)	-	-	-	5,974,995	(2,061,683)	3,913,312
Other	(c)	346,720	(50,473)	296,247	813,919	(192,168)	621,751
Total current liabilities	(a)	336,790	-	336,790	969,128	274,439	1,243,567
Current liabilities		5,149,028	(50,473)	5,098,555	16,743,802	(1,992,475)	14,751,327
Noncurrent liabilities							
Derivative financial instruments		786,166	-	786,166	1,131,108	-	1,131,108
Loans, financing and debentures		26,074,748	-	26,074,748	27,910,159	-	27,910,159
Transactions with related parties		2,199	-	2,199	4,207	-	4,207
Tax obligations		239,835	-	239,835	240,550	-	240,550
Insurance contract liabilities	(a)	-	-	-	13,421,690	(2,192,662)	11,229,028
Deferred taxes	(b)	592,976	-	592,976	1,064,336	(665,922)	398,414
Provision for contingencies	(d)	344,868	-	344,868	3,558,744	233,428	3,792,172
Leases	(c)	3,156,746	(459,533)	2,697,213	3,548,443	(837,792)	2,710,651
Other	(a)	1,456,115	-	1,456,115	1,790,672	12,305	1,802,977
Total noncurrent liabilities		32,653,653	(459,533)	32,194,120	52,669,909	(3,450,643)	49,219,266
Equity							
Capital		7,575,516	-	7,575,516	15,711,360	-	15,711,360
Share issue costs		(253,031)	-	(253,031)	(253,031)	-	(253,031)
Capital reserves		4,475,504	-	4,475,504	4,914,500	-	4,914,500
Treasury shares		(139,282)	-	(139,282)	(544,610)	-	(544,610)
Income reserves	(e)	1,600,180	-	1,600,180	1,669,514	(369,236)	1,300,278
Future capital contribution		4,224	-	4,224	4,224	-	4,224
Other comprehensive income		320,267	-	320,267	310,082	-	310,082
Total equity attributable to the Company's shareholders		13,583,378	-	13,583,378	21,812,039	(369,236)	21,442,803
Noncontrolling interests		1,094,561	-	1,094,561	1,264,931	-	1,264,931
Total equity		14,677,939	-	14,677,939	23,076,970	(369,236)	22,707,734
Total liabilities and equity		52,480,620	(510,006)	51,970,614	92,490,681	(5,812,354)	86,678,327

- This refers to the accounting practice changes between IFRS 4 and IFRS 17, which accounting policies based on that new practice are described on the explanatory notes n° 2.20.
- Impacts on current and deferred taxes on the adjustments mentioned above and on deferred tax from the adoption of CPC 50 / IFRS 17, since for tax purposes such practice is not adopted, therefore there is a temporary difference between tax and accounting records. The referred to tax impacts were calculated at the rates in effect and matched against equity at transition date.
- This refers to the elimination of certain lease agreements matched against the Right of use line, in order to reflect a better understanding of the consolidated financial statements. This adjustment impacts the statement of financial position only.
- This refers to the change in accounting policy for measurement of certain civil lawsuits involving adjustments in premiums of health portfolios, in order to reconcile the accounting practice of the new management as well as the respective tax effects.
- Net effect from adjustments mentioned above and from the adoption of CPC 50 / IFRS 17.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.3. Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any noncontrolling interests in the acquiree. For each business combination, the acquirer must measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Upon acquiring a business, the Group assesses financial assets and liabilities assumed so as to classify and allocate them in accordance with contractual terms, economic circumstances and relevant conditions on the acquisition date, including the segregation, by the acquiree, of embedded derivatives existing in host contracts in the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration to be considered as an asset or liability shall be recognized in accordance with CPC 48/IFRS 9 in the statement of profit or loss.

Goodwill is initially measured as the excess of the consideration transferred in relation to net assets acquired (net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the cost of the operation when determining the gain or loss on disposal.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.4. Financial instruments

Financial assets

Financial assets - Initial recognition and measurement

Financial instruments are recorded in accordance with IFRS 9/CPC 48 - Financial Instruments, which determines the classification of financial assets in three categories: (i) measured at fair value through profit or loss, (ii) measured at fair value through other comprehensive income, and (iii) measured at amortized cost. Depending on the characteristics of each instrument, they can be classified into finance income or comprehensive income. These classifications are based on the business model adopted by management and the contractual cash flow characteristics. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. For trade accounts receivable, the initial measurement uses the transaction price.

Upon first-time application of this pronouncement, the entity may choose to maintain its accounting policy in accordance with the hedge accounting requirements of CPC 38, over the requirements of this pronouncement. This provision was adopted by the Company for hedges entered into before CPC 48 became effective.

Financial assets - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost

Financial assets held in a business model whose objective is to hold assets in order to collect contractual cash flows are recognized at amortized cost. These flows are received on specific dates and comprise solely payment of principal and interest (SPPI).

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.4. Financial instruments (Continued)

Financial assets - Fair value through other comprehensive income (debt instruments)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (OCI): the financial asset is held in a business model whose objective is achieved by collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. For such instruments, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

At initial recognition, the Company may irrevocably choose to classify its equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under CPC 39 - Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment testing.

As at December 31, 2023 the Company does not have equity instruments.

Financial assets - Fair value through profit or loss

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value, with the net changes in fair value recognized in the statement of profit or loss.

The following assets are recognized at fair value through profit or loss: (i) assets that do not fall under the amortized cost or fair value through other comprehensive income classifications, (ii) equity instruments designated at fair value through profit or loss, and (iii) assets that are managed to obtain cash flows through the sale of assets.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.4. Financial instruments (Continued)

Impairment

The Company recognizes an allowance for expected credit loss on its assets classified at amortized cost. This evaluation is carried out prospectively and is based on historical data and models designed for this purpose.

Financial liabilities

Financial liabilities - initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are measured initially at fair value and, in the case of a financial liability not at fair value through profit or loss, plus or less transaction costs directly attributable to the issue of the financial liability.

The Group's financial liabilities include trade and other accounts payable, loans and financing, bank overdrafts and derivative financial instruments.

Financial liabilities - Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortized cost.

The measurement of financial liabilities depends on their classification, as described below:

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.4. Financial instruments (Continued)

Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss (loans and financing)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if acquired for the purpose of repurchasing them in the short term. This category also includes derivative financial instruments taken out by the Group that are not designated as hedging instruments in the hedging relationships defined under CPC 48. Separate embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial recognition date, and only if the CPC 48 criteria are met.

This is the most significant category for the Group. After initial recognition, interest-bearing loans, borrowings and financing are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Amortization using the effective interest rate method is included as a finance cost in the statement of profit or loss. This category generally applies to interest-bearing loans and financing granted and taken out. For additional information see Note 13.

Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, transferring substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control over the asset.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.4. Financial instruments (Continued)

Financial liabilities (Continued)

A financial liability is derecognized when the obligation thereunder is extinguished, i.e., when the obligation specified in the contract is settled, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

2.5. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as currency and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For hedge accounting purposes, such hedging instruments are classified as: a) fair value hedges, when intended to hedge exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; b) cash flow hedges, when intended to hedge exposure to variability in cash flows that is attributable to a specific risk associated with a recognized asset or liability; or c) hedges of a net investment in an foreign operation. The Company currently operates with fair value and cash flow hedges.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, CPC 48.6.4.1, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements: a) There is an economic relation between the hedged item and the hedging instrument; b) The credit risk effect does not influence the changes in value that result from this economic relation; and c) The hedge ratio of the hedging relationship is the same as that resulting from the number of the hedged item that the Company actually hedges and the number of hedging instrument that the Company actually uses to hedge that number of hedged item. Hedges that meet all of the eligibility criteria for hedge accounting are recorded as follows:

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.5. Derivative financial instruments and hedge accounting (Continued)

Fair value hedges

The change in the fair value of a hedging instrument is recognized in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the hedged risk is recorded as part of the carrying amount of the hedged item and is also recognized in the statement of profit or loss as other expenses. For fair value hedges related to items measured at amortized cost, any adjustment to carrying amount is amortized through profit or loss over the hedge remaining term, using the effective interest rate method. Amortization of the effective interest rate may be initiated as soon as there is an adjustment and, at the latest, when the hedged item ceases to be adjusted for changes in its fair value attributable to the hedged risk.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent accumulated change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability, and the corresponding gain or loss is recognized in profit or loss.

Cash flow hedges

The Group uses swaps as hedges of its exposure to the risk of fluctuation in interest rates on loans in Reais. Refer to Note 27.2 for more details.

The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income, while any ineffective portion is recognized immediately in the statement of profit or loss. Interest on the hedged item and the hedging instrument is recognized directly in profit or loss and any difference to fair value in other comprehensive income. The amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.5. Derivative financial instruments and hedge accounting (Continued)

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss. The Company has no hedge of net investment in a foreign operation.

2.6 Revenue from hospital services and recognition of costs

IFRS 15 establishes a new five-step model for accounting of revenues from contracts with customers. The Company's revenues arise from the provision of hospital services, including the use of medicines and hospital materials. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, i.e. upon rendering of medical services.

Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for assets or services to a customer. The application of the standard did not impact the measurement and presentation of the Company's revenues, since the revenues from contracts with customers are already measured at the fair value of the consideration received, less rebates, discounts, corresponding taxes, disallowances and estimated charges, and given that control and all rights and rewards arising from the provision of the Company services flow to the customer when hospital services are provided.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent, and eventually concluded that it is acting as a principal in all of its revenue arrangements, since it normally controls the products or services before transferring them to the customer.

The Company periodically reviews its historical losses on disallowances and its current position of trade accounts receivable and bills, in order to fairly estimate the amounts recoverable of its receivables.

The disclosures about judgments, estimates and significant accounting assumptions related to revenues from contracts with customers are presented in Note 2.21. The costs and expenses of operations are recognised in accordance with the accrual accounting basis.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.7. Inventories

Inventories comprise hospital supplies and medicines and are measured at average acquisition cost, not exceeding market value. Given the nature of the Company's inventories, management writes off overdue or obsolete items, however, for the year ended December 31, 2023, there was no need to set up a provision for losses.

2.8. Property and equipment

Property and equipment are measured at acquisition or construction cost, less accumulated depreciation calculated by using the straight-line method based on the estimated useful lives of the assets. Repair and maintenance costs that do not increase the asset useful life are recognized as an expense as incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as disclosed in Note 9.

Management annually reviews the net carrying amount of assets so as to assess events or changes in economic, operating or technological circumstances that may indicate impairment. When such evidence is identified, and the net carrying amount exceeds the recoverable amount, a provision for impairment is recorded to adjust the carrying amount to the recoverable amount.

2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.9 Intangible assets (Continued)

Any gain or loss arising upon derecognition of the intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

2.10 Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

Provision for tax, civil and labor risks

The Company is a party to several legal and administrative proceedings. The provision for contingencies is recognized for legal claims for which it is probable that an outflow of economic benefits will be required to settle the contingency and a reliable estimate can be made. The assessment of the likelihood of loss includes analyses of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the opinion of external legal advisors. Provisions are reviewed and adjusted considering changes in existing circumstances, such as the applicable statutes of limitation, tax audit conclusions, or additional exposures identified based on new matters or court decisions.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.11 Taxes

Current income and social contribution taxes

Income taxes comprise both income and social contribution taxes. The provisions for current income and social contribution taxes are recorded at the tax rates enacted at the reporting date and are recognized on an accrual basis; therefore, the inclusions in accounting profit of temporarily non-deductible expenses, or exclusions of temporarily non-taxable profit, considered for the calculation of current taxable profit, generate deferred tax assets or liabilities.

Current income and social contribution taxes are stated net, by entity, in liabilities when there are amounts payable, or in assets when prepaid taxes exceed total amount due at the reporting date.

Deferred taxes

Deferred taxes arise from temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.11 Taxes (Continued)

Deferred taxes (Continued)

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax assets and liabilities are presented net if there is a legally enforceable or contractual right to offset tax assets against tax liabilities, and the deferred taxes relate to the same taxable entity and are subject to the same taxation authority.

Income taxes

Revenues, expenses and assets are recognized net of sales taxes, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

When the net amount of sales tax recoverable or payable is included as part of receivables or payables in the statement of financial position.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.13 Share-based payment

Share-based incentives to the Company executives are measured and recognized at fair value as of the date options are granted, in a specific account in the statement of financial position and statement of profit or loss, as contractual conditions are met. The cost of equity-settled transactions is recognized over the year in which performance conditions and/or service are fulfilled, ending on the date the employee becomes entitled to the award (vesting date). The cumulative expense recognized until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. When an equity-settled award is canceled, it is treated as if it had vested on the cancellation date, and any unrecognized award expense is immediately recognized. This includes any award in which non-vesting conditions controlled by the Company or the counterparty are not met. However, if a new plan replaces the plan canceled, and is designated as a substitute plan at grant date, the plan canceled and the new plan are treated as a modification of the original plan.

2.14 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the Company's equity instruments.

2.15 ICPC 22/IFRIC 23 - Uncertainty over Income Tax Treatments

This interpretation establishes recognition and measurement requirements in situations in which the Company has defined, during the process of calculating income taxes (IRPJ and CSLL), the use of uncertain tax treatments, which may be questioned by the taxation authority.

In situations in which certain treatments are uncertain, the Company must define the probability of acceptance by the taxation authorities and present them separately, determining any contingency if it concludes that the taxation authority will not accept such treatment.

The Company management reviewed the judgments made in calculating income and social contribution taxes, and concluded that there are no uncertain treatments that would require the recognition of additional provision amounts.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.16 Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use asset

The Group recognizes the right-of-use assets at lease inception (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as presented in Note 11.

Lease liabilities

At lease inception, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the strike price of a purchase option reasonably certain to be exercised by the Group and payments of fines for terminating the lease, if the lease term reflects the Group exercising the option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

When calculating the present value of lease payments, the Group uses its incremental borrowing rate at the inception date because the interest rate implicit in the lease is not easily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.16. Lease (Continued)

Lease liabilities (Continued)

lease payments (e.g., changes to future payments resulting from a change in an index or a rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group as a lessor

Leases for which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Lease income is accounted for by the straight-line method over the lease period and is included in income in the statement of profit or loss, due to its operational nature. Initial direct costs incurred in negotiating operating lease agreements are added to the book value of the leased asset and recognized over the lease term at a base similar to lease income. Contingent leases are recognized as revenue over the time they are earned.

2.17. Cash and cash equivalents

Cash and cash equivalents include balances in bank current accounts and highly-liquid short-term deposits, maturing within three months, from the contract date and subject to an insignificant risk of change in value. These balances are held for the purpose of meeting short-term cash commitments rather than for investment or any other purposes.

2.18 Segment reporting

Segment reporting takes into consideration the structure used by management in analyzing profit or loss for decision making, in breaking down and presenting the segments with similar characteristics, risks and returns in internal reports, and the relevance of this information. The business segments recognized by management are the following:

Hospital

The hospital service segment comprises activities at own hospitals, administered hospitals, oncology clinics, in addition to supplementary services such as blood bank, dialysis and outpatient clinics with various specialties.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.18 Segment reporting (Continued)

Health

The segment is formed by administrative services only (ASO) plans, and health and dental insurance, which are divided into “group” and “individual”.

The group plan comprises the health insurance and plan, and also the dental plan. This segment targets small, medium and large-sized companies. The conditions of available products are differentiated in order to meet the needs of each company.

The individual plan targets individuals and has standard characteristics.

Life and pension

The Life & pension segment is formed by life insurance and private pension.

Life insurance is composed of individual and group life insurance lines, and personal, individual and group accident lines, in addition to travel insurance, credit life insurance and endowment insurance. The total coverage and premiums paid vary according to the profile and objective of each individual or group of individuals.

The product private pension allows customers to choose a profile for themselves (moderate, aggressive and conservative) and make contribution payments based on the amount they wish to receive upon retirement. Benefit payment methods are negotiated upon retirement.

Asset management

Profit or loss from investing activities performed by associates SAMI and SAGA, and the expenses and revenues allocated to the corporate back-office units.

Other

Other mortgage and mass insurance that is in discontinuation phase, income and expenses allocated to corporate back-office units, and the adjustments and eliminations of transactions between group segments.

In addition to analyzing the segment as a whole, the Company's decision-makers analyze the hospital segment on a disaggregated basis by profit or loss of each hospital; however, this individual analysis by hospital does not represent different operating segments.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.19 Earnings per share

Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the year.

Diluted earnings per share are calculated by dividing net income attributable to holders of the parent company's common shares (after adjusting for the stock option plan, as described in Note 26) by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

2.20. Insurance contracts

In the ordinary course of its business, the Company issues insurance contracts, and accepts significant insurance risk relating to policyholders under such contracts. In general, the Company determines if insurance risk is significant by comparing the benefits to be paid after an insured event with the benefits to be paid if the insured event does not occur. Insurance contracts may also transfer financial risk. The Company issues health care, dental, life, travel and private pension insurance.

The Company maintains but does not issue reinsurance contracts.

Separating components of insurance and reinsurance contracts

The Company analyzes its products to determine whether they contain distinct components that should be accounted for under a CPC/IFRS other than CPC 50/IFRS 17. After separating any distinct components, the Company applies CPC 50/IFRS 17 to all remaining components of the issued insurance or reinsurance contract. Currently, the Company's insurance contracts do not include any distinct component that requires such separation.

Level of aggregation of insurance and reinsurance contracts

CPC 50/IFRS 17 requires that management determine the level of aggregation of the Company's insurance and reinsurance contracts in order to apply CPC 50/IFRS 17 requirements. The Company previously applied aggregation levels in accordance with CPC11/IFRS 4, which were significantly higher than the level of aggregation required by CPC 50/IFRS 17. The level of aggregation for the Company is primarily determined by the grouping of the Company's contracts into portfolios. The portfolios, comprised of groups of contracts with similar risks managed together, are Group healthcare plans, individual healthcare plans, dental plans (group and individual), life (group, individual and long-term life, credit life insurance (monthly and lump-sum payment) and pension risks), travel insurance and private pension plans (traditional and PGBL/VGBL).

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.20. Insurance contracts (Continued)

Level of aggregation of insurance and reinsurance contracts (Continued)

The portfolios are subdivided (groups) based on estimated profitability upon initial recognition into three categories, as follows:

- Onerous - group of onerous contracts upon initial recognition, which is: Individual health;
- Low risk of onerous contracts - groups of contracts which, upon initial recognition, have no significant possibility of becoming onerous subsequently and are: Group health plans, group and individual dental plans, private pension plans (VGBL/PGBL) and travel insurance;
- Other - group that contains the other contracts, such as: Life (individual and group), credit life insurance (monthly and lump-sum payment), pension risks and traditional pension plans.

All reinsurance contracts were classified as cost, that is, contracts which, upon initial recognition, have a low possibility of generating net gains after initial recognition.

CPC 50/IFRS 17 also requires that no group contain contracts issued more than one year apart and the Company opted to aggregate in annual cohorts.

The profitability of contract groups is evaluated by actuarial valuation models that take into consideration existing and new businesses.

Contract limits

The Company includes in the measurement of a group of insurance contracts all future cash flows within the limit of each contract in the group. These cash flows are within the limits of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can obligate the policyholder to pay premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

Recognition

Management recognizes a group of insurance contracts issued by the Company when the first of the following events occurs: (1) the beginning of the contract group coverage period; (2) the due date of the policyholder's first payment in the group; and (3) for a group of onerous contracts, when the group becomes onerous.

The Company recognizes reinsurance contracts when the first of the following events occurs: (1) the beginning of the contract group coverage period; and (2) date on which the entity recognizes an onerous group of underlying insurance contracts, where applicable.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.20. Insurance contracts (Continued)

Measurement approach

Premium Allocation Approach (PAA) - measurement upon initial recognition

The Company applies PAA to all insurance contracts that it issues for the following groups: Group health, group dental, short-term life (individual, group life and credit life insurance with monthly payments), travel and all reinsurance contracts, whose coverage period of each group contract is of one year or less, including coverage deriving from all premiums within the contract limit. The Company measures the liability for remaining coverage as the premiums, if any, received upon initial recognition, less any cash flows from purchase of insurance at that date, plus or less any amount arising from derecognition at the date of the asset or liability recognized for the cash flows from purchase of insurance that the Company pays or receives before the group of contracts is recognized.

Premium Allocation Approach (PAA) - subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period;
- Less insurance acquisition cash flows - commissions, agency services and other costs related to the sale of new contracts;
- Plus any amounts relating to amortization of insurance acquisition cash flows recognized as an expense in the reporting period for the group;
- Less the amount recognized as insurance revenue from services provided in the period.

For contracts in which the Company expects the period between providing each part of the coverage and the respective premium maturity date not to exceed one year, the Company chose not to adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk. Subsequent measurement of reinsurance contracts held follows the same principles as insurance contracts and was adapted to reflect the specific characteristics of reinsurance.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.20. Insurance contracts (Continued)

General Approach (Building Block Approach - BBA)

Measurement upon initial recognition: the Company applies BBA to the following groups: Individual health, Individual dental, Traditional pension and Long-term life (Long-term life, Credit life insurance (lump-sum payment), and pension risks). BBA measures a group of insurance contracts as the total of:

- Fulfillment cash flows (inflow and outflow cash flows necessary for the fulfillment of the Company's contractual rights to receive funds from contractors and the Company's contractual obligations to the policyholders/beneficiaries); and
- CSM, which is the component of assets or liabilities for the contract group that represents unearned profit that the entity should recognize based on the provision of insurance coverage in the future.

Fulfillment cash flows comprise unbiased, probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk. The Company's objective in estimating future cash flows is to determine the expected amount, or probability-weighted average, of the full range of possible outcomes, given all reasonable and supportable information available at the reporting date, without undue cost or effort.

CSM at the end of the reporting period represents profit in the group of contracts that has not yet been recognized in profit or loss, since it refers to services still to be provided. For a group of contracts, the CSM carrying amount of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period, adjusted as follows: the effect of any new contracts added to the group; accumulated interest on the CSM carrying amount over the reporting period, measured at the discount rates upon initial recognition; changes in fulfillment cash flows relating to future services unless: these increases in fulfillment cash flows exceed the CSM carrying amount, giving rise to a loss; or these reductions in fulfillment cash flows are allocated to the loss component of the liability for remaining coverage; the amount recognized as insurance revenue due to the transfer of contract services in the period, determined by allocating the remaining CSM at the end of the reporting period (before any allocation) over the current and remaining coverage period. The locked-in discount rate is the rate applicable on the date of initial recognition of contracts. The discount rate used for adding interest in CSM is calculated using the bottom up approach at the beginning.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.20. Insurance contracts (Continued)

Changes in fulfillment cash flows relating to future services that adjust CSM include:

- Experience adjustments that arise from the difference between premium received (and any related cash flows, such as insurance acquisition cash flows and taxes on insurance premiums) and the estimated amounts at the beginning of the period. Differences relating to premiums received (or payable) referring to current or past services are recognized immediately in profit or loss, whereas differences relating to premiums received (or payable) for future services are adjusted against CSM;
- Changes in estimated present value of future cash flows in the liability for remaining coverage, except changes relating to the time value of money and changes in financial risk (recognized in P&L (Pension) and other comprehensive income (other portfolios) rather than adjusting CSM);
- Differences between any investment component that is expected to be due in the period and the actual investment component that becomes due in the period.
- Changes to the risk adjustment for non-financial risk relating to future services.

Except for the changes in risk adjustment, CSM adjustments mentioned above are measured at discount rates that reflect the characteristics of the group of contracts' cash flows upon initial recognition.

The Company measures the carrying amount of a group of contracts at the end of each reporting period as the sum of the liability for remaining coverage, comprising fulfillment cash flows relating to future services allocated to the group at that date and the group's CSM at that date and the incurred claim liability, comprising fulfillment cash flows relating to past services allocated to the group at that date.

Variable Fee Approach (VFA) - measurement upon initial recognition

The Company applies the VFA to contracts with direct participation features: Private Pension (PGBL/VGBL), similar to BBA, except for the fact that the fulfillment cash flows take into consideration the participation of the beneficiaries and of the Company in the fair value of underlying assets. Similarly to BBA, CSM at the end of the reporting period represents profit in the group of contracts that has not yet been recognized in profit or loss, since it refers to services still to be provided. For a group of contracts, the CSM carrying amount of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period, adjusted as follows:

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.20. Insurance contracts (Continued)

Variable Fee Approach (VFA) - measurement upon initial recognition (Continued)

- the effect of any new contracts added to the group;
- the change in the entity's participation upon change in fair value of the underlying items, except to the extent that:
 - the reduction in the amount of the entity's participation in the decrease in fair value of the underlying items exceeds the carrying amount of CSM, giving rise to the loss; or
 - the increase in the entity's participation in the increase in fair value of the underlying items reverses the amount described in the previous item;
- The changes in fulfillment cash flows relating to future insurance coverage, except to the extent that:
 - these increases in fulfillment cash flows exceed the CSM carrying amount, giving rise to the loss; or
 - these reductions in fulfillment cash flows are allocated to the loss component of the liability for remaining coverage; and
- the amount recognized as insurance revenue due to the provision of coverage under contracts in the period, determined by allocating the remaining CSM at the end of the reporting period (before any allocation) over the current and remaining coverage period.

Loss components

The Company grouped contracts that are onerous upon initial recognition separately from contracts in the same portfolio that are not onerous upon initial recognition. Groups that were not onerous upon initial recognition may also become onerous subsequently if assumptions and experience change. The Company established a loss component for the liability for remaining coverage for any onerous group representing future losses. A loss component represents an amount of losses attributable to each group of onerous contracts (or initially profitable contracts that became onerous). The loss component is released based on a systematic allocation of subsequent changes relating to future services in fulfillment cash flows to: the loss component; and the liability for remaining coverage less the loss component.

The loss component is also updated for subsequent changes relating to future services in the estimated fulfillment cash flows and to the risk adjustment for non-financial risk. The systematic allocation of subsequent changes in the loss component results in the total amounts allocated to the loss component equal to zero at the end of the coverage period of a group of contracts (since the loss component will have materialized in the form of claims and other costs that may be allocated to such group of contracts). The Company uses the ratio upon initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage less the loss component.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.20. Insurance contracts (Continued)

Loss recovery components

When the Company recognizes a loss on initial recognition of an onerous group of underlying insurance contracts or when other onerous underlying insurance contracts are added to a group, the Company establishes a loss recovery component for the asset for remaining coverage of a group of reinsurance contracts held that represent the recovery of losses. When a loss component has been established after initial recognition of a group of underlying insurance contracts, the portion of revenue that was recognized from the related reinsurance contracts is disclosed as a loss recovery component. When a loss recovery component was established on initial recognition or subsequently, the Company adjusts the loss recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts. The carrying amount of the loss recovery component should not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held.

Accordingly, the loss recovery component recognized upon initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when the loss component of the onerous group of underlying insurance contracts is nil.

Liabilities for claims incurred

For all measurement approaches (PAA, BBA or VFA), the Company estimates liabilities for claims incurred based on the best estimates available, which take into consideration the historical experience observed, realistic assumptions and reasonable information that reflect the Company's current perspective and include an adjustment for non-financial risk (risk adjustment).

Insurance acquisition cash flows

Insurance acquisition cash flows result from the costs of selling, underwriting and initiating a group of contracts (issued or expected to be issued) that are directly attributable to the portfolio of contracts to which the group belongs. Insurance acquisition cash flows are allocated on a straight-line basis over time (through insurance revenue) or based on the portfolio's permanence curve. At the end of each reporting period, the Company assesses the recoverability of assets for the acquisition of insurance cash flows. If facts and circumstances indicate that the asset may be impaired, and if an impairment loss is identified, the Company adjusts the carrying amount of the asset and recognizes the impairment loss in P&L.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.20. Insurance contracts (Continued)

Insurance and reinsurance contracts acquired in business combinations

As mentioned before, the Company acquired all of its insurance and reinsurance contract portfolios by acquiring 100% control over SulAmérica S.A. at the end of 2022, therefore by means of a business combination.

In conjunction with the practices described above, the Company used the consideration received (groups of contracts whose fair value determined a liability) or paid (groups of contracts whose fair value determined an asset) for the contracts as a replacement for premiums received. The consideration received or paid for the contracts excluded the consideration received or paid for any other assets and liabilities acquired in the same transaction, and no differences between fair value and book value of the reinsurance contracts were identified.

In business combinations within the scope of application of CPC 15, the consideration paid or received is the fair value of the contracts on that date.

For groups of contracts where PAA was the measurement approach determined for measuring the liability for remaining coverage, the consideration received or paid was allocated in the same manner as described for acquisition cash flows.

For groups of contracts measured using the BBA or VFA, the CSM was calculated based on the initial measurement of such approaches using the consideration received or paid for the contracts as a replacement for the premiums received or paid on the date of initial recognition.

For onerous contracts acquired, the Company recognized the excess of fulfillment cash flows over the consideration paid or received against equity, as required by CPC 23 when a new accounting policy is adopted.

The Company established the loss component of the liability for remaining coverage for this excess, and applied the previously described accounting practice for loss components to allocate subsequent changes in fulfillment cash flows to that loss component.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.20. Insurance contracts (Continued)

Net income or expense from reinsurance contracts

The Company presents separately in the statement of profit or loss and in other comprehensive income, the amounts expected to be recovered from reinsurers and the allocation of reinsurance premiums paid. The Company treats reinsurance cash flows that depend on claims in the underlying contracts as part of the claims expected to be reimbursed under the executed contract and excludes investment components and commissions from the allocation of reinsurance premiums presented in the statement of profit or loss and in other comprehensive income.

Finance income and costs from insurance

Finance income or costs arising from insurance comprise changes in the carrying amount of the group of contracts derived from:

- The effect of the time value of money and changes in the time value of money;
- The effect of financial risk and changes in financial risk.

The Company disaggregates finance income or costs arising from insurance and reinsurance contracts into profit or loss and other comprehensive income. The impact of changes in market interest rates on insurance amounts and respective reinsurance assets and liabilities, when applicable, are reflected in P&L (pension) and in other comprehensive income (other portfolios) in order to minimize accounting mismatches between the recording of financial assets and insurance assets and liabilities. The Company's financial assets that back the insurance portfolios are predominantly measured at fair value through profit or loss or fair value through other comprehensive income, except for a portion of the assets that back traditional pension contracts, which are measured at amortized cost.

The Company systematically allocates expected total finance income or cost from insurance or reinsurance over the life of the group of contracts to P&L using the discount rates determined upon initial recognition of the group of contracts

For groups of insurance contracts (traditional pension plans) for which changes in assumptions referring to financial risk have a substantial effect on the amounts paid to policyholders, the Company systematically allocates to finance income or costs resulting from estimated future cash flows using the rate that allocates the remaining revised expected finance income or costs over the remaining term of the group of contracts at the constant rate.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.20. Insurance contracts (Continued)

Finance income or costs deriving from insurance contracts with direct participation features (VFA)

For contracts with direct participation features, for which the entity maintains the underlying items, the accounting policy chosen by the entity was to disaggregate insurance finance income or costs for the period to include in P&L the amount that eliminates accounting mismatches with income or costs included in P&L in the underlying items held, including in P&L income or costs that exactly match income or cost amounts included in P&L for the underlying items, and therefore the items' net amount presented separately equaled zero.

Significant accounting judgments, estimates and assumptions to the insurance and reinsurance contracts

For BBA and VFA measurement models, the Company mainly uses deterministic projections to estimate the present value of future cash flows and for some groups, management uses stochastic modeling techniques. A stochastic model is a tool for estimating probability distributions of potential outcomes, allowing for random variation in one or more assumptions over time. Random variation is usually based on fluctuations observed in historical data for a selected period using standard time series techniques. The assumptions used for estimating future cash flows were as follows:

Mortality rates (Life, Long-term life - portion of reinsurance and private pension risks)

Mortality assumptions are based on standard domestic industry tables, according to the type of contract entered into. These assumptions reflect recent historical experience and are adjusted where appropriate to reflect the Company's experiences and future prospects. The assumptions are differentiated by gender of the policyholder, underwriting class and type of contract.

An increase in expected mortality rates will increase the expected cost of the claim, which will reduce the Company's expected future earnings.

Assumptions that impact net liabilities per business	2023	2022
Pension risks	BR-EMS (Sob) / Winklevoss / Álvaro Vindas	BR-EMS (Sob) / Winklevoss / Álvaro Vindas
Private pension	BR-EMS (Sob)	BR-EMS (Sob)
Long-term life	BR-EMS (Mor)	BR-EMS (Mor)
Individual health	BR-EMS (Mor)	BR-EMS (Mor)

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.20. Insurance contracts (Continued)

Significant accounting judgments, estimates and assumptions to the insurance and reinsurance contracts (Continued)

Expenses allocated to groups of contracts

The assumptions for operating expenses reflect the projected costs of maintaining and meeting the Company's obligations under current insurance contracts and associated indirect expenses. The current level of expenses is considered as an appropriate expense base, adjusted for expected inflation, if appropriate.

Variations in the expected expense level will change the Company's expected future earnings.

Cancellation rates due to death, default and withdrawal

Cancellation due to default refers to the termination of contracts due to non-payment of premiums. Withdrawals refer to the voluntary termination of contracts by policyholders. Contract termination assumptions are determined using statistical measures based on the Company's experience and vary according to product type, contract duration and sales trends.

Discount rates (BBA, VFA and Claims liability)

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium, when applicable. Risk-free rates are determined by reference to yields provided by highly liquid sovereign bond in the currency of the insurance contract liabilities (Reais).

The illiquidity premium is determined based on observable market rates, based on a reference private credit portfolio, indexed by CDI and CDI+, whose issuers have a Brazil rating equal to or greater than A. The spread over DI is reduced by premiums for credit risk, based on the probability of default for each issuer, and the difference results in the premium for liquidity risk.

Discount rates applied for discounting future cash flows are as follows:

Groups	1 year		2 years		5 years		10 years	
	2022	2023	2022	2023	2022	2023	2022	2023
Liquidity adjustment								
Individual health	12.85%	11.28%	12.23%	10.60%	11.31%	10.66%	11.14%	10.87%
Health and dental - Group								
Long- and short-term life								
Travel	12.54%	10.98%	11.89%	10.28%	10.95%	10.32%	10.75%	10.50%
Traditional								
Reinsurance								
Individual dental								
PGBL/VGBL	12.23%	11.96%	11.56%	11.17%	10.58%	10.70%	10.36%	10.88%

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.20. Insurance contracts (Continued)

Significant accounting judgments, estimates and assumptions to the insurance and reinsurance contracts (Continued)

Risk adjustment for non-financial risk (risk adjustment)

The risk adjustment for non-financial risks represents the compensation that the Company requires to bear the uncertainty about the amount and timing of cash flows from groups of insurance contracts and covers insurance risk, cancellation risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows would exceed the best estimate amount.

The Company estimated the risk adjustment using a cost of capital technique for all contract groups, except for pension contracts (traditional and VGBL/PGBL) for which management used a chosen percentile of confidence interval.

The cost of capital technique requires that the Company measure fulfillment cash flows and additional capital required in each future date of cash flows projection in order to meet the Company's internal economic capital requirements.

The cost of capital represents the return required by the Company to offset the exposure to non-financial risk. The confidence interval technique used for pension contracts (traditional and VGBL/PGBL) is based on the calculation of an interval, associated with a probability (the confidence level), which represents the confidence that the interval contains the parameter.

The risk adjustment calculated in future durations is discounted up to the statement of financial position date at the risk-free rate, to be maintained as part of the total insurance contract liability.

The risk adjustment of insurance contracts corresponds to levels greater than or equal to 60%.

Amortization of CSM

A CSM amount for a group of insurance contracts is recognized in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The number of a group's coverage units is the amount of insurance contract services provided by the group's contracts, calculated considering the amount of benefits offered and the expected period of coverage. For reinsurance contracts held, CSM amortization is similar to insurance contracts issued and reflects the expected underwriting pattern of the underlying contracts since the level of service provided depends on the number of underlying contracts in force.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.20. Insurance contracts (Continued)

Significant accounting judgments, estimates and assumptions to the insurance and reinsurance contracts (Continued)

Assets for insurance acquisition cash flows

The Company applies judgment in determining the assumptions used in the methodology to systematically and rationally allocate cash flows from insurance acquisition to groups of insurance contracts. This includes judgments about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals of new contracts issued in the period.

In the current and previous years, the Company allocated insurance acquisition cash flow to groups of future insurance contracts, as management expected renewals arising from new contracts issued in the period.

In the current and previous year, the Company identified no facts and circumstances that indicate that the assets could be impaired.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.21. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities at the reporting date.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and assumptions are continuously reviewed and the impacts that may arise are recognized in profit or loss for the year in which the reviews occur.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for disallowances and allowance for expected credit losses

The Group uses an allowance matrix per business unit to calculate the expected credit losses on accounts receivable. The allowance rates applied are based on days of delay for groupings of various customer segments that have similar loss patterns (such as by geographic region, type of product or type of customer and credit risk, among others).

The allowance matrix is initially based on the historical loss rates observed by business units. The Group reviews the matrix prospectively to adjust it according to the historical experience of credit loss. At all reporting dates, the observed historical loss rates are restated considering the history of receipt by entity, in addition to individual analysis of receivables to capture specific counterparty risks and, if necessary, the total outstanding portfolio of these customers is accrued.

The assessment of the correlation among observed historical loss rates, expected economic conditions and expected credit losses constitute a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and expected economic conditions. The Group's historical credit loss experience and the forecasted economic conditions may also not to represent the real customer pattern in the future. Information on expected credit losses on the Group's accounts receivable is disclosed in Note 5.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.11. Significant accounting judgments, estimates and assumptions (Continued)

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be obtained in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs, such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Impairment of nonfinancial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of value in use is based on the discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discounted cash flow rate, as well as expected future cash receipts and the growth rate used for extrapolation purposes. Significant assumptions used to determine the recoverable amount of the various cash-generating units, including sensitivity analysis, are described in detail in Notes 8 and 10.

Leases - Estimated Incremental Borrowing Rate (IBR)

The Group is not able to readily determine the interest rate implicit in the lease and, therefore, takes into consideration its incremental borrowing rate to measure lease liabilities. The incremental rate is the interest rate that the Group would have to pay when borrowing, for a similar term and with a similar guarantee, the resources necessary to obtain the asset with a value similar to the right-of-use asset in a similar economic environment. Therefore, this assessment requires management to consider estimates when there are no observable rates available (e.g., subsidiaries that do not engage in financing transactions) or when they need to be adjusted to reflect the terms and conditions of a lease (e.g., when leases are not in a subsidiary's functional currency). The Group estimates the incremental rate using observable data (such as market interest rates) when available, and considers aspects that are specific to the Group (such as subsidiary's credit rating) when making this estimate.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.11. Significant accounting judgments, estimates and assumptions (Continued)

Income and social contribution taxes

Deferred income and social contribution tax assets are recognized only to the extent that taxable profit is likely to be available for temporary differences to be used and tax losses to be offset. Recovery of deferred tax assets is reviewed at each year end and, when taxable profit is no longer likely to be available for total or partial asset recovery, the asset balance is adjusted to the amount expected to be recovered.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Provision for contingencies

The assessment of the likelihood of loss includes analyses of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the opinion of external legal advisors. Provisions are reviewed and adjusted considering changes in existing circumstances, such as the applicable statutes of limitation, tax audit conclusions, or additional exposures identified based on new matters or court decisions. The grounds for and nature of the provision for contingencies are described in Note 14.

Insurance contracts

Significant accounting judgments, estimates and assumptions for insurance and reinsurance contracts are presented in Note 2.20.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

2. Accounting policies (Continued)

2.12. New or revised pronouncements applied for the first time in 2023

The Group applied for the first time certain standards and amendments that are effective for annual reporting periods beginning on or after January 1, 2023. Therefore, except for the adoption of IFRS 17 - Insurance Contracts (CPC 50) presented in Note 2.21, the adoption of the other standards and amendments had no material impact on the disclosures or amounts presented in these financial statements. The standards and amendments that are effective as of December 31, 2023 are as follows:

- CPC 50 (IFRS 17) - Insurance Contracts (including amendments published in June 2020 and December 2021);
- Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgments;
- Amendments to IAS 12 - Income Taxes - International Tax Reform - Pillar Two Model Rules;
- Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.

For hedging transactions, the Company adopted IFRS 9 on January 1, 2023, replacing IAS 39, Financial Instruments (CPC 38), which the Company had elected to keep in force for hedge accounting purposes at the time of initial adoption of IFRS 9 (CPC 48) on January 1, 2018. The transition to IFRS 9 was carried out prospectively and the pre-existing hedging relationships were treated as continuous hedging relationships, with no loss of effectiveness or designation in the transition. Adoption of IFRS 9 had no significant impacts on the financial statements and is presented in Note 24.

In addition, the Group elected not to early adopt any other standard, interpretation or amendment that have been issued, but is not yet effective as of December 31, 2023. Management understands that the adoption of this standard will have no material impact on the Company's financial statements at the time of application, when applicable.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

3. Business combinations

On February 23, 2022, the Company and Sul América S,A, entered into (i) an Association Agreement, Voting Commitment and Other Covenants (“Association Agreement”); and (ii) the Private Instrument of Rationale for the Merger of Sul América S,A, by Rede D’Or (“Rationale for the Merger” and, together with the Association Agreement, the “Purchase and Sale Agreements”), through which the parties agreed to the terms and conditions of a business combination between the two Companies, with the unification of their shareholding bases, through the merger of SASA into Rede D’Or (the “Transaction”), The consummation of the Transaction was conditioned on the approvals of the General Meetings of the two companies and of the relevant regulatory agencies (“conditions precedent”).

On April 14, 2022, the shareholders of Rede D’Or and Sul América S,A, approved the Rationale for the Merger at their respective Special General Meetings and, on that date, the approvals of the relevant regulatory agencies for the implementation of the Transaction as part of the conditions precedent were still pending.

On December 20, 2022, in view of the fulfillment of the conditions precedent, the Boards of Directors of both companies authorized the immediate consummation of the Transaction, through the issue of 308,304,834 new common shares of Rede D’Or, which replaced the shares of Sul América S.A. In this resolution, December 23, 2022 was determined as the date of consummation of the Transaction pursuant to the terms of the Rationale for the Merger and, consequently, the date on which Rede D’Or assumed the control of the management and guidelines of SASA’s business for all purposes (date of acquisition for purposes of applying IFRS 3 and CPC 15 (R1)), It should be noted that on December 23, 2022, after the market closed, the shares of Sul América S,A, ceased to be traded on B3 and the former shareholders of Sul América S.A. became shareholders of the Company.

In addition, on the date of consummation of the Transaction, the portion invested in shares of Sul América S,A, that were until then held by Rede D’Or, originally acquired at the acquisition cost of R\$1,214,850, was measured at the fair value of R\$854,238, As such, of the 308,304,834 new shares issued by Rede D’Or, as mentioned above, 29,379,399 shares were used to replace the shares of Sul América S,A, held by Rede D’Or on the date of consummation of the Transaction and, consequently, were allocated to the treasury shares line item of Rede D’Or, as provided for in the terms of the Rationale for the Merger.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

3. Business combination (Continued)

	<u>In millions of R\$, except number of shares</u>
Consideration transferred	8,998,860
Fair value of assets acquired:	
Cash and cash equivalents and marketable securities	18,867,230
Trade accounts receivable	3,373,425
Taxes recoverable	722,199
Reinsurance assets	111,756
Judicial deposits	2,443,586
Deferred income and social contribution taxes - assets	2,218,443
Investments	88,841
Property and equipment	116,519
Intangible assets	5,687,486
Right of use - leases	92,801
Acquisition costs	1,448,507
Other assets	66,258
Fair value of liabilities assumed:	
Trade accounts payable	(11,527)
Loans and financing	(2,783,914)
Salaries, accruals and social charges	(160,110)
Tax obligations	(262,114)
Insurance liabilities	(20,782,988)
Administrative services only health plan	(430,665)
Provision for contingencies	(3,223,475)
Leases	(99,924)
Other liabilities	(300,757)
Total net identifiable assets at fair value	<u>7,181,577</u>
Noncontrolling interests	3,342
Goodwill from acquisition of SASA	1,820,625

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

3. Business combination (Continued)

The main allocations of fair values of assets acquired and liabilities assumed are summarized as follows:

Description	Adjustment to fair value	Remaining useful life (years)	Valuation method
Intangible assets - "Sul América" brand (i)	2,068,575	Indefinite	<i>Royalty Relief</i>
Intangible assets - Customer relationship portfolio (ii)	2,452,720	3-9 years	MPEEM
Insurance liabilities (iii)	(2,105,907)	12-13 years	MPEEM
Provision for contingencies - Contingent liabilities (iv)	(1,070,642)	n/a	Fair value
Loans and financing	(21,625)	n/a	Fair value
Marketable securities	111,246	n/a	Fair value
Tax effects – deferred tax liabilities, net (v)	(487,685)	-	-

- (i) Represents the fair value of the "Sul America" brand. The royalty release method was applied considering a reference of similar royalty transactions (Note 10).
- (ii) The fair value (consideration received or paid) of the customer relationship portfolios in the business combination, which includes the Dental, SME-Small and Medium-Enterprise, Business, Adhesion, Life and Pension (VGBL/PGBL) portfolios, estimated through the Multi-Period Excess Earning Method, for the long-term portfolios, measured by the BBA or VFA, were considered as a substitute for the premiums received in the initial measurement of such portfolios based on CPC 50/IFRS 17, on the other hand, for the short-term portfolios, measured by the PAA, this fair value was allocated in the same way as described for acquisition cash flows (note 2.20).
- (iii) The fair value loss (consideration received or paid), arising from the Individual Health and Traditional Pension portfolios, assumed in the business combination, estimated through the Multi-Period Excess Earning Method, as they are portfolios considered long-term, measured by the BBA or VFA, such capital gain was considered as a substitute for the premiums received in the initial measurement of such portfolios based on CPC 50/IFRS 17 (note 2.20).
- (iv) Contingent liabilities previously not recognized in the acquired company were valued and recognized at fair value, when classified as present obligation and reliably measurable, as required by CPC 15 / IFRS 3.
- (v) Refers to the temporary differences generated on the identified assets and liabilities assumed at fair value in the business combination process, as required by CPC15/IFRS3, with the goodwill of future recoverability as a counterpart.

It should be noted that the amounts related to the revaluation surplus presented in the table above, as well as the goodwill of R\$1,820,625, will not be deductible for income and social contribution tax purposes, The goodwill represents the expected future profitability, based on the benefits expected from the synergy of the Company's and its subsidiaries' operations.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

3. Business combination (Continued)

	2022			2021							
	Aeroporto	Santa Isabel	Arthur Ramos	Novo Atibaia	N, S, das Neves	Santa Emília	Proncor	Biocor	América	Serra Mayor	Balbino
Acquisition date	03/15/2022	02/24/2022	01/27/2022	12/21/2021	08/30/2021	08/10/2021	08/04/2021	06/30/2021	06/02/2021	06/01/2021	05/28/2021
Location	BA	SP	AL	SP	PB	BA	MS	BH	SP	SP	RJ
Equity interest acquired (%)	100,00	100,00	100,00	100,00	51,00	100,00	51,00	51,00	100,00	100,00	100,00
Total consideration	218.138	280.000	356.257	165.147	224.259	169.119	112.939	391.714	468.872	86.986	88.568
Payment on acquisition date	186,827	280,000	284,817	102,147	197,004	158,090	107,111	391,714	456,050	79,108	84,311
Accounts payable for acquisitions	31,311	-	71,440	63,000	27,255	11,029	5,828	-	12,822	7,878	4,257
Assets											
Cash and cash equivalents	2,669	-	6,246	514	81,325	6,654	981	10,254	856	2,297	1,146
Trade accounts receivable	23,383	35,961	52,095	23,866	74,907	10,387	14,435	49,391	17,460	8,934	12,333
Inventories	1,562	1,339	3,557	4,306	15,039	3,078	1,822	6,446	-	1,258	3,067
Taxes recoverable	185	-	4,928	4,320	3,518	144	216	4,401	2,014	586	1,025
Judicial deposits	780	-	153	463	197	11	95	1,646	-	61	997
Deferred income and social contribution taxes	5,771	-	6,604	18,220	168	-	116	7,676	-	450	15,640
Indemnifiable assets	-	-	-	-	-	-	-	-	-	-	1,789
Property and equipment	41,289	10,414	68,795	20,531	76,012	56,701	84,164	178,353	18,846	50,888	17,287
Intangible assets	29	-	504	279	9,311	21	-	173	38	10	-
Right of use – leases	-	81,323	-	2,602	57,185	-	178	-	-	162	-
Other	5,466	197	5,744	9,169	11,474	34	2,235	7,565	497	7,468	753
	81,134	129,234	148,626	84,270	329,136	77,030	104,242	265,905	39,711	72,114	54,037
Liabilities											
Trade accounts payable	(8,814)	-	(18,600)	(13,837)	(27,050)	(936)	(2,286)	(21,348)	(4,143)	(1,497)	(3,180)
Loans and financing	(8,642)	-	(4,123)	(10,186)	(135,789)	(21,606)	(17,460)	-	-	(37,805)	(4,842)
Transactions with related parties	-	-	-	-	-	-	(10,197)	-	-	-	-
Salaries, accruals and social charges	(3,765)	(9,756)	(6,490)	(11,754)	(9,911)	(760)	(4,670)	(13,911)	(7,379)	(2,614)	(13,234)
Tax obligations	(5,692)	(1,284)	(20,580)	(13,933)	(11,649)	(1,385)	(34,129)	(2,953)	(4,894)	(8,212)	(12,675)
Deferred income and social contribution taxes	(1,634)	-	(1,413)	-	(168)	-	(116)	(3,728)	-	(450)	-
Provision for contingencies	(5,452)	-	(4,156)	(702)	(495)	(43)	(341)	(14,744)	-	(1,046)	(2,827)
Leases	-	(81,437)	-	(3,150)	(60,517)	-	(213)	-	-	(180)	-
Other	(508)	(44)	(9,693)	(38,480)	(664)	(5,172)	(1,158)	(2,423)	(10,934)	(2,305)	(6,211)
	(34,507)	(92,521)	(65,055)	(92,042)	(246,243)	(29,902)	(70,570)	(59,107)	(27,350)	(54,109)	(42,969)
Total indemnifiable assets, net	46,627	36,713	83,571	(7,772)	82,893	47,128	33,672	206,798	12,361	18,005	11,068
Total indemnifiable assets, net, noncontrolling interests	-	-	-	100	39,077	-	(5,741)	42,253	-	-	-
Goodwill on acquisition (Note 10)	171,511	243,287	272,686	173,020	179,639	121,991	95,766	286,247	456,511	68,981	77,500
Goodwill attributed to minority shareholders	-	-	-	-	146,995	-	107,163	334,100	-	-	-

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

3. Business combination (Continued)

	2022			2021							
	Aeroporto	Santa Isabel	Arthur Ramos	Novo Atibaia	N, S, das Neves	Santa Emília	Proncor	Biocor	América	Serra Mayor	Balbino
Contribution for the Group with revenues since the acquisition date	92,799	122,965	252,058	-	81,078	27,168	26,176	128,327	128,207	29,838	58,843
Contribution for the Group with income (loss) before taxes since the acquisition date	(859)	(7,825)	43,137	-	(8,792)	4,973	(10,410)	7,484	46,233	(13,103)	(31,838)
Revenues from acquiree since the beginning of year	109,698	122,965	331,127	243,160	261,817	62,026	121,448	245,150	212,747	59,372	104,553
Income (loss) from acquiree before taxes since the beginning of year	562	(7,825)	75,856	38,036	(6,107)	24,798	(23,649)	(3,809)	29,439	(23,207)	(14,313)

In addition to the business combinations presented above, the Company made the following acquisitions:

Company	Participation	Goodwill		
		2023	2022	2021
YUCA Administração de bens Ltda.	50,00%	31,468	-	-
Tua D'Or Unipessoal, LDA.	100,00%	-	51,463	-
Hospital Santa Marina Ltda.	100,00%	-	21,965	-
Hospital Central de Guaianases	100,00%	-	-	115,751
Orthoservice Ltda	100,00%	-	-	35,638
Hospital de Clínicas Antônio Afonso	100,00%	-	-	16,782

The outstanding payables are guarantees for certain liabilities assumed by the sellers (e.g, materialization of contingencies), and will be paid within six years on average after their execution dates, restated based on the Interbank Deposit Certificate (CDI), the Extended Consumer Price Index (IPCA) and the Central Bank benchmark rate (SELIC) included in the balance of "Accounts payable for acquisitions".

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

4. Cash and cash equivalents and marketable securities

4.1. Cash and cash equivalents

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
Cash and cash equivalents						
Cash and banks	34,391	8,866	16,902	190,162	92,262	48,037
Short-term investments	223,032	87,494	27,008	3,077,246	1,017,534	76,584
Cash and cash equivalents	257,423	96,360	43,910	3,267,408	1,109,796	124,621

Short-term investments classified as cash equivalents mature within three months from the investment date, and the amounts classified as marketable securities refer to securities maturing after three months, with substantially immediate liquidity.

4.2. Marketable securities

Short-term investments are broken down in the table below, which shows their respective classifications, curve value and market value, as well as the contractual average rates:

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

4. Cash and cash equivalents and marketable securities (Continued)

4.2. Marketable securities (Continued)

Description	Fair value through profit or loss	Average interest rate	Individual	Fair value through profit or loss	Individual	Fair value through profit or loss	Individual
			2023	or loss	2022	profit or loss	2021
	Market value/ carrying amount		Total	Average interest rate	Total	Average interest rate	Total
Fixed income securities – corporate	9,239,574	-	9,239,574	-	11,024,270	-	11,129,910
Bank deposit certificates							
Floating rate CDI	9,239,574	104.20% of CDI	9,239,574	104.30% of CDI	11,024,270	103.52% of CDI	11,069,118
Financial bills	-	-	-	-	-	104.7% of CDI	60,792
Fixed income securities – government	-	-	-	-	30,201	-	119,405
Financial treasury bills	-	-	-	SELIC	30,201	SELIC	119,405
Investment fund shares	302	-	302	-	173	-	413
Investment fund shares – other than funds of one	302	-	302	-	173	-	413
					111,246		
			9,239,876		11,165,890		11,249,728
		Current	9,239,876	Current	11,165,890	Current	11,249,728
		Noncurrent	-	Noncurrent	-	Noncurrent	-

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

4. Cash and cash equivalents and marketable securities (Continued)

4.2, Marketable securities (Continued)

Description	Fair value through profit or loss	Fair value through other comprehensive income		Amortized cost		Average interest rate (a)	Consolidated	Fair value through profit or loss	Consolidated	Fair value through profit or loss	Consolidated
	Market value/ carrying amount	Curve value	Market value/ carrying amount	Curve value/carrying amount	Market value		2023	Average	2022	Average	2021
							Total	interest rate (a)	Total	interest rate (a)	Total
Fixed income securities – corporate	13,891,753	1,254,080	1,254,429	-	-	-	15,146,182	-	15,760,053	-	12,185,557
Bank deposit certificates	-	-	-	-	-	-	-	-	-	-	-
Floating rate CDI +	-	-	-	-	-	-	-	CDI+0.88%a.a.	11,614	-	-
Floating rate CDI %	11,412,274	-	-	-	-	104.16%CDI	11,412,274	104.10% CDI	13,004,583	103.51% CDI	12,085,652
Debentures	-	-	-	-	-	-	-	-	-	-	-
Fixed rate	197	-	-	-	-	16.28% a.a.	197	18.47% a.a	182	-	-
Floating rate CDI +	1,081,082	160,148	161,153	-	-	CDI+1.65% a.a.	1,242,235	CDI + 1.77% a.a.	723,952	-	-
Floating rate CDI %	46,727	68,673	68,495	-	-	114.08%CDI	115,222	109.75% CDI	143,826	-	-
Floating rate IPCA	458	-	-	-	-	IPCA+6.9% a.a.	458	IPCA + 5.47%a.a.	423	-	-
Other	-	-	-	-	-	-	-	-	1,746	-	-
Promissory notes	-	-	-	-	-	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	-	-	5.92% a.a	1,154	CDI+ 0.25% a.a.	99,905
Floating rate +	816,238	383,582	387,178	-	-	CDI+1.7%a.a.	1,203,416	CDI + 1.71%	896,431	-	-
Floating rate %	486,190	606,882	602,798	-	-	113.81%CDI	1,088,988	119.8% CDI	916,797	-	-
Floating rate IPCA	-	-	-	-	-	-	-	IPCA+7.15%a.a.	2,804	-	-
Promissory notes	107	34,795	34,805	-	-	CDI+1.66%a.a.	34,912	CDI + 1.54%	56,541	-	-
DPGE	48,480	-	-	-	-	CDI+1.18% a.a.	48,480	-	-	-	-
Fixed income securities – government	6,458,430	1,384,546	1,351,377	1,755,978	1,788,512	-	9,565,785	-	8,900,885	-	212,094
Financial treasury bills	6,125,439	113,055	113,072	-	-	SELIC	6,238,511	SELIC	4,172,933	SELIC	212,094
National treasury bills	-	-	-	-	-	-	-	-	-	-	-
Fixed rate	199,940	2,174	2,168	-	-	9.72%a.a.	202,108	13.37% a.a.	1,054,848	-	-
Agrarian debt securities	-	-	-	-	-	-	-	-	-	-	-
National treasury notes	-	-	-	-	-	-	-	-	-	-	-
Series F – Fixed rate	654	34,128	33,450	-	-	8.85%a.a.	34,104	5.47% a.a.	120,684	-	-
Series B – Floating rate IPCA	43,687	1,094,244	1,063,243	66,631	73,357	IPCA+4.47%a.a.	1,173,561	IPCA + 4.50%a.a.	1,703,319	-	-
Series C – Floating rate IGP-M	88,710	140,945	139,444	1,689,347	1,715,155	IGPM+5.77%a.a.	1,917,501	IGP-M + 5.78%a.a.	1,849,101	-	-
Variable income securities	226,069	-	-	-	-	-	226,069	-	282,647	-	-
Shares	226,104	146	146	-	-	-	226,250	-	282,706	-	-
Impairment	(35)	(146)	(146)	-	-	-	(181)	-	(59)	-	-
Investment fund shares	5,216,366	-	-	-	-	-	5,216,366	-	6,086,845	-	31,490
Fixed income, equity and multi-market investment fund shares	5,181,786	-	-	-	-	-	5,181,786	-	6,023,946	-	31,490
Equity fund shares	34,580	-	-	-	-	-	34,580	-	62,899	-	-
Other investments	11,940	-	-	-	-	-	11,940	-	12,549	USD+0.26% p.a.	408
							30,166,342		31,042,979		12,429,549
							Current		Current		Current
							28,463,882		29,236,645		12,429,549
							Noncurrent		Noncurrent		Noncurrent
							1,702,460		1,806,334		-

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

5. Accounts receivable

Descrição	Note	Individual			Consolidated		
		2023	2022	2021	2023	2022	2021
Accounts receivable from hospital services	5.1	4,840,796	3,966,046	3,707,070	7,939,681	7,055,383	7,564,769
Other Accounts Receivable	5.2	-	-	-	2,673,832	2,515,558	-
		4,840,796	3,966,046	3,707,070	10,613,513	9,570,941	7,564,769
Current		4,840,796	3,966,046	3,707,070	8,939,144	7,911,452	7,564,769
Noncurrent		-	-	-	1,674,369	1,659,489	-

5.1. Hospital services

Trade accounts receivable comprise receivables from healthcare companies and individuals, as follows:

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
		(restated)			(restated)	
Accounts receivable from health insurance and health plans	5,649,437	4,715,501	4,254,825	9,313,213	8,352,866	9,024,673
Accounts receivable from individuals	137,584	94,315	122,771	274,185	179,685	249,862
Allowance for expected credit losses and provision for disallowances	(946,225)	(843,770)	(670,526)	(1,647,717)	(1,477,168)	(1,709,766)
	4,840,796	3,966,046	3,707,070	7,939,681	7,055,383	7,564,769

Changes in provision for disallowances and allowance for expected credit losses

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
Balance at beginning of year	(843,770)	(670,526)	(787,976)	(1,477,168)	(1,709,766)	(1,532,602)
Set up of provision for disallowances and allowance for expected credit losses	(713,511)	(596,745)	(500,882)	(1,360,565)	(1,290,258)	(1,103,432)
Write-offs (a)	611,056	539,123	618,928	1,190,016	1,558,885	969,343
Provision arising from acquisitions/mergers	-	(115,622)	(596)	-	(36,029)	(43,075)
Balance at end of year	(946,225)	(843,770)	(670,526)	(1,647,717)	(1,477,168)	(1,709,766)

(a) Write-offs include the derecognition of uncollectible amounts and elimination of the provision for disallowances of the Group companies.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

5. Accounts receivable (Continued)

5.1. Hospital services (Continued)

At December 31, the aging list of trade accounts receivable was as follows:

	Individual								
	Total	Falling due	Overdue						360 - 720 days
			1 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 180 days	181 - 360 days	
2023	5,787,021	3,872,484	124,381	149,745	157,292	69,848	256,869	505,329	651,073
2022	4,809,816	3,107,521	161,678	116,745	100,414	89,378	168,662	404,581	660,837
2021	4,377,596	3,123,829	100,104	100,955	72,857	86,074	162,717	321,649	409,411

	Consolidated								
	Total	Falling due	Overdue						360 - 720 days
			1 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 180 days	181 - 360 days	
2023	9,587,398	5,935,957	265,208	246,311	254,297	177,761	399,362	1,040,609	1,267,893
2022	8,532,551	5,201,719	361,508	254,613	193,728	168,868	306,350	762,581	1,283,184
2021	9,274,535	6,040,555	270,513	286,413	191,590	230,801	426,028	825,498	1,003,137

The Company's revenues arise from the provision of hospital services, including the use of medicines and hospital materials, Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, i.e, upon rendering of medical services at an amount that reflects the consideration to which an entity expects to be entitled in exchange for providing services to a customer,

Changes in provision for disallowances and allowance for expected credit losses

The provision for disallowances and allowance for expected credit losses is presented reducing the balance of accounts receivable and recognized at an amount deemed sufficient by management to cover any expected losses on the realization of amounts billed,

The Company's criterion to recognize a provision for disallowances is to annually analyze the performance of notes overdue between 360 to 720 days, a period deemed sufficient for exhausting the collection process, The percentage reached is applied to the gross revenue recorded and recognized as a provision in current profit or loss, reflecting management's best expectation based on the analyzed history, The analysis is made individually by cash-generating unit, as well as the percentage recorded as a provision for disallowances in the year,

As a criterion for the recognition of an allowance for expected credit losses, an individual analysis of receivables is performed to identify specific counterparty risks, If necessary, an allowance for expected credit losses is recorded for the full balance of receivables outstanding of these customers.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

5. Accounts receivable (Continued)

5.2. Other accounts receivable

The receivables as at December 31, 2023 and 2022 presented in the consolidated financial statements are as follows:

Description	Note	Consolidated	Consolidated
		2023	2022
Other operating receivables	5.2.1	1,938,788	1,825,912
Consideration receivable - pension plan administrator	5.2.2	601,109	501,777
Other (a)		133,935	187,869
		2,673,832	2,515,558
Current		999,463	856,069
Noncurrent		1,674,369	1,659,489

(a) The "Other" balance is represented mainly by receivables related to recovery of the Supplementary Health Fees and security-related commitments.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

5. Accounts receivable (Continued)

5.2, Other accounts receivable (Continued)

5.2.1. Other operating receivables

	Consolidated	
	2023	2022 (restated)
Receivables from FCVS - SFH		
Principal (Note 5.2.1.1)	1,963,933	1,921,639
Impairment (Note 5.2.1.1)	(223,473)	(266,911)
Frozen funds (a)	74,483	45,838
Other (b)	123,845	73,346
Total	1,938,788	1,825,912
Current	270,146	170,184
Noncurrent	1,668,642	1,655,728

(a) These refer to funds frozen in bank accounts and investment funds due to lawsuits; and

(b) The balance of "Other" line item is mainly represented by advances to suppliers.

5.2.1.1. *Receivables from FCVS - SFH*

Description	Consolidated 2023
Balance of receivables FCVS-SFH at 12/31/2022	1,921,639
Additions	266,755
Write-offs	(224,461)
Balance of receivables FCVS-SFH at 12/31/2023	1,963,933
Balance of impairment at 12/31/2023	(223,473)
Closing balance net of impairment at 12/31/2023	1,740,460
Current	146,305
Noncurrent	1,594,155
	Consolidated 12/31/2022
Balance of receivables FCVS-SFH at 12/31/2021	1,842,315
Additions	246,368
Write-offs	(167,044)
Balance of receivables FCVS-SFH at 12/31/2022	1,921,639
Balance of impairment at 12/31/2022	(214,911)
Closing balance net of impairment at 12/31/2022	1,706,728
Current	105,456
Noncurrent	1,601,272

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

5. Accounts receivable (Continued)

5.2. Other accounts receivable (Continued)

5.2.1. Other operating receivables (Continued)

5.2.1.1. *Receivables from FCVS - SFH* (Continued)

As at December 31, 2023, there are lawsuits related to the Housing Financial System (SH/SFH) in progress in which the Company has been summoned, Such lawsuits may give rise to future cash disbursement with the corresponding request for reimbursement to Caixa Econômica Federal (CAIXA), manager of the Wage Variation Compensation Fund (FCVS), In the cases in which the lawsuit is in the provisional enforcement phase to avoid early disbursement in cases whose decisions are not final and unappealable, the Company pledges in court surety bond policies, As at December 31, 2023, the total amount guaranteed through surety bond is R\$1,184,025 (R\$926,304 in 2022), The SH/SFH was created by article 14 of Law No, 4380/1964, and since 1967, has been guaranteed by the FCVS, Insurance companies have lawsuits filed against them because they are mischaracterized as representatives of the FCVS, which is the role of CAIXA, the manager of that Fund, In view of this role of FCVS representative in lawsuits, the insurance companies, which are the illegitimate parties, are entitled to receive reimbursements for all incurred expenditures, Law No, 12409/2011, amended by Law No, 13000/2014, as well as the CCFCVS Resolution No, 364, of March 28, 2014, expressly establish the responsibility of FCVS, through its manager CAIXA, for all lawsuits relating to the SH/SFH's public policy, In September 2018, the Federal Supreme Court (STF) recognized the general repercussion of the appeal to the Supreme Court filed by the Company to analyze the jurisdiction of the Federal Court in lawsuits of this nature, In June 2020, the merits of that appeal were judged and accepted to consolidate the interest of CAIXA, the FCVS administrator, in the SH/SFH-related lawsuits, and, consequently, establish the Federal Court's jurisdiction for processing and judging lawsuits of this nature, That appeal became final and unappealable on June 17, 2023, Currently, insurance companies are reimbursed by the FCVS for payments made in connection with SH/SFH-related lawsuits, based on the criteria established by Resolution CCFCVCS No, 448/2019 and restated by reference to the variation of the Referential Rate ("TR") between the date of payment of each expense and the date of effective reimbursement.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

5. Accounts receivable (Continued)

5.2. Other accounts receivable (Continued)

5.2.2. Consideration receivable - ASO health plans

Administrative service only (ASO) health plans are plans in which the Company administers medical and hospital expenses on behalf of its customers, and is fully reimbursed by the customers, recording only its administration fee as revenue. The amounts related to consideration receivable by maturity are as follows:

	Consolidated	
	2023	2022
Falling due		
Falling due from 1 to 30 days	529,669	450,685
Falling due from 31 to 60 days	33,325	30,949
Falling due from 61 to 180 days	7,672	7,660
Falling due from 181 to 365 days	2,985	-
Total falling due	573,651	489,294
Overdue		
Overdue from 1 to 30 days	26,518	10,921
Overdue from 31 to 60 days	128	1,426
Overdue from 61 to 180 days	334	202
Overdue from 181 to 365 days	21	14
Overdue for more than 365 days	3,463	3,813
Total	30,464	16,376
Provision for impairment	(3,006)	(3,893)
Total overdue	27,458	12,483
Total unearned premiums	604,115	505,670
Total provision for impairment	(3,006)	(3,893)
Total	601,109	501,777

6. Inventories

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
Medicines	129,465	161,320	197,021	264,475	327,376	357,540
Special materials	84,610	100,019	62,020	136,935	159,877	90,681
Disposable materials	91,573	92,149	94,193	152,594	151,797	139,412
Consumables	13,739	15,289	14,186	40,942	62,800	58,645
Laboratory materials	5,071	3,913	3,315	18,127	17,177	16,590
Surgical sutures	6,514	6,369	5,602	11,047	10,355	9,375
Dressing room materials	2,936	2,540	1,162	10,165	8,883	6,256
Food stuff	3,519	3,126	3,871	8,784	6,576	5,554
Other	28,366	29,280	20,109	62,827	63,847	51,192
	365,793	414,005	401,479	705,896	808,688	735,245

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

7. Transactions with related parties

Significant related-party transactions

The nature of significant related-party transactions is summarized below:

- (i) *Leases* - the Company leases properties owned by the controlling shareholders, namely: properties of the hospitals Copa D'Or and Quinta D'Or, and the property of the administrative unit, Leases are at market value and generated an expense in P&L for the year ended December 31, 2023 of R\$31,782 (R\$32,811 at December 31, 2022), referring to interest and amortization of rights of use, Leases are annually restated by reference to the Extended Consumer Price Index (IPCA).
- (ii) *Transfers of funds between companies* - to enhance the operations of certain investees and provide funds for expansion and/or acquisitions, management transfers funds between Group companies, current account remittance agreements signed between the parties, These balances are substantially eliminated in the consolidated financial statements.
- (iii) *Shared services* - these are centralized services rendered by the parent company, Rede D'Or, such as legal assistance, marketing, accounting, treasury, accounts payable and accounts receivable, which are shared among the other entities of the Group based on apportionment criteria that take into consideration the contribution of each entity to the consolidated gross revenue.
- (iv) *Debentures* - certain subsidiaries issued nonconvertible debentures, which were acquired by the parent company, These debentures are intended to provide funds to the investees for investment in operations and expansion.
- (v) Revenues and accounts receivable partially arise from commercial transactions conducted in the ordinary course of business relating to medical care provided to members of Sul América plans, These transactions have reference tables by type of service provided by the Company with Sul América and the maturities of these services are stipulated in a contract entered into between the parties.

In addition to the balances presented in the tables below, the Parent Company and subsidiary Rede D'Or Finance carried out two transactions, a debenture issue and purchase transaction: i) on January 17, 2018, subsidiary Rede D'Or Finance issued senior notes totaling US\$500,000 thousand, and at the same time, the Parent Company issued debentures (10th issue), which were acquired by subsidiary Rede D'Or Finance (Note 13); and ii) on January 22, 2020, subsidiary Rede D'Or Finance carried out the second issue of senior notes, in the total amount of US\$850,000 thousand. On February 13, 2020, Rede D'Or Finance reopened the second issue of senior notes and issued an additional US\$350 thousand in notes with the same characteristics as the initial issue. In addition, on April 17, 2020, the Parent Company issued debentures (17th issue - 1st series), which were acquired by subsidiary Rede D'Or Finance.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

7. Transactions with related parties (Continued)

Balances with related parties

Company	Individual											
	2023				2022				2021			
	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	Current assets	Noncurrent assets	Noncurrent liabilities	P&L
Debetures Norte D'Or (a)	1,058	30,000	-	5,794	22,452	30,000	-	5,943	10,527	8,000	-	1,394
Debetures São Lucas (b)	41,411	-	-	6,308	7,930	38,000	-	8,983	22,013	38,000	-	4,080
Debetures Hospital Nossa Senhora das Neves (f)	168,775	131,757	-	30,560	137,196	-	-	18,747	-	-	-	-
Debetures Bioror (h)	33,836	-	-	145	-	-	-	-	-	-	-	-
Scriptural Commercial Notes Onco Star SP (i)	-	983,889	-	-	-	-	-	-	-	-	-	-
Shared services	-	-	-	-	-	-	-	-	-	-	-	-
Medise Medicina Diagnóstico e Serviços Ltda,	-	-	-	10,568	-	-	-	11,102	-	-	-	12,595
Hospital Esperança S.A,	-	-	-	38,095	-	-	-	35,847	-	-	-	37,866
Hospital São Marcos S.A,	-	-	-	5,542	-	-	-	5,388	-	-	-	6,719
Hospital Norte D'Or de Cascadura S.A,	-	10,772	-	10,605	-	2,898	-	10,194	-	-	-	9,248
J, Badim S.A,	-	18,643	-	4,034	-	14,609	-	3,367	-	11,243	-	3,073
Oncologia D'Or S.A,	-	-	-	70,365	-	-	-	55,861	-	-	-	43,597
Hospital Fluminense S.A,	-	-	-	16,494	-	-	-	15,177	-	-	-	15,999
Clínica São Vicente	-	-	-	11,218	-	-	-	10,316	-	-	-	10,580
Hospital Alpha-Med LTDA,	-	-	-	3,474	-	-	-	3,414	-	-	-	3,080
URC	-	2,806	-	780	-	2,026	-	-	-	2,026	-	-
Hospital UDI	-	-	-	15,036	-	-	-	16,988	-	-	-	17,567
Onco Star SP	-	58,476	-	15,901	-	42,575	-	16,622	-	25,953	-	16,685
DF Star	-	-	-	18,540	-	-	-	18,937	-	-	-	15,520
Samer	-	-	-	6,029	-	-	-	5,878	-	-	-	6,550
São Lucas	-	61,427	-	13,884	-	47,543	-	16,551	-	30,992	-	16,754
São Rafael	-	-	-	38,424	-	14,723	-	40,737	-	17,422	-	35,252
Casa de Saúde Laranjeiras	-	-	-	10,487	-	-	-	12,139	-	-	-	11,384
Hospital Santa Cruz	-	-	-	11,027	-	-	-	9,236	-	-	-	11,147
Hospital Aliança	-	-	-	20,806	-	-	-	20,690	-	-	-	21,095
São Carlos	-	17,700	-	6,320	-	11,381	-	8,408	-	2,974	-	14,500
Glória D'Or	-	-	-	10,206	-	-	-	7,096	-	-	-	7,135
Cárdio Pulmonar	-	-	-	16,028	-	-	-	15,193	-	-	-	-
Hospital Brasil Mauá (antigo Hospital América)	-	-	-	11,779	-	-	-	10,864	-	-	-	-
Hospital Balbino	-	-	-	3,016	-	-	-	2,991	-	-	-	-
Bioror Hospital de Doenças Cardiovasculares	-	-	-	4,841	-	10,013	-	10,013	-	-	-	-
Proncor Unidade Intensiva Cardiorrespiratória	-	6,549	-	3,356	-	3,193	-	3,193	-	-	-	-
Hospital Nossa Senhora das Neves	-	934	-	9,509	-	-	-	-	-	-	-	-
Hospital Novo Atibaia	-	-	-	10,089	-	-	-	-	-	-	-	-
Hospital Memorial Arthur Ramos	-	-	-	10,655	-	-	-	-	-	-	-	-
Other	-	2,333	-	50,197	-	1,524	-	44,876	-	-	-	40,090
Hospital Norte D'Or de Cascadura S.A, (c)	-	3,570	-	-	-	2,286	-	-	-	-	-	-
Unidade de Radiologia Clínica Ltda, (c)	-	14,393	-	-	-	13,814	-	-	-	13,314	-	-
Jenner S.A, (c)	-	2,000	-	-	-	2,000	-	-	-	2,000	-	-
JMJB Diagnósticos e Serviços Hospitalares S.A, (c)	-	12,021	-	-	-	12,019	-	-	-	12,019	-	-
J, Badim S.A,	-	8,975	-	-	-	8,369	-	-	-	7,984	-	-
Instituto D'Or de Pesquisa e Ensino (c)	-	9,025	-	-	-	12,995	-	-	-	8,433	-	-
JM&AM Empreendimentos Imobiliários S.A, (d)	-	370	-	31,686	-	370	-	32,713	-	370	-	27,471
Onco Star SP (e)	-	-	-	-	-	914,201	-	-	-	727,468	-	-
JTO Holding S.A, (c)	-	210,262	-	-	-	71,840	-	-	-	29,796	-	-
Rede D'Or Finance	-	263,891	-	-	-	263,891	-	-	-	263,891	-	-
Other	-	194,524	-	-	-	139,388	-	-	-	64,000	-	-
	245,080	1,985,841	-	531,798	167,578	1,659,658	-	477,464	32,540	1,265,885	-	389,381

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

7. Transactions with related parties (Continued)

Balances with related parties (Continued)

Company	Consolidated											
	2023				2022				2021			
	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	Current assets	Noncurrent assets	Noncurrent liabilities	P&L	Current assets	Noncurrent assets	Noncurrent liabilities	P&L
Debentures Mederi (g)	36,492	131,757	-	12,381	7,753	13,135	-	550	-	-	-	-
Shared services												
J Badim S.A,	-	18,643	-	4,034	-	14,609	-	3,367	-	11,243	-	3,073
JMJB Diagnósticos e Serviços Hospitalares S.A,	-	12,021	-	-	-	12,020	-	-	-	12,019	-	-
Instituto D'Or de Pesquisa e Ensino (c)	-	10,354	-	-	-	13,232	-	-	-	5,194	-	-
J Badim S.A, (c)	-	9,529	-	-	-	8,749	-	-	-	8,320	-	-
JM&AM Empreendimentos Imobiliários S.A, (d)	-	370	-	31,782	-	370	-	32,811	-	370	-	27,541
Other	-	9,129	5,179	-	-	13,784	4,207	-	-	7740	2,199	-
	36,492	191,803	5,179	48,197	7,753	75,899	4,207	36,728	-	44,886	2,199	30,614

- (a) On April 1, 2022, Norte D'Or conducted the fifth private issue of nonconvertible, single-series, registered debentures amounting to R\$30,000, maturing on April 1, 2025, which were fully acquired by parent Rede D'Or. The debentures earn interest on a pro rata basis equivalent to 100% of the DI (Interbank Deposits) plus 3,00% p.a. Interest is paid semiannually, and the nominal value will be paid in full on the maturity date. There are no guarantees for the debentures.
- (b) On May 28, 2019, Hospital São Lucas privately issued nonconvertible, single-series, registered debentures amounting to R\$38,000, maturing on May 28, 2024, with Rede D'Or as the debenture holder. The debentures earn interest on a pro rata basis equivalent to 100% of the DI (Interbank Deposits) plus 2,5% p.a. Interest is paid annually, and the nominal value will be paid in full on the maturity date. There are no guarantees for the debentures.
- (c) Transfers of funds for acquisition of companies, properties, expansion of operations, among others. These balances are substantially eliminated in the consolidated financial statements.
- (d) Lease of properties owned by the controlling shareholders of Rede D'Or.
- (e) Onco Star SP was created in 2017 and, throughout the subsequent years, Rede D'Or provided funds for the acquisition of machinery and equipment, as part of the Company's operational routine.
- (f) On December 17, 2021, Hospital Nossa Senhora das Neves conducted a private issue of nonconvertible, single-series, registered debentures amounting to R\$185,000, initially maturing on December 18, 2023, however this term was extended to December 18, 2024. The debentures may be fully or partially subscribed until the maturity date by Rede D'Or São Luiz. Debentures not subscribed after this period will be automatically canceled. The debentures earn interest on a pro rata basis equivalent to 100% of the positive percentage variation of the CDI (Interbank Deposit Certificate) plus 2,9% p.a. Interest is paid semiannually, and the nominal value will be paid in full on the maturity date, plus yield. There are no guarantees for the debentures.

On March 15, 2023, Hospital Nossa Senhora das Neves conducted the 2nd private issue of nonconvertible, single-series, registered debentures amounting to R\$158,200, maturing on March 15, 2025. The debentures may be fully or partially subscribed until the maturity date by Rede D'Or São Luiz. Debentures not subscribed after this period will be automatically canceled. The debentures earn interest on a pro rata basis equivalent to 100% of the positive percentage variation of the CDI (Interbank Deposit Certificate) plus 2,9% p.a. Interest and the nominal value will be paid in full on the maturity date, plus yield. There are no guarantees for the debentures.

On December 18, 2023, the Nossa Senhora das Neves Hospital. carried out its 3rd private issuance of non-convertible debentures, in a single series in registered form, in the amount of R\$16,900, maturing on December 18, 2024. The debentures may be subscribed in whole or in part until the maturity date by Rede D'Or São Luiz S.A. Debentures not subscribed after this period will be automatically canceled. The debentures are remunerated pro rata temporis with interest equivalent to 100% of the positive percentage variation of the CDI (Interbank Deposit Certificate) plus 4.00% per year. Interest and face value will be paid in full on the due date plus the remuneration due. There are no guarantees of debentures.

Rede D’Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

7. Transactions with related parties (Continued)

Balances with related parties (Continued)

- (g) On November 30, 2022, Mederi Distribuição e Importação de Produtos para Saúde S.A, conducted the 2nd private issue of nonconvertible, single-series, registered debentures amounting to R\$13,135, maturing on December 2, 2024, The debentures may be fully or partially subscribed until the maturity date by Hospital Nossa Senhora das Neves, Debentures not subscribed after this period will be automatically canceled, The debentures earn interest on a pro rata basis equivalent to 100% of the positive percentage variation of the CDI (Interbank Deposit Certificate) plus 2,90% p.a, Interest and the nominal value will be paid in full on the maturity date, plus yield, There are no guarantees for the debentures,
- On March 15, 2023, Mederi Distribuição e Importação de Produtos para a Saúde S.A, conducted the 3rd private issue of nonconvertible, single-series, registered debentures amounting to R\$158,200, maturing on March 15, 2025, The debentures may be fully or partially subscribed until the maturity date by Hospital Nossa Senhora das Neves, Debentures not subscribed after this period will be automatically canceled, The debentures earn interest on a pro rata basis equivalent to 100% of the positive percentage variation of the CDI (Interbank Deposit Certificate) plus 2,9% p.a, Interest and the nominal value will be paid in full on the maturity date, plus yield, There are no guarantees for the debentures,
- On December 18, 2023, Mederi Distribuição e Importação de Produtos para Saúde S.A, conducted the 4th private issue of nonconvertible, single-series, registered debentures amounting to R\$16,900, maturing on December 18, 2024, The debentures may be fully or partially subscribed until the maturity date by Hospital Nossa Senhora das Neves, Debentures not subscribed after this period will be automatically canceled, The debentures earn interest on a pro rata basis equivalent to 100% of the positive percentage variation of the CDI (Interbank Deposit Certificate) plus 4,00% p.a, Interest and the nominal value will be paid in full on the maturity date, plus yield, There are no guarantees for the debentures,
- (h) On December 19, 2023, Biocor Hospital de Doenças Cardiovasculares S.A, conducted the 1st private issue of nonconvertible, single-series, registered debentures amounting to R\$33,691, maturing on December 19, 2024, The debentures may be fully or partially subscribed until the maturity date by Rede D’Or São Luiz S.A, Debentures not subscribed after this period will be automatically canceled, The debentures earn interest on a pro rata basis equivalent to 100% of the positive percentage variation of the CDI (Interbank Deposit Certificate) plus 4,0% p.a, Interest and the nominal value will be paid in full on the maturity date, plus yield, There are no guarantees for the debentures,
- (i) On December 29, 2023, Onco Star SP Oncologia Ltda., carried out a private placement of book-entry commercial notes, convertible into quotas, without real or fiduciary guarantee, in a single series, of the first issue, in the amount of R\$ 1,082,544,102.00, maturing on December 29, 2030. Commercial notes may be subscribed in whole or in part until the maturity date by Rede D’Or São Luiz. Commercial notes not subscribed after this period will be automatically cancelled. Commercial notes are remunerated pro rata temporis with interest equivalent to 100% of the positive percentage variation of the CDI (Interbank Deposit Certificate) plus 1.0% per year. Interest and nominal value will be paid in full on the due date plus the remuneration due. There are no guarantees..

Key management personnel compensation

The Company considers “Key management personnel” only the members of its Statutory Board and Board of Directors, At December 31, 2023, 2022, and 2021, key management personnel compensation is summarized as follows:

	2023	2022	2021
Salaries and bonuses	109,183	78,027	98,503
Benefits	192	158	158
Share-based payment	43,004	41,609	48,567
	152,379	119,794	147,228

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

8. Investments

Breakdown and changes in investments - Individual

Company	12/31/2022	Equity pickup	Dividends	Capital increase/ Future capital contribution	Capital reduction	Transfer	Other	Merger of subsidiary into the Company	12/31/2023
	(restated)								
Medise Medicina Diagnóstico e Serviços S,A,	244,620	26,854	(24,112)	-	-	-	(101)	-	247,261
Hospital Esperança S,A,	4,271,885	320,585	(699,834)	468,132	-	-	(10,140)	-	4,350,628
PMJ Empreendimentos Imobiliários S,A,	842,601	42,884	(35,964)	52,733	-	-	-	-	902,254
Norte D'Or Participações S,A, (including goodwill)	137,298	10,932	(21,274)	-	-	-	-	-	126,956
Onco D'Or Oncologia S,A,	726,351	165,763	-	-	-	-	-	-	892,114
Jenner S,A, (including goodwill)	217,067	73,198	-	-	-	-	-	-	290,265
JMJB Diagnósticos e Serviços Hospitalares	40,861	4,426	-	-	-	-	-	-	45,287
Rodin Empreendimentos e Participações S,A,	123,313	(2,624)	-	162,646	-	-	-	-	283,335
Quinta Empreendimentos Imobiliários Ltda,	71,617	33,321	(11,014)	1	-	-	-	-	93,925
Hospital Fluminense S,A, (including goodwill)	295,032	36,827	(29,924)	29,357	(36,531)	-	-	-	294,761
Cardial Serviços Médicos (including goodwill)	101,247	32,842	(16,099)	-	-	-	-	-	117,990
TJK Empreendimentos Hospitalares	18,323	2,014	(2,859)	-	-	-	-	-	17,478
Villa Lobos Empreendimentos Imobiliários Ltda,	187,920	45,743	(12,398)	-	-	-	-	-	221,265
Santa Luzia II Empreendimentos Imobiliários Ltda,	59,785	(494)	-	4,117	-	-	-	-	63,408
Campinas Empreendimentos Imobiliários Ltda,	311,087	(7,012)	-	65,000	-	-	-	-	369,075
Sator Empreendimentos e Participações Ltda	3,135,185	99,592	-	305,539	-	-	-	-	3,540,316
Rede D'or São Luiz Serviços Médicos S,A,	300,885	87,191	(80,000)	8,802	-	-	-	-	316,878
Olimpia Projeto Rua do Rocio 86 SPE S,A,	599,424	38,311	(23,976)	4,105	-	-	-	-	617,864
Proncordis Pronto Atendimento Cardiológico Ltda,	464	(13)	-	-	-	-	-	-	451
Laboratórios Richet	305,929	(15,801)	-	37,975	-	-	-	-	328,103
California Investimentos Imobiliários Ltda,	59,940	-	-	-	-	-	-	-	59,940
Hospital Avicenna S,A, (b)	142,389	9,060	-	16,867	-	-	-	(168,316)	-
Santa Luzia III	310,107	32,331	(16,161)	93	(17,959)	-	-	-	308,411
Qualicorp Consultoria e Corretora de Seguros S,A, (a)	2,125,919	(7,368)	(1,323)	-	-	(1,632,305)	281	-	485,204
Clínica Médica São Remo	43,504	(8,775)	-	15,556	-	-	-	-	50,285
Casa de Saúde Laranjeiras S,A (Perinatal) (including goodwill) (b)	926,298	34,016	-	16,296	-	-	-	(976,610)	-
Hospital Santa Cruz	400,555	28,652	(22,048)	22,020	-	-	-	-	429,179
Advance Plano de Saúde S,A,	42,397	9	(7,205)	-	-	-	-	-	35,201
Prisma Capital (a)	2	(24,334)	-	47	-	1,632,305	-	-	1,608,020
Traditio Companhia de Seguros (c)	4,006,589	265,351	(25,503)	-	-	-	29,720	-	4,276,157
Cia Saúde - SulAmérica (c)	3,020,712	311,989	(9,024)	280	-	-	27,268	-	3,351,225
SAEPAR Serv, E Partic (c)	1,546,682	93,992	(22,947)	-	-	-	12,930	-	1,630,657
Other	1,655,999	42,318	(15,071)	275,848	(3,197)	-	(13,415)	-	1,942,482
	26,271,987	1,771,780	(1,076,736)	1,485,414	(57,687)	-	46,543	(1,144,926)	27,296,375

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

8. Investments (Continued)

Breakdown of and changes in investments - Individual (Continued)

Company	12/31/2022	Equity pickup	Dividends	Capital increase/ Future capital contribution	Transfer	Other	Merger	12/31/2023
Onco Star	(259,546)	(58,191)	-	-	-	(4,480)	-	(322,217)
Centro Hospitalar São Marcos S.A,	(13,662)	(29)	-	-	-	5,110	-	(8,581)
Hospital São Marcos (including goodwill)	(83,865)	(29,540)	-	5,688	-	-	-	(107,717)
Rede D'or Finance	(151,106)	(23,939)	-	-	-	-	-	(175,045)
Other	(865)	-	-	-	-	865	-	-
	<u>(509,044)</u>	<u>(111,699)</u>	-	<u>5,688</u>	-	<u>1,495</u>	-	<u>(613,560)</u>
Equity pickup		<u>1,660,081</u>						

- (a) On January 2, 2023, Rede D'Or entered into an agreement under which it transferred the management of shares representing 19,85% of the voting and total capital of Qualicorp Consultoria e Corretora de Seguros S.A. ("Qualicorp") that it held to Prisma Capital ("Prisma"), Rede D'Or transferred the shares representing 19,85% interest in Qualicorp to a new company 100% owned by Rede D'Or called "PrismaQuali Gestão Ativa de Participações S.A.," ("PrismaQuali Gestão Ativa"),
- (b) Subsidiaries merged into the Parent Company in 2023.
- (c) Restated due to change in accounting practice Note 2.2.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

8. Investments (Continued)

Breakdown of and changes in investments - Individual (Continued)

Company	12/31/2021	Equity pickup	Dividends	Acquisition of control	Capital increase/ Future capital contribution	Capital reduction	Transfer	Other	Merger of subsidiary into the Company	12/31/2022
										(restated)
Medise Medicina Diagnóstico e Serviços S,A,	232,371	21,607	(9,358)	-	-	-	-	-	-	244,620
Hospital Esperança S,A,	2,880,695	287,835	-	-	1,113,495	-	-	(10,140)	-	4,271,885
Hospital São Marcos (including goodwill)	(88,543)	(39,988)	-	-	25,868	-	83,865	18,798	-	-
PMJ Empreendimentos Imobiliários S,A,	796,223	20,439	(7,636)	-	35,399	(1,826)	-	2	-	842,601
Norte D'Or Participações S,A, (including goodwill)	134,796	13,971	(11,484)	-	15	-	-	-	-	137,298
Onco D'Or Oncologia S,A,	592,405	133,946	-	-	-	-	-	-	-	726,351
Jenner S,A, (including goodwill)	173,729	43,338	-	-	-	-	-	-	-	217,067
JMJB Diagnósticos e Serviços Hospitalares	42,235	(1,374)	-	-	-	-	-	-	-	40,861
Rodin Empreendimentos e Participações S,A,	75,431	356	-	-	47,526	-	-	-	-	123,313
Quinta Empreendimentos Imobiliários Ltda,	58,993	12,623	-	-	1	-	-	-	-	71,617
Hospital Fluminense S,A, (including goodwill)	268,506	3,403	(7,355)	-	30,478	-	-	-	-	295,032
Cardial Serviços Médicos (including goodwill)	84,595	29,670	(13,018)	-	-	-	-	-	-	101,247
Hospital Santa Helena S,A, (including goodwill)	494,493	2,865	(11,366)	-	14,282	-	-	-	(500,274)	-
TJK Empreendimentos Hospitalares	18,235	1,686	-	-	-	(1,598)	-	-	-	18,323
Villa Lobos Empreendimentos Imobiliários Ltda,	187,216	15,343	(7,434)	-	-	(7,205)	-	-	-	187,920
Santa Luzia II Empreendimentos Imobiliários Ltda,	56,252	(375)	-	-	3,908	-	-	-	-	59,785
Campinas Empreendimentos Imobiliários Ltda,	115,290	(1,399)	-	-	197,196	-	-	-	-	311,087
Sator Empreendimentos e Participações Ltda	2,377,506	63,467	-	-	694,212	-	-	-	-	3,135,185
Rede D'or Finance	(129,440)	(21,666)	-	-	-	-	151,106	-	-	-
Rede D'or São Luiz Serviços Médicos S,A,	236,110	51,658	-	-	13,117	-	-	-	-	300,885
Olimpia Projeto Rua do Rocio 86 SPE S,A,	447,447	10,294	-	-	141,683	-	-	-	-	599,424
Proncordis Pronto Atendimento Cardiológico Ltda,	261	(16)	-	-	219	-	-	-	-	464
Maximagem - Diagnóstico por Imagem Ltda, (including goodwill)	2,611	-	-	-	-	-	-	(2,611)	-	-
Laboratórios Richet	270,566	(8,254)	-	-	44,661	-	-	(1,044)	-	305,929
California Investimentos Imobiliários Ltda,	59,940	-	-	-	-	-	-	-	-	59,940
Hospital Aviccena S,A,	133,592	13,688	(13,836)	-	8,945	-	-	-	-	142,389
Santa Luzia III	305,087	15,581	-	-	-	(10,561)	-	-	-	310,107
Qualicorp Consultoria e Corretora de Seguros S,A,	2,129,020	29,531	(18,755)	-	-	-	-	(13,877)	-	2,125,919
Clínica Médica São Remo	37,538	(9,318)	-	-	15,284	-	-	-	-	43,504
Casa de Saúde Laranjeiras S,A (Perinatal) (incluindo ágio)	895,544	27,094	(39,417)	-	43,077	-	-	-	-	926,298
Hospital Santa Cruz	356,751	13,794	-	-	30,010	-	-	-	-	400,555
Advance Plano de Saúde S,A,	35,458	4,134	-	-	2,805	-	-	-	-	42,397
Traditio Companhia de Seguros	-	-	-	4,106,589	-	-	-	-	-	4,006,589
Cia Saúde - SulAmérica	-	-	-	3,020,712	-	-	-	-	-	3,020,712
SAEPAR Serv, E Partic	-	-	-	1,546,682	-	-	-	-	-	1,546,682
Other	1,305,496	17,723	(6,205)	-	342,962	(684)	-	(3,291)	-	1,656,001
	14,586,409	751,656	(145,864)	8,573,983	2,805,143	(21,874)	234,971	(12,163)	(500,274)	26,271,987

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

8. Investments (Continued)

Breakdown of and changes in investments - Individual (Continued)

<u>Company</u>	<u>12/31/2021</u>	<u>Equity pickup</u>	<u>Dividends</u>	<u>Acquisition of equity interest</u>	<u>Capital increase/ Future capital contribution</u>	<u>Transfer</u>	<u>Other</u>	<u>Merger</u>	<u>12/31/2022</u>
Onco Star	(200,323)	(59,223)	-	-	-	-	-	-	(259,546)
Centro Hospitalar São Marcos S,A,	(13,380)	(282)	-	-	-	-	-	-	(13,662)
Hospital São Marcos (incluindo ágio)	-	-	-	-	-	(83,865)	-	-	(83,865)
Rede D'or Finance	-	-	-	-	-	(151,106)	-	-	(151,106)
Other	(412)	(453)	-	-	-	-	-	-	(865)
	<u>(214,115)</u>	<u>(59,958)</u>	-	-	-	<u>(234,971)</u>	-	-	<u>(509,044)</u>
Equity pickup		<u>691,698</u>							

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

8. Investments (Continued)

Breakdown of and changes in investments - Individual (Continued)

Company	2020	Equity pickup	Dividends	Acquisition of equity interest	Capital increase/ Future capital contribution	Transfer	Other	Merger	2021
Medise Medicina Diagnóstico e Serviços S,A,	221,828	33,447	(23,522)	-	618	-	-	-	232,371
Hospital Esperança S,A,	1,299,003	228,780	28,234	-	1,422,974	10,901	(109,197)	-	2,880,695
Hospital São Marcos (including goodwill)	115,892	(4,611)	-	-	6,883	(10,901)	(195,806)	-	(88,543)
PMJ Empreendimentos Imobiliários S,A,	756,958	24,780	(6,500)	-	21,004	-	(19)	-	796,223
Norte D'Or Participações S,A, (including goodwill)	100,058	21,733	-	-	13,005	-	-	-	134,796
Onco D'Or Oncologia S,A,	494,264	99,350	-	-	682	-	(1,891)	-	592,405
Jenner S,A, (including goodwill)	144,301	32,010	-	-	-	-	(2,582)	-	173,729
JMJB Diagnósticos e Serviços Hospitalares	13,168	21,567	-	-	7,500	-	-	-	42,235
Rodin Empreendimentos e Participações S,A,	62,564	(430)	-	-	13,297	-	-	-	75,431
Quinta Empreendimentos Imobiliários Ltda,	54,921	10,122	(16,000)	-	9,950	-	-	-	58,993
Hospital Fluminense S,A, (including goodwill)	170,731	15,701	-	-	82,074	-	-	-	268,506
Cardial Serviços Médicos (including goodwill)	70,549	22,824	(8,778)	-	-	-	-	-	84,595
Hospital Santa Helena S,A, (including goodwill)	460,419	7,188	-	-	26,886	-	-	-	494,493
TJK Empreendimentos Hospitalares	18,812	1,183	(1,760)	-	-	-	-	-	18,235
Villa Lobos Empreendimentos Imobiliários Ltda,	197,318	12,398	(22,500)	-	-	-	-	-	187,216
Santa Luzia II Empreendimentos Imobiliários Ltda,	53,085	(300)	-	-	3,467	-	-	-	56,252
Campinas Empreendimentos Imobiliários Ltda,	52,219	(380)	-	-	63,451	-	-	-	115,290
Sator Empreendimentos e Participações Ltda	1,031,951	14,841	-	-	1,870,580	-	(539,866)	-	2,377,506
Rede D'or Finance	27,367	(156,807)	-	-	-	-	-	-	(129,440)
Rede D'or São Luiz Serviços Médicos S,A,	108,591	21,847	-	-	105,672	-	-	-	236,110
Olimpia Projeto Rua do Rocio 86 SPE S,A,	328,757	63	-	-	118,627	-	-	-	447,447
Proncordis Pronto Atendimento Cardiológico Ltda,	808	(11)	-	-	638	-	(1,174)	-	261
Maximagem - Diagnóstico por Imagem Ltda, (including goodwill)	101,090	2,609	-	-	1,694	-	-	(102,782)	2,611
Prontimagem Serviços Médicos Ltda,	241,131	-	-	-	5,157	(246,288)	-	-	-
Laboratórios Richet	-	1,395	-	-	22,247	246,288	636	-	270,566
California Investimentos Imobiliários Ltda,	59,940	-	-	-	-	-	-	-	59,940
Hospital Aviccena S,A,	94,782	13,797	-	-	25,013	-	-	-	133,592
Santa Luzia III	307,566	9,121	(11,600)	-	-	-	-	-	305,087
Qualicorp Consultoria e Corretora de Seguros S,A,	989,758	38,785	(135,027)	886,730	-	382,020	(33,246)	-	2,129,020
Clínica Médica São Remo	28,062	(7,076)	-	-	17,270	-	(718)	-	37,538
Casa de Saúde Laranjeiras S,A (Perinatal) (including goodwill)	823,397	5,483	-	-	66,664	-	-	-	895,544
Hospital Alpha Med Ltda,	293,961	22,989	-	-	31,471	(318,370)	(6,185)	-	23,866
Hospital Santa Cruz	-	3,025	-	-	11,490	318,370	-	-	332,885
Advance Plano de Saúde S,A,	16,311	6,947	-	-	12,200	-	-	-	35,458
Other	647,767	73,213	(68,006)	-	509,957	(98)	142,663	-	1,305,496
	9,387,329	575,583	(265,459)	886,730	4,470,471	381,922	(747,385)	(102,782)	14,586,409

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

8. Investments (Continued)

Breakdown of and changes in investments - Individual (Continued)

<u>Company</u>	<u>2020</u>	<u>Equity pickup</u>	<u>Dividends</u>	<u>Acquisition of equity interest</u>	<u>Capital increase/ Future capital contribution</u>	<u>Transfer</u>	<u>Other</u>	<u>Merger</u>	<u>2021</u>
Onco Star	(148,139)	(42,916)	-	-	(9,268)	-	-	-	(200,323)
Centro Hospitalar São Marcos S,A,	(13,530)	150	-	-	-	-	-	-	(13,380)
Café Verde	(4,625)	(7,477)	-	-	12,396	(294)	-	-	-
GNI23 SP Empreend, Imobiliários Ltda,	-	(392)	-	-	-	392	-	-	-
GNI05 Empreend, Imobiliários Ltda,	-	(412)	-	-	-	-	-	-	(412)
	<u>(166,294)</u>	<u>(51,047)</u>	-	-	<u>3,128</u>	<u>98</u>	-	-	<u>(214,115)</u>
Equity pickup		<u>524,536</u>							

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

8. Investments (Continued)

Breakdown of and changes in investments - Consolidated

Company	2022	Equity pickup	Acquisition of equity interest	Dividends	Capital increase/ Future capital contribution	Transfer	Other	2023
JMJB Diagnósticos e Serviços Hospitalares S,A,	40,861	4,426	-	-	-	-	-	45,287
Instituto de Radioterapia do Vale do Paraíba Ltda,	43,689	5,807	-	(500)	-	-	(33,122)	15,874
Qualicorp Consultoria e Corretora de Seguros S,A, (a)	2,125,919	(31,732)	-	(5,699)	-	-	1,210	2,089,698
Eldorado do Sul Participações Ltda,	22,616	6,099	-	-	-	-	490	29,205
Sharecare Brasil Serviços de Consult, Ltda,	9,662	(9,410)	-	(470)	-	-	-	(218)
Sul América Investimentos Distribuidora de Títulos e Valores Mobiliários S,A, (SAMI)	78,242	12,550	-	(2,684)	-	-	-	88,108
Other	232,412	6,587	39,543	(6,465)	27,816	-	(3,979)	295,914
	2,553,401	(5,673)	39,543	(15,818)	27,816	-	(35,401)	2,563,868

Company	2021	Equity pickup	Acquisition of equity interest	Dividends	Capital increase/ Future capital contribution	Transfer	Other	2022
JMJB Diagnósticos e Serviços Hospitalares S,A,	42,235	(1,374)	-	-	-	-	-	40,861
Instituto de Radioterapia do Vale do Paraíba Ltda,	43,076	5,331	-	(2,778)	-	-	(1,940)	43,689
Qualicorp Consultoria e Corretora de Seguros S,A, (a)	2,129,020	29,531	-	(18,755)	-	-	(13,877)	2,125,919
Eldorado do Sul Participações Ltda,	19,005	3,611	-	-	-	-	-	22,616
Sharecare Brasil Serviços de Consult,Ltda,	-	-	9,662	-	-	-	-	9,662
Sul América Investimentos Distribuidora de Títulos e Valores Mobiliários S,A, (SAMI)	-	-	78,242	-	-	-	-	78,242
Other	92,503	8,981	56,059	-	59,600	-	15,269	232,412
	2,325,839	46,080	143,963	(21,533)	59,600	-	(548)	2,553,401

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

8. Investments (Continued)

Breakdown of and changes in investments – Consolidated (Continued)

Company	2020	Equity pickup	Acquisition of equity interest	Dividends	Capital increase/ Future capital contribution	Transfer	Other	2021
JMJB Diagnósticos e Serviços Hospitalares S.A,	13,168	21,567	-	-	7,500	-	-	42,235
Instituto de Radioterapia do Vale do Paraíba Ltda,	42,233	8,109	-	(6,000)	-	-	(1,266)	43,076
Qualicorp Consultoria e Corretora de Seguros S,A, (a)	989,758	38,785	886,730	(135,027)	-	382,020	(33,246)	2,129,020
Eldorado do Sul Participações Ltda,	16,459	2,667	-	-	-	-	(121)	19,005
Other	27,613	8,210	32,373	(1,680)	19,500	-	6,487	92,503
	<u>1,089,231</u>	<u>79,338</u>	<u>919,103</u>	<u>(142,707)</u>	<u>27,000</u>	<u>382,020</u>	<u>(28,146)</u>	<u>2,325,839</u>

- (a) Based on the shareholders' agreement entered into in November 2019, considering the nominations to the Executive Board and Board of Directors that the Company is entitled to, it was concluded that Rede D'Or has significant influence over Qualicorp; therefore, it records the investment using the equity method, The Company recognized equity pickup up to September 30, 2023,

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

8. Investments (Continued)

Summary of information of main subsidiaries

	2023				2022			2021	
	% Total	% Voting capital	Assets	Liabilities	Equity	Operating income (expenses)	P&L for the year	P&L for the year	P&L for the year
Direct and indirect subsidiaries									
Medise Medicina Diagnóstico e Serviços S.A, ("Medise")	98,00	98,00	387,292	120,212	267,080	41,449	29,967	24,112	37,324
Hospital Esperança S.A, ("Esperança")	100,00	100,00	7,143,836	2,652,553	4,491,283	436,245	215,533	257,229	226,190
PMJ Empreendimentos Imobiliários S.A,	100,00	100,00	910,188	6,906	903,282	29,687	42,927	20,460	24,805
Norte D'Or Participações S.A,	100,00	100,00	98,841	244	98,597	14,333	10,943	13,985	21,755
Onco D'Or Oncologia S.A,	98,87	98,87	740,816	182,641	558,175	220,821	158,674	93,946	99,412
Jenner S.A,	91,24	91,24	494,443	2,000	492,443	146,396	128,097	75,842	56,017
Rodin Empreendimentos e Participações S.A,	100,00	100,00	288,238	4,930	283,308	(2,522)	(2,627)	357	(430)
Quinta Empreendimentos Imobiliários Ltda,	100,00	100,00	95,222	1,183	94,039	14,676	33,354	12,636	10,132
Hospital Fluminense S.A,	100,00	100,00	426,817	145,254	281,563	51,536	36,864	3,406	15,717
Cardial Serviços Médicos Ltda,	89,44	89,44	127,074	41,116	85,958	53,023	32,842	29,670	22,824
TJK Empreendimentos Imobiliários Ltda,	100,00	100,00	18,439	951	17,488	1,885	2,016	1,687	1,184
Villa Lobos Empreendimentos Imobiliários S.A,	100,00	100,00	222,845	1,319	221,526	18,031	45,789	15,359	12,410
Santa Luzia II Emp, Imobiliários Ltda,	100,00	100,00	67,883	4,425	63,458	(502)	(495)	(375)	(301)
Campinas Empreendimentos Imob,	100,00	100,00	370,325	1,210	369,115	(6,803)	(7,019)	(1,401)	(381)
Sator Empreendimentos e Participações Ltda,	100,00	100,00	26,987	(3,069,683)	3,096,670	99,691	99,691	63,531	17,298
Rede D'Or Finance	100,00	100,00	6,352,745	6,527,789	(175,044)	(58)	(23,939)	(21,666)	(156,807)
Rede D'Or São Luiz Serviços Médicos S.A,	100,00	100,00	506,074	108,918	397,156	125,244	87,278	51,709	21,869
Olimpia Projeto Rua do Rocio 86 SPE S.A,	100,00	100,00	621,466	3,254	618,212	21,621	38,349	10,304	63
Proncordis Pronto Atendimento Cardiológico Ltda,	100,00	100,00	6,824	511	6,313	(763)	(790)	(962)	(664)
Laboratórios Richet	100,00	100,00	203,569	86,994	116,575	(29,221)	(20,783)	(16,733)	(5,092)
Onco Star SP Oncologia Ltda,	75,00	75,00	949,366	1,379,292	(429,926)	(76,311)	(58,191)	(59,224)	(42,916)
Centro Hospitalar São Marcos S.A,	100,00	100,00	28	4,513	(4,485)	(27)	(29)	(282)	150
Hospital Aviccena S.A,	100,00	100,00	-	-	-	15,361	9,069	13,702	13,811
Santa Luzia III Empreendimentos Imobiliários Ltda,	100,00	100,00	311,012	2,297	308,715	19,019	32,363	15,597	9,130
Café Verde	100,00	100,00	8,491	7,339	1,152	364	(1,472)	(3,908)	(7,485)
Hospital São Marcos	100,00	100,00	218,940	337,740	(118,800)	(27,151)	(29,540)	(39,988)	(4,611)
Clínica Médica São Remo	100,00	100,00	67,071	19,268	47,803	(7,845)	(8,784)	(9,328)	(7,083)
California Investimentos Imobiliários Ltda,	100,00	100,00	59,999	-	59,999	-	-	-	-
Casa de Saúde Laranjeiras S.A (Perinatal)	100,00	100,00	-	-	-	30,184	34,050	27,121	5,488
Hospital Santa Cruz	100,00	100,00	396,952	214,467	182,485	59,531	33,973	12,258	6,248
Advance Plano de Saúde S.A,	100,00	100,00	48,823	13,516	35,307	(2,520)	9	4,138	6,924
GSH Corp Participações S.A, (Loreme)	50,00	50,00	894,308	759,383	134,925	97,854	6,430	2,223	17,409
Traditio Companhia de Seguros (a)	100,00	100,00	6,358,559	506,445	5,852,114	286,565	359,075	-	-
Cia Saúde – SulAmérica (a)	100,00	100,00	18,483,264	11,392,765	7,090,499	704,121	652,416	-	-
SAEPAR Serv, E Partic (a)	100,00	100,00	1,661,985	31,328	1,630,657	92,100	92,859	-	-

(a) Restated due to a change in accounting practice in note 2.2.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

8. Investments (Continued)

Summary of the associates' and joint ventures' information

	2023					2022	2021		
	% Total	% Voting capital	Assets	Liabilities	Equity	Operating income (expenses)	P&L for the year	P&L for the year	P&L for the year
Companies recognized by the equity method in the consolidated financial statements									
JMJB Diagnósticos e Serviços Hospitalares S,A,	50,00	50,00	100,973	9,781	91,192	8,852	4,426	(1,374)	21,567
Instituto de Radioterapia do Vale do Paraíba Ltda,	50,00	50,00	24,473	10,324	14,149	13,121	5,807	5,331	8,109
Eldorado do Sul Participações Ltda,	33,33	33,33	61,556	-	61,556	18,300	6,099	3,611	2,667
Qualicorp Consultoria e Corretora de Seguros S,A, (a)	25,85	25,85	4,683,300	3,342,600	1,340,700	(a)	(a)	(a)	(b)
Sharecare Brasil Serviços de Consult,Ltda,	49,00	49,00	7,875	16,434	(8,559)	(20,197)	(12,014)	(c)	(c)
Sul América Investimentos Distribuidora de Títulos e Valores Mobiliários S,A, (SAMI)	49,00	49,00	205,171	33,296	171,875	22,757	11,301	(c)	(c)

(a) The Company recognized equity pickup until September 30, 2023,

(b) Acquisitions arising from the business combination entered into between Rede D'Or and SASA on December 23, 2022, between Rede D'Or and SASA.

The Company carried out the impairment test for all acquisitions of investments made up to December 31, 2023. The premises are described in explanatory note 10. As of December 31, 2023, the discount rate used for the health plan administration, management and sale segment was 10.36% (9.17% on December 31, 2022 and 10.59% on December 31, 2021).

There is no indication of impairment of investments to date.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

9. Property and equipment

Balance breakdown

Description	Depreciation rate	Individual								
		2023			2022			2021		
		Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	1,678,455	(1,321,300)	357,155	1,485,605	(1,152,009)	333,596	1,252,068	(911,058)	341,010
Surgical instruments	20%	136,301	(69,778)	66,523	122,273	(53,419)	68,854	85,004	(41,688)	43,316
Machinery and equipment	7% to 10%	875,363	(552,059)	323,304	564,773	(453,248)	111,525	509,370	(354,741)	154,629
Buildings	2.5% to 4%	887,453	(271,507)	615,946	827,109	(215,725)	611,384	638,834	(177,551)	461,283
Improvements in own buildings	4%	445,826	(172,642)	273,184	328,716	(145,846)	182,870	321,254	(122,710)	198,544
Leasehold improvements	3% to 4%	2,857,531	(642,186)	2,215,345	2,071,940	(550,296)	1,521,644	1,787,733	(470,412)	1,317,321
Furniture and fixtures	10%	256,789	(193,709)	63,080	227,323	(156,051)	71,272	204,339	(128,399)	75,940
Vehicles	20%	5,907	(4,606)	1,301	5,162	(4,200)	962	4,530	(3,776)	754
Facilities	10%	151,249	(90,749)	60,500	138,789	(78,009)	60,780	128,148	(67,225)	60,923
Land	-	169,698	-	169,698	150,699	-	150,699	150,699	-	150,699
Construction in progress	-	1,140,363	-	1,140,363	1,091,391	-	1,091,391	754,901	-	754,901
Other	5% to 10%	14,605	(6,881)	7,724	14,228	(6,398)	7,830	13,784	(5,956)	7,828
		8,619,540	(3,325,417)	5,294,123	7,028,008	(2,815,201)	4,212,807	5,850,664	(2,283,516)	3,567,148

Description	Depreciation rate	Consolidated								
		2023			2022			2021		
		Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	3,133,364	(2,146,769)	986,595	2,793,325	(1,796,052)	997,273	2,357,872	(1,346,762)	1,011,110
Surgical instruments	20%	305,903	(155,494)	150,409	286,300	(124,560)	161,740	218,932	(89,720)	129,212
Machinery and equipment	7% to 10%	1,363,779	(854,475)	509,304	1,047,737	(737,043)	310,694	875,457	(566,903)	308,554
Buildings	2.5% to 4%	3,839,290	(695,809)	3,143,481	3,184,273	(547,761)	2,636,512	2,594,919	(395,047)	2,199,872
Improvements in own buildings	4%	679,784	(232,594)	447,190	577,485	(204,682)	372,803	555,606	(165,574)	390,032
Leasehold improvements	3% to 4%	4,415,681	(930,721)	3,484,960	3,145,996	(803,341)	2,342,655	2,571,492	(662,654)	1,908,838
Furniture and fixtures	10%	490,374	(324,193)	166,181	463,911	(279,331)	184,580	386,554	(215,397)	171,157
Vehicles	20%	29,373	(26,295)	3,078	28,512	(24,350)	4,162	19,454	(18,650)	804
Facilities	10%	326,015	(165,516)	160,499	273,788	(139,451)	134,337	217,396	(118,928)	98,468
Land	-	1,181,599	-	1,181,599	1,168,390	-	1,168,390	1,019,026	-	1,019,026
Construction in progress	-	2,625,219	-	2,625,219	2,742,104	-	2,742,104	1,809,763	-	1,809,763
Other	5% to 10%	60,099	(9,211)	50,888	59,628	(8,592)	51,036	58,156	(7,942)	50,214
		18,450,480	(5,541,077)	12,909,403	15,771,449	(4,665,163)	11,106,286	12,684,627	(3,587,577)	9,097,050

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes - Individual

	2022	Additions	Transfers	Addition from mergers	2023
Cost					
Hospital machinery and equipment	1,485,605	157,098	-	35,752	1,678,455
Surgical instruments	122,273	11,849	-	2,179	136,301
Machinery and equipment	564,773	130,036	144,468	36,086	875,363
Buildings	827,109	-	15,296	45,048	887,453
Improvements in own buildings	328,716	61,298	11,254	44,558	445,826
Leasehold improvements	2,071,940	488,608	259,911	37,072	2,857,531
Furniture and fixtures	227,323	11,262	-	18,204	256,789
Vehicles	5,162	503	-	242	5,907
Facilities	138,789	9,919	-	2,541	151,249
Land	150,699	12,535	-	6,464	169,698
Construction in progress	1,091,391	452,125	(430,929)	27,776	1,140,363
Other	14,228	261	-	116	14,605
	<u>7,028,008</u>	<u>1,335,494</u>	<u>-</u>	<u>256,038</u>	<u>8,619,540</u>
Depreciation					
Hospital machinery and equipment	(1,152,009)	(152,016)	-	(17,275)	(1,321,300)
Surgical instruments	(53,419)	(15,792)	-	(567)	(69,778)
Machinery and equipment	(453,248)	(65,600)	-	(33,211)	(552,059)
Buildings	(215,725)	(35,152)	-	(20,630)	(271,507)
Improvements in own buildings	(145,846)	(13,602)	-	(13,194)	(172,642)
Leasehold improvements	(550,296)	(89,843)	-	(2,047)	(642,186)
Furniture and fixtures	(156,051)	(23,392)	-	(14,266)	(193,709)
Vehicles	(4,200)	(164)	-	(242)	(4,606)
Facilities	(78,009)	(11,682)	-	(1,058)	(90,749)
Other	(6,398)	(455)	-	(28)	(6,881)
	<u>(2,815,201)</u>	<u>(407,698)</u>	<u>-</u>	<u>(102,518)</u>	<u>(3,325,417)</u>
Property and equipment, net	<u>4,212,807</u>	<u>927,796</u>	<u>-</u>	<u>153,520</u>	<u>5,294,123</u>

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes - individual (Continued)

	2021	Additions	Transfers	Addition from mergers	2022
Cost					
Hospital machinery and equipment	1,252,068	185,757	-	47,780	1,485,605
Surgical instruments	85,004	34,614	-	2,655	122,273
Machinery and equipment	509,370	23,909	-	31,494	564,773
Buildings	638,834	1,597	186,183	495	827,109
Improvements in own buildings	321,254	135	6,239	1,088	328,716
Leasehold improvements	1,787,733	23,132	219,627	41,448	2,071,940
Furniture and fixtures	204,339	15,504	-	7,480	227,323
Vehicles	4,530	449	-	183	5,162
Facilities	128,148	9,670	-	971	138,789
Land	150,699	-	-	-	150,699
Construction in progress	754,901	729,155	(412,049)	19,384	1,091,391
Other	13,784	420	-	24	14,228
	<u>5,850,664</u>	<u>1,024,342</u>	<u>-</u>	<u>153,002</u>	<u>7,028,008</u>
Depreciation					
Hospital machinery and equipment	(911,058)	(203,713)	-	(37,238)	(1,152,009)
Surgical instruments	(41,688)	(11,101)	-	(630)	(53,419)
Machinery and equipment	(354,741)	(69,528)	-	(28,979)	(453,248)
Buildings	(177,551)	(38,134)	-	(40)	(215,725)
Improvements in own buildings	(122,710)	(22,827)	-	(309)	(145,846)
Leasehold improvements	(470,412)	(75,564)	-	(4,320)	(550,296)
Furniture and fixtures	(128,399)	(21,994)	-	(5,658)	(156,051)
Vehicles	(3,776)	(254)	-	(170)	(4,200)
Facilities	(67,225)	(10,588)	-	(196)	(78,009)
Other	(5,956)	(431)	-	(11)	(6,398)
	<u>(2,283,516)</u>	<u>(454,134)</u>	<u>-</u>	<u>(77,551)</u>	<u>(2,815,201)</u>
Property and equipment, net	<u>3,567,148</u>	<u>570,208</u>	<u>-</u>	<u>75,451</u>	<u>4,212,807</u>

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes - individual (Continued)

	2020	Additions	Transfers	Addition from mergers	2021
Cost					
Hospital machinery and equipment	1,106,114	119,617	-	26,337	1,252,068
Surgical instruments	66,877	18,127	-	-	85,004
Machinery and equipment	417,781	90,021	-	1,568	509,370
Buildings	635,284	3,550	-	-	638,834
Improvements in own buildings	308,097	2,803	10,348	6	321,254
Leasehold improvements	1,388,871	8,014	388,193	2,655	1,787,733
Furniture and fixtures	185,866	17,677	-	796	204,339
Vehicles	4,528	2	-	-	4,530
Facilities	123,376	4,721	-	51	128,148
Land	146,051	4,648	-	-	150,699
Construction in progress	625,417	527,694	(398,541)	331	754,901
Other	13,563	221	-	-	13,784
	5,021,825	797,095	-	31,744	5,850,664
Depreciation					
Hospital machinery and equipment	(703,486)	(192,791)	-	(14,781)	(911,058)
Surgical instruments	(35,778)	(5,910)	-	-	(41,688)
Machinery and equipment	(294,408)	(58,991)	-	(1,342)	(354,741)
Buildings	(149,986)	(27,565)	-	-	(177,551)
Improvements in own buildings	(90,962)	(31,747)	-	(1)	(122,710)
Leasehold improvements	(405,335)	(63,029)	-	(2,048)	(470,412)
Furniture and fixtures	(107,605)	(20,127)	-	(667)	(128,399)
Vehicles	(3,551)	(225)	-	-	(3,776)
Facilities	(57,362)	(9,846)	-	(17)	(67,225)
Other	(5,540)	(416)	-	-	(5,956)
	(1,854,013)	(410,647)	-	(18,856)	(2,283,516)
Property and equipment, net	3,167,812	386,448	-	12,888	3,567,148

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes - Consolidated

	2022	Additions	Transfers	Business combination	2023
Cost					
Hospital machinery and equipment	2,793,325	333,771	-	6,268	3,133,364
Surgical instruments	286,300	19,603	-	-	305,903
Machinery and equipment	1,047,738	164,519	151,265	257	1,363,779
Buildings	3,184,273	37,136	617,881	-	3,839,290
Improvements in own buildings	577,485	87,937	14,362	-	679,784
Leasehold improvements	3,145,996	894,466	375,219	-	4,415,681
Furniture and fixtures	463,911	25,150	-	1,313	490,374
Vehicles	28,512	675	-	186	29,373
Facilities	273,788	52,109	-	118	326,015
Land	1,168,390	13,199	-	10	1,181,599
Construction in progress	2,742,104	1,041,842	(1,158,727)	-	2,625,219
Other	59,628	472	-	-	60,099
	15,771,449	2,670,879	-	8,152	18,450,480
Depreciation					
Hospital machinery and equipment	(1,796,052)	(346,381)	-	(4,336)	(2,146,769)
Surgical instruments	(124,560)	(30,934)	-	-	(155,494)
Machinery and equipment	(737,044)	(117,134)	-	(297)	(854,475)
Buildings	(547,761)	(148,048)	-	-	(695,809)
Improvements in own buildings	(204,682)	(27,912)	-	-	(232,594)
Leasehold improvements	(803,341)	(127,380)	-	-	(930,721)
Furniture and fixtures	(279,331)	(43,900)	-	(962)	(324,193)
Vehicles	(24,350)	(1,847)	-	(98)	(26,295)
Facilities	(139,451)	(25,956)	-	(109)	(165,516)
Other	(8,591)	(620)	-	-	(9,211)
	(4,665,163)	(870,112)	-	(5,802)	(5,541,077)
Property and equipment, net	11,106,286	1,800,767	-	2,350	12,909,403

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes - Consolidated (Continued)

	2021	Additions	Transfers	Business combination	2022
Cost					
Hospital machinery and equipment	2,357,872	394,852	-	40,601	2,793,325
Surgical instruments	218,932	56,169	-	11,199	286,300
Machinery and equipment	875,457	82,319	-	59,961	1,047,737
Buildings	2,594,919	83,389	447,869	58,096	3,184,273
Improvements in own buildings	555,606	67	21,648	164	577,485
Leasehold improvements	2,571,492	96,523	410,139	67,842	3,145,996
Furniture and fixtures	386,554	38,223	-	39,134	463,911
Vehicles	19,454	3,990	-	5,068	28,512
Facilities	217,396	54,402	-	1,990	273,788
Land	1,019,026	132,705	-	16,659	1,168,390
Construction in progress	1,809,763	1,803,628	(879,656)	8,369	2,742,104
Other	58,156	1,471	-	-	59,627
	12,684,627	2,747,738	-	339,083	15,771,448
Depreciation					
Hospital machinery and equipment	(1,346,762)	(421,985)	-	(27,305)	(1,796,052)
Surgical instruments	(89,720)	(26,964)	-	(7,876)	(124,560)
Machinery and equipment	(566,903)	(113,225)	-	(56,916)	(737,044)
Buildings	(395,047)	(114,826)	-	(37,888)	(547,761)
Improvements in own buildings	(165,574)	(39,027)	-	(81)	(204,682)
Leasehold improvements	(662,654)	(111,195)	-	(29,492)	(803,341)
Furniture and fixtures	(215,397)	(41,781)	-	(22,153)	(279,331)
Vehicles	(18,650)	(3,785)	-	(1,915)	(24,350)
Facilities	(118,928)	(19,205)	-	(1,318)	(139,451)
Other	(7,942)	(648)	-	-	(8,590)
	(3,587,577)	(892,641)	-	(184,944)	(4,665,162)
Property and equipment, net	9,097,050	1,855,097	-	154,139	11,106,286

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes - Consolidated (Continued)

Significant changes for the years were:

	2020	Additions	Write-offs	Transfers	Business combination	2021
Cost						
Hospital machinery and equipment	1,936,263	270,930	-	22,663	128,016	2,357,872
Surgical instruments	122,270	41,957	-	-	54,705	218,932
Machinery and equipment	713,350	144,566	-	(22,663)	40,204	875,457
Buildings	2,016,417	408,177	-	7,940	162,385	2,594,919
Improvements in own buildings	520,467	45,594	-	(37,173)	26,718	555,606
Leasehold improvements	1,817,157	47,344	-	662,992	43,999	2,571,492
Furniture and fixtures	307,668	35,995	-	-	42,891	386,554
Vehicles	18,674	2,745	(3,476)	-	1511	19,454
Facilities	198,535	12,847	-	-	6,014	217,396
Land	974,184	24,210	(19,565)	-	40,197	1,019,026
Construction in progress	1,297,177	1,072,488	-	(633,759)	73,857	1,809,763
Other	53,266	3,255	-	-	1,635	58,156
	9,975,428	2,110,108	(23,041)	-	622,132	12,684,627
Depreciation						
Hospital machinery and equipment	(917,306)	(359,955)	-	-	(69,501)	(1,346,762)
Surgical instruments	(47,468)	(18,760)	-	-	(23,492)	(89,720)
Machinery and equipment	(441,284)	(102,822)	-	-	(22,797)	(566,903)
Buildings	(271,773)	(87,337)	-	-	(35,937)	(395,047)
Improvements in own buildings	(100,638)	(45,971)	-	-	(18,965)	(165,574)
Leasehold improvements	(555,764)	(99,348)	-	-	(7,542)	(662,654)
Furniture and fixtures	(155,290)	(38,217)	-	-	(21,890)	(215,397)
Vehicles	(13,618)	(3,600)	-	-	(1,432)	(18,650)
Facilities	(96,034)	(18,433)	-	-	(4,461)	(118,928)
Other	(7,308)	(619)	-	-	(15)	(7,942)
	(2,606,483)	(775,062)	-	-	(206,032)	(3,587,577)
Property and equipment, net	7,368,945	1,335,046	(23,041)	-	416,100	9,097,050

Significant changes for 2023, 2022 and 2021 were:

2023

- (j) Purchases of hospital machinery and equipment for the beginning of operation of Hospital São Luiz Campinas and reformulation and remodeling of Clínica São Vicente and Hospital Memorial Star.
- (ii) Expenses with improvements in the real properties of Hospital e Maternidade São Luiz Itaim and Hospital e Maternidade São Luiz Anália Franco.
- (iii) Construction costs of hospitals São Luiz Campinas, Novo Barra and Memorial Star, and expansion and renovation works of Hospital São Luiz Itaim (with implementation of the pediatric emergency project), Clínica São Vicente and Hospital Anália Franco.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

9. Property and equipment (Continued)

2022

- (i) Additions relating to property and equipment from business combinations in the year, especially of Hospital Memorial Arthur Ramos, Hospital Aeroporto and Sul América S.A.
- (ii) Purchase of hospital machinery and equipment as part of the renovation and remodeling of Hospital São Luiz Itaim, Clínica São Vicente and Hospital São Luiz Anália.
- (iii) Purchase of hospital machinery and equipment as part of the opening of Maternidade São Luiz Star.
- (iv) Construction costs of hospitals Novo Barra and Memorial Star, and expansion and renovation works of Hospital São Luiz Itaim, Hospital Aliança and Hospital São Lucas.
- (v) Beginning of operations of the new tower of Hospital Sino Brasileiro and of Maternidade São Luiz Star, with its assets reclassified to the appropriate groups and now undergoing depreciation.

2021

- (i) Additions relating to property and equipment from business combinations in the year, especially of Hospital Serra Mayor, Biocor Hospital de Doenças Cardiovasculares, Proncor Unidade Intensiva e Cardiorrespiratória, Hospital Santa Emília and Hospital Nossa Senhora das Neves.
- (ii) Purchase of hospital machinery and equipment as part of the Company's operational routine, and reformulation and remodeling of Hospital São Caetano do Sul, Hospital Glória D'Or and Hospital São Luiz Itaim.
- (iii) Acquisition, through investee GNI25 SP Empreendimentos Imobiliários Ltda., of fifteen properties located in the state of São Paulo, and acquisition, through investee GNI17 SP Empreendimentos Imobiliários Ltda., of two properties located in the state of São Paulo.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

9. Property and equipment (Continued)

Capitalized borrowing costs

The Company capitalizes borrowing costs attributable to qualifying assets, At December 31, 2023, R\$202,949 of interest on loans and financing were capitalized in property and equipment (R\$179,98 and R\$72,267 in 2022 and 2021, respectively).

Impairment testing of property and equipment

Management has assessed the existence of events or changes in economic, operational or technological circumstances and has not identified any evidence that could indicate deterioration or impairment of property and equipment.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

10. Intangible assets

	Annual amortization rate	Individual			Consolidated		
		2023	2022	2021	2023	2022	2021
Finite useful life			(restated)		(restated)		
Software (a)	20%	186,196	232,828	238,296	732,171	732,325	304,058
Customer portfolio - SASA (a)	8% to 33%	171,782	207,635	-	171,782	207,635	-
Exclusive agreements	20%	26,833	32,512	52,334	281,762	270,023	277,095
Other		-	108	-	61,825	78,169	57,562
Indefinite useful life							
Goodwill							
Acquisition of Copa D'Or		80,058	80,058	80,058	80,058	80,058	80,058
Acquisition of HMSL		668,339	668,339	668,339	668,339	668,339	668,339
Acquisition of Hospital Brasil		121,398	121,398	121,398	121,398	121,398	121,398
Acquisition of Hospital Prontolinda		30,595	30,595	30,595	30,595	30,595	30,595
Acquisition of Vivalle		38,692	38,692	38,692	38,692	38,692	38,692
Acquisition of São Marcos		-	-	-	10,807	10,807	10,807
Acquisition of Santa Luzia		199,333	199,333	199,333	199,333	199,333	199,333
Acquisition of Sinisgalli		156,646	156,646	156,646	156,646	156,646	156,646
Acquisition of Hospital Esperança		-	-	-	108,408	108,408	108,408
Acquisition of Norte D'Or		-	-	-	28,450	28,450	28,450
Acquisition of IFOR		85,724	85,724	85,724	85,724	85,724	85,724
Acquisition of Sino Brasileiro		241,947	241,947	241,947	241,947	241,947	241,947
Acquisition of Villa-Lobos		136,074	136,074	136,074	136,074	136,074	136,074
Acquisition of Bartira		105,584	105,584	105,584	105,584	105,584	105,584
Acquisition of Onco ABC/Cardeal/JLD		-	-	-	55,414	52,174	52,174
Acquisition of Oncoholding		-	-	-	159,445	159,445	159,445
Acquisition of Hospital Fluminense		-	-	-	10,658	10,658	10,658
Acquisition of Hospital Santa Helena		125,802	125,802	-	125,802	125,802	125,802
Acquisition of Acreditar		-	-	-	155,720	155,720	155,720
Acquisition of Memorial São Jose		112,528	112,528	112,528	112,528	112,528	112,528
Acquisition of Alpha-Med		-	-	-	43,815	43,815	43,815
Acquisition of CEHON		-	-	-	68,757	68,757	68,757
Acquisition of Maximagem		46,742	46,742	46,742	46,742	46,742	46,742
Acquisition of Ribeirão Pires		129,739	129,739	129,739	129,739	129,739	129,739
Acquisition of NEOH		-	-	-	33,422	33,422	33,422
Acquisition of JTO		-	-	-	12,567	12,567	12,567
Acquisition of Salus		-	-	-	8,956	8,956	8,956
Acquisition of Prontimagem		-	-	-	6,220	6,220	6,220
Acquisition of Sator		-	-	-	163,089	163,089	163,089
Acquisition of Hospital São Rafael		-	-	-	509,363	509,363	509,363
Acquisition of Laboratório Richet		-	-	-	184,232	184,232	184,232
Acquisition of UDI		-	-	-	335,883	335,883	335,883
Acquisition of Samer		-	-	-	70,939	70,939	70,939
Acquisition of Hospital Rio Mar		-	-	-	94,833	94,833	94,833
Acquisition of Hospital São Lucas		-	-	-	223,079	223,079	223,079
Acquisition of Hospital Avicenna (c)		60,476	-	-	60,476	60,476	60,476
Acquisition of Perinatal (c)		655,580	-	-	655,580	655,580	655,580
Acquisition of Reseda		-	-	-	54,198	54,198	54,198
Acquisition of Hospital Santa Cruz		-	-	-	299,583	299,583	299,583
Acquisition of Aliança		-	-	-	925,555	925,555	926,268
Acquisition of Salute		-	-	-	15,475	15,475	15,475
Acquisition of São Carlos		-	-	-	160,139	160,139	160,139
Acquisition of Clínica São Lucas		-	-	-	45,673	45,673	45,673
Acquisition of Clivalle		-	-	-	40,786	40,786	40,786
Acquisition of HCP/Cárdio Pulmonar		-	-	-	146,894	146,894	146,894
Acquisition of Saúde Corp		-	-	-	11,555	11,555	11,555
Acquisition of Guaianases		-	-	-	115,751	115,751	115,751
Acquisition of Antônio Afonso		-	-	-	16,782	16,782	16,782

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

10. Intangible assets (Continued)

	Annual amortization rate	Individual			Consolidated		
		2023	2022	2021	2023	2022	2021
Indefinite useful life							
Acquisition of Balbino	-	-	-	-	77,500	77,500	77,500
Acquisition of América	-	-	-	-	456,511	456,511	456,511
Acquisition of Serra Mayor	-	-	-	-	68,981	68,981	68,981
Acquisition of Biocor	-	-	-	-	620,347	620,347	681,837
Acquisition of Proncor	-	-	-	-	202,929	202,929	234,355
Acquisition of Santa Emília	-	-	-	-	121,991	121,991	127,493
Acquisition of Hospital Nossa Senhora das Neves	-	-	-	-	326,634	326,634	299,990
Acquisition of HNSN Empreendimentos	-	-	-	-	34,790	34,790	32,670
Acquisition of Orthoservice	-	-	-	-	33,705	33,705	35,748
Acquisition of HNA Emp, E Participações	-	-	-	-	12,401	12,401	55,495
Acquisition of Hospital Novo Atibaia	-	-	-	-	173,020	173,020	201,574
Acquisition of Hospital Arthur Ramos	-	-	-	-	272,686	272,686	-
Acquisition of Hospital Santa Isabel	-	-	-	-	243,287	243,287	-
Acquisition of Hospital Aeroporto	-	-	-	-	171,511	171,511	-
Acquisition of Paraná Clínicas	-	-	-	-	284,701	284,701	-
Acquisition of Sompo Saúde	-	-	-	-	199,384	192,430	-
Acquisition of Prodent	-	-	-	-	106,681	106,681	-
Acquisition of SASA		1,820,625	1,820,625	-	1,820,625	1,820,625	-
Other goodwill		48,650	48,650	48,650	601,825	600,899	420,174
Trademark - SASA		2,068,575	2,068,575	-	2,068,575	2,068,575	-
Trademarks and patents (b)		190,810	190,810	190,810	192,239	190,810	190,810
		7,508,728	6,880,944	2,683,489	16,449,568	16,477,631	10,631,031

(a) Restated balance (Note 2.2),

(b) This mainly refers to the Hospital São Luiz trademark registered upon its acquisition in 2010.

(c) Subsidiary merged into the Parent Company in 2023.

The goodwill balances were generated from business combinations. Acquisitions made in 2023, 2022 and 2021 are described in Note 3.

Software development costs and licenses

These refer mainly to expenditures incurred with the development of technological infrastructure, applications, improvements in the companies' website and in operations of Sul América S.A. development of own systems, and acquisition of software licenses used in operations.

Impairment

Goodwill is allocated to the Cash-Generating Units (CGU) identified by management, i.e, each hospital, as shown in the table above.

The recoverable amount of a CGU is determined based on the calculation of value in use, Value in use calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

10. Intangible assets (Continued)

Impairment (Continued)

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC). The WACC takes into consideration both debt and equity. The cost of equity is derived from the expected return on investment by the investors. The cost of debt is based on the interest-bearing financing the Company is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. At December 31, 2023, the discount rate used for hospital segment was 14.95% (12.29% at December 31, 2022 and 11.56% at December 31, 2021), and perpetuity of 6.0%. For insurance segment, the discount rate used was 17.11% and perpetuity from 3.5%. The assumptions on which the Company based its projections and exercised its judgment are the budget projections for 5 to 10-year periods, at which time financial flows will stabilize as a result of the maturation of the business. These projections also take into account the regulatory profile of the Company's business segments, thus including the predictability of financial levels to ensure its solvency margin. The ratios used in the projection model, as well as the discount rates and growth in perpetuity, were calculated internally, in accordance with the latest market assessment of expectations and trends prepared by an independent entity, and with the Company's risk management policies, as provided for in its business plan.

There is no indication of impairment of intangible assets to date.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

11. Right of use

Balance breakdown

Description	Individual								
	2023			2022			2021		
	Cost	Amortization	Net	Cost	Amortization	Net	Cost	Amortization	Net
Hospital machinery and equipment	-	-	-	32,473	(23,701)	8,772	29,725	(16,258)	13,467
Properties	3,108,775	(950,269)	2,158,506	2,949,485	(694,803)	2,254,682	2,217,921	(487,580)	1,730,341
	3,108,775	(950,269)	2,158,506	2,981,958	(718,504)	2,263,454	2,247,646	(503,838)	1,743,808
Description	Consolidated								
	2023			2022			2021		
	Cost	Amortization	Net	Cost	Amortization	Net	Cost	Amortization	Net
Hospital machinery and equipment	2,531	(1,646)	885	64,520	(44,620)	19,900	58,540	(31,501)	27,039
Properties	4,024,562	(1,344,985)	2,679,577	3,808,087	(994,642)	2,813,445	3,227,816	(630,408)	2,597,408
Vehicles	3,684	(3,684)	-	3,764	(2,509)	1,255	-	-	-
	4,030,777	(1,350,315)	2,680,462	3,876,371	(1,041,771)	2,834,600	3,286,356	(661,909)	2,624,447

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

11. Right of use (Continued)

Changes - Individual

	2022	Additions	Write-offs	Amortization	Addition from mergers	2023
Cost						
Hospital machinery and equipment	32,473	-	(32,473)	-	-	-
Properties	2,949,485	127,147	-	-	32,143	3,108,775
	2,981,958	127,147	(32,473)	-	32,143	3,108,775
Amortization						
Hospital machinery and equipment	(23,701)	187	24,832	(1,318)	-	
Properties	(694,803)	-	-	(242,263)	(13,203)	(950,269)
	(718,504)	187	24,832	(243,581)	(13,203)	(950,269)
Right of use, net	2,263,454	127,334	(7,641)	(243,581)	18,940	2,158,506

	2021	Additions	Addition from mergers	Amortization	2022
Cost					
Hospital machinery and equipment	29,725	82	2,666	-	32,473
Properties	2,217,921	533,418	198,146	-	2,949,485
	2,247,646	533,500	200,812	-	2,981,958
Amortization					
Hospital machinery and equipment	(16,258)	-	-	(7,443)	(23,701)
Properties	(487,580)	-	-	(207,223)	(694,803)
	(503,838)	-	-	(214,666)	(718,504)
Right of use, net	1,743,808	533,500	200,812	(214,666)	2,263,454

	2020	Additions	Amortization	2021
Cost				
Hospital machinery and equipment	28,809	916	-	29,725
Properties	1,955,495	262,426	-	2,217,921
	1,984,304	263,342	-	2,247,646
Amortization				
Hospital machinery and equipment	(10,973)	-	(5,285)	(16,258)
Properties	(309,321)	-	(178,259)	(487,580)
	(320,294)	-	(183,544)	(503,838)
Right of use, net	1,664,010	263,342	(183,544)	1,743,808

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

11. Right of use (Continued)

Changes - Consolidated

	2022	Additions	Write-offs	Amortization		2023
Cost	(restated)					
Hospital machinery and equipment	64,520		(61,989)	-	2,531	64,520
Properties	3,808,087	216,475	-	-	4,024,562	3,808,087
Vehicles	3,764	-	(80)	-	3,684	3,764
	3,876,371	216,475	(62,069)	-	4,030,777	3,876,371
Amortization						
Hospital machinery and equipment	(44,620)	-	46,960	(3,986)	(1,646)	(44,620)
Properties	(994,642)	-	-	(350,343)	(1,344,985)	(994,642)
Vehicles	(2,510)	-	-	(1,174)	(3,684)	(2,510)
	(1,041,772)	-	46,960	(355,503)	(1,350,315)	(1,041,772)
Right of use, net	2,834,599	216,475	(15,109)	(355,503)	2,680,462	2,834,599

	2021	Additions	Write-offs	Business combinations	Amortization	2022
Cost	(restated)					
Hospital machinery and equipment	58,540	4,402	(1,386)	2,964	-	64,520
Properties	3,227,816	355,303	-	224,968	-	3,808,087
Vehicles	-	-	-	3,764	-	3,764
	3,286,356	359,705	(1,386)	231,696	-	3,876,371
Amortization						
Hospital machinery and equipment	(31,501)	-	1,386	(1,053)	(13,452)	(44,620)
Properties	(630,408)	-	-	(54,009)	(310,225)	(994,642)
Vehicles	-	-	-	(2,509)	-	(2,509)
	(661,909)	-	1,386	(57,571)	(323,677)	(1,041,771)
Right of use, net	2,624,447	359,705	-	174,125	(323,677)	2,834,600

	2020	Additions	Business combinations	Amortization	2021
Cost	(Reapresentado)				(Reapresentado)
Hospital machinery and equipment	50,682	7,858	-	-	58,540
Properties	2,766,617	403,674	57,525	-	3,227,816
	2,817,299	411,532	57,525	-	3,286,356
Amortization					
Hospital machinery and equipment	(18,659)	-	-	(12,842)	(31,501)
Properties	(353,153)	-	-	(277,255)	(630,408)
	(371,812)	-	-	(290,097)	(661,909)
Right of use, net	2,445,487	411,532	57,525	(290,097)	2,624,447

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

11. Right of use (Continued)

Changes - Consolidated (Continued)

The rights of use are amortized during the lease contract term and take into consideration the expected renewal, when management intends to exercise this right, and in accordance with the terms of the contracts,

In view of the taxation regimes applicable to insurance entities and health plan entities, which do not allow allocation of the Contribution Tax on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) credits to be calculated on the depreciation of the right to use of leased assets, in accordance with CVM/SNC/SEP Memorandum Circular No, 02/2019, the credits of other entities that can be used are immaterial for disclosure,

12. Assets and liabilities from insurance contracts (restated, Note 2.2)

Insurance contracts	12/31/2023		12/31/2022	
	Assets	Liabilities	Assets	Liabilities
Long-term contracts (BBA/VFA)	5,667	15,783,019	-	14,843,724
Short-term contracts (PAA)	76,347	1,359,504	149,508	298,616
Total	82,014	17,142,523	149,508	15,142,340
Current	41,419	4,683,939	70,012	3,913,312
Noncurrent	40,595	12,458,584	79,496	11,229,028

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

12. Assets and liabilities from insurance contracts (restated, Note 2.2) - Continued

12.1. Changes in assets or liabilities for remaining coverage and claims incurred relating to insurance contracts

Short-term contracts (PAA)

		Consolidated				Total
		Liability (Asset) for remaining coverage	Liability for claims incurred		Assets for insurance acquisition costs	
		Less loss component	Estimated future cash flows at present value	Risk adjustment		
Insurance contract liabilities at 01/01/2023		(683,679)	2,849,478	95,789	(1,962,972)	298,616
Insurance contract (assets) at 01/01/2023		(83,224)	28,003	298	(94,585)	(149,508)
Total insurance contracts at 01/01/2023		(766,903)	2,877,481	96,087	(2,057,557)	149,108
Insurance revenue	Note 18.2	(23,707,681)	-	-	-	(23,707,681)
Insurance costs	Note 19.2	3,026,033	14,662,351	33,943	-	17,722,327
Income from (loss on) insurance services		(20,681,648)	14,662,351	33,943	-	(5,985,354)
Finance income (costs) from insurance operations		-	611,984	14,553	-	626,537
Changes in other comprehensive income		-	(690)	38	-	(652)
Total changes that impact P&L or other comprehensive income		(20,681,648)	15,273,645	48,534	-	(5,359,469)
Premiums and other cash flows received from policyholders	(a)	23,540,195	-	-	-	23,540,195
Claims and other benefits paid to policyholders or their beneficiaries		-	(14,392,693)	-	-	(14,392,693)
Acquisition cash flows paid	(b)	(1,344,475)	-	-	(424,090)	(1,768,565)
Outras despesas alocáveis aos serviços de seguros	(c)	(894,885)	-	-	-	(894,885)
Total cash flows		21,300,835	(14,392,693)	-	(424,090)	6,484,052
Allocation of acquisition costs prepaid to insurance cash flows	(d)	(643,850)	-	-	643,850	-
Other	(e)	(12,886)	22,352	-	-	9,466
Insurance contract total at 12/31/2023		(804,452)	3,780,785	144,621	(1,837,797)	1,283,157
Insurance contract liabilities at 12/31/2023		(742,794)	3,752,308	144,542	(1,794,552)	1,359,504
Insurance contract (assets) at 12/31/2023		(61,658)	28,477	79	(43,245)	(76,347)

(a) Any premium reimbursements were included in this line,

(b) Insurance acquisition cash flows paid before initial recognition of the respective group are adjusted to the liability/asset for remaining coverage only when these groups are recognized, Insurance acquisition cash flows paid before the related group is recognized are included in cash flows from assets for acquisition until the group is recognized (Note 2.20).

(c) Other changes within insurance assets or liabilities that affect other statement of financial position lines, as well as expenses allocable to insurance contracts not directly related to claims and acquisition cash flows, which are not recorded in assets/liabilities from insurance and reinsurance contracts and were included in Insurance Costs line.

(d) Other acquisition cash flow movements include the reclassification of acquisition cash flows from insurance to liabilities that were recognized prior to group recognition by the determination of another CPC/IFRS.

(e) Refers to the elimination of transactions between group companies.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

12. Assets and liabilities from insurance contracts (restated, Note 2,2) - Continued

12,1, Changes in assets or liabilities for remaining coverage and claims incurred relating to insurance contracts (Continued)

Long-term contracts (BBA/VFA)

	Liability (Asset) for remaining coverage		Liability for claims incurred		Total
	Less loss component	Loss component	Estimated future cash flows at present value	Risk adjustment	
Insurance contract liabilities at 01/01/2023	13.308.357	1.067.575	452.983	14.809	14.843.724
Total insurance contracts at 01/01/2023	13.308.357	1.067.575	452.983	14.809	14.843.724
Insurance revenue	(3.012.071)	-	-	-	(3.012.071)
Insurance cost	(2.727.718)	(227.582)	5.074.978	3.559	2.123.237
Income from (loss on) insurance services	(5.739.789)	(227.582)	5.074.978	3.559	(888.834)
Finance income (costs) from insurance operations	1.439.238	89.442	83.123	1.945	1.613.748
Changes in other comprehensive income	20.116	6.660	763	26	27.565
Total changes that impact P&L or other comprehensive income	(4.280.435)	(131.480)	5.158.864	5.530	752.479
Premiums and other cash flows received from policyholders	5.395.438	-	-	-	5.395.438
Claims and other benefits paid to policyholders or their beneficiaries	-	-	(5.086.572)	-	(5.086.572)
Acquisition cash flows paid	(74.023)	-	-	-	(74.023)
Private pension redemption and investment	12.003	-	-	-	12.003
Other expenses allocable to the insurance service	(65.697)	-	-	-	(65.697)
cash flows total	5.267.721	-	(5.086.572)	-	181.149
Insurance contract total at 12/31/2023	14.295.643	936.095	525.275	20.339	15.777.352
Insurance contract liabilities at 12/31/2023	14.304.162	936.095	522.426	20.336	15.783.019
Insurance contract assets at 12/31/2023	(8.519)	-	2.849	3	(5.667)

(a) Any premium reimbursements were included in this line.

(b) Insurance acquisition cash flows paid prior to the initial recognition of the respective group are adjusted to the liability/asset for the remaining coverage only when these groups are recognized. Insurance acquisition cash flows paid prior to the related group's recognition are included in the cash flows from assets for acquisition until the group is recognized.

(c) Other changes within insurance assets or liabilities that affect other statement of financial position lines, as well as expenses allocable to insurance contracts not directly related to claims and acquisition cash flows, which are not recorded in assets/liabilities from insurance and reinsurance contracts and were included in Insurance Costs line, Cash flows related to investment and redemptions of non-separable pension investment components (VGBL/PGBL) were also included in this line.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

12. Assets and liabilities from insurance contracts (restated, Note 2.2) - Continued

12.2. Expected recognition of contractual service margin (CSM) in coming years

	Consolidado			
	Estimativa do valor presente dos fluxos de caixa futuros	Ajuste de risco	Margem de serviço contratual	Total
Passivos de contratos de seguro em 01/01/2023	13.628.788	652.408	562.528	14.843.724
Total dos contratos de seguro em 01/01/2023 (a)	13.628.788	652.408	562.528	14.843.724
Mudanças relacionadas aos serviços contratuais	(509.093)	(60.564)	(38.593)	(608.250)
Margem de serviço contratual reconhecida para serviços prestados	-	-	(38.593)	(38.593)
Ajuste de risco reconhecido para o risco vencido	-	(60.564)	-	(60.564)
Ajustes de experiência	(509.093)	-	-	(509.093)
Mudanças relacionadas a serviços futuros	(145.308)	2.479	(84.753)	(227.582)
Contratos inicialmente reconhecidos no período (b)	(78.548)	611	77.937	-
Mudanças nas estimativas que ajustam a margem de serviço contratual	168.926	(6.236)	(162.690)	-
Mudanças nas estimativas que não ajustam a margem de serviço contratual	(235.686)	8.104	-	(227.582)
Mudanças relacionadas a serviços anteriores	(115.424)	62.422	-	(53.002)
Ajustes de passivos por sinistros incorridos	(115.424)	62.422	-	(53.002)
Resultado do serviço de seguro	(769.824)	4.337	(123.347)	(888.834)
Resultado financeiro da operação de seguros	1.520.981	79.013	13.754	1.613.748
Variações em outros resultados abrangentes	23.490	4.075	-	27.565
Total	774.647	87.425	(109.593)	752.479
Prêmios e outros fluxos de caixa recebidos dos segurados	5.395.438	-	-	5.395.438
Sinistros e outros benefícios pagos aos segurados ou seus beneficiários	(5.140.266)	-	-	(5.140.266)
Fluxos de caixa de aquisição de seguro	(74.023)	-	-	(74.023)
Total dos contratos de seguro em 31/12/2023	14.584.584	739.833	452.935	15.777.352
Passivos de contratos de seguro em 31/12/2023	14.587.203	739.783	456.033	15.783.019
Ativos de contratos de seguros em 31/12/2023	(2.619)	50	(3.098)	(5.667)

(a) All contracts in force on 01/01/2023 were acquired through a business combination (note 2.20)

(b) The estimate of the present value of future cash flows for the contracts initially recognized in the period includes an estimate of R\$1,738,549 in net written premiums, R\$1,630,166 in claims and other insurance service expenses, and R\$29,835 in acquisition cash flows.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

12. Assets and liabilities from insurance contracts (restated, Note 2,2) - Continued

12.3. Expected recognition of acquisition cash flows in coming years

	Consolidated			
	Long-Term Contracts (BBA / VFA)			
	2024	2025 a 2029	Após 2029	31/12/2023
Release of CSM	39,344	156,855	256,736	452,935

12.4. Expectation of recognition of acquisition cash flows in the coming years

	Consolidated			
	Short-term contracts (PAA)			
	2024	2025 a 2029	Após 2029	31/12/2023
Asset Release from Acquisition Cash Flows	604,228	1,105,393	128,176	1,837,797

12.5. Guarantee for technical reserves

The subsidiaries regulated by Brazil's Private Insurance Supervisory Office ("SUSEP") and the Brazilian Regulatory Agency for Private Health Insurance and Plans ("ANS"), based on the regulatory guidance established by these agencies, have to keep assets offered as guarantee for their technical reserves (liabilities representing the obligations of these companies to the policyholders/beneficiaries), measured based on accounting standards defined by such regulators, which differ materially from CPC 50/IFRS 17.

The assets offered as guarantee for such technical reserves are recorded in clearinghouses in the technical reserve account. SUSEP and ANS may authorize the free movement of assets offered as guarantee by the regulated companies, provided that all financial requirements regarding the coverage of technical reserves and sufficiency of capital, as well as all accounting obligations, are met.

As at December 31, 2023, the subsidiaries regulated by SUSEP and ANS were compliant with the requirements for coverage of technical reserves.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

13. Loans, financing and debentures (Continued)

Transaction/Instrument	Index	Spread	Currency	Principal (R\$)	Beginning	Maturity	Amortization	Guarantees	Individual			Consolidated			
									2023	2022	2021	2023	2022	2021	
FINEP	TJLP/Fixed rate	0.5%/4.0%	R\$	170,252	Feb/15	Sept/24	Monthly	Surety bond	17,925	42,147	66,491	17,925	42,147	66,491	
Citibank II (a)	LIBOR	0.46%	US\$	301,200	Nov/18	Nov/23	Bullet	n/a	-	417,697	447,822	-	417,697	447,822	
Citibank III (a)/(d)	SOFR	0.99%	US\$	304,158	Apr/23	Apr/27	Annually	n/a	299,144	-	-	299,144	-	-	
BofA II (a)	Fixed Rate	0.88%	EUR€	400,520	June/21	June/25	Bullet	n/a	341,912	342,386	420,199	341,912	342,386	420,199	
JP Morgan II (a)	Fixed rate	1.58%	US\$	520,000	July/20	July/25	Bullet	n/a	455,269	472,668	540,731	455,269	472,668	540,731	
CCB Itaú	100% of DI	3.20%	R\$	20,000	July/20	July/22	Bullet	n/a	-	-	-	-	-	20,471	
CCB Bank of China	100% of DI	1.20%	R\$	85,000	May/20	May/26	Bullet	n/a	86,492	86,812	86,181	86,492	86,812	86,181	
Other	CDI/Fixed Rate/IPCA	-	R\$	n/a	n/a	Mar/28	Monthly	Credit rights	-	-	-	-	-	62,430	203,487
Debentures - 3rd issue - Esperança	110.85% of DI	-	R\$	1,000,000	Aug/17	Aug/24	Semiannually	n/a	-	-	-	260,593	522,162	765,044	
Debentures - 4th issue - Esperança	100% of DI	1.27%/1.50%	R\$	1,000,000	Feb/18	Dec/27	Annually	n/a	-	-	-	992,073	989,740	986,969	
Debentures - 10th issue (a)	Fixed Rate	11.82%	R\$	1,628,100	Jan/18	Jan/28	Bullet	n/a	1,723,193	1,547,929	1,666,921	33,407	33,397	33,397	
Debentures - 13th issue (b)	100% of DI	1.02%	R\$	1,400,000	Sept/18	Sept/24	Annually	n/a	725,575	1,447,970	1,419,190	725,575	1,449,190	1,419,190	
Debentures - 14th issue (b)	106% of DI	-	R\$	500,000	Oct/18	Oct/26	Annually	Property	380,509	508,744	502,312	380,509	508,744	502,312	
Debentures - 17th issue 3rd series (b)	100% of DI	0.79%	R\$	1,000,000	June/19	June/29	Annually	n/a	995,788	996,359	992,720	995,788	996,359	992,720	
Debentures - 17th issue 2nd series	100% of DI	1.25%	R\$	2,500,000	Dec/19	Dec/26	Annually	n/a	2,489,661	2,491,258	2,482,205	2,489,661	2,491,258	2,482,205	
Debentures - 17th issue 1st series (a)	Fixed rate	8.75%	R\$	3,198,350	Apr/20	Jan/30	Bullet	n/a	2,773,950	2,348,988	2,557,355	-	-	-	
Debentures - 19th issue 2nd series	100% of DI	1.90%	R\$	2,500,000	Aug/21	Aug/31	Annually	n/a	2,605,127	2,613,659	2,547,266	2,605,127	2,613,659	2,547,266	
Debentures - 19th issue 3rd series	100% of DI	1.90%	R\$	1,500,000	Sept/21	Aug/31	Annually	n/a	1,563,076	1,568,196	1,525,849	1,563,076	1,568,196	1,525,849	
Debentures - 23rd issue 1st series	100% of DI	1.40%	R\$	900,000	May/22	May/28	Bullet	n/a	907,338	909,095	-	907,338	909,095	-	
Debentures - 23rd issue 2nd series	100% of DI	1.90%	R\$	850,000	May/22	May/32	Annually	n/a	857,449	859,126	-	857,449	859,126	-	
Debentures - 23rd issue 3rd series	100% of DI	1.90%	R\$	625,000	May/22	May/32	Annually	n/a	630,477	631,710	-	630,477	631,710	-	
Debentures - 25th issue 1st series	100% of DI	2.00%	R\$	450,000	Oct/22	Oct/32	Bullet	n/a	459,220	459,714	-	459,220	459,714	-	
Debentures - 25th issue 2nd series	100% of DI	1.95%	R\$	150,000	Oct/22	Oct/32	Annually	n/a	153,058	153,223	-	153,058	153,223	-	
Debentures - 27th issue (c)	100% of DI	1.70%	R\$	1,100,000	Feb/23	Feb/30	Annually	n/a	1,145,537	-	-	1,145,537	-	-	
Debentures - 28th issue (e)	100% of DI	1.90%	R\$	490,000	June/23	May/28	Bullet	n/a	526,848	-	-	526,848	-	-	
Debentures - 29th issue (f)	100% of DI	2.25%	R\$	1,000,000	Aug/23	July/31	Annually	n/a	1,050,067	-	-	1,050,067	-	-	
Debentures - 31st issue (h)	100% of DI	2.00%	R\$	500,000	Oct/23	Oct/31	Annually	n/a	510,525	-	-	510,525	-	-	
Debentures (SULA) - 6th issue	111.5% of DI	-	R\$	700,000	Apr/19	Apr/24	Annually	n/a	-	483,094	-	-	483,094	-	
Debentures (SULA) - 8th issue 1st series	100% of DI	1.50%	R\$	233,000	Feb/21	Feb/24	Bullet	n/a	245,925	248,542	-	245,925	248,542	-	
Debentures (SULA) - 8th issue 2nd series	100% of DI	1.80%	R\$	467,000	Feb/21	Feb/26	Annually	n/a	497,845	498,763	-	497,845	498,763	-	
Debentures (SULA) - 9th issue 1st series	100% of DI	1.50%	R\$	750,000	Nov/21	Nov/26	Annually	n/a	769,731	769,817	-	769,731	769,817	-	
Debentures (SULA) - 9th issue 2nd series	100% of DI	1.70%	R\$	750,000	Nov/21	Nov/28	Annually	n/a	769,948	770,041	-	769,948	770,041	-	
Debentures GGSB	100% of DI	2.80%	R\$	360,000	Apr/21	Apr/26	Semiannually	n/a	-	-	-	363,127	363,519	357,614	
Debentures GGSB	100% of DI	2.20%	R\$	70,000	Sept/22	Sept/26	Semiannually	n/a	-	-	-	-	71,327	-	
Debentures GGSB	100% of DI	2.20%	R\$	100,000	Dec/23	Dec/28	Semiannually	n/a	-	-	-	100,869	-	-	
CCB GGSB	100% of DI	2.42%	R\$	125,000	Aug/23	Aug/28	Semiannually	Surety bond	-	-	-	129,295	-	-	
Senior Notes I (a)	Fixed rate	4.95%	US\$	1,596,400	Jan/18	Jan/28	Bullet	n/a	-	-	-	2,361,259	2,487,890	3,074,369	
Senior Notes II (a)	Fixed Rate	4.50%	US\$	5,062,504	Jan/20	Jan/30	Bullet	n/a	-	-	-	3,188,554	3,232,075	4,142,489	
Promissory note - 3rd issue	112.5% of DI	-	R\$	1,000,000	Apr/18	Apr/23	Bullet	n/a	-	1,379,354	1,198,637	-	1,379,354	1,198,637	
Promissory note - 4th issue	103.0% of DI	-	R\$	800,000	Sept/19	Sept/22	Bullet	n/a	-	-	872,716	-	-	872,716	
Mortgage-backed securities ("CRI") - 1st issue	99% of DI	-	R\$	662,837	Mar/18	Mar/23	Bullet	n/a	-	670,988	647,954	-	670,988	647,954	
Mortgage-backed securities ("CRI") - 2nd issue	IPCA	6.06%	R\$	300,000	July/18	July/25	Bullet	n/a	404,243	387,137	365,359	404,243	387,137	365,359	
Mortgage-backed securities ("CRI") - 3rd issue 1st series	96.5% of DI	-	R\$	227,051	Dec/18	Dec/23	Bullet	n/a	-	226,374	222,227	-	226,374	222,227	

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

13. Loans, financing and debentures (Continued)

Transaction/Instrument	Index	Spread	Currency	Principal (R\$)	Beginning	Maturity	Amortization	Guarantees	Individual			Consolidated			
									2023	2022	2021	2023	2022	2021	
Mortgage-backed securities ("CRI") - 3rd issue 2nd series	IPCA	4.66%	R\$	372,949	Dec/18	Dec/25	Bullet	n/a	485,165	464,601	438,421	485,165	464,601	438,421	
Mortgage-backed securities ("CRI") - 4th issue 1st series	95.75% of DI	-	R\$	269,900	Feb/19	Feb/23	Bullet	n/a	-	280,300	269,431	-	280,300	269,431	
Mortgage-backed securities ("CRI") - 4th issue 2nd series	IPCA	3.93%	R\$	30,100	Feb/19	Feb/26	Bullet	n/a	39,406	37,735	35,602	39,406	37,735	35,602	
Mortgage-backed securities ("CRI") - 5th issue	IPCA	3.45%	R\$	538,328	Sept/19	Aug/29	Annually	n/a	689,664	660,440	623,054	689,664	660,440	623,054	
Mortgage-backed securities ("CRI") - 6th issue (a)	IPCA	4.93%	R\$	1,500,000	May/21	May/36	Annually	n/a	1,498,027	1,298,515	1,351,211	1,498,027	1,298,515	1,351,211	
Mortgage-backed securities ("CRI") - 7th issue 1st series (a)	IPCA	5.58%	R\$	400,000	Dec/21	Dec/31	Annually	n/a	432,387	390,833	397,295	432,387	390,833	397,295	
Mortgage-backed securities ("CRI") - 7th issue 2nd series (a)	IPCA	6.10%	R\$	600,000	Dec/21	Dec/36	Annually	n/a	643,616	567,891	592,623	643,616	567,891	592,623	
Mortgage-backed securities ("CRI") - 8th issue 2nd series (a)	IPCA	5.83%	R\$	798,634	June/22	June/29	Bullet	n/a	834,344	762,652	-	834,344	762,652	-	
Mortgage-backed securities ("CRI") - 8th issue 3rd series (a)	IPCA	6.01%	R\$	341,867	June/22	June/32	Annually	n/a	358,827	325,600	-	358,827	325,600	-	
Mortgage-backed securities ("CRI") - 9th issue 1st series (a)	IPCA	6.38%	R\$	30,000	Aug/22	July/29	Bullet	n/a	32,878	30,119	-	32,878	30,119	-	
Mortgage-backed securities ("CRI") - 9th issue 2nd series (a)	IPCA	6.54%	R\$	70,000	Aug/22	July/32	Bullet	n/a	77,891	70,603	-	77,891	70,603	-	
Mortgage-backed securities ("CRI") - 9th issue 3rd series (a)	IPCA	6.77%	R\$	400,000	Aug/22	July/37	Bullet	n/a	455,707	405,255	-	455,707	405,255	-	
Mortgage-backed securities ("CRI") - 10th issue 1st series	100% of DI	0.75%	R\$	86,186	Dec/22	Dec/27	Bullet	n/a	84,389	84,612	-	84,389	84,612	-	
Mortgage-backed securities ("CRI") - 10th issue 2nd series	100% of DI	1.00%	R\$	176,323	Dec/22	Dec/29	Bullet	n/a	197,673	173,130	-	197,673	173,130	-	
Mortgage-backed securities ("CRI") - 10th issue 3rd series (a)	IPCA	6.79%	R\$	82,487	Dec/22	Dec/29	Bullet	n/a	88,031	80,174	-	88,031	80,174	-	
Mortgage-backed securities ("CRI") - 10th issue 4th series (a)	IPCA	6.94%	R\$	55,004	Dec/22	Dec/32	Annually	n/a	59,112	53,351	-	59,112	53,351	-	
Mortgage-backed securities ("CRI") - 11th issue 1st series (g)	100% of DI	1.00%	R\$	429,340	Aug/23	Aug/28	Bullet	n/a	437,256	-	-	437,256	-	-	
Mortgage-backed securities ("CRI") - 11th issue 2nd series (a)/(g)	IPCA	6.20%	R\$	557,457	Aug/23	Aug/30	Bullet	n/a	573,663	-	-	573,663	-	-	
Mortgage-backed securities ("CRI") - 11th issue 3rd series (a)/(g)	IPCA	6.55%	R\$	524,038	Aug/23	Aug/33	Annually	n/a	543,196	-	-	543,196	-	-	
Mortgage-backed securities ("CRI") - 12th issue 1st series (i)	IPCA	6.69%	R\$	250,000	Dec/23	Dec/33	Annually	n/a	244,414	-	-	244,414	-	-	
Mortgage-backed securities ("CRI") - 12th issue 2nd series (i)	IPCA	6.95%	R\$	500,000	Dec/23	Dec/38	Annually	n/a	488,860	-	-	488,860	-	-	
				44,263,985					31,650,338	29,017,602	22,269,772	34,585,949	32,883,225	27,629,336	
									Current	2,587,944	4,707,009	1,260,597	2,918,435	4,973,066	1,554,588
									Noncurrent	29,062,394	24,310,593	21,009,175	31,667,514	27,910,159	26,074,748

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

13. Loans, financing and debentures (Continued)

- (a) As mentioned in Note 25, the Group enters into derivative financial instruments to hedge foreign exchange differences and interest rate (Fixed rate, Libor and IPCA) and has adopted the fair value hedge accounting as accounting practice; therefore, these debts are recorded at fair value through profit or loss.
- (b) As mentioned in Note 25, the Group enters into derivative financial instruments to hedge interest rate (CDI) and has adopted the cash flow hedge accounting as accounting practice; therefore, these debts are recorded at amortized cost and derivatives at fair value; the effective portion of the debt is recorded at fair value through other comprehensive income and any ineffective portion and interest at fair value through profit or loss.
- (c) On February 28, 2023, Rede D'Or paid in the 27th issue of debentures in a single series, in the amount of R\$1,1 billion, maturing on February 20, 2030. This debenture issue is indexed to the CDI + 1.70% p.a. payable semiannually. There are no guarantees.
- (d) Citibank II and Citibank III - On April 27, 2023, Rede D'Or settled the loan taken out from Citibank in the amount of US\$80 million, maturing in a lump-sum payment on November 21, 2023, at Libor + 0.46% p.a. paid quarterly. The Company settled the derivative financial instrument for currency and interest rate hedging purposes, which translated the debt into Brazilian reais plus interest equivalent to 109% of the CDI p.a. Concomitantly, Rede D'Or took out a loan from Citibank in the amount of US\$60 million, with repayments on April 27, 2026 and April 27, 2027, at SOFR + 0.99% p.a. paid semiannually. The Company also entered into a derivative financial instrument for currency and interest rate hedging purposes, which translated the debt into Brazilian reais plus interest equivalent to CDI + 1.63% p.a. There are no guarantees.
- (e) On June 5, 2023, Rede D'Or paid in the 28th issue of Debentures in a single series, in the amount of R\$490 million, maturing on May 25, 2028. This debenture issue is indexed to the CDI + 1.90% p.a., payable annually. There are no guarantees.
- (f) On August 4, 2023, Rede D'Or paid in the 29th issue of Debentures in a single series, in the total amount of R\$1,0 billion, maturing on July 25, 2031. This debenture issue is indexed to the CDI + 2.25% p.a. payable semiannually. There are no guarantees.
- (g) On August 24, 2023, Rede D'Or, through a securitization company, paid in the 11th issue of registered book-entry Mortgage-backed securities ("CRI"), in three series, in the amount of R\$1,510,8 billion, maturing on August 15, 2028, August 15, 2030 and August 15, 2033. The 1st series CRI is indexed to the CDI + 1.00% p.a.; the 2nd series CRI to the IPCA + 6.20% p.a.; and the 3rd series CRI to the IPCA + 6.55% p.a., payable semiannually. Concomitantly, the Company entered into a derivative financial instrument for IPCA inflation rate hedging purposes, converting it into interest equivalent to 106.6% of the CDI and 109.3% of the CDI, respectively. There are no guarantees.
- (h) On October 13, 2023, Rede D'Or paid in the 31st issue of debentures in a single series, in the total amount of R\$500 million, maturing on October 6, 2031. The issue is indexed to the CDI + 2.00% p.a., payable semiannually. There are no guarantees.
- (i) On December 20, 2023, Rede D'Or, through a securitization company, paid in the 12th issue of registered book-entry Mortgage-backed securities ("CRI"), in two series, in the amount of R\$750 million, maturing on December 15, 2033 and December 15, 2038. The first series CRI is remunerated by reference to the IPCA + 6.69% p.a. and the 2nd series CRI, by reference to IPCA + 6.95% p.a., payable semiannually. There are no guarantees.
- (j) On November 3, 2023, Rede D'Or exercised the Optional Early Redemption in Full of the Sixth Issue of Debentures of Sul América S.A., which was succeeded by Rede D'Or due to merger, in the amount of R\$235 million. As of that date, there are no covenants related to the Sixth Issue of Debentures of Sul América S.A. (see Note 12.1.).

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

13. Loans, financing and debentures (Continued)

Significant loans, financing and debentures were taken out for general corporate purposes, in order to acquire companies, expand hospitals and build new units.

Costs related to the issues of loans, financing and debentures, in the amount of R\$347,517 at December 31, 2023 (R\$295,462 at December 31, 2022), were recorded as a reduction of the balances and have been amortized over the term of the agreements, as established by CPC 08 - Transactions Costs and Premiums on Issue of Marketable Securities.

Before the SASA business combination, the Company had no covenants relating to debt ratios, nor corresponding ratios based on net debt, EBITDA and finance costs rather than the guarantees listed above. Since, as a result of the merger, the Company is the successor, there are covenants whose application is suspended, as shown in Note 13.1. below.

At December 31, 2023, the maturity schedule of noncurrent balances is as follows:

Individual		Consolidated	
Year	Amount	Year	Amount
2025	3,380,705	2025	3,535,253
2026	1,724,460	2026	2,370,280
2027	1,145,967	2027	1,722,057
2028	4,368,940	2028	5,125,081
2029	4,250,505	2029	4,249,371
2030 to 2038	14,191,817	2030 to 2038	14,665,472
	29,062,394		31,667,514

13.1. Covenants

The Company is exempt from the obligation to meet any financial ratios (financial covenants) until the quarters stated below, per transaction, as approved at the general meeting of debenture holders held on August 18, 2022.

Issue	Exempt until
Eighth issue of debentures of Sul América S,A,	4 th quarter of 2023
Ninth issue of debentures of Sul América S,A,	3 rd quarter of 2025

The Company may settle in advance the respective issues before the covenants mentioned above become applicable.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

13. Loans, financing and debentures (Continued)

13.1. Covenants (Continued)

From the quarters above, and in accordance with the early maturity clauses contained in the debenture indentures of the Eighth Issue of Debentures of Sul América S.A. and Ninth Issue of Debentures of Sul América S.A., the Company will have to maintain certain financial ratios within the previously established thresholds (financial covenants). The table below presents the financial covenants to which the Company will be subject.

Covenant	Ratio
Financial ratio I - net financial debt/cash generation	Equal to or lower than 2 times the cash generation
Financial ratio II - cash generation/net finance income (cost)	Equal to or higher than 4 times the net finance income (cost)
Financial ratio III - cash generation	Equal to or higher than zero

Net financial debt: financial obligations less cash, cash equivalents and short-term investments, net of technical reserves to be covered.

Cash generation: profit or loss before income taxes, less depreciation and amortization.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

14. Provision for contingencies and judicial deposits

The Company and its subsidiaries are parties to various tax, civil and labor claims. The judicial deposits will only be released in the event of a decision favorable to the Company. Based on the opinion of its internal and external legal advisors, management recognized a provision for losses that is deemed sufficient to cover probable losses, as follows:

	Individual					
	2023		2022		2021	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Tax and social security	526,597	(321,576)	931,974	(264,620)	617	(196,946)
Labor	136,284	(37,163)	106,200	(24,974)	82,412	(22,503)
Civil	157,304	(3,627)	170,768	(5,059)	52,191	(7,297)
	820,185	(362,366)	1,208,942	(294,653)	135,220	(226,746)
	Consolidated					
	2023		2022		2021	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Tax and social security	1,714,567	(2,107,976)	2,379,022	(2,325,232)	107,723	(303,877)
Labor	293,306	(126,887)	267,772	(133,763)	136,245	(30,931)
Civil (a)	1,260,481	(447,693)	1,145,378	(403,279)	100,900	(15,704)
	3,268,354	(2,682,556)	3,792,172	(2,862,274)	344,868	(350,512)

(a) Restated balance (Note 2.2).

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

14. Provision for contingencies and judicial deposits (Continued)

14.1. Proceedings assessed as probable loss

Changes in provisions for contingencies for 2023, 2022 and 2021 were as follows:

	Individual			Total
	Tax and social security	Labor	Civil	
Balances at December 31, 2020	33,741	62,188	44,551	140,480
Additions, net of reversals	(1,952)	18,509	4,602	21,159
Reversal - indemnifiable assets (a)	(33,066)	-	-	(33,066)
Monetary restatement	2,277	4,115	3,039	9,431
Payments	(383)	(2,400)	(1)	(2,784)
Balances at December 31, 2021	617	82,412	52,191	135,220
Additions, net of reversals	(240)	(18,853)	(2,502)	(21,595)
Monetary restatement	24	7,506	5,887	13,417
Payments	(131)	(585)	(528)	(1,244)
Additions from mergers (c)	-	7,785	3,591	11,376
Additions from business combinations (d)	1,126	-	-	1,126
Contingent liabilities measured at fair value - Acquisition of SASA	930,578	27,935	112,129	1,070,642
Balances at December 31, 2022	931,974	106,200	170,768	1,208,942
Additions, net of reversals	(431,762)	17,102	(17,062)	(431,722)
Monetary restatement	6	10,771	4,804	15,581
Payments	(236)	(188)	(3,317)	(3,741)
Additions from mergers (c)	26,615	2,399	2,111	31,125
Balances at December 31, 2023	526,597	136,284	157,304	820,185

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

14. Provision for contingencies and judicial deposits (Continued)

14.1, Proceedings assessed as probable loss

	Consolidated			Total
	Tax and social security	Labor	Civil	
Balances at December 31, 2020	144,214	102,574	73,075	319,863
Additions, net of reversals	(8,019)	27,146	2,615	21,742
Reversal - indemnifiable assets (a)	(40,622)	-	-	(40,622)
Monetary restatement	8,805	6,101	4,479	19,385
Payments	(802)	(4,500)	(59)	(5,361)
Additions from business combinations (d)	4,147	4,924	20,790	29,861
Balances at December 31, 2021	107,723	136,245	100,900	344,868
Additions, net of reversals	(10,426)	(9,488)	(13,040)	(32,954)
Monetary restatement	677	9,929	7,016	17,622
Payments	(415)	(2,355)	(1,106)	(3,876)
Additions from business combinations (d)	1,350,885	105,506	706,051	2,162,442
Contingent liabilities measured at fair value - Acquisition of SASA	930,578	27,935	345,557	1,304,070
Balance at December 31, 2022 (e)	2,379,022	267,772	1,145,378	3,792,172
Additions, net of reversals	(432,355)	16,751	309,853	(105,751)
Monetary restatement	66,866	21,472	108,108	196,446
Changes in equity	-	8,719	-	8,719
Payments (b)	(298,966)	(21,408)	(302,858)	(623,232)
Balances at December 31, 2023	1,714,567	293,306	1,260,481	3,268,354

- (a) Refers to reversal of indemnifiable assets that were recorded at the time of acquisition of the companies, with an accounting effect of equal value between the indemnifiable asset and provision for contingencies accounts. The indemnifiable asset-related matters were concluded in 2021 without the need for disbursement.
- (b) Of the total payments made in the year, R\$289,841 refers to settlement of the proceedings through judicial deposit that became definitive payment.
- (c) Merger into the Parent Company in 2023 and 2022.
- (d) Additions related to business combinations conducted in the respective years, as described in Note 3.
- (e) Restated balance (Notes 2,2).

14.2. Proceedings assessed as possible loss

The proceedings assessed as possible loss by the Company and its legal advisors, for which no provisions have been recorded, are summarized below:

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
Tax and social security (a)	2,125,838	1,777,084	1,469,909	3,649,564	4,031,356	1,638,046
Labor (b)	343,495	217,646	103,117	597,694	353,753	145,543
Civil (c)	333,865	346,467	221,186	684,233	703,668	352,449
	2,803,198	2,341,197	1,794,212	4,931,491	5,088,777	2,136,038

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

14. Provision for contingencies and judicial deposits (Continued)

14.2. Proceedings assessed as possible loss (Continued)

- (a) The significant challenges refer to administrative proceedings in the total amount of R\$1,3 billion, of which R\$931,4 million refer to notices served in 2016 and 2017, and R\$371,1 million refer to notices served in early 2018. These challenges derive mostly from allegations of the Brazilian Internal Revenue Service (RFB) that certain doctors who render services in hospitals through legal entities would be effectively Company employees. As such, the Brazilian tax authorities assessed the Company demanding the payment of the Social Security Tax (INSS). The Company is currently challenging such allegations, and in February 2024 it was handed down favorable decisions from the Administrative Board of Tax Appeals ("CARF") Judging Chambers in both trials.

In addition, the Company is a party to various tax proceedings involving PIS, COFINS, ISS and Real Estate Tax (IPTU), such as: (i) assessment notices issued against subsidiaries CIA, SAÚDE and TRADITIO, in which the deductibility of amortization of goodwill arising from the acquisition of parent companies SLT Participações S.A. and STA Participações S.A., respectively, in calendar years 2005, 2006 and 2007, was challenged; (ii) non-approval of tax offsetting at the administrative level; (iii) disallowance of income tax loss and social contribution loss carryforwards; (iv) claim aimed at charging ISS debits arising from the alleged failure to pay tax on the services provided in the City of São Paulo, at the appellate phase, given the favorable decision in the Stay of Execution filed by Sul América S.A.

- (b) Proceedings largely derived from overtime payment, 13th monthly salary, 30-day resignation notice, vacation pay and Unemployment Compensation Fund (FGTS). There are no individually significant proceedings.
- (c) Proceedings related to compensation for alleged property and pain and suffering damages. There are no individually significant proceedings.

Considering the complexity of the proceedings and of the Brazilian judicial system, it is not possible for the Company to accurately estimate a time for the judgment, and whether the lawsuits will require any disbursements.

15. Leases

	Individual		
	2023	2022	2021
Nominal value of future payments	6,351,952	6,611,872	5,093,201
Present value adjustment	(3,779,618)	(4,018,544)	(3,120,625)
	2,572,334	2,593,328	1,972,576
Current	534,822	476,704	222,316
Noncurrent	2,037,512	2,116,624	1,750,260

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

15. Leases (Continued)

	Consolidated		
	2023	2022	2021
		(restated)	(restated)
Nominal value of future payments	8,397,767	8,982,982	6,626,732
Present value adjustment	(5,225,142)	(5,650,580)	(3,633,272)
	3,172,625	3,332,402	2,993,460
Current	872,949	621,751	296,247
Noncurrent	2,299,676	2,710,651	2,697,213

The liabilities were measured at the present value of the remaining lease payments discounted at the average rate of 15.09% at December 31, 2023.

At December 31, 2023, the maturity schedule of noncurrent balances is as follows:

Individual		Consolidated	
Year	Amount	Year	Amount
2025	523,958	2025	639,047
2026	439,121	2026	524,893
2027	418,950	2027	478,520
2028	375,741	2028	428,049
2029	354,865	2029	402,487
2030 to 2082	3,704,485	2030 to 2082	5,094,679
Undiscounted amounts	5,817,120	Undiscounted amounts	7,567,675
Embedded interest	(3,779,608)	Embedded interest	(5,267,999)
Balance at 12/31/2023	2,037,512	Balance at 12/31/2023	2,299,676

16. Equity

a) Capital

The Company's capital is broken down as follows:

Shareholders	2023		2022		2021	
	Number of shares	Equity interest	Number of shares	Equity interest	Number of shares	Equity interest
Controlling interests	1,068,474,126	46.67%	1,043,023,526	45.56%	1,014,928,801	50.48%
Outstanding shares	1,186,132,584	51.81%	1,209,934,908	52.85%	956,524,438	47.58%
Treasury shares	34,685,880	1.52%	36,334,156	1.59%	38,913,916	1.94%
Total common shares	2,289,292,590	100.00%	2,289,292,590	100.00%	2,010,367,155	100.00%

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

16. Equity (Continued)

a) Capital (Continued)

Subscribed and paid-in capital at December 31, 2023 amounts to R\$15,711,360 represented by 2,289,292,590 common registered no-par-value shares (R\$15,711,360 at December 31, 2022, represented by 2,289,292,590 common registered no-par-value shares). As approved in the Company's Articles of Incorporation, the limit of authorized capital is up to 8 billion shares (units).

Under the Company's Articles of Incorporation, each common share is entitled to a vote at the Company's general meetings.

The premium reserve on issue of shares derived substantially from capital contributions made (i) on March 31, 2015, by the former shareholder BTG Pactual Saúde Fundo de Investimento em Participações, in the amount of R\$600,000, of which R\$147,664 were recorded as capital increase and R\$452,336 as premium reserve on the subscription of shares; and (ii) on April 27, 2015, by HPT Participações S.A. (Carlyle Group investee), in the amount of R\$1,819,435, of which R\$181,943 for capital increase and R\$1,637,491 as premium reserve on the subscription of shares; and (iii) reduction of reserve through capitalization in the amount of R\$1,600,000.

b) Allocations of income

The legal reserve is set at 5% of net income for the year, capped at 20% of capital or up to the legal reserve balance plus capital reserves exceeding 30% of capital (Law No, 6404/76, article 193).

Dividend is allocated based on Law No, 6404/76, and the mandatory minimum dividend corresponds to 25% of net income, after allocation of legal reserve.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

16. Equity (Continued)

b) Allocations of income (Continued)

The calculations of dividends and interest on equity are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net income for the year	2,040,722	1,194,966	1,575,306
Legal reserve (article 193 of Law No. 6404) (*)	-	-	-
Mandatory minimum dividend calculation basis	2,040,722	1,194,966	1,575,306
Mandatory minimum dividend (including interest on equity)	510,181	298,742	393,827
Dividends and interest on equity in excess of mandatory minimum dividend approved at the General Meeting	322,395	501,348	263,087
Dividends per thousand shares - in reais	0,3637	0,3495	0,3268

(*) The Company did not recognize a legal reserve based on Law No. 6404, article 193, paragraph 1, since the legal reserve plus the capital reserves exceeds 30% of the Company's capital. Changes in dividends and interest on equity payable:

	<u>Consolidated</u>
Balance payable at January 1, 2021	346,600
Allocation of dividends and interest on equity	2,764,606
Dividends - noncontrolling interests	97,493
Payment of dividends and interest on equity	(3,071,597)
Withholding income tax	(72,551)
Balance payable at December 31, 2021	64,551
Allocation of dividends and interest on equity	800,090
Additions from business combinations	21,478
Dividends - noncontrolling interests	45,571
Payment of dividends and interest on equity	(696,427)
Withholding income tax	(90,178)
Balance payable at December 31, 2022	145,085
Allocation of dividends and interest on equity	832,576
Dividends - noncontrolling interests	67,152
Payment of dividends and interest on equity	(849,188)
Withholding income tax	(95,856)
Balance payable at December 31, 2023	99,769

At the Board of Directors' Meeting held in 2023, the distribution of interest on equity in the total gross amount of R\$832,576 was approved pending analysis at the Annual General Meeting to be held for the approval of profit or loss for 2023.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

16. Equity (Continued)

c) Treasury shares

Changes in treasury shares are as follows:

	Number of shares	Share value (in reais)	Total
Balance at December 31, 2020	42,800,664	3,58	153,194
Disposals (a)	(3,886,744)	3,58	(13,912)
Balance at December 31, 2021	38,913,920	3,58	139,282
Acquisitions (a)	14,140	52,38	741
Transfers (b)	29,379,399	29,08	854,238
Cancellations (b)	(29,379,399)	14,99	(440,366)
Disposals (a)	(2,593,904)	3,58	(9,285)
Balance at December 31, 2022	36,334,156	14,99	544,610
Returns	32,473	-	-
Disposals (a)	(1,680,749)	14,99	(25,192)
Balance at December 31, 2023	34,685,880	14,97	519,418

(a) Shares purchased and sold substantially refer to the share-based payment plan, as described below.

(b) The transfers and cancellations of shares refer substantially to the business combination entered into on February 23, 2022 between Rede D'Or and SASA.

d) Share-based payment (Restricted shares)

Restricted Stock Option Plan

The plan establishes the terms and conditions for the granting of common shares issued by the Company, subject to certain restrictions, to managing officers, employees and service providers of the Company, or of other companies under its control.

1st Restricted Stock Option Program

In 2020, the Company's Board of Directors approved the 1st Restricted Stock Option Program and established the conditions for the granting of the Company's common registered no-par-value shares to managing officers and employees.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

16. Equity (Continued)

d) Share-based payment (restricted shares) (Continued)

Restricted Stock Option Plan (Continued)

1st Restricted Stock Option Program (Continued)

The rights of beneficiaries in relation to restricted shares will only be fully vested if their contract with the Company or with any entity under its control, as the case may be, is not terminated for a certain period, subject to the conditions for the release of trading restrictions, as defined by the Board of Directors, with specific conditions in case of termination.

The total of restricted shares delivered through the Restricted Stock Option Plan cannot exceed the maximum limit of 5% (five percent) of shares issued by the Company, which at December 31, 2023 was equivalent to a total of 114,464,630 shares.

In the twelve-month period ended December 31, 2023, a total of 2,371,279 Restricted Shares was granted to the elected beneficiaries, referring exclusively to the 1st Restricted Stock Option Program, at the weighted average price of R\$17.88. All restricted shares granted in the twelve-month period ended December 31, 2023 were vested immediately on January 04, 2023, and there are no restricted shares already granted that have not been vested.

Of the total shares mentioned above, for purposes of measuring shareholder dilution, the total amount of shares effectively vested for the beneficiaries under the 1st Restricted Stock Option Program was 1,719,177 shares, referring exclusively to the Restricted Stock Option Plan, in accordance with item 33-E of Accounting Pronouncement CPC 10 - Share-Based Payment.

For the purpose of calculating the expenses to be allocated, a projected cancellation rate of 7.14% was used for 2023, based on the average historical cancellations of the Company's plans.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

16. Equity (Continued)

d) Share-based payment (restricted shares) (Continued)

Restricted Stock Option Plan (Continued)

2nd Restricted Stock Option Program

Within the scope of the Restricted Stock Option Plan, the Company's Board of Directors approved the 2nd Restricted Stock Option Program, beginning January 2022, which established the specific conditions for receiving a certain amount of units of reference that will entitle to the settlement of awards provided for in the individual grant agreements, which can be settled with common registered no-par-value shares of the Company to its managing officers, employees and service providers, or in cash, at the Company's discretion, depending, in that case, on the appreciation of the RDOR3 share price in a certain period of time, or on the variation of multiples of the Company's EBITDA, under the terms of the individual agreements.

In the twelve-month period ended December 31, 2023, a total of 2,731,014 Restricted Shares was granted to and effectively *vested* for the elected beneficiaries, referring exclusively to the 2nd Restricted Stock Option Program, whose exercise rights had not been fully vested yet.

The 2nd Restricted Stock Option Program is measured and recognized at fair value, using the Company's *valuation* identification model (*Market cap*) and deducting the reference value agreed with each executive officer, duly restated by reference to the IPCA or by the variation of multiples of the Company's EBITDA, according to Accounting Pronouncement CPC 10 - Share-Based Payment.

The rights of the beneficiaries in relation to the restricted shares will only be fully vested if their contract with the Company or any entity under its control, as the case may be, is not terminated for a certain period and if the result of the award arising from the exercise of their units of reference is positive in the specific settlement windows provided for in the individual agreements, which implies that the RDOR3 share price or the result from the variation of multiples of the Company's EBITDA must have gone up at the time of the settlement window, for the Beneficiary to be entitled to receive it, with specific conditions in case of termination, The Company pays all taxes and charges levied on the award at the time of its settlement in shares, or in cash, at its sole discretion.

For the purpose of calculating the expenses to be allocated, a cancellation rate of 7.4% was used in 2023, based on the average historical cancellations of the Company's plans.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

16. Equity (Continued)

d) Share-based payment (restricted shares) (Continued)

Restricted Stock Option Plan (Continued)

2nd Restricted Stock Option Program (Continued)

Like previous plans, the 1st Restricted Stock Option Program was measured and recognized at fair value using the Black, Scholes & Merton (1973) model, according to Accounting Pronouncement CPC 10 - Share-Based Payment, whose main assumptions are described below.

The 2nd Restricted Stock Option Program is measured and recognized at fair value, using the Company's valuation identification model (Market cap) or the result from the variation of multiples of the Company's EBITDA, deducting the reference value agreed with each executive officer, duly restated by reference to the IPCA, according to Accounting Pronouncement CPC 10 - Share-Based Payment.

Program	Year	Grace period	Number of shares	Annual volatility	Risk-free Rate	Weighted average of fair value of shares (in reais)	Vesting status	Options canceled
1 st program	2020	05/29/2020 to 05/29/2027	46,591,300	26.36%	4.66%	7.45	Partially vested	-
1 st program	2021	04/01/2021 to 04/01/2028	5,361,026	28.81%	5.98%	25.50	Partially vested	-
1 st program	2022	01/01/2022 to 01/01/2028	3,577,793	32.75%	11.55%	15.03	Partially vested	-
2nd program	2022	01/01/2022 to 12/31/2028	2,392,730	-	-	29.16	Partially vested	75,002
1 st program	2023	01/01/2023 to 12/31/2028	2,371,279	44.56%	11.64%	12.95	Partially vested	-
2nd program	2023	01/01/2023 to 12/31/2029	2,731,014	-	-	19.15	Partially vested	3,572

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

16. Equity (Continued)

d) Share-based payment (restricted shares) (Continued)

Restricted Stock Option Plan (Continued)

2nd Restricted Stock Option Program (Continued)

The effects of the share-based payment plans, covering all granted and outstanding options, on equity and profit or loss for the year, are as follows:

	<u>Fair value of options per year</u>	<u>Effect on P&L for the year</u>	<u>Changes - RSU</u>	<u>Cumulative effect on liabilities and equity</u>
2011	1,457	1,457	-	1,457
2012	16,234	16,234	-	17,691
2013	20,656	20,656	-	38,347
2014	27,363	27,363	-	65,710
2015	51,949	51,949	-	117,659
2016	30,864	30,864	-	148,523
2017	32,599	32,599	-	181,122
2018	40,662	40,662	-	221,784
2019	40,656	40,656	-	262,440
2020	80,071	80,071	(80,071)	-
2021	120,427	120,427	(120,427)	-
2022	124,276	124,276	(70,623)	53,653
2023	78,400	78,400	(42,769)	37,179
2024	11,670			
2025	11,670			
2026	11,670			
2027	11,670			
	<u>712,294</u>			

e) Other comprehensive income

As at December 31, 2023, the effects of the cash flow hedge taken out for debt hedging purposes were recognized as other comprehensive income, decreasing equity for the period by R\$149,667.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands reais, unless otherwise stated)

17. Deferred taxes

Income and social contribution tax expenses for the years ended December 31, 2023, 2022 and 2021 are as follows:

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
Deferred		(restated)			(restated)	
Corporate Income Tax (IRPJ)	111,573	187,198	52,181	179,775	224,737	102,593
Social Contribution Tax on Net Profit (CSLL)	40,166	55,275	18,710	86,017	68,742	35,643
	151,739	242,473	70,891	265,792	293,479	138,236
Current						
Corporate Income Tax (IRPJ)	-	54,984	(52,791)	(490,257)	(264,766)	(355,406)
Social Contribution Tax on Net Profit (CSLL)	-	31,911	(20,469)	(212,178)	(91,660)	(137,711)
	-	86,895	(73,260)	(702,435)	(356,426)	(493,117)
Income and social contribution tax expenses	151,739	329,368	(2,369)	(436,643)	(62,947)	(354,881)

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

17. Deferred taxes (Continued)

Changes in deferred income and social contribution tax assets and liabilities for the years ended December 31, 2023, 2022 and 2021 were as follows:

	Individual				Consolidated				
	2022 (restated)	Additional benefits (expenses) recorded	Other comprehensive income	Additions from business combinations and merger	2023	2022 (restated)	Additional benefits (expenses)	Other comprehensive income	2023
Assets									
Income tax losses	392,468	224,490	-	9,019	625,977	967,814	245,827	-	1,213,641
Social contribution tax losses	141,288	80,817	-	3,247	225,352	349,821	78,123	-	427,944
Allowance for expected credit losses and provision for disallowances	285,442	34,835	-	9,144	329,421	589,369	85,833	-	675,202
Provision for contingencies	50,848	14,608	-	10,546	76,002	786,169	60,833	-	847,002
Provision for bonuses	24,038	6,378	-	-	30,416	25,517	6,356	-	31,873
Deferred gain on property sales	23,242	(1,333)	-	-	21,909	17,871	(1,333)	-	16,538
Amortization of right of use (IFRS 16)	255,703	82,818	-	5,963	344,484	401,700	174,945	-	576,645
PVA allocation (IFRS 16)	428,916	136,180	-	5,963	571,059	591,927	211,313	-	803,240
D'Or Finance	53,103	5,959	-	-	59,062	53,103	5,959	-	59,062
Actuarial gain/loss on defined benefit pension plans	-	-	-	-	-	11,910	-	-	11,910
Impairment of tax credits	-	-	-	-	-	73,704	2,855	-	76,559
Insurance contracts - IFRS 17	-	-	-	-	-	1,378,144	135,762	10,679	1,524,585
Other provisions	24,421	11,217	-	1,717	37,355	-	-	-	-
Total deferred tax assets	1,679,469	595,969	-	45,599	2,321,037	5,247,049	1,006,473	10,679	6,264,201
Liabilities									
Differences between accounting and tax bases of goodwill	(711,911)	(23,169)	-	-	(735,080)	(930,432)	(189,099)	-	(1,119,531)
Gain on acquisition in stages	(99,040)	-	-	-	(99,040)	(124,003)	-	-	(124,003)
Swap difference	(65,308)	(17,496)	-	-	(82,804)	(62,459)	12,738	-	(49,721)
Foreign exchange differences	30,105	(64,896)	-	-	(34,791)	30,105	(64,896)	-	(34,791)
Leases (IFRS 16)	(563,923)	(181,967)	-	(9,194)	(755,084)	(818,725)	(333,096)	-	(1,151,821)
Cash flow hedge	(133,621)	-	71,877	-	(61,744)	(159,738)	-	77,101	(82,637)
Deferred revenue	(2,666)	-	-	-	(2,666)	(7,601)	-	-	(7,601)
Variable income investment	-	-	-	-	-	(6,812)	-	-	(6,812)
Revaluation surplus - business combinations	(440,364)	(134,596)	37,846	-	(537,114)	(440,364)	(134,596)	37,846	(537,114)
Gain/loss on adjustment to market value	-	-	-	-	-	57,700	(17,848)	(66,210)	(26,358)
Other provisions	-	(22,106)	-	-	(22,106)	(55,315)	(13,884)	-	(69,199)
Total deferred tax liabilities	(1,986,728)	(444,230)	109,723	(9,194)	(2,330,429)	(2,517,644)	(740,681)	48,737	(3,209,588)
Net effect - asset (liability)	(173,638)	151,739	-	36,405	14,506	2,889,143	265,792	-	3,154,935
Net effect - deferred PIS/COFINS	-	-	-	-	21,614	238,461	-	-	376,838
Effect on equity	(133,621)	-	109,723	-	(23,898)	(159,738)	-	59,416	(100,322)
Assets as per statement of financial position	-	-	-	-	12,222	3,366,280	-	-	3,600,118
Liabilities as per statement of financial position	(307,259)	-	-	-	-	(398,414)	-	-	(168,667)

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

17. Deferred taxes (Continued)

	Individual (restated)				Consolidated (restated)					
	2021	Additional benefits (expenses) recorded	Other comprehensive income	Additions from business combinations and merger	2022	2021	Additional benefits (expenses)	Other comprehensive income	Additions from business combinations	2022
Assets										
Income tax losses	123,033	269,435	-	-	392,468	283,472	298,422	-	385,920	967,814
Social contribution tax losses	44,292	96,996	-	-	141,288	103,181	107,432	-	139,208	349,821
Allowance for expected credit losses and provision for disallowances	227,826	19,591	-	38,025	285,442	508,135	67,404	-	13,830	589,369
Provision for contingencies	45,975	711	-	4,162	50,848	124,427	15,282	-	646,460	786,169
Provision for bonuses	24,849	(946)	-	135	24,038	24,646	(52)	-	923	25,517
Foreign exchange differences	229,296	(199,191)	-	-	30,105	229,296	(199,191)	-	-	30,105
Deferred gain on property sales	23,242	-	-	-	23,242	20,502	(2,631)	-	-	17,871
Amortization of right of use (IFRS 16)	171,305	72,986	-	11,412	255,703	273,348	128,352	-	-	401,700
PVA allocation (IFRS 16)	274,918	118,324	-	35,674	428,916	411,691	179,209	-	1,027	591,927
D'Or Finance	45,737	7,366	-	-	53,103	45,737	7,366	-	-	53,103
Actuarial gain/loss on defined benefit pension plans	-	-	-	-	-	-	-	-	11,910	11,910
Gain/loss on adjustment to market value	-	-	-	-	-	-	-	-	57,700	57,700
Impairment of tax credits	-	-	-	-	-	-	-	-	73,704	73,704
Insurance contracts - IFRS 17	-	-	-	-	-	-	-	-	1,378,144	1,378,144
Other provisions	14,349	9,987	-	85	24,421	-	-	-	-	-
Total deferred tax assets	1,224,822	395,259	-	89,493	1,709,574	2,024,435	601,593	-	2,708,826	5,334,854
Liabilities										
Differences between accounting and tax bases of goodwill	(686,562)	(25,349)	-	-	(711,911)	(830,356)	(100,076)	-	-	(930,432)
Gain on acquisition in stages	(99,040)	-	-	-	(99,040)	(124,003)	-	-	-	(124,003)
Swap difference	(102,775)	37,467	-	-	(65,308)	(105,953)	43,494	-	-	(62,459)
Leases (IFRS 16)	(362,478)	(163,571)	-	(37,874)	(563,923)	(554,110)	(260,660)	-	(3,955)	(818,725)
Cash flow hedge	(133,644)	-	23	-	(133,621)	(164,985)	-	5,247	-	(159,738)
Deferred revenue	(1,333)	(1,333)	-	-	(2,666)	(6,268)	(1,333)	-	-	(7,601)
Variable income investment	-	-	-	-	-	(954)	(5,858)	-	-	(6,812)
Revaluation surplus - business combinations	-	-	-	(440,364)	(440,364)	-	-	-	(440,364)	(440,364)
Other provisions	-	-	-	-	-	(38,699)	16,319	-	(32,935)	(55,315)
Total deferred tax liabilities	(1,385,832)	(152,786)	23	(478,238)	(2,016,833)	(1,825,328)	(308,114)	5,247	(477,254)	(2,605,449)
Net effect - asset (liability)	(27,366)	242,473	-	(388,745)	(173,638)	364,092	293,479	-	2,231,572	2,889,143
Net effect - deferred PIS/COFINS	-	-	-	-	-	-	-	-	-	238,461
Effect on equity	(133,644)	-	23	-	(133,621)	(164,985)	-	5,247	-	(159,738)
Assets as per statement of financial position	-	-	-	-	-	792,083	-	-	-	3,366,280
Liabilities as per the statement of financial position	(161,010)	-	-	-	(307,259)	(592,976)	-	-	-	(398,414)

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands reais, unless otherwise stated)

17. Deferred taxes (Continued)

	Individual				Consolidated				
	2020	Additional benefits (expenses) recorded	Other comprehensive income	2021	2020	Additional benefits (expenses)	Other comprehensive income	Additions from business combinations	2021
Assets									
Income tax losses	93,988	29,045	-	123,033	171,224	72,169	-	40,079	283,472
Social contribution tax losses	33,836	10,456	-	44,292	61,636	25,981	-	15,564	103,181
Allowance for expected credit losses and provision for disallowances	264,398	(36,572)	-	227,826	499,418	7,149	-	1,568	508,135
Provision for contingencies	47,764	(1,789)	-	45,975	102,999	13,333	-	8,095	124,427
Provision for bonuses	667	24,182	-	24,849	2,676	21,970	-	-	24,646
Foreign exchange differences	193,175	36,121	-	229,296	193,175	36,121	-	-	229,296
Deferred gain on property sales	24,575	(1,333)	-	23,242	24,575	(4,073)	-	-	20,502
Amortization of right of use (IFRS 16)	108,900	62,405	-	171,305	157,717	115,102	-	529	273,348
PVA allocation (IFRS 16)	178,627	96,291	-	274,918	253,448	157,754	-	489	411,691
Cash flow hedge	25,516	(25,516)	-	-	36,349	(36,349)	-	-	-
D'Or Finance	-	45,737	-	45,737	-	45,737	-	-	45,737
Other provisions	17,279	(2,930)	-	14,349	-	(4,824)	-	1,267	(3,557)
Total deferred tax assets	988,725	236,097	-	1,224,822	1,503,217	450,070	-	67,591	2,020,878
Liabilities									
Differences between accounting and tax bases of goodwill	(667,973)	(18,589)	-	(686,562)	(767,911)	(62,445)	-	-	(830,356)
Gain on acquisition in stages	(48,873)	(50,167)	-	(99,040)	(79,869)	(44,134)	-	-	(124,003)
Swap difference	(59,740)	(43,035)	-	(102,775)	(59,565)	(46,388)	-	-	(105,953)
Leases (IFRS 16)	(235,194)	(127,284)	-	(362,478)	(334,079)	(219,557)	-	(474)	(554,110)
D'Or Finance	(7,577)	7,577	-	-	(7,577)	7,577	-	-	-
Variable income investment	(40,776)	40,776	-	-	(40,776)	40,776	-	(954)	(954)
Cash flow hedge	-	25,516	(159,160)	(133,644)	-	36,349	(201,334)	-	(164,985)
Deferred revenue	(1,333)	-	-	(1,333)	(6,268)	-	-	-	(6,268)
Other provisions	-	-	-	-	(4,227)	(24,012)	-	(6,903)	(35,142)
Total deferred tax liabilities	(1,061,466)	(165,206)	(159,160)	(1,385,832)	(1,300,272)	(311,834)	(201,334)	(8,331)	(1,821,771)
Net effect - asset (liability)	(98,257)	70,891	-	(27,366)	166,596	138,236	-	59,260	364,092
Effect on equity	25,516	-	(159,160)	(133,644)	36,349	-	(201,334)	-	(164,985)
Assets as per statement of financial position	-	-	-	-	528,901	-	-	-	792,083
Liabilities as per statement of financial position	(72,741)	-	-	(161,010)	(325,956)	-	-	-	(592,976)

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

17. Deferred taxes (Continued)

The reconciliation of income and social contribution taxes to the amount determined at the statutory rate for 2023, 2022 and 2021 is as follows:

	Individual			Consolidated		
	2023	2022 (restated)	2021	2023	2022 (restated)	2021
Income before income and social contribution taxes	1,888,983	865,598	1,577,675	2,550,344	1,325,264	2,032,616
Income and social contribution tax expense at the statutory rate of 34%	642,255	294,303	536,410	867,117	450,590	691,089
Social contribution tax rate difference (a)	-	-	-	76,345	-	-
Adjustments to determine the effective rate						
Equity pickup	(564,428)	(235,177)	(178,342)	(46,798)	(15,667)	(26,975)
Interest on equity	(283,076)	(272,031)	(223,351)	(345,755)	(272,031)	(223,351)
Effects of companies subject to the regime whereby profit is computed as a percentage of gross revenue	-	-	-	(42,163)	(12,686)	(33,129)
Accrual / (reversal) of tax credit on temporary differences	-	-	-	(74,078)	-	-
Restatement of judicial deposits	-	-	-	(16,895)	-	-
Unduly paid taxes computed	-	-	-	(27,377)	-	-
Other	53,510	(116,463)	(132,348)	46,247	(87,259)	(52,753)
Expenses recorded in the statement of profit or loss	(151,739)	(329,368)	2,369	436,643	62,947	354,881

(a) Refers to the difference in the social contribution rate between financial and similar companies (15%) and non-financial subsidiaries (9%).

Accumulated income and social contribution tax losses may be carried indefinitely; however, offsetting is limited to 30% of taxable profit generated in each fiscal year.

The Company expects that deferred tax credits over its tax loss carryforwards will be realized within 1 or 2 years, Management expects that other temporary differences will be realized between 1 and 5 years, except for deferred gain on property sales, the realization of which will take place during the lease agreement term.

18. Net revenue

Descrição	Nota	Individual			Consolidated		
		2023	2022	2021	2023	2022	2021
Hospital services	18.1	13,099,959	11,508,663	10,596,880	19,993,754	22,987,443	20,381,883
Insurance INcome	18.2	-	-	-	26,514,804	-	-
		13,099,959	11,508,663	10,596,880	46,508,558	22,987,443	20,381,883

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

18. Net revenue (Continued)

18.1. Hospital services

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
Gross revenue (a)	14,588,810	12,811,454	11,740,745	22,797,558	25,769,671	22,803,109
Deductions from revenue						
Cancellations and rebates (a)	(687,642)	(596,745)	(500,882)	(1,233,505)	(1,290,258)	(1,103,432)
Taxes on revenues	(801,209)	(706,046)	(642,983)	(1,570,299)	(1,491,970)	(1,317,794)
Net revenue from hospital services	13,099,959	11,508,663	10,596,880	19,993,754	22,987,443	20,381,883

(a) Includes eliminations of Gross revenue and Cancellations and rebates between the Group companies in the amount of R\$5,342,469.

18.2. Insurance revenue

Breakdown of total insurance revenue recognized in the year per measurement model is as follows:

		Consolidated
		12/31/2023
Amounts relating to changes in remaining coverage liability		
Expected insurance cost	(a)	2,906,491
Changes in non-financial risk adjustment	(b)	1,701
Recognition of CSM in P&L for the period	(c)	38,593
Allocation of portion of premiums relating to recovery of insurance acquisition cash flows	(d)	65,286
Insurance revenue - Long-term products (BBA/VFA)		3,012,071
Premium release due to provision of insurance services	(e)	23,707,681
Insurance revenue - Short-term products (PAA)		23,707,681
Gross insurance revenues		26,719,752
Taxes on revenues		(204,948)
Net insurance revenues		26,514,804

- (a) Expected expenses for the period due to the provision of insurance services that comprise claims and other expenses that the Company expects to incur to cover insured events that occurred during the period.
- (b) The change in risk adjustment shows the amount of risk that expired during the period.
- (c) CSM is recognized in P&L during the coverage period of the corresponding group of contracts based on coverage units,
- (d) Premiums relating to acquisition cash flows are systematically allocated, on a straight-line basis, based on the passage of time over the coverage period of the group of contracts or according to the portfolio's permanence curve.
- (e) Amount recognized as insurance revenue for services rendered in the period,

For details of the accounting policy and main estimate judgments, see note 2.20.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

19. Cost of services

Descrição	Nota	Individual			Consolidated		
		2023	2022	2021	2023	2022	2021
Hospital services	19.1	(9,051,184)	(8,034,112)	(7,363,840)	(19,091,512)	(17,785,662)	(15,572,114)
Insurance costs	19.2	-	-	-	(19,845,564)	-	-
		(9,051,184)	(8,034,112)	(7,363,840)	(38,937,076)	(17,785,662)	(15,572,114)

19.1. Hospital services

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
Personnel	(3,336,861)	(2,959,120)	(2,714,458)	(6,806,575)	(6,450,564)	(5,605,384)
Materials and medicines	(2,610,454)	(2,284,496)	(2,335,187)	(5,736,770)	(5,305,187)	(5,010,749)
Third-party services	(2,235,352)	(1,952,469)	(1,562,579)	(4,808,027)	(4,294,507)	(3,438,777)
Utilities and services	(191,578)	(178,409)	(162,796)	(403,256)	(397,548)	(345,381)
Rent	(7,311)	(4,534)	(3,307)	(91,017)	(83,983)	(69,493)
Depreciation and amortization	(669,628)	(655,084)	(585,513)	(1,245,867)	(1,253,873)	(1,102,330)
	(9,051,184)	(8,034,112)	(7,363,840)	(19,091,512)	(17,785,662)	(15,572,114)

19.2. Operating expenses insurance

	Consolidado				31/12/2023	
	Produtos de Longo Prazo (BBA/VFA)		Produtos de Curto Prazo (PAA)			
	Passivo/Ativo de cobertura remanescente	Passivo de sinistros ocorridos	Passivo de cobertura remanescente	Passivo de sinistros ocorridos		
Claims incurred and other expenses allocable to insurance contracts	(a)	2,792,995	(5,078,537)	(894,885)	(14,696,294)	(17,876,721)
Amortization of Acquisition Cash Flows	(b)	(65,277)	-	(1,294,919)	-	(1,360,196)
Amortization of the allocation of consideration paid in a business combination to the insurance portfolios	(c)	-	-	(836,229)	-	(836,229)
Losses or reversal of losses on onerous contracts	(d)	227,582	-	-	-	227,582
		2,955,300	(5,078,537)	(3,026,033)	(14,696,294)	(19,845,564)

(a) The most significant expenses are linked to claims incurred. This balance also includes expenses related to loss adjustments, issue, maintenance and collection of premiums, compliance with regulatory requirements, among other requirements necessary for the fulfillment of the Company's obligations linked to insurance. Includes the elimination of direct Claims and Variation in the reserve for claims and claims incurred and not reported between the Group companies in the amount of R\$5,356,414. In the long-term products, there is a transfer of the investment component from the Asset/Liability for remaining coverage to the Liability for claims incurred in the amount of R\$2,924,624 related to the payment of benefits (annual fees), redemptions and portability of pension plan exits.

(b) Acquisition cash flows are systematically allocated, on a straight-line basis, based on the passage of time over the coverage period of the group of contracts or according to the portfolio's permanence curve.

(c) Amortization of the asset fair value computed by means of acquisition Purchase Price Allocation (PPA) allocated to the insurance contract portfolios, which was systematically and rationally allocated to the liability/asset for remaining coverage, a portion of the contracts in force in 2023, and to the acquisition cash flow asset, portion of futures contracts (renewals).

(d) Amortization of part of the liability fair value determined in the acquisition PPA allocated to the insurance contract portfolios as a loss component, experience adjustments, changes in estimated cash flows, and onerous contract group risk adjustment.

For details of the accounting policy and main estimate judgments, see note 2.20.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

20. General and administrative expenses

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
Personnel	(694,354)	(632,412)	(637,231)	(827,485)	(632,412)	(637,231)
Third-party services	(141,825)	(114,254)	(97,159)	(269,017)	(114,254)	(97,159)
Travel and lodging	(35,951)	(31,104)	(16,371)	(70,040)	(62,464)	(36,584)
Depreciation and amortization	(164,973)	(150,269)	(126,340)	(254,166)	(150,269)	(126,340)
Provision for contingencies	431,722	21,595	(21,159)	105,751	32,954	(21,742)
	(605,381)	(906,444)	(898,260)	(1,314,957)	(926,445)	(919,056)

21. Other operating expenses, net

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
Taxes, charges and penalties	(67,543)	(66,144)	(52,209)	(140,062)	(132,300)	(103,394)
Gain on property sales	3,920	3,920	3,920	3,920	3,920	3,920
Lease of machinery and equipment	(13,023)	(9,668)	(9,651)	(37,688)	(35,790)	(28,088)
Freight expenses	(9,925)	(10,597)	(32,174)	(40,780)	(37,120)	(47,615)
Notary and court fees	(21,967)	(35,357)	(31,682)	(30,427)	(48,470)	(42,119)
Advisory expenses	-	-	-	-	-	(34,554)
Other income and expenses	(26,512)	(47,120)	43,818	(238,597)	(136,416)	(12,764)
	(135,050)	(164,966)	(77,978)	(483,634)	(386,176)	(264,614)

22. Finance income (costs), net

Finance income (costs) for the years ended December 31, 2023, 2022 and 2021 are as follows:

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
Short-term investment yield	1,241,418	1,264,642	507,938	3,754,271	1,459,353	563,670
Net foreign exchange differences on financing	77,727	115,802	(77,968)	558,793	559,179	(575,363)
Fair value of debt	(965,596)	661,055	1,470,911	(673,122)	1,370,559	945,825
Fair value of derivatives (swaps)	532,789	(1,070,044)	(1,243,711)	(459,885)	(2,369,263)	(381,893)
Interest and monetary difference on financing and debentures	(3,472,705)	(2,707,573)	(1,373,629)	(3,620,339)	(2,886,890)	(1,466,484)
Interest on lease liabilities	(400,529)	(348,013)	(283,608)	(379,985)	(459,303)	(407,689)
Taxes on finance income (costs)	(69,211)	(61,521)	(31,571)	(89,373)	(76,676)	(38,923)
Finance income (costs) from insurance contracts	-	-	-	(2,240,285)	-	-
Other income and expenses	26,946	(63,445)	(155,137)	134,998	(170,535)	(274,894)
	(3,029,161)	(2,209,097)	(1,186,775)	(3,014,927)	(2,573,576)	(1,635,751)
Total finance income	3,876,375	2,641,676	1,889,121	9,317,468	5,683,308	5,699,438
Total finance costs	(6,905,536)	(4,850,773)	(3,075,896)	(12,332,395)	(8,256,884)	(7,335,189)
	(3,029,161)	(2,209,097)	(1,186,775)	(3,014,927)	(2,573,576)	(1,635,751)

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

23. Earnings per share

a) Basic

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Income attributable to the Company's controlling shareholders	2,040,722	1,194,966	1,575,306
Weighted average number of common shares issued (in thousands)	2,254,607	2,254,304	1,971,453
Basic earnings per share - in reais (R\$)	0.9051	0.5301	0.7991

b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares assuming the conversion of all the potentially dilutive common shares.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Income attributable to the Company's controlling shareholders	2,040,722	1,194,966	1,575,306
Weighted average number of common shares issued, including dilution factors (in thousands)	2,254,607	2,254,304	1,971,453
Dilution instruments - weighted average number of shares (in thousands):			
Share-based payment (Restricted shares)	-	4,500	5,560
Diluted earnings per share - in reais (R\$)	0.9051	0.5290	0.7968

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management

24.1. Financial instruments by category

Fair value hierarchy

The financial instruments recognized at fair value are measured at levels from 1 to 3, based on the fair value measurement, as follows:

Level 1: fair value measurement derives from quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: fair value measurement derives from other inputs included in Level 1, which are quoted through an asset or liability directly (i.e, as prices) or indirectly (i.e, derived from prices);

Level 3: fair value measurement derives from valuation techniques that include an asset or liability that is not included in an active market,

The tables below present the breakdown of financial assets and liabilities at December 31, 2023, 2022 and 2021:

		Individual			
Financial assets	Classification by category	Fair value hierarchy	Book balance		
			2023	2022	2021
Cash and cash equivalents	Fair value through profit or loss	Level 2	257,423	96,360	43,910
Marketable securities (shares and government securities)	Fair value through profit or loss	Level 1	-	30,201	-
Marketable securities (corporate bonds and investment fund shares)	Fair value through profit or loss	Level 2	9,239,876	11,024,443 111,246	11,249,728
Accounts receivable	Amortized cost		4,840,796	3,966,046	3,707,070
Dividends receivable	Amortized cost		70,593	75,277	74,093
Judicial deposits	Amortized cost		362,366	294,653	226,746
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	620,063	537,916	758,796
			15,391,117	16,136,142	16,060,343

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.1. Financial instruments by category (Continued)

Fair value hierarchy (Continued)

Financial liabilities	Classification by category	Fair value hierarchy	Book balance		
			2023	2022	2021
Trade accounts payable	Amortized cost		636,124	532,476	409,917
Loans, financing and debentures	Amortized cost (a)	Level 2	31,650,338	29,017,602	22,269,772
Salaries, accruals and social charges	Amortized cost		539,971	445,623	430,156
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	1,037,392	1,813,933	1,129,431
			33,863,825	31,809,634	24,239,276

(a) The debt portion recorded as hedge accounting (fair value hedge) is measured at fair value through profit or loss, in the amount of R\$11,290,310 at December 31, 2023 (R\$9,177,650 at December 31, 2022 and R\$8,006,476 at December 31, 2021).

Consolidated					
Financial assets	Classification by category	Fair value hierarchy	Book balance		
			2023	2022	2021
Cash and cash equivalents	Fair value through profit or loss	Level 2	3,267,408	1,109,796	124,621
Marketable securities (shares and government securities)	Fair value through profit or loss	Level 1	6,684,499	5,954,989	-
Marketable securities (corporate bonds and investment fund shares)	Fair value through profit or loss	Level 2	19,120,058	20,590,093	12,429,549
Marketable securities (government securities)	Fair value through profit or loss and other comprehensive income	Level 1	1,351,377	1,370,998	-
Marketable securities (government securities)	Fair value through profit or loss and other comprehensive income	Level 2	1,254,429	1,269,354	-
Marketable securities	Amortized cost	Level 1	1,755,979	1,857,545	-
Accounts receivable	Amortized cost		10,763,986	9,765,717	7,564,769
Judicial deposits	Amortized cost		2,682,556	2,862,274	350,512
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	1,967,424	2,739,505	4,149,961
			48,847,716	47,520,271	24,619,412

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.1. Financial instruments by category (Continued)

Fair value hierarchy (Continued)

Financial liabilities	Classification by category	Fair value hierarchy	Book balance		
			2023	2022	2021
Trade accounts payable	Amortized cost		1,355,666	1,256,601	990,942
Loans, financing and debentures	Amortized cost (a)	Level 2	34,585,949	32,883,225	27,629,336
Salaries, accruals and social charges	Amortized cost		1,101,223	982,150	794,061
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	1,210,922	1,959,016	1,255,415
			38,253,760	37,080,992	30,669,754

- (a) The debt portion recorded as hedge accounting (fair value hedge) is measured at fair value through profit or loss and at December 31, 2023 totaled R\$12,395,118 (R\$11,054,711 at December 31, 2022 and R\$11,055,981 at December 31, 2021). As mentioned in Note 13, the debenture HSPE 14 - 4th issue of Debentures of Hospital Esperança had its maturity extended and its cost reduced, and these changes had no impact on the respective hedging instrument. Thus, the cash flow hedge no longer offsets changes in cash flows of the risk associated with the recognized liabilities of this debt and was then written down to profit or loss, deferred over the debt maturity.

Financial assets and liabilities recorded at amortized cost approximate their fair value, since these amounts are adjusted for provisions, to present value and/or at floating market rates,

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.2. Risk management

The Company's financial transactions are conducted by the financial function in accordance with the strategy previously approved by the executive board and shareholders, The Company's risk management strategies and the corresponding effects on the individual and consolidated financial statements can be summarized as follows:

a) Capital management

The main purpose of capital management is to ensure the Company's ability to continue as a going concern and maximize return to shareholders,

The Company uses own and third-party capital to finance its activities, and the use of third-party capital seeks to optimize its capital structure, The Company monitors its capital structure and makes adjustments in light of changes in economic conditions, At December 31, 2023, 2022 and 2021, the Company has the following capital structure:

	Individual			Consolidated		
	2023	2022	2021	2023	2022	2021
Cash and cash equivalents	257,423	96,360	43,910	3,267,408	1,109,796	124,621
Marketable securities	9,239,876	11,165,890	11,249,728	30,166,342	31,042,979	12,429,549
Technical reserves						
Insurance (c)	-	-	-	(5,334,887)	(4,141,017)	-
Private pension (c)	-	-	-	(10,881,042)	(10,111,054)	-
	9,497,299	11,262,250	11,293,638	17,217,821	17,900,704	12,554,170
Loans, financing and debentures	(31,650,338)	(29,017,602)	(22,269,772)	(34,585,949)	(32,883,225)	(27,629,336)
Derivatives	(417,329)	(1,276,017)	(370,635)	756,502	780,489	2,894,546
Cash flow hedge	(181,599)	(393,002)	(393,070)	(243,056)	(469,822)	(485,252)
Net debt (a)	(22,751,967)	(19,424,371)	(11,739,839)	(16,854,682)	(14,671,854)	(12,665,872)
Total equity (b)	22,539,706	21,442,803	13,583,378	23,835,646	22,707,734	14,677,939
Total net debt and equity	(212,261)	2,018,432	1,843,539	6,980,964	8,035,880	2,012,067
Leverage ratio	1.01	0.90	0.86	0.03	0.65	0.86

(a) The net debt corresponds to the sum of the balances of loans, financing and debentures, derivative financial instruments, net (current and noncurrent) plus the cash flow hedge effect of other comprehensive income (the Company has swaps accounted for in accordance with the fair value and cash flow hedge accounting, for purposes of hedging the Company against fluctuations in foreign currency and interest rates, respectively) deducted of the balance of cash and cash equivalents and marketable securities.

(b) Restated balance (Note 2.2).

(c) Technical reserve balances recorded in the subsidiaries regulated by SUSEP and ANS, based on regulatory guidance established by these agencies, which includes eliminations upon consolidation.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.2. Risk management (Continued)

b) Interest rate risk

The Company has loans, financing and debentures in local currency subject particularly to the fluctuation of the CDI and IPCA rates, The risk inherent to these liabilities arises from the possibility of fluctuations in these rates that impact the Company's cash flows,

The sensitivity analysis of interest on loans, financing and debentures considered as probable scenario (Scenario I), the referential rates obtained with BM&FBOVESPA at December 31, 2023, and Scenarios II and III take into consideration an increase by 25% and 50%, respectively, The results, in nominal values, are as follows:

Scenarios	Scenario I current	Scenario II + 25%	Scenario III + 50%
CDI rate (p,a,)	11.65%	14.56%	17.48%
IPCA rate (p,a,)	4.62%	5.78%	6.93%
Projected interest expenses (in millions)	8,151	9,990	11,380

c) Credit risk

Credit risk is the risk that a counterparty to a business arrangement will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade accounts receivable) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments, In the case of identification of imminent risk of non-realization of these assets, the Company records provisions to bring them to their probable realizable value.

d) Liquidity risk

This is the risk of shortage of funds and of the Company facing difficulties in paying its debts. The Company seeks to align the maturity of its debts with the cash generation period to avoid any mismatch and generate the need for greater leverage.

SulAmérica's Investment Policy provides for and describes minimum amounts that must be invested in highly liquid assets to mitigate the risk of non-payment of claims and benefits.

Daily cash projections and stress tests are carried out to anticipate any abnormal situation, having a daily control over liquidity risk.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.2. Risk management (Continued)

d) Liquidity risk (Continued)

The following table presents the expected maturities and payments of the main financial insurance assets and liabilities, except for those related to the benefit accumulation phase of the PGBL and VGBL plans, whereby the exposure falls on the participant.

The amounts disclosed below are projected considering inflation and interest through to maturity.

	Within 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total financial liabilities
Trade accounts payable	636,124	-	-	-	636,124
Loans, financing and debentures	2,647,407	3,578,583	8,266,903	22,292,653	36,785,546
Salaries, accruals and social charges	539,971	-	-	-	539,971
Derivatives	(494,513)	(333,305)	(1,001,828)	3,196,802	1,367,156
	3,328,989	3,245,278	7,265,075	25,489,455	39,328,797

	Within to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total financial liabilities
Trade accounts payable	1,355,666	-	-	-	1,355,666
Loans, financing and debentures	2,985,336	3,742,177	10,525,715	22,863,866	40,117,094
Insurance liabilities	8,086,747	1,646,259	3,687,124	8,351,999	21,772,129
Salaries, accruals and social charges	1,101,223	-	-	-	1,101,223
Derivatives	(661,476)	(488,790)	181,620	5,255,870	4,287,224
	12,867,496	4,899,646	14,394,459	36,471,735	68,633,336

	Within to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total financial liabilities
Trade accounts payable	532,476	-	-	-	532,476
Loans, financing and debentures	4,771,343	2,160,420	6,952,796	20,294,373	34,178,932
Salaries, accruals and social charges	445,623	-	-	-	445,623
Derivatives	(503,211)	(517,814)	(1,138,217)	3,368,241	1,208,999
	5,246,231	1,642,606	5,814,579	23,662,614	36,366,030

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.2. Risk management (Continued)

d) Liquidity risk (Continued)

Consolidated - 2022	Within 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total financial Liabilities
Trade accounts payable	1,256,601	-	-	-	1,256,601
Loans, financing and debentures	5,044,022	2,573,996	8,427,070	22,715,258	38,760,346
Insurance liabilities	6,648,209	1,459,066	3,403,215	7,587,689	19,098,179
Salaries, accruals and social charges	982,150	-	-	-	982,150
Derivatives	(606,403)	(623,434)	(1,365,493)	8,845,955	6,250,625
	13,324,579	3,409,628	10,464,792	39,148,902	66,347,901

Individual – 2021	Within 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total financial liabilities
Trade accounts payable	409,917	-	-	-	409,917
Loans, financing and debentures	1,301,969	3,896,818	6,509,801	15,560,741	27,269,329
Salaries, accruals and social charges	430,156	-	-	-	430,156
Derivatives	(228,088)	(76,601)	(253,971)	1,696,728	1,138,068
	1,913,954	3,820,217	6,255,830	17,257,469	29,247,470

Consolidated - 2021	Within 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total financial liabilities
Trade accounts payable	990,942	-	-	-	990,942
Loans, financing and debentures	1,605,076	4,260,550	7,857,321	20,244,160	33,967,107
Salaries, accruals and social charges	794,061	-	-	-	794,061
Derivatives	(306,950)	(144,799)	(338,496)	9,767,082	8,976,837
	3,083,129	4,115,751	7,518,825	30,011,242	44,728,947

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.2. Risk management (Continued)

e) Foreign currency

The Company has loans and financing and trade accounts payable in foreign currency (mainly the US dollar). The risk related to these assets and liabilities arises from the possibility of incurring losses due to fluctuations in exchange rates. Liabilities in foreign currency represent 18.50% of total gross debt at December 31, 2023 (19.3% at December 31, 2022 and 24.2% at December 31, 2021). The Company has derivative financial instruments to hedge loans and financing against foreign exchange rate fluctuation (see the topic below). Management understands that the risk of exposure to foreign currency is not significant in relation to its financial position.

f) Derivatives

At December 31, 2023, the Company has swaps recorded based on fair value and cash flow hedge accounting in order to hedge the Company against fluctuations in foreign currency and interest rate, respectively. The swaps exchange (i) the flow of interest and principal in foreign currency for Brazilian reais plus a percentage of CDI or CDI + spread; (ii) floating interest rate for fixed interest rate; and (iii) inflation rate IPCA + spread for CDI + spread.

The fair value of those instruments at the reporting date is as follows:

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.2. Risk management (Continued)

f) Derivatives (Continued)

Description	Maturity ranges month/year	Reference value (notional value)	Individual		
			2023	2022	2021
			Fair value		
Swap (currency)	06/30/2025				
Long position	EUR/BRL + 1.0366%	EUR	67,433		
Short position	CDI+1.35%	R\$	360,872	(58,425)	(58,096)
					20,071
Swap (currency)	11/21/2023				
Long position	USD Libor + 0.46%	US\$	80,445		
Short position	109% of CDI	R\$	419,738	-	112,285
					144,281
Swap (currency)	04/27/2027				
Long position	USD SOFR + 0.99%	US\$	60,665		
Short position	CDI + 1.63%	R\$	293,698	(11,363)	-
					-
Swap (currency)	07/01/2025				
Long position	USD/BRL + 1.8588%	US\$	100,794		
Short position	CDI + 1.323%	R\$	487,976	(99,512)	(84,423)
					2,145
Swap (index)	01/18/2028				
Long position	BRL Fixed rate (11.82%)	R\$	1,682,361		
Short position	CDI + 2.01%	R\$	1,682,361	(11,625)	(192,906)
					(23,697)
Swap (index)	01/22/2030				
Long position	BRL Fixed rate (8.80%)	R\$	2,181,559		
Short position	CDI + 2.125%	R\$	2,181,559	(404,392)	(693,035)
					(492,824)
Swap (index)	01/22/2030				
Long position	BRL Fixed rate (8.65%)	R\$	1,140,374		
Short position	CDI + 2.40%	R\$	1,140,374	(246,894)	(400,756)
					(298,429)
Swap (index)	06/20/2029				
Long position	CDI + 0.79%	R\$	1,002,846		
Short position	BRL Fixed rate (7.71%)	R\$	1,002,846	121,728	240,554
					190,609
Swap (index)	09/10/2024				
Long position	CDI + 1.02%	R\$	726,940		
Short position	BRL Fixed rate (7.275%)	R\$	726,940	-	-
					147,834
Swap (index)	10/26/2026				
Long position	106.0% of CDI	R\$	383,206		
Short position	BRL Fixed rate (6.765%)	R\$	383,206	24,937	68,264
					61,077

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.2. Risk management (Continued)

f) Derivatives (Continued)

Description	Maturity ranges month/year	Reference value (notional value)	Individual		
			2023	2022	2021
			Fair value		
Swap (index)	05/15/2036				
Long position	IPCA + 4.9347%	R\$ 1,510,569			
Short position	CDI + 1.35%	R\$ 1,510,569	12,649	(195,501)	(129,314)
Swap (index)	12/15/2031				
Long position	IPCA + 5.5758%	R\$ 400,961			
Short position	CDI + 0.56%	R\$ 400,961	40,651	(2,703)	4,530
Swap (index)	12/15/2036				
Long position	IPCA + 6.1017%	R\$ 601,573			
Short position	CDI + 1.403%	R\$ 601,573	55,823	(22,631)	3,082
Swap (index)	06/15/2029				
Long position	IPCA + 5.83%	R\$ 800,524			
Short position	102.7% of CDI	R\$ 800,524	52,287	(23,003)	-
Swap (index)	06/15/2032				
Long position	IPCA + 6.01%	R\$ 342,700			
Short position	104.1% of CDI	R\$ 342,700	24,035	(10,738)	-
Swap (index)	07/16/2029				
Long position	IPCA + 6.3828%	R\$ 30,901			
Short position	103.65% of CDI	R\$ 30,901	1,912	(892)	-
Swap (index)	07/15/2032				
Long position	IPCA + 6.5445%	R\$ 72,155			
Short position	104.8% of CDI	R\$ 72,155	5,592	(1,800)	-
Swap (index)	07/15/2037				
Long position	IPCA + 6.7692%	R\$ 412,729			
Short position	107.9% of CDI	R\$ 412,729	41,866	(9,161)	-
Swap (index)	12/17/2029				
Long position	IPCA + 6.7947%	R\$ 82,713			
Short position	108.1% of CDI	R\$ 82,713	7,236	(816)	-
Swap (index)	12/15/2032				
Long position	IPCA + 6.9354%	R\$ 55,157			
Short position	110.1% of CDI	R\$ 55,157	5,232	(659)	-
Swap (index)	08/15/2030				
Long position	IPCA + 6.20%	R\$ 569,281			
Short position	106.6% of CDI	R\$ 569,281	9,067	-	-
Swap (index)	08/15/2030				
Long position	IPCA + 6.55%	R\$ 535,767			
Short position	109.3% of CDI	R\$ 535,767	11,867	-	-
Current assets position			49,550	203,730	131,643
Noncurrent assets position			570,513	334,186	627,153
Current liabilities position			(466,050)	(682,825)	(343,265)
Noncurrent liabilities position			(571,342)	(1,131,108)	(786,166)
Effect on profit or loss for the year (fair value of derivatives - swaps)			532,789	(1,070,044)	(1,243,711)
Effect on equity for the year (fair value of derivatives - swaps)			(211,403)	(68)	468,117

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.2. Risk management (Continued)

f) Derivatives (Continued)

Description	Maturity ranges month/year	Reference value (notional)	Consolidated		
			2023	2022 Fair value	2021
Swap (currency)	06/30/2025				
Long position	EUR/BRL + 1.0366%	EUR	67,433		
Short position	CDI+1.35%	R\$	360,872	(58,425)	20,071
Swap (currency)	11/21/2023				
Long position	USD Libor + 0.46%	US\$	80,445		
Short position	109% CDI	R\$	419,738	-	144,281
Swap (currency)	04/27/2027				
Long position	USD SOFR + 0.99%	US\$	60,665		
Short position	CDI + 1.63%	R\$	293,698	(11,363)	144,281
Swap (currency)	07/01/2025				
Long position	USD/BRL + 1.8588%	US\$	100,794		
Short position	CDI + 1.323%	R\$	487,976	(99,512)	2,145
Swap (currency)	01/18/2028				
Long position	USD Fixed (4.95%)	US\$	511,275		
Short position	BRL Fixed (11.82%)	R\$	2,475,236	681,463	1,450,033
Swap (index)	01/18/2028				
Long position	BRL Fixed (11.82%)	R\$	1,682,361		
Short position	CDI + 2.01%	R\$	1,682,361	(11,625)	(23,697)
Swap (index)	01/22/2030				
Long position	USD Fixed (4.525%)	US\$	509,938		
Short position	BRL Fixed (8.80%)	R\$	2,468,760	354,729	1,176,529
Swap (index)	01/22/2030				
Long position	BRL Fixed (8.80%)	R\$	2,181,559		
Short position	CDI + 2.125%	R\$	2,181,559	(404,392)	(492,824)
Swap (index)	01/22/2030				
Long position	USD Fixed (4.51%)	US\$	254,969		
Short position	BRL Fixed (8.65%)	R\$	1,234,380	137,638	531,970
Swap (index)	01/22/2030				
Long position	BRL Fixed (8.65%)	R\$	1,140,374		
Short position	CDI + 2.40%	R\$	1,140,374	(246,894)	(298,429)
Swap (index)	12/29/2025				
Long position	CDI + 1.27%/1.75%	R\$	1,000,993		
Short position	BRL Fixed (7.752%)	R\$	1,000,993	-	106,650
Swap (index)	06/20/2029				
Long position	CDI + 0.79%	R\$	1,002,846		
Short position	BRL Fixed (7.71%)	R\$	1,002,846	121,728	190,609
Swap (index)	09/10/2024				
Long position	CDI + 1.02%	R\$	726,940		
Short position	BRL Fixed (7.275%)	R\$	726,940	-	147,834
Swap (index)	10/26/2026				
Long position	106.0% CDI	R\$	383,206		
Short position	BRL Fixed (6.765%)	R\$	383,206	24,937	61,077

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.2. Risk management (Continued)

f) Derivatives (Continued)

Description	Maturity ranges month/year	Reference value (notional value)	Consolidated		
			2023	2022	2021
			Fair value		
Swap (index)	05/15/2036				
Long position	IPCA + 4.9347%	R\$ 1,510,569			
Short position	CDI + 1.35%	R\$ 1,510,569	12,649	(195,501)	(129,314)
Swap (index)	12/15/2031				
Long position	IPCA + 5.5758%	R\$ 400,961			
Short position	CDI + 0.56%	R\$ 400,961	40,651	(2,703)	4,530
Swap (index)	12/15/2036				
Long position	IPCA + 6.1017%	R\$ 601,573			
Short position	CDI + 1.403%	R\$ 601,573	55,823	(22,631)	3,082
Swap (index)	06/15/2029				
Long position	IPCA + 5.83%	R\$ 800,524			
Short position	102.7% CDI	R\$ 800,524	52,287	(23,003)	-
Swap (index)	06/15/2032				
Long position	IPCA + 6.01%	R\$ 342,700			
Short position	104.1% CDI	R\$ 342,700	24,035	(10,738)	-
Swap (index)	07/16/2029				
Long position	IPCA + 6.3828%	R\$ 30,901			
Short position	103.65% CDI	R\$ 30,901	1,912	(892)	-
Swap (index)	07/15/2032				
Long position	IPCA + 6.5445%	R\$ 72,155			
Short position	104.8% CDI	R\$ 72,155	5,592	(1,800)	-
Swap (index)	07/15/2037				
Long position	IPCA + 6.7692%	R\$ 412,729			
Short position	107.9% CDI	R\$ 412,729	41,866	(9,161)	-
Swap (index)	12/17/2029				
Long position	IPCA + 6.7947%	R\$ 82,713			
Short position	108.1% CDI	R\$ 82,713	7,236	(816)	-
Swap (index)	12/15/2032				
Long position	IPCA + 6.9354%	R\$ 55,157			
Short position	110.1% CDI	R\$ 55,157	5,232	(659)	-
Swap (index)	08/15/2030				
Long position	IPCA + 6.20%	R\$ 569,281			
Short position	106.6% CDI	R\$ 569,281	9,067	-	-
Swap (index)	08/15/2030				
Long position	IPCA + 6.55%	R\$ 535,767			
Short position	109.3% CDI	R\$ 535,767	11,867	-	-
Current assets position			49,550	251,740	182,018
Noncurrent assets position			1,917,874	2,487,765	3,967,943
Current liabilities position			(639,580)	(827,908)	(469,249)
Noncurrent liabilities position			(571,342)	(1,131,108)	(786,166)
Effect on profit or loss for the year (fair value of derivatives - swaps)			(459,885)	(2,369,263)	(381,893)
Effect on equity for the year (fair value of derivatives - swaps)			(226,767)	(15,432)	592,159

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.2. Risk management (Continued)

g) Pricing risks

Currently, SulAmérica has specific actuarial pricing models for each of its products, which ensure accuracy in determining the prices in view of the expected contractual commitments and expenses incurred to sell and manage contracts.

For insurance with higher individual risks and portfolios with lower forecasting capacity or exposed to catastrophes, the Company uses reinsurance contracts to mitigate the risk of large unexpected losses on contracts and to transfer such risks to reinsurers, assuming the credit risks of these partners. The purchase of reinsurance follows a specific policy established and described by the Company.

One of the ways to measure possible impacts on profit or loss and equity, arising from underwriting risks, is the sensitivity analysis of the variables that may be affected by the product underwriting process, inadequacy of prices or even insufficiency of technical reserves.

The following sensitivity analyses simulate the possible impacts on P&L and equity of changes in operating parameters before and after the purchase of reinsurance.

Sensitivity analysis - Health

The sensitivity analysis considers a scenario where the stressed assumptions suffer a 5% impact (Increase and Decrease) and how this change would impact the Company's consolidated P&L and equity.

This type of analysis is based on the history of the Company's products and judges their results independently. Shocks of 5% mentioned in the table are determined by the total value of the amount calculated from the base for the reference period multiplied by the factor of 1.05 (in cases of increase) or 0.95 (in cases of decrease).

Impacts are assessed in the value of the result realized and the results are presented in the following table:

Assumptions	Consolidated	
	Income before taxes	Income after taxes
5% increase in claims	(983,275)	(589,965)
5% increase in administrative expenses	(66,023)	(39,614)
5% increase in acquisition cash flow	(70,422)	(42,253)
5% decrease in claims	983,275	589,965
5% decrease in administrative expenses	66,023	39,614
5% decrease in acquisition cash flow	70,422	42,253

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24,2, Risk management (Continued)

g) Pricing risks (Continued)

Given the changes in market rates, these amounts may suffer changes as well as early settlement or maturity of the transactions.

For derivative financial instruments, the Company considers as probable scenario +5% (Scenario I) future exchange rates of the Brazilian real in relation to the US dollar, euro, IPCA inflation rates, and DI futures interest rates, obtained from B3 for instrument maturity, calculated on the nominal amount of the agreement.

The Company adopted the scenarios corresponding to -25% (Scenario II), -50% (Scenario III), +25% (Scenario IV) and +50% (Scenario V) in relation to the exchange rates and DI rates used to determine the probable scenario.

Debt - Citibank and JP Morgan	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Exchange rate fluctuation	5%	(25%)	(50%)	25%	50%
Depreciation of US\$ (rate in R\$)	-	3.8125	2.5417	-	-
Appreciation of US\$ (rate in R\$)	5.0834	-	-	6.3542	7.6250
Effect on liabilities in US\$					
Loan 4131 - Citibank and JP Morgan	37,764	(188,819)	(377,637)	188,819	377,637
Effect on derivatives					
Swap	(37,764)	188,819	377,637	(188,819)	(377,637)
Net effect	-	-	-	-	-
Debt - Senior Notes I	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Exchange rate fluctuation	5%	(25%)	(50%)	25%	50%
Depreciation of US\$ (rate in R\$)	-	3.8125	2.5417	-	-
Appreciation of US\$ (rate in R\$)	5.0834	-	-	6.3542	7.6250
Effect on liabilities in US\$					
Loan 4131 - Citibank and JP Morgan	118,562	(592,810)	(1,185,620)	592,810	1,185,820
Effect on derivatives					
Swap	(118,562)	592,810	1,185,620	(592,810)	(1,185,820)
Net effect	-	-	-	-	-

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.2, Risk management (Continued)

g) Pricing risks (Continued)

Debt - Senior Notes II	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Exchange rate fluctuation	5%	(25%)	(50%)	25%	50%
Depreciation of US\$ (rate in R\$)	-	3.8125	2.5417	-	-
Appreciation of US\$ (rate in R\$)	5.0834	-	-	6.3542	7.6250
Effect on liabilities in US\$ Senior Notes II	159,814	(799,068)	(1,598,137)	799,068	1,598,137
Effect on derivatives Swap	(159,814)	799,068	1,598,137	(799,068)	(1,598,137)
Net effect	-	-	-	-	-
Debt - Debentures	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Fluctuation in DI rate	5%	(25%)	(50%)	25%	50%
Depreciation of the DI rate	-	9.1744%	6.1163%	-	-
Appreciation of the DI rate	12.2325%	-	-	15.2906%	18.3488%
Effect on liabilities Debentures	8,074	(34,313)	(76,701)	50,461	92,848
Effect on derivatives Swap	(8,074)	34,313	76,701	(50,461)	(92,848)
Net effect	-	-	-	-	-
Debt - Debentures (CRI)	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Fluctuation of the IPCA rate	5%	(25%)	(50%)	25%	50%
Depreciation of the IPCA rate	-	3.6383	2.4255	-	-
Appreciation of the IPCA rate	4.8510%	-	-	6.0638	7.2765
Effect on liabilities Debentures	13.243	(56.283)	(125.810)	82.770	152.296
Effect on derivatives Swap	(13.243)	56.283	125.810	(82.770)	(152.296)
Net effect	-	-	-	-	-
Debt - BofA	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Exchange rate fluctuation	5%	(25%)	(50%)	25%	50%
Depreciation of EUR€ (rate in R\$)	-	4.2144	2.8096	-	-
Appreciation of EUR€ (rate in R\$)	5.6192	-	-	7.0240	8.4288
Effect on liabilities Loan 4131 – BofA	17,115	(85,777)	(171,155)	85,577	171,155
Effect on derivatives Swap	(17,115)	85,777	171,155	(85,577)	(171,155)
Net effect	-	-	-	-	-

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.3, Changes in liabilities from financing activities

		Individual								
Individual	2022	Loans, financing and debentures raise	Interest, monetary variations and foreign exchange differences, net	Payment of acquisitions and principal	Payment of interest	Fair value of debt	Allocation of dividends and interest on equity	Payment of dividends and interest on equity	Other	2023
Loans, financing, debentures and leases	31,610,932	5,164,594	3,798,014	(3,974,214)	(3,412,077)	965,596	-	-	69,827	34,222,672
Derivatives	1,813,933	-	(292,276)	(484,265)	-	-	-	-	-	1,37,392
Dividends and interest on equity payable	137,640	-	-	-	-	-	834,472	(787,758)	(95,855)	88,499
	33,562,505	5,164,594	3,505,738	(4,458,479)	(3,412,077)	965,596	834,472	(787,758)	(26,028)	35,348,563
Current	6,004,178									3,307,598
Noncurrent	27,558,327									32,040,965

		Individual								
Individual	2021	Loans, financing and debentures raise	Interest, monetary variations and foreign exchange differences, net	Payment of acquisitions and principal	Payment of interest	Fair value of debt	Allocation of dividends and interest on equity	Payment of dividends and interest on equity	Other (a)	2022
Loans, financing, debentures and leases	24,242,348	5,015,501	3,112,710	(1,213,433)	(2,189,748)	(661,055)	-	-	3,304,609	31,610,932
Derivatives	1,129,431	-	983,295	(298,793)	-	-	-	-	-	1,813,933
Dividends and interest on equity payable	57,339	-	-	-	-	-	800,090	(651,090)	(68,699)	137,640
	25,429,118	5,015,501	4,096,005	(1,512,226)	(2,189,748)	(661,055)	800,090	(651,090)	3,235,910	33,562,505
Current	1,883,517									6,004,178
Noncurrent	23,545,601									27,558,327

(a) The balance in "Other" refers substantially to the debentures arising from the business combination entered into between Rede D'Or and SASA on February 23, 2022.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.3, Changes in liabilities from financing activities (Continued)

		Individual								
Individual	2020	Loans, financing and debentures raise	Interest, monetary variations and foreign exchange differences, net	Payment of acquisitions and principal	Payment of interest	Fair value of debt	Allocation of dividends and interest on equity	Payment of dividends and interest on equity	Other	2021
Loans, financing, debentures and leases	19,007,463	6,900,520	1,803,714	(1,246,604)	(912,634)	(1,470,911)	-	-	160,800	24,242,348
Derivatives	215,995	-	913,436	-	-	-	-	-	-	1,129,431
Dividends and interest on equity payable	343,870	-	-	-	-	-	2,764,606	(2,978,586)	(72,551)	57,339
	<u>19,567,328</u>	<u>6,900,520</u>	<u>2,717,150</u>	<u>-1,246,604</u>	<u>(912,634)</u>	<u>(1,470,911)</u>	<u>2,764,606</u>	<u>(2,978,586)</u>	<u>88,249</u>	<u>25,429,118</u>
Current	1,369,713									1,883,517
Noncurrent	18,197,615									23,545,601

		Consolidated								
Consolidated	2022	Loans, financing and debentures raised and leases	Interest, monetary variations and foreign exchange differences, net	Payment of acquisitions and principal	Payment of interest	Fair value of debt	Allocation of dividends and interest on equity	Payment of dividends and interest on equity	Other	2023
Loans, financing, debentures and leases	36,215,627	6,003,333	3,573,325	(4,991,066)	(3,748,996)	673,122	-	-	33,229	37,758,574
Derivatives	1,959,016	-	(153,828)	(634,043)	-	-	-	-	39,778	1,210,923
Dividends and interest on equity payable	145,085	-	-	-	-	-	902,398	(851,859)	(95,855)	99,769
	<u>38,319,728</u>	<u>6,003,333</u>	<u>3,419,497</u>	<u>(5,625,109)</u>	<u>(3,748,996)</u>	<u>673,122</u>	<u>902,398</u>	<u>(851,859)</u>	<u>(22,848)</u>	<u>39,069,266</u>
Current	6,567,810									4,530,733
Noncurrent	31,751,918									34,538,532

(a) The balance in "Other" refers substantially to the debentures arising from the business combination entered into between Rede D'Or and SASA on February 23, 2022.

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

24. Financial instruments and financial risk management (Continued)

24.3, Changes in liabilities from financing activities (Continued)

		Consolidated								
Consolidated	2021	Loans, financing and debentures raised and leases	Interest, monetary variations and foreign exchange differences, net	Payment of acquisitions and principal	Payment of interest	Fair value of debt	Allocation of dividends and interest on equity	Payment of dividends and interest on equity	Other (a)	2022
Loans, financing, debentures and leases	30,622,796	5,085,501	2,896,589	(1,907,278)	(2,445,132)	(1,370,559)	-	-	3,333,710	36,215,627
Derivatives	1,255,415	-	1,092,934	(389,333)	-	-	-	-	-	1,959,016
Dividends and interest on equity payable	64,551	-	-	-	-	-	845,661	(696,427)	(68,700)	145,085
	<u>31,942,762</u>	<u>5,085,501</u>	<u>3,989,523</u>	<u>-2,296,611</u>	<u>-2,445,132</u>	<u>(1,370,559)</u>	<u>845,661</u>	<u>(696,427)</u>	<u>3,265,010</u>	<u>38,319,728</u>
Current	2,325,275									6,567,810
Noncurrent	29,617,487									31,751,918

(b) The balance in "Other" refers substantially to the debentures arising from the business combination entered into between Rede D'Or and SASA on February 23, 2022.

		Consolidated								
Consolidated	2020	Loans, financing and debentures raised and leases	Interest, monetary variations and foreign exchange differences, net	Payment of acquisitions and principal	Payment of interest	Fair value of debt	Allocation of dividends and interest on equity	Payment of dividends and interest on equity	Other	2021
Loans, financing, debentures and leases	26,623,812	7,310,520	2,548,131	(4,470,659)	(991,508)	(945,825)	-	-	548,325	30,622,796
Derivatives	412,478	-	924,602	(81,665)	-	-	-	-	-	1,255,415
Dividends and interest on equity payable	346,600	-	-	-	-	-	2,862,099	(3,071,451)	(72,697)	64,551
	<u>27,382,890</u>	<u>7,310,520</u>	<u>3,472,733</u>	<u>(4,552,324)</u>	<u>(991,508)</u>	<u>(945,825)</u>	<u>2,862,099</u>	<u>(3,071,451)</u>	<u>475,628</u>	<u>31,942,762</u>
Current	4,541,632									2,325,275
Noncurrent	22,841,258									29,617,487

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2023, 2022 and 2021
(In thousands of reais, unless otherwise stated)

25. Assets and liabilities per segment

Assets, liabilities, revenues and expenses per segment are as follows:

	Consolidated						
	12/31/2023						
	Hospital	Health	Life	Corporate	Total - segments	Eliminations	Consolidated
Net revenues							
Foreign customers	25.336.223	25.692.303	824.853	42.197	51.895.576	(5.387.018)	46.508.558
Intersegment	-	228	13.504	-	13.732	(13.732)	-
Other revenues and expenses							
Operating expenses	(19.091.512)	(24.367.997)	(864.114)	-	(44.323.623)	5.386.547	(38.937.076)
Administrative expenses	(635.812)	(617.575)	10.189	(76.247)	(1.319.445)	4.488	(1.314.957)
Finance income (costs)	(3.247.653)	(67.011)	114.778	184.959	(3.014.927)	-	(3.014.927)
Other amounts that have an impact on income	(247.545)	23.540	(40.512)	610.003	345.486	(1.473.383)	(1.127.897)
Net income	2.113.701	663.488	58.698	760.912	3.596.799	(1.483.098)	2.113.701
Assets	47,372,888	20,284,889	12,331,381	18,433,612	98,422,770	(8,080,414)	90,342,356
Liabilities	40,179,302	11,480,684	11,444,899	3,571,688	66,676,573	(169,863)	66,506,710

Rede D'Or São Luiz S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2023, 2022 and 2021

(In thousands of reais, unless otherwise stated)

26. Insurance coverage

At December 31, 2023, the Company maintains insurance coverage at amounts deemed sufficient by management to cover risks, if any, on its assets and/or liabilities,

<u>Type of coverage</u>	<u>Amount insured</u>
Property risk	5,080,773
Civil liability (D&O)	608,065
General civil liability	10,000
Engineering risks	4,141,675

27. Events after the reporting period

On February 1, 2024, Rede D'Or exercised the Optional Early Redemption in Full of the Eighth Issue of Debentures of Sul América S,A,, which was succeeded by Rede D'Or due to merger, in the amount of R\$467 million (2nd series), As of that date, there are no covenants related to the Eighth Issue of Debentures of Sul América S,A, (see Note 12.1.),