

Interim Financial Information

Rede D'Or São Luiz S.A.

March 31, 2021
with Independent Auditor's Review Report

Rede D'Or São Luiz S.A.

Interim financial information

March 31, 2021

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A free translation from Portuguese into English of Independent auditor's review report on Interim Financial Information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34.

Independent auditor's review report on interim financial information

To the Shareholders, Board of Directors and Officers of
Rede D'Or São Luiz S.A.
Rio de Janeiro - RJ, Brazil

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Rede D'Or São Luiz S.A. ("Company") for the quarter ended March 31, 2021, comprising the statement of financial position as of March 31, 2021 and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes,

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).



Other matters

Statements of value added

The abovementioned quarterly information include the individual and consolidated statements of value added (SVA) for the three-month period ended March 31, 2021, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Rio de Janeiro, May 16, 2021

ERNST & YOUNG
Auditores Independentes S/S
CRC-2SP015199/O-6

A handwritten signature in blue ink, appearing to read 'Diogo Afonso da Silva'.

Diogo Afonso da Silva
Contador CRC-1RJ114783/O-8

Rede D'Or São Luiz S.A.

Balance sheets

March 31, 2021 and December 31, 2020
(In thousands of Reais)

	Nota	Parent Company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Assets					
Current assets					
Cash and cash equivalents	4	11,095	22,091	115,701	146,884
Marketable securities	4	10,354,037	12,589,986	13,547,399	15,580,374
Trade accounts receivable	5	3,160,449	2,804,200	5,890,859	5,163,870
Inventories	6	307,422	351,321	570,601	607,948
Taxes recoverable		279,604	180,066	398,895	297,897
Derivative financial instruments	27	163,275	266,355	163,275	266,355
Related parties	7	11,583	8,423	-	-
Dividends receivable		107,442	131,229	63	63
Receivables from sale of property		18,465	18,425	18,465	18,425
Other		196,933	164,205	331,975	350,085
Total current assets		14,610,305	16,536,301	21,037,233	22,431,901
Noncurrent assets					
Related parties	7	791,696	780,778	32,796	51,987
Deposit for acquisition of building		-	-	97,701	97,644
Judicial deposits	16	190,336	172,578	296,834	276,895
Deferred income tax and social contribution	19	-	-	546,579	528,901
Derivative financial instruments	27	545,421	455,224	3,653,185	2,743,616
Investments in subsidiaries, affiliates and jointly controlled entities	8	11,256,400	9,387,329	2,160,048	1,089,231
Property and equipment	9	3,223,126	3,167,812	7,569,115	7,368,945
Intangible assets	10	2,642,608	2,618,125	7,984,762	7,809,898
Right of use - lease	11	1,672,505	1,664,010	2,983,518	2,998,021
Other		98,463	100,928	254,557	260,005
Total noncurrent assets		20,420,555	18,346,784	25,579,095	23,225,143
Total assets		35,030,860	34,883,085	46,616,328	45,657,044

	Nota	Parent Company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Liabilities and equity					
Current liabilities					
Trade accounts payable		394,931	321,103	950,257	846,883
Derivative financial instruments	27	98,161	128,027	249,870	324,510
Loans, financing and debentures	13	321,645	387,193	617,584	662,956
Salaries, provisions and social charges		452,393	364,450	798,100	671,164
Tax liabilities	14	215,998	145,577	422,970	364,994
Accounts payable for acquisitions	15	27,762	27,690	140,380	58,367
Dividends and interest on equity payable	18	267,881	343,870	270,052	346,600
Deferred gain on property sales	12	3,920	3,920	3,920	3,920
Lease agreements	17	307,528	347,037	340,327	415,472
Other		111,898	136,439	154,442	166,184
Total current liabilities		2,202,117	2,205,306	3,947,902	3,861,050
Noncurrent liabilities					
Derivative financial instruments	27	526,947	87,968	526,947	87,968
Loans, financing and debentures	13	16,167,527	16,801,560	23,300,491	23,275,581
Related parties	7	-	-	29,124	42,794
Tax liabilities	14	82,729	70,736	266,036	228,061
Accounts payable for acquisitions	15	54,225	67,406	420,130	456,247
Deferred income tax and social contribution	19	54,251	72,741	351,766	325,956
Provision for contingencies	16	152,964	140,480	332,324	319,863
Provision for losses on investments	8	173,413	166,294	-	-
Deferred gain on property sales	12	63,483	64,460	63,483	64,460
Lease agreements	17	1,540,530	1,471,673	2,912,912	2,822,337
Other		96,366	121,339	156,913	170,545
Total noncurrent liabilities		18,912,435	19,064,657	28,360,126	27,793,812
Equity					
Capital stock	18	6,472,948	6,472,948	6,472,948	6,472,948
Capital reserves		4,675,693	4,680,412	4,675,693	4,680,412
Treasury shares		(263,384)	(263,384)	(263,384)	(263,384)
Income reserves		2,496,100	2,789,480	2,496,100	2,789,480
Retained earnings		372,404	-	372,404	-
Advance for future capital increase		4,224	4,224	4,224	4,224
Other comprehensive income		158,323	(70,558)	158,323	(70,558)
Total equity attributable to Company shareholders		13,916,308	13,613,122	13,916,308	13,613,122
Noncontrolling interests		-	-	391,992	389,060
Total equity		13,916,308	13,613,122	14,308,300	14,002,182
Total liabilities and equity		35,030,860	34,883,085	46,616,328	45,657,044

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements income

Three-month periods ended March 31, 2021 and 2020
(In thousands of Reais, unless otherwise stated)

	Nota	Parent Company		Consolidated	
		01/01/2021 a 03/31/2021	01/01/2020 a 03/31/2020	01/01/2021 a 03/31/2021	01/01/2020 a 03/31/2020
Net revenue	20	2,503,506	1,959,027	4,719,725	3,299,494
Costs of services provided	21	(1,705,067)	(1,464,299)	(3,528,549)	(2,664,263)
Gross profit		798,439	494,728	1,191,176	635,231
General and administrative expenses	22	(214,630)	(146,631)	(217,910)	(150,031)
Selling expenses	23	(4,692)	(2,449)	(7,195)	(3,334)
Equity pickup	8	97,398	307,191	(2,301)	(8,201)
Other operating expenses	24	(43,616)	(28,350)	(99,669)	(63,892)
Income before financial income and income tax and social contribution		632,899	624,489	864,101	409,773
Financial income	25	319,361	354,286	1,340,945	2,675,706
Financial expenses	25	(630,818)	(830,157)	(1,732,332)	(2,923,783)
Income before income taxes		321,442	148,618	472,714	161,696
Income taxes	19	50,962	(38,150)	(70,271)	(48,193)
Net income for the period		372,404	110,468	402,443	113,503
Net income attributable to controlling shareholders		372,404	110,468	372,404	110,468
Net income attributable to noncontrolling shareholders		-	-	30,039	3,035
Basic earnings per share (in Reais)	26	0,1917	0,0627	0,1917	0,0627
Diluted earnings per share (in Reais)	26	0,1911	0,0625	0,1911	0,0625

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of comprehensive income
 Three-month periods ended March 31, 2021 and 2020
 (In thousands of Reais, unless otherwise stated)

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Net income for the period	372,404	110,468	402,443	113,503
Other comprehensive income				
Cash flow hedge	270,603	52,266	346,789	54,802
Tax impacts	(92,005)	(17,770)	(117,908)	(18,632)
Other comprehensive income of associates and subsidiaries, by equity pickup	50,283	1,674	-	-
	228,881	36,170	228,881	36,170
Total comprehensive income	601,285	146,638	631,324	149,673
Attributable to:				
Controlling shareholders	601,285	146,638	601,285	146,638
Noncontrolling shareholders	-	-	30,039	3,035

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of changes in equity
Three-month period ended March 31, 2021 and 2020
(In thousands of Reais)

Description	Attributable to shareholders of the Parent Company													Noncontrolling shareholders	Total
	Capital reserves				Income reserves						Retained earnings	Other comprehensive income	Total do patrimônio líquido		
	Capital stock	Capital reserve (issue of shares)	Goodwill on capital transactions	Share-based payment reserve	Treasury shares	Legal reserve	Investment reserve	Dividends additional to the minimum mandatory	Advances for future capital increase						
Balances at December 31, 2019	867,776	2,335,941	(254,022)	262,440	(474,462)	8,666	2,459,567	-	4,224	-	-	5,210,130	231,870	5,442,000	
Acquisition of subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	1,037	1,037	
Share-based payment (Note 18)	-	-	-	22,500	-	-	-	-	-	-	-	22,500	-	22,500	
Net income for the period	-	-	-	-	-	-	-	-	-	110,468	-	110,468	3,035	113,503	
Dividends and interest on equity (Note 18)	-	-	-	-	-	-	(66,537)	-	-	-	-	(66,537)	(1,234)	(67,771)	
Cash flow hedge (Note 18)	-	-	-	-	-	-	-	-	-	-	36,170	36,170	-	36,170	
Balances at March 31., 2020	867,776	2,335,941	(254,022)	284,940	(474,462)	8,666	2,393,030	-	4,224	110,468	36,170	5,312,731	234,708	5,547,439	
Balances at December 31, 2020	6,472,948	4,954,761	(293,655)	19,306	(263,384)	8,666	2,633,122	147,692	4,224	-	(70,558)	13,613,122	389,060	14,002,182	
Capital transactions in subsidiaries and acquisition of non-controlling shareholders	-	-	(3,314)	-	-	-	-	-	-	-	-	(3,314)	(19,550)	(22,864)	
Share-based payment (Note 18)	-	-	-	30,479	-	-	-	-	-	-	-	30,479	-	30,479	
Changes RSU	-	-	-	(31,884)	-	-	-	-	-	-	-	(31,884)	-	(31,884)	
Net income for the period	-	-	-	-	-	-	-	-	-	372,404	-	372,404	30,039	402,443	
Dividends and interest on equity (Note 18)	-	-	-	-	-	-	(145,688)	-	-	-	-	(145,688)	(7,557)	(153,245)	
Dividends in addition to the mandatory minimum (Note 18)	-	-	-	-	-	-	-	(147,692)	-	-	-	(147,692)	-	(147,692)	
Cash flow hedge (Note 18)	-	-	-	-	-	-	-	-	-	-	228,881	228,881	-	228,881	
Balances at March 31, 2021	6,472,948	4,954,761	(296,969)	17,901	(263,384)	8,666	2,487,434	-	4,224	372,404	158,323	13,916,308	391,992	14,308,300	

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of cash flows Three-month period ended March 31, 2021 and 2020 (In thousands of Reais)

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Cash flows from operating activities				
Income before income tax and social contribution	321,442	148,618	472,714	161,696
Adjustments to reconcile net income to cash provided by operating activities				
Depreciation and amortization	155,743	135,748	270,396	200,065
Gain on property sale	(977)	(977)	(977)	(977)
Fair value of debt	(752,001)	(84,963)	(641,240)	166,205
Interest, monetary and foreign exchange differences, net	1,009,849	519,823	980,698	94,425
Share-based payment	30,479	22,500	30,479	22,500
Provision for contingencies	12,370	-	10,885	-
Equity pickup	(97,398)	(307,191)	2,301	8,201
Provision for disallowances	126,260	103,722	269,046	209,737
(Increase) decrease in assets and liabilities				
Trade accounts receivable	(482,509)	(368,655)	(994,854)	(621,449)
Inventories	43,899	(8,715)	37,347	(27,551)
Taxes recoverable	(99,538)	(21,586)	(100,997)	(19,046)
Judicial deposits	(17,758)	(5,186)	(19,609)	(6,088)
Other assets	(13,650)	(27,413)	(753)	(32,467)
Trade accounts payable	73,828	(1,858)	101,968	27,556
Salaries, provisions and social charges	56,059	45,236	93,371	78,340
Tax obligations	84,393	44,999	95,449	(56,345)
Related parties	(56,550)	(37,633)	5,521	(7,065)
Provision for contingencies	(461)	(1,197)	(523)	(1,440)
Other liabilities	(44,136)	(82,648)	(1,474)	(150,301)
	349,344	72,624	609,748	45,996
Payment of interest	(136,340)	(100,224)	(370,770)	(100,274)
Payment of income tax and social contribution	(72,325)	(36,341)	(164,323)	(68,022)
Net cash provided by (used in) operating activities	140,679	(63,941)	74,655	(122,300)
Cash flows from investing activities				
Payment in business acquisition, net of cash acquired	(687,385)	(760,000)	(796,647)	(793,738)
Advances for future capital increase	(622,363)	(274,066)	(5,000)	(6,374)
Acquisitions of property and equipment	(129,419)	(128,505)	(341,437)	(273,298)
Acquisitions of intangible assets	(50,970)	(19,599)	(60,801)	(33,331)
Acquisitions of marketable securities	(7,605,821)	(3,593,195)	(10,641,657)	(15,875,099)
Redemptions of marketable securities	9,415,968	4,725,667	12,471,490	12,026,266
Redemptions of marketable securities	23,788	892	5,390	1,755
	343,798	(48,806)	631,338	(4,953,819)
Cash flows from financing activities				
Payment of dividends and interest on equity	(353,656)	-	(361,772)	(2,449)
Loans, financing and debentures raised	-	250,000	-	5,331,217
Payment of debentures loans, financing and leases	(233,420)	(195,214)	(385,954)	(273,156)
Swap settlement	103,694	44,370	24,859	1,309
Account payable for acquisition	(12,091)	(111)	(14,309)	(142)
Net cash provided by (used in) financing activities	(495,473)	99,045	(737,176)	5,056,779
Increase (decrease) in cash and cash equivalents	(10,996)	(13,702)	(31,183)	(19,340)
Cash and cash equivalents at beginning of period	22,091	33,580	146,884	68,684
Cash and cash equivalents at end of period	11,095	19,878	115,701	49,344

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of value added
 Three-month period ended March 31, 2021 and 2020
 (In thousands of Reais, unless otherwise stated)

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Revenue	2,660,165	2,082,792	5,035,632	3,521,142
Sales of goods, products and services	2,785,448	2,185,537	5,303,701	3,729,902
Allowance for doubtful accounts and provision for disallowances	(126,260)	(103,722)	(269,046)	(209,737)
Other income	977	977	977	977
Inputs acquired from third parties	(1,012,228)	(749,510)	(2,066,256)	(1,407,377)
Cost of services sold	(922,307)	(695,881)	(1,919,264)	(1,317,321)
Materials, energy, third-party services and other expenses	(77,551)	(53,629)	(136,107)	(90,056)
Loss/recovery of assets	(12,370)	-	(10,885)	-
Gross value added	1,647,937	1,333,282	2,969,376	2,113,765
Depreciation and amortization	(155,743)	(135,748)	(270,396)	(200,065)
Value added, net	1,492,194	1,197,534	2,698,980	1,913,700
Value added received in transfer	416,759	661,477	1,338,644	2,667,505
Equity pickup	97,398	307,191	(2,301)	(8,201)
Financial income	319,361	354,286	1,340,945	2,675,706
Total value added	1,908,953	1,859,011	4,037,624	4,581,205
Distribution of value added	(1,908,953)	(1,859,011)	(4,037,624)	(4,581,205)
Personnel and related charges	(759,514)	(708,073)	(1,413,001)	(1,188,466)
Taxes, charges and contributions	(104,720)	(160,938)	(385,201)	(268,864)
Interest, leases and other operating expenses	(672,315)	(879,532)	(1,836,979)	(3,010,372)
Dividends and interest on equity	(293,380)	(66,537)	(300,937)	(66,537)
Retained profits	(79,024)	(43,931)	(101,506)	(46,966)

See accompanying notes.

Rede D'Or São Luiz S.A.

Notes to interim financial information

March 31, 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 Street 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 safety to customers, either doctors, patients or health care plans.

Rede D'Or operates in the states of Rio de Janeiro, São Paulo, Pernambuco, Maranhão, Bahia, Sergipe, Paraná, Ceará and the Federal District, has 54 hospitals if its own and 34 under development, in addition to oncology and radiotherapy treatment clinics and laboratories, currently having a total of 8,191 beds.

In 1998, the first hospital unit, Hospital Barra D'Or, was opened, and in 2000 and 2001, respectively, Hospital Copa D'Or and Hospital Quinta D'Or were opened. Starting in 2004, there have been strategic partnerships with other hospitals, increasing the range of expertise and reaching other areas in Rio de Janeiro. In 2007, Rede D'Or started operating, also through partnerships and acquisitions, in the state of Pernambuco, in 2018 in the states of Maranhão and Bahia, in 2019 in the state of Sergipe and in 2020 in the states of Paraná and Ceará.

As from 2010, through fundraising from new shareholders, in the market and own cash generation, Rede D'Or started a strong expansion process through acquisitions and construction of new units. The main business control acquisitions of hospitals and laboratories performed since 2010 were:

Hospital	Location	Year of acquisition
Hospital Brasil	Santo André, SP	2010
Hospital Assunção	São Bernardo, SP	2010
Hospital São Luiz	São Paulo, SP	2010
Hospital Rio de Janeiro	Rio de Janeiro, RJ	2010
Hospital Prontolinda	Rio de Janeiro, RJ	2010
Vivalle Serviços de Saúde	São José dos Campos, SP	2011
Centro Hospitalar São Marcos	Recife, PE	2011
Nossa Senhora de Lourdes	São Paulo, SP	2012
Hospital da Criança	São Paulo, SP	2012
Santa Luzia	Brasília, DF	2012
Hospital do Coração	Brasília, DF	2012
Hospital Norte D'Or	Rio de Janeiro, RJ	2013
Hospital IFOR	São Bernardo, SP	2013
Hospital Villa-Lobos	São Paulo, SP	2015
Sino Brasileiro Serviços Hospitalares	São Paulo, SP	2015
Hospital Maternidade Bartira	São Paulo, SP	2015
Hospital Fluminense	Rio de Janeiro, RJ	2015
Hospital Memorial São José	Recife, PE	2016
Hospital Alpha-Med	São Paulo, SP	2016
Hospital Ribeirão Pires	São Paulo, SP	2016
Hospital São Vicente	Rio de Janeiro, RJ	2017
Hospital UDI	São Luís, MA	2018
Laboratório Richet	Rio de Janeiro, RJ	2018
Hospital São Rafael	Salvador, BA	2018
Hospital Samar	Rio de Janeiro, RJ	2018
Hospital de Clínicas Rio Mar	Rio de Janeiro, RJ	2019
Hospital São Lucas	Aracaju, SE	2019
Hospital Avicenna	São Paulo, SP	2019
Hospital Perinatal – CS Laranjeiras e UN Lagoa	Rio de Janeiro, RJ	2020
Hospital Santa Cruz	Curitiba, PR	2020
Hospital Aliança	Salvador, BA	2020
Hospital São Carlos	Fortaleza, CE	2020
Clínica São Lucas	Macaé RJ	2020
Hospital Córdio Pulmonar da Bahia	Salvador BA	2020
Hospital de Clínicas Antônio Afonso	São Paulo, SP	2021
Hospital Central de Guaianases	São Paulo, SP	2021

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
March 31, 2021
(In thousands of Reais, unless otherwise stated)

1. Operations (Continued)

In addition, the Group has invested in oncology and radiotherapy clinics and laboratories.

Seasonality

There are no significant seasonal effects on the Company's operations; however, a smaller volume of customers can be observed in December, January and February due to year-end celebrations and vacation period, and a larger volume of customers can be noted in the winter.

Covid-19 pandemic

On March 11, 2020, the World Health Organization (WHO) declared Covid-19 a pandemic due to the global spread of coronavirus. The outbreak created macroeconomic uncertainties and volatility worldwide. To respond to the pandemic, many state governments in Brazil have implemented policies to prevent or delay the spread of the disease, such as restrictions on crowding, quarantine of people who have been to affected areas, cancellation or postponement of public events, suspension of commercial businesses, closing of establishments open to the public, among other more or less severe measures.

When we analyzed the behavior of the Company's main operating and financial indicators in the second quarter of 2020, when social distancing measures were fully in force in some States in Brazil, we identified a decrease in all elective procedures, especially in elective surgeries. Due to the postponement of surgeries, there was an increase in the availability of beds and in hospitalization capacity, which were used in part for hospitalizations and other procedures related to the treatment of Covid-19.

In the first quarter of 2021, a strong progressive recovery was noted in all operating indicators; as such, the Company presented a better financial performance compared to the same prior-year quarter as well as in relation to the fourth quarter of 2020.

Management also understands that the position of cash, cash equivalents and marketable securities of R\$ 13,663,100 at March 31, 2021 is sufficient to meet the financial commitments already contracted as well as the additional needs that may arise as a result of the pandemic. Furthermore, by applying the market demand projections to be met as disclosed by the Ministry of Health, the Company understands it is able to meet this demand without major operational risks, as it has done in the course of the pandemic.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of Reais, unless otherwise stated)

1. Operations (Continued)

In addition, the Company assessed, and continues to monitor, all possible impacts of the pandemic on the estimates and losses of fair value and impairment of its assets, as well as the risks related to its investments, credit, interest, foreign exchange, share prices, shares of investment funds and leases, all described in their respective notes. However, the Company does not expect new significant impacts not yet recognized in the quarterly information related to the pandemic.

2. Basis of preparation and presentation and summary of significant accounting policies

This unaudited interim financial information was prepared in accordance with NBC TG 21 (R1)/IAS 34 - Interim Financial Reporting.

The significant accounting policies adopted by the Group in this unaudited interim financial information are consistent with those adopted in the financial statements for the year ended December 31, 2020, disclosed on February 24, 2021.

Profit or loss for the three-month period ended March 31, 2021 does not necessarily indicate the profit or loss expected for the entire year ending December 31, 2021. The interim financial information and related notes do not include all the information and disclosures required for the annual financial statements. Therefore, this interim financial information shall be read jointly with the audited annual financial statements as of December 31, 2020.

The estimates and critical accounting judgments adopted by the Company in this interim financial information are consistent with those adopted in the financial statements for the year ended December 31, 2020.

The authorization to complete the preparation of this financial information was provided by the Company's management on May 16, 2021.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
 March 31, 2021
 (In thousands of Reais, unless otherwise stated)

2. Basis of preparation and presentation and summary of significant accounting policies (Continued)

The financial statements of Rede D'Or comprise the following entities:

	03/31/2021		12/31/2020	
	Direct	Indirect	Direct	Indirect
Parent Company - Rede D'Or São Luiz S.A. (a)				
Fully consolidated entities				
Rodin Empreendimentos e Participações S.A,	99,99	0,01	99,99	0,01
Hospital Esperança S.A, ("Esperança")	99,99	0,01	99,99	0,01
UDI Cárdio - Unidade de Diagnóstico e Tratamento Cardiológico Ltda,	-	100,00	-	100,00
UDI Imagem - Unidade de Diagnóstico por Imagem Ltda,	-	100,00	-	100,00
Diagno São Marcos Ltda,	-	100,00	-	100,00
Hospital São Rafael S.A,	-	80,00	-	80,00
São Lucas Médico Hospitalar S.A,	-	75,00	-	75,00
Sociedade Anônima Hospital Aliança (adquirida em 2020)	-	80,00	-	80,00
Hospital São Carlos S.A (adquirida em 2020)	-	75,00	-	75,00
OncoCentro Serviços Médicos Hospitalares Ltda (adquirida em 2020)	-	99,90	-	99,90
Clivale Prosaúde Iguatemi S.A, (adquirida em 2020)	-	51,00	-	51,00
Rede D'Or São Luiz Serviços Médicos S.A, ("RM")	99,99	0,01	99,99	0,01
Advance Plano de Saúde S.A,	99,99	0,01	99,99	0,01
PMJ Empreendimentos Imobiliários S.A,	99,99	0,01	99,99	0,01
Quinta Empreendimentos Imobiliários Ltda,	99,99	0,01	99,99	0,01
Onco D'Or Oncologia S.A,	98,80	-	98,80	-
Onco D'Or PE S.A,	-	67,23	-	67,23
Instituto Oncológico de Pernambuco Ltda, ("IOPE")	-	67,16	-	67,16
Núcleo Especializado em Oncologia e Hemato (NEOH)	-	67,13	-	67,13
Oncobrasília - Inst, Bras, Onco Clínica Ltda,	0,10	98,77	0,10	98,77
Acreditar Oncologia S.A,	-	98,83	-	98,83
Centro de Oncologia Médica Ltda,	-	98,87	-	98,87
Onco D'Or Oncologia BA Ltda,	-	98,86	-	98,86
Onco Star SP Oncologia Ltda,	75,00	-	75,00	-
Jenner S.A,	50,00	41,24	50,00	41,24
Oncologia D'Or S.A,	7,51	83,48	7,51	83,48
Holding Onco Niterói S.A, (Antiga GNI27 Empreendimentos Imobiliários Ltda,	-	53,93	-	53,93
Instituto De Oncologia Niterói ("ION) (adquirida em 2020)	-	53,89	-	53,89
Oncologia Clínica Niterói Ltda, ("OCN) (adquirida em 2020)	-	53,89	-	53,89
Centro de Oncologia do RJ Ltda, ("Salus")	-	90,99	-	90,99
RDSL Farmácia Ltda,	-	90,98	-	90,98
Centro Médico Jabaquara S.A,	99,99	0,01	99,99	0,01
Maxclínicas Clínicas e Diagnósticos Ltda,	99,99	0,01	99,99	0,01
TJK Empreendimentos Imobiliários Ltda,	99,99	0,01	99,99	0,01
Centro Hospitalar São Marcos S.A,	99,99	0,01	99,99	0,01
Hospital Fluminense S.A,	99,99	0,01	99,99	0,01
Onco D'Or ABC Oncologia S.A, (antiga Cardial Serviços Médicos Ltda)	89,44	-	89,44	-
ONCORAD - Serviços de Radioterapia Ltda,	0,02	99,98	0,02	99,98
Unidade de Radiologia Clínica Ltda, ("URC")	72,00	-	72,00	-
Instituto de Ultrassonografia Médica Ltda, ("IUSM")	72,00	-	72,00	-
Laboratório Análises Clínicas - Labvivalle Ltda,	50,10	-	50,10	-
Norte D'Or Participações S.A,	99,99	0,01	99,99	0,01
Hospital Norte D'Or de Cascadura S.A, ("Norte D'Or")	-	70,00	-	70,00
Proncordis Pronto Atendimento Cardiológico Ltda,	1,70	98,30	1,70	98,30
Café Verde da Quinta Ltda,	99,99	0,01	99,99	0,01
Campinas Empreendimentos Imobiliários Ltda,	99,99	0,01	99,99	0,01
Olimpia Projeto Rua do Rocio 86 SPE S.A,	99,99	0,01	99,99	0,01
IFOR Empreendimentos Imobiliários S.A,	99,99	0,01	99,99	0,01
Esperança Serviços Médicos e de Diagnósticos S.A,	99,99	0,01	99,99	0,01

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
March 31, 2021
(In thousands of Reais, unless otherwise stated)

2. Basis of preparation and presentation and summary of significant accounting policies (Continued)

The financial statements of Rede D'Or comprise the following entities (Continued)

	03/31/2021		12/31/2020	
	Direct	Indirect	Direct	Indirect
OPUNER do Brasil Ltda,	99,99	0,01	99,99	0,01
Medise Medicina Diagnóstico e Serviços S,A, ("Medise")	87,82	10,18	87,82	10,18
Assunção Emp, Imobiliários Ltda,	99,99	0,01	99,99	0,01
Villa Lobos Empreendimentos Imobiliários S,A,	99,99	0,01	99,99	0,01
Santa Luzia II Emp, Imobiliários Ltda,	99,99	0,01	99,99	0,01
RDSL Empreendimentos Imobiliários S,A,	99,99	0,01	99,99	0,01
Rede D'Or São Luiz Soluções Saúde e Segurança	85,00	-	85,00	-
JTO Holding S,A,	97,00	-	97,00	-
JTO-Fundadores Participações Ltda,	19,30	77,60	19,30	77,60
D'Or Consultoria Corretagem, Seguros e Benefícios	-	97,00	-	97,00
D'Or MG Consultoria em Corretagem de Seguros e Benefícios Ltda,	-	97,00	-	97,00
D'Or PME Corretagem de Seguros e Serviços Online Ltda,	-	77,60	-	77,60
D'Or Rio em Corretagem de Seguros S,A,	-	97,00	-	97,00
New Trix Corretora de Seguros Ltda,	-	72,75	-	72,75
D'Or Bahia Consultoria em Corretagem de Seguros e Benefícios Ltda,	-	77,60	-	77,60
D'Or Kappius Consultoria Empresarial e Corretagem de Seguros S,A,	-	49,47	-	49,47
Coriben Consultoria de Risco, Benefícios e Corretora de Seguros Ltda,	-	49,47	-	49,47
APR Consultoria em Benefícios e Corretora de Seguros Ltda,	-	49,47	-	49,47
D'Or Niterói Corretora de Seguros Ltda, (constituída em 2020)	-	75,00	-	75,00
D'Or Consultoria Holding Nordeste S,A, (Antiga GNI14 Empreendimentos Imobiliários Ltda.)	-	48,51	-	48,51
D'Or Saúdecorp Corretora de Seguros e Consultoria em Gestão Empresarial Ltda	-	36,38	-	36,38
JMS Serviços de Saúde Ltda,	-	36,38	-	36,38
D'Or Reseda Corretora de Seguros (adquirida em 2020)	-	49,47	-	49,47
Hospital Santa Helena S,A,	99,99	0,01	99,99	0,01
Laboratório Richet Pesquisas de Physiopathologia Humana Ltda,	99,99	0,01	99,99	0,01
Prontimagem Serviços Médicos Ltda, (incorporada em 2021) (c)	-	-	-	100,00
GNI01 Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI02 Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI04 Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI05 Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI06 Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI09 Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI12 Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI13 Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI15 Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI16 Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI17 SP Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI18 SP Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI19 RJ Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI20 RJ Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI21 RJ Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI23 SP Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI24 SP Empreend, Imobiliários Ltda,	99,99	0,01	99,99	0,01
GNI25 SP Empreend, Imobiliários Ltda, (constituída em 2020)	99,99	0,01	99,99	0,01
GNI26 SP Empreend, Imobiliários Ltda, (constituída em 2020)	99,99	0,01	99,99	0,01

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of Reais, unless otherwise stated)

2. Basis of preparation and presentation and summary of significant accounting policies (Continued)

Companies included in the consolidated financial statements (Continued)

	03/31/2021		12/31/2020	
	Direct	Indirect	Direct	Indirect
GNI27 RJ Empreend, Imobiliários Ltda, (constituída em 2020)	99,99	0,01	99,99	0,01
GNI28 RJ Empreend, Imobiliários Ltda, (constituída em 2020)	99,99	0,01	99,99	0,01
GNI29 RJ Empreend, Imobiliários Ltda, (constituída em 2020)	99,99	0,01	99,99	0,01
GNI30 RJ Empreend, Imobiliários Ltda, (constituída em 2020)	99,99	0,01	99,99	0,01
GNI31 RJ Empreend, Imobiliários Ltda, (constituída em 2020)	99,99	0,01	99,99	0,01
GNI32 RJ Empreend, Imobiliários Ltda, (constituída em 2021)	99,99	0,01	-	-
GNI33 RJ Empreend, Imobiliários Ltda, (constituída em 2020)	99,99	0,01	99,99	0,01
GNI34 RJ Empreend, Imobiliários Ltda, (constituída em 2020)	99,99	0,01	99,99	0,01
GNI35 RJ Empreend, Imobiliários Ltda, (constituída em 2020)	99,99	0,01	99,99	0,01
GNI36 SP Empreend, Imobiliários Ltda, (constituída em 2020)	99,99	0,01	99,99	0,01
GNI37 SP Empreend, Imobiliários Ltda, (constituída em 2020)	99,99	0,01	99,99	0,01
GNI38 SP Empreend, Imobiliários Ltda, (constituída em 2021)	99,99	0,01	-	-
GNI40 SP Empreend, Imobiliários Ltda, (constituída em 2021)	99,99	0,01	-	-
Maximagem com Diag, por imagem Ltda,	99,99	0,01	99,99	0,01
Hospital Alpha Med Ltda,	65,99	34,01	65,99	34,01
Hospital Santa Cruz S,A (adquirida em 2020)	-	100,00	-	100,00
Serviço de Hemodinâmica Batel Ltda (adquirida em 2020)	-	100,00	-	100,00
Gestão Total da Saúde Ltda,	99,99	0,01	99,99	0,01
Sator Empreendimentos e Participações Ltda,	99,99	0,01	99,99	0,01
Svgaeva Empreendimentos e Participações S,A,	-	100,00	-	100,00
Hospitais Integrados da Gávea S,A, - Clínica São Vicente	-	100,00	-	100,00
Hospital Jutta Batista	-	100,00	-	100,00
Hospital Glória D'Or	-	100,00	-	100,00
Hospital DF Star	-	100,00	-	100,00
Hospital de Clínicas Rio Mar S,A,	-	95,31	-	95,31
Centro Médico Rio Mar S,A,	-	95,31	-	95,31
Samer Serviços de Assistência Médica de Resende Ltda,	-	100,00	-	100,00
Clínica São Lucas Ltda, (adquirida em 2020)	-	100,00	-	100,00
Centro De Médico Ambulatorial São Lucas Ltda (adquirida em 2020)	-	100,00	-	100,00
Centro Médico De Obstetrícia De Macaé Ltda, (adquirida em 2020)	-	99,93	-	99,93
Hospital de Clínicas Antônio Afonso Ltda, (adquirida em 2021)	-	100,00	-	-
Hospital e Pronto Socorro Comunitário Vila Iolanda Ltda, (Hospital Central de Guaianases - adquirida em 2021)	-	100,00	-	-
Keiki Empreendimentos e Participações S,A,	99,99	0,01	99,99	0,01
Santa Luzia III Emp, Imobiliários Ltda,	99,99	0,01	99,99	0,01
Rede D'Or Finance S,A	100,00	-	100,00	-
Califórnia Invest, Imobiliários Ltda,	99,99	0,01	99,99	0,01
Clínica Médica São Remo Ltda,	99,99	0,01	99,99	0,01
Salute Clínicas Médicas Especializadas Ltda (adquirida em 2020)	-	100,00	-	100,00
Policlínica Taboão	-	95,00	-	95,00
Memorial Imagem e Diag Ltda, ("MediAx")	70,00	-	70,00	-
Hospital Aviccena S,A, (adquirida em 2019)	99,99	0,01	99,99	0,01
Casa de Saúde Laranjeiras "Perinatal" (adquirida em 2020)	99,99	0,01	99,99	0,01
CSEUN - CIA de Serviços Especiais e Unificados "Perinatal" (adquirida em 2020)	99,99	0,01	99,99	0,01
Unidade Neonatal da Lagoa "Perinatal" (adquirida em 2020)	99,99	0,01	99,99	0,01
GSH Corp Participações S,A, (antiga Lorem Participações S,A, - adquirida em 2020)	42,36	-	42,36	-
GGSH Participações S,A,	-	42,36	-	42,36
Radiopharmacus S,A, ("RPH") (adquirida em 2020)	-	42,36	-	42,36
HCP Patrimonial S,A,(adquirida em 2020)	-	100,00	-	100,00
Cárdio Pulmonar da Bahia S,A,	-	100,00	-	100,00
CP Desenvolvimento Imobiliário SPE Ltda, (adquirida em 2020)	-	100,00	-	100,00

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of Reais, unless otherwise stated)

2. Basis of preparation and presentation and summary of significant accounting policies (Continued)

Companies included in the consolidated financial statements (Continued)

	03/31/2021		12/31/2020	
	Direct	Indirect	Direct	Indirect
Companies accounted for under the equity method in the consolidated statements				
J Badim S.A, ("Hospital Badim")	-	50,00	-	50,00
EAH Administração Hospitalar Ltda,	-	50,00	-	50,00
Eldorado do Sul Participações Ltda,	-	33,33	-	33,33
Memorial Star (constituída em 2020)	-	50,00	-	50,00
Qualicorp Consultoria e Corretora de Seguros S,A, (b)	22,38	-	10,00	-
Fujidayclinic Ltda,	-	49,45	-	49,45
Acreditar Tocantins Oncologia S,A, (vendida em 2020)	-	-	-	-
Centro Oncológico do Vale Ltda,	-	49,45	-	49,45
Instituto de Radioterapia do Vale do Paraíba Ltda, ("Onco São José dos Campos")	-	49,45	-	49,45
JMJB Diagnósticos e Serviços Hospitalares S,A,	50,00	-	50,00	-

- (a) It includes the following hospitals São Luiz Itaim, São Luiz Morumbi, São Luiz Anália Franco, Copa D'Or, Quinta D'Or, Caxias D'Or, Brasil, Assunção, Prontolinda, Joari, Realcordis, HGB, HCB, Rio de Janeiro, Vivalle, Santa Luzia, Hospital do Coração, Sinisgalli, Nossa Senhora de Lourdes, Hospital da Criança, Sino Brasileiro, Villa Lobos, Hospital e Maternidade Bartira, Ifor, Copa Star, Hospital São Caetano, Hospital Memorial São José Ltda. ("MSJ"), and Hospital Ribeirão Pires Ltda.
- (b) In March 2021, the Company transferred the shares purchased on the stock exchange (B3 S.A.) classified as marketable securities for investments in Qualicorp Consultoria e Corretora de Seguros S.A. ("Qualicorp" or "QUAL3"), a listed company, which were recorded under the equity method. Upon this operation, the Company increased its interests in Qualicorp by 12.38%.
- (c) Company merged into Richet Laboratories in January 2021.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of Reais, unless otherwise stated)

3. Business combination

	2020					
	Cárdio Pulmonar (a)	Clínica São Lucas (a)	Hospital São Carlos (a)	Hospital Aliança (a)	Hospital Santa Cruz (a)	CS Laranjeiras e UN Lagoa - Perinatal (b)
Acquisition date	12/18/2020	10/16/2020	08/06/2020	07/01/2020	06/06/2020	01/10/2020
Location	BA	RJ	CE	BA	PR	RJ
Interest acquired (%)	100,00	100,00	75,00	80,00	100,00	100,00
Total consideration	147,029	55,968	160,917	800,000	361,127	802,129
Payment on acquisition date	127,029	31,987	148,138	800,000	361,127	762,129
Accounts payable for acquisition (Note 15)	20,000	23,981	12,779	-	-	40,000
Assets						
Cash and cash equivalents	10,187	2,475	10,550	11,422	9,660	6,107
Trade accounts receivable	71,012	4,011	37,028	74,336	18,425	27,054
Inventories	4,506	1,436	4,856	6,685	1,992	5,063
Recoverable taxes	2,702	222	63	17,051	1,387	8,219
Judicial deposits	681	-	6	22,864	14,971	4,568
Deferred income tax and social contribution	-	-	4,405	22,790	13,926	9,616
Indemnification assets	-	-	257	12,030	18,316	23,865
Investment	-	590	6,553	50	1,167	-
Property and equipment	224,561	9,026	6,502	27,958	20,021	132,360
Intangible assets	1,070	29	224	1,851	239	2,846
Right of use - lease	8,817	173	93	158,360	30,568	1,475
Other	2,896	206	1,956	4,212	658	1,781
	326,432	18,168	72,493	359,609	131,330	222,954
Liabilities						
Trade accounts payable	(21,523)	(2,403)	(9,319)	(19,126)	(10,469)	(7,245)
Loans and financing	(186,744)	-	-	-	(1,190)	(405)
Acquisition account payable	-	-	-	-	-	-
Related parties	-	-	-	(7)	-	-
Salaries, provisions and social charges	(13,039)	(2,915)	(6,213)	(35,014)	(7,881)	(11,184)
Tax liabilities	(5,596)	(9,886)	(10,503)	(11,024)	(7,934)	(28,571)
Deferred income tax and social contribution	(2,630)	-	-	(5,684)	(8,348)	-
Provision for contingencies	(1,611)	-	(343)	(38,032)	(18,316)	(23,865)
Lease	(9,650)	-	(146)	(162,405)	(32,570)	(1,575)
Other	(15,087)	(5,312)	(183)	(4,142)	(4,259)	(3,560)
	(255,880)	(20,516)	(26,707)	(275,434)	(90,967)	(76,405)
Total net identifiable assets	70,552	(2,348)	45,786	84,175	40,363	146,549
Total net identifiable assets, noncontrolling interest	-	-	11,446	16,835	-	-
Fair value of previous equity interest	133,882	-	-	-	-	-
Goodwill on acquisition (Note 10)	210,359	58,316	126,577	732,660	320,764	655,580
Previous equity interest at fair value	133,882	-	-	-	-	-
Previous equity interest at book value	103,381	-	-	-	-	-
Gain on business combination achieved in stages (Note 24)	30,502	-	-	-	-	-
Deferred income and social contribution taxes (Note 19)	(10,372)	-	-	-	-	-
Gain on business combination achieved in stages, net	20,130	-	-	-	-	-
Contribution for the Group of revenues since the acquisition date						
Contribution for the Group with income (loss) before taxes since the acquisition date	-	15,211	72,742	177,116	116,660	268,363
Acquiree's revenues since the beginning of year	-	6,086	10,694	19,523	14,801	(867)
Acquiree's income (loss) before taxes since the beginning of year	(11,664)	55,213	108,689	352,410	128,188	268,363
Contribution for the Group of revenues since the acquisition date	(11,664)	(255)	13,119	2,239	13,244	(867)

(a) The Company is still assessing the assets acquired and liabilities assumed at their fair values and, thus, the effects above demonstrated are preliminary.

(b) After completion of the analysis of assets and liabilities, an adjustment was made to the fair value of property and equipment, matched against goodwill, for Casa de Saúde Laranjeiras in amount of R\$30,685.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of Reais, unless otherwise stated)

3. Business combinations (Continued)

In addition to the business combination presented above, in 2021, the Company acquired 100% of Hospital de Clínicas Antônio Afonso and 100% of Hospital Central de Guaianases, with goodwill generated in these acquisitions in the amounts of R\$ 25,692 and R\$ 103,875, respectively. In 2020, the Company acquired the following equity interests: 51% of Reseda Corretora de Seguros Ltda., 100% of Salute Clínicas Médicas Especializadas Ltda., 46.12% of Clivale Prosaúde Iguatemi Ltda., and 10.74% of Lorem Participações S.A., generating goodwill of R\$40,513, R\$11,296, R\$25,358 and R\$9,297, respectively, as well as the Company sold 100% of GNI 22 SP Empreendimentos Imobiliários Ltda. for R\$8,858, generating a gain of R\$826.

Outstanding amounts payable are used as guarantees for certain liabilities assumed by sellers (e.g. occurrence of contingencies), and are payable within six years of the signature dates, restated of the signature the Interbank Deposit Certificate (CDI), Extended Consumer Price Index (IPCA) and SELIC , accounted for as Accounts payable for acquisitions (Note 15).

Expenses related to business combinations totaled R\$19,325 and were recognized in P&L for three months ended March 31, 2021 (R\$11,608 at March 31, 2020).

On November 12, 2020, by means of wholly owned subsidiary Hospitais Integrados da Gávea S.A. - Clínica São Vicente, the Company signed a binding memorandum of understanding to acquire a 100% equity interest in Hospital Balbino, located in the municipality of Rio de Janeiro, state of Rio of Janeiro. This transaction and the consequent transfer of control has not yet been completed; the transaction was approved by the Brazilian Antitrust Agency (CADE) on May 10, 2021, yet no final and unappealable decision has been handed down thus far. Therefore, this investment has not yet been consolidated in the Company's financial statements.

On November 18, 2020, by means of wholly owned subsidiary Hospitais Integrados da Gávea S.A. - Clínica São Vicente, the Company signed a binding memorandum of understanding to acquire a 100% equity interest in Hospital América, located in the municipality of Mauá, State of São Paulo. This transaction and the consequent transfer of control has not yet been completed; the transaction was approved by CADE on May 3, 2021, yet no final and unappealable decision has been handed down thus far. Therefore, this investment has not yet been consolidated in the Company's financial statements.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of Reais, unless otherwise stated)

4. Cash and cash equivalents and marketable securities

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash and cash equivalents				
Cash and banks	11,095	20,359	33,109	59,546
Short-term investments	-	1,732	82,592	87,338
Cash and cash equivalents	11,095	22,091	115,701	146,884
Marketable securities				
Investment funds	590	831	5,704	5,924
Repurchase agreements	1,367,790	1,506,964	1,563,239	1,738,261
Time deposit	-	-	2,440,214	2,276,491
Financial Treasury Bills (LFT)	38,153	576,478	43,204	679,206
Bank Deposit Certificates (CDBs)	8,947,504	10,123,693	9,495,038	10,498,472
Stocks	-	382,020	-	382,020
Marketable securities	10,354,037	12,589,986	13,547,399	15,580,374

All financial investments are contracted with top-tier financial institutions, at market prices and conditions.

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

Short-term investments classified as marketable securities refer to Bank Deposit Certificates (CDB), Investment funds, Financial Treasury Bills (LFT), and repurchase agreements, which are part of the "FI Plataforma Star" "FI Plataforma Black", "FI Plataforma D'Or", "FI Plataforma Sula" and fund portfolios and "Own Portfolio". Average portfolio remuneration referring to Bank Deposit Certificates (CDBs), Investment funds, Financial Treasury Bill (LFT), and repurchase agreements is 101,8% (101,2% at December 31, 2020) of the Interbank Deposit Certificate (CDI).

Investment in Time Deposit refers to cash position in US dollars of the wholly owned subsidiary Rede D'Or Finance Sarl, located in Luxembourg, with fix remuneration of 0.30% per year.

In 2020, investment in shares referred to shares purchased on the stock exchange (B3 S.A). According to Note 2 (Ownership structure) item (b), in March 2021 the Company transferred the shares of Qualicorp Consultoria e Corretora de Seguros S.A. ("Qualicorp" or "QUAL3) to Investments.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
March 31, 2021
(In thousands of Reais, unless otherwise stated)

5. Trade accounts receivable

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

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Accounts receivable from health insurance and health plans	3,841,114	3,520,581	7,329,322	6,585,740
Accounts receivable from individuals	77,167	71,595	117,332	110,732
Allowance for doubtful accounts and provision for disallowances	(757,832)	(787,976)	(1,555,795)	(1,532,602)
	3,160,449	2,804,200	5,890,859	5,163,870

Changes in provision for disallowances and allowance for doubtful accounts

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Balance at beginning of year	(787,976)	(624,352)	(1,532,602)	(1,250,513)
Recognition of provision for disallowances and allowance for doubtful accounts	(126,260)	(103,722)	(269,046)	(209,737)
Write-off of uncollectible amounts	156,404	111,594	245,938	171,100
Provision arising from acquisitions	-	-	(85)	-
Balance at end of period	(757,832)	(616,480)	(1,555,795)	(1,289,150)

At March 31, 2021 and December 31, 2020, the aging list of trade accounts receivable is as follows:

	Parent Company								
	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	
03/31/2021	3,918,281	2,831,253	118,003	70,788	84,993	61,781	103,625	239,543	408,295
12/31/2020	3,592,176	2,547,481	120,019	84,839	54,516	58,124	75,379	255,382	396,436

	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	
03/31/2021	7,446,654	4,905,741	289,317	169,131	193,665	144,239	267,045	561,913	915,603
12/31/2020	6,696,472	3,621,000	285,585	232,292	148,418	163,042	250,726	754,699	1,240,710

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 that an entity expects to be entitled in exchange for providing services to a customer.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of Reais, unless otherwise stated)

5. Trade accounts receivable (Continued)

Changes in provision for disallowances and allowance for doubtful accounts (Continued)

The provision for disallowances and allowance for doubtful accounts are presented reducing the balance of accounts receivable and are set up at an amount considered by management to be sufficient to cover any losses on the realization of amounts billed.

The Company's criterion to recognize a provision for disallowances is to annually analyze the receipt performance of securities overdue from 360 to 720 days, a period deemed sufficient for the collection process to be exhausted. The percentage found is applied to the gross revenue recorded and recognized as a provision in current P&L, 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 doubtful accounts, an individual analysis of receivables is performed to capture specific counterparty risks. If necessary, an allowance for doubtful accounts is recorded for the full balance of receivables outstanding of these customers.

6. Inventories

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Medicines	91,444	81,836	219,129	195,447
Special materials	51,466	48,459	71,052	68,184
Disposable materials	114,678	164,483	157,060	212,615
Laboratory materials	1,725	1,851	10,327	13,808
Materials for use and consumption	12,744	12,580	42,978	52,029
Food items	3,771	3,607	5,377	6,780
Dressing room materials	1,033	1,046	4,562	4,019
Surgical sutures	7,061	4,508	9,751	7,263
Other	23,500	32,951	50,365	47,803
	307,422	351,321	570,601	607,948

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
March 31, 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 as follows:

- (i) *Lease* - the Group 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. The properties are leased at market value and generate impact on P&L for the nine-month period ended March 31, 2021 totaled R\$6,965 (R\$5,077 as of March 31, 2020), referring to interest and amortization of the right of use. Lease agreements are restated annually by reference to the IPCA.
- (ii) *Transfers of funds between companies* - to enhance the operations of certain investees and provide funds for expansion and/or acquisitions, Management makes transfers of funds among the Group companies. The significant balances are eliminated in the consolidated financial statements. These balances are not restated, do not have a defined maturity, and their collection is expected for the subsequent fiscal year. The remaining balances in the consolidated figures refer to the transfer of funds to associates.
- (iii) *Shared services* - these are centralized services rendered by the parent company, Rede D'Or, such as legal, marketing, accounting, treasury, accounts payable and accounts receivable, which are shared among the other entities of the group and have specific apportionment criteria based on 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.

In addition to the balances presented in the tables below, the Parent Company and subsidiary Rede D'Or Finance carried out two transactions of issue and purchase of debentures, as follows:

- On January 17, 2018, subsidiary Rede D'Or Finance issued first senior notes, totaling US\$500,000, and at the same time the Parent Company issued debentures (10th issue), which were substantially acquired by subsidiary Rede D'Or Finance (Note 13);
- On January 22, 2020, subsidiary Rede D'Or Finance issued second senior notes, totaling US\$850,000, and on April 17, 2020, the Parent Company issued debentures (17th issue - 1st series), which were substantially acquired by subsidiary Rede D'Or Finance.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of Reais, unless otherwise stated)

7. Transactions with related parties (Continued)

Related-party balances

Company	Parent Company								
	03/31/2021				12/31/2020				03/31/2020
	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss	Profit or loss
Debentures Norte D'Or (a)	10,066	13,000	-	255	7,323	18,000	-	1,263	404
Debentures São Lucas (b)	1,517	58,000	-	609	1,100	58,000	-	2,113	650
Shared services									
Medise Medicina Diagnóstico e Serviços Ltda,	-	-	-	2,919	-	-	-	14,951	2,756
Hospital Esperança S,A,	-	-	-	9,587	-	-	-	42,785	8,514
Hospital São Marcos S,A,	-	-	-	1,828	-	-	-	9,089	1,584
Hospital Norte D'Or de Cascadura S,A,	-	-	-	2,042	-	-	-	11,416	1,970
J, Badim S,A,	-	8,707	-	537	-	8,170	-	828	730
Oncologia D'Or S,A,	-	-	-	8,716	-	-	-	25,342	408
Hospital Fluminense S,A,	-	-	-	2,590	-	-	-	10,760	1,154
Clínica São Vicente	-	-	-	2,281	-	-	-	8,636	1,737
Hospital Santa Helena S,A,	-	-	-	4,075	-	-	-	17,494	4,093
Hospital Alpha-Med LTDA,	-	-	-	791	-	-	-	3,278	765
Diagno SM	-	-	-	29	-	-	-	133	34
Hospital UDI	-	-	-	4,394	-	-	-	19,946	3,556
Onc Star SP	-	-	-	2,800	-	-	-	9,268	1,661
DF Star	-	-	-	2,775	-	-	-	7,221	1,166
Samer	-	-	-	1,442	-	-	-	4,999	-
São Lucas	-	-	-	3,130	-	-	-	17,263	2,892
São Rafael	-	8,937	-	8,304	-	8,937	-	33,414	6,297
Perinatal	-	-	-	3,126	-	-	-	-	-
Other	-	-	-	5,006	-	-	-	11,553	882
Jenner S,A, (d)	-	2,000	-	-	-	2,000	-	-	-
JMJB Diagnósticos e Serviços Hospitalares S,A, (d)	-	7,600	-	-	-	10,600	-	-	-
Instituto D'Or de Pesquisa e Ensino (d)	-	9,567	-	-	-	9,552	-	-	-
JM&AM Empreendimentos Imobiliários S,A, (e)	-	369	-	6,965	-	369	-	25,787	5,077
Onc Star SP (f)	-	656,190	-	-	-	639,797	-	-	-
JTO Holding S,A, (d)	-	16,514	-	-	-	1,709	-	-	-
Other	-	10,812	-	-	-	23,644	-	-	-
	11,583	791,696	-	74,201	8,423	780,778	-	277,539	46,330

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of Reals, unless otherwise stated)

7. Transactions with related parties (Continued)

Related-party balances (Continued)

Company	Consolidated								
	03/31/2021				12/31/2020				03/31/2020
	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss	Profit or loss
Shared services									
J Badim S,A,	-	8,707	-	537	-	8,170	-	828	1,993
JMJB Diagnósticos e Serviços Hospitalares S,A,	-	7,600	-	-	-	10,600	-	-	-
Instituto D'Or de Pesquisa e Ensino (d)	-	8,301	-	-	-	8,710	-	-	-
J Badim S,A, (d)	-	4,368	-	-	-	4,088	-	-	-
JM&AM Empreendimentos Imobiliários S,A, (e)	-	369	-	6,965	-	369	-	25,873	5,007
Monte Tabor Centro Ítalo-Brasileiro de Promoção Sanitária (d)	-	2,317	-	-	-	10,156	-	-	-
Aliança da Bahia Patrimonial (d)	-	-	25,627	-	-	-	25,627	-	-
Memorial Star (d)	-	-	-	-	-	-	6,004	-	-
Other	-	1,134	3,497	-	-	9,894	11,163	-	-
		32,796	29,124	7,502		51,987	42,794	26,701	7,000

(a) On March 25, 2019, Norte D'Or conducted the third private issue of nonconvertible, single-series, registered debentures amounting to R\$10,000, maturing on March 25, 2023, all acquired by parent company Rede D'Or. The debentures are remunerated on a pro rata basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.25% p.a. Interest is paid semiannually, and the face value will be paid semiannually from the 24th (twenty-fourth) month from the date of issue. There are no guarantees for the debentures.

On August 26, 2019, Norte D'Or conducted the fourth private issue of nonconvertible, single-series, registered debentures amounting to R\$15,000, maturing on August 26, 2023, all acquired by parent company Rede D'Or. The debentures are remunerated on a pro rata basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.25% p.a. Interest is paid semiannually, and the face value will be paid semiannually from the 24th (twenty-fourth) month from the date of issue. There are no guarantees for the debentures.

(b) On December 05, 2020, Hospital São Lucas privately issued second nonconvertible, single-series, registered debentures amounting to R\$38,000, maturing on December 05, 2022, with Rede D'Or as the debenture holder. The debentures are remunerated on a pro rata temporis basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 3.2% p.a. Interest is payable annually, while the nominal value will be settled 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. There are no maturity or monetary restatement on these balances.

(d) Transactions referring to the lease of properties owned by the controlling shareholders of Rede D'Or.

(e) Onco Star SP was created in 2017 and, throughout the years following its establishment, Rede D'Or provided funds for the acquisition of machinery and equipment, as part of the operational routine.

Key management personnel compensation

The Company considers "Key management personnel" only the members of its Statutory Board and Board of Directors. For the nine-month periods ended on March 31, 2021 and 2020, key management personnel compensation was as follows:

	03/31/2021	03/31/2020
Salaries and bonuses	48,007	12,752
Benefits	31	31
Share-based payment	30,479	22,500
	78,517	35,283

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of Reais, unless otherwise stated)

8. Investments

Breakdown of changes in investments – Parent Company

Company	12/31/2020	Equy pickup	Dividends	Acquisition of interest	Capital increase/ Advance for future capital increase	Capital reduction	Transfer	Disposals	03/31/2021
Medise Medicina Diagnóstico e Serviços S,A,	221,828	10,197	-	-	-	-	-	-	232,025
Hospital Esperança S,A,	1,299,003	56,373	-	-	321,961	-	2,252	50,960	1,730,549
Hospital São Marcos (incluindo ágio)	115,892	1,636	-	-	1,883	-	(2,252)	(333)	116,826
PMJ Empreendimentos Imobiliários S,A,	756,958	3,977	-	-	4,960	-	-	-	765,895
Norte D'Or Participações S,A, (incluindo ágio)	100,058	3,848	-	-	11,821	-	-	-	115,727
Onco D'Or Oncologia S,A,	494,264	21,261	-	-	-	-	-	-	515,525
Jenner S,A, (incluindo ágio)	144,301	7,019	-	-	-	-	-	(1,349)	149,971
JMJB Diagnósticos e Serviços Hospitalares	13,168	(2,822)	-	-	5,000	-	-	-	15,346
Rodin Empreendimentos e Participações S,A,	62,564	(72)	-	-	516	-	-	-	63,008
Quinta Empreendimentos Imobiliários Ltda,	54,921	2,879	-	-	-	-	-	-	57,800
Hospital Fluminense S,A, (incluindo ágio)	170,731	6,671	-	-	21,554	-	-	-	198,956
Cardial Serviços Médicos (incluindo ágio)	70,549	4,841	-	-	-	-	-	-	75,390
Hospital Santa Helena S,A, (incluindo ágio)	460,419	(17,611)	-	-	2,205	-	-	-	445,013
TJK Empreendimentos Hospitalares	18,812	200	-	-	-	-	-	-	19,012
Villa Lobos Empreendimentos Imobiliários Ltda,	197,318	2,861	-	-	-	-	-	-	200,179
Santa Luzia II Empreendimentos Imobiliários Ltda,	53,085	(62)	-	-	943	-	-	-	53,966
Campinas Empreendimentos Imobiliários Ltda,	52,219	(2,524)	-	-	5,296	-	-	-	54,991
Sator Empreendimentos e Participações Ltda	1,031,951	3,993	-	-	141,135	-	-	(1,197)	1,175,882
Rede D'or Finance	27,367	(23,007)	-	-	-	-	-	-	4,360
Rede D'or São Luiz Serviços Médicos S,A,	108,591	(893)	-	-	3,147	-	-	-	110,845
Olimpia Projeto Rua do Rocio 86 SPE S,A,	328,757	112	-	-	2,199	-	-	-	331,068
Proncordis Pronto Atendimento Cardiológico Ltda,	808	(3)	-	-	228	-	-	-	1,033
Maximagem - Diagnóstico por Imagem Ltda, (incluindo ágio)	101,090	2,253	-	-	441	-	-	-	103,784
Prontimagem Serviços Médicos Ltda,	241,131	-	-	-	5,157	-	(246,288)	-	-
Laboratórios Richet	-	866	-	-	1,865	-	246,288	636	249,655
Califomia Investimentos Imobiliários Ltda,	59,940	-	-	-	-	-	-	-	59,940
Hospital Aviccena S,A,	94,782	3,276	-	-	17,616	-	-	-	115,674
Santa Luzia III	307,566	2,274	-	-	-	-	-	-	309,840
Qualicorp Consultoria e Corretora de Seguros S,A,	989,758	(284)	(3,390)	687,336	-	-	382,020	(3,649)	2,051,791
Clínica Médica São Remo	28,062	(1,412)	-	-	2,802	-	-	-	29,452
Hospital Perinatallor	823,397	(2,818)	-	-	7,011	-	-	-	827,590
Hospital Alpha Med Ltda,	293,961	6,384	-	-	15,152	-	-	-	315,497
Advance Plano de Saúde S,A,	16,311	(123)	-	-	-	-	-	-	16,188
GSH Corp Participações S,A, (antiga Lorem Participações S,A,)	82,932	8,643	(10,590)	-	-	-	-	(1,794)	79,191
Other	564,835	8,611	(900)	-	87,737	-	2,513	1,635	664,431
	9,387,329	106,544	(14,880)	687,336	660,629	-	384,533	44,909	11,256,400
Onco Star	(148,139)	(7,297)	-	-	2,800	-	-	-	(152,636)
Centro Hospitalar São Marcos S,A,	(13,530)	(2)	-	-	-	-	(1,799)	-	(15,331)
Café Verde	(4,625)	(1,847)	-	-	1,740	-	(714)	-	(5,446)
	(166,294)	(9,146)	-	-	4,540	-	(2,513)	-	(173,413)
Equity pickup		97,398							

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
 March 31, 2021
 (In thousands of Reais, unless otherwise stated)

8. Investments (Continued)

Breakdown of changes in investments – Parent Company (Continued)

Empresa	31/12/2019	Equity pickup	Dividends	Acquisition of interest	Capital increase/ Advance for future capital increase	Transfer	Other	03/31/2020
Medise Medicina Diagnóstico e Serviços S.A,	219,626	3,577	-	-	-	-	-	223,203
Hospital Esperança S.A,	328,684	10,364	-	-	19,136	-	2,538	360,722
Hospital São Marcos (incluindo ágio)	108,284	4,980	-	-	1,626	-	-	114,890
PMJ Empreendimentos Imobiliários S.A,	676,666	(105)	-	-	26,213	-	-	702,774
Norte D'Or Participações S.A, (incluindo ágio)	93,371	370	-	-	-	-	-	93,741
Onco D'Or Oncologia S.A,	363,517	30,310	(452)	-	-	-	-	393,375
Jenner S.A, (incluindo ágio)	123,275	4,630	-	-	-	-	-	127,905
JMJB Diagnósticos e Serviços Hospitalares	17,713	(7,116)	-	-	-	-	-	10,597
Rodin Empreendimentos e Participações S.A,	59,063	(5)	-	-	1,234	-	-	60,292
Quinta Empreendimentos Imobiliários Ltda,	48,906	2,779	-	-	-	-	-	51,685
Hospital Fluminense S.A, (incluindo ágio)	115,909	(246)	-	-	23,207	-	-	138,870
Cardial Serviços Médicos (incluindo ágio)	64,260	2,873	-	-	-	-	-	67,133
Hospital Santa Helena S.A, (incluindo ágio)	420,403	(965)	-	-	14,350	-	-	433,788
TJK Empreendimentos Hospitalares	21,557	197	-	-	-	-	-	21,754
Villa Lobos Empreendimentos Imobiliários Ltda,	204,447	2,808	-	-	-	-	-	207,255
Santa Luzia II Empreendimentos Imobiliários Ltda,	47,172	(83)	-	-	6,093	-	-	53,182
Campinas Empreendimentos Imobiliários Ltda,	46,222	(42)	-	-	22	-	-	46,202
Sator Empreendimentos e Participações Ltda	748,040	(14,592)	-	-	81,565	-	-	815,013
Rede D'or Finance	5,082	293,758	-	-	-	-	-	298,840
Rede D'or São Luiz Serviços Médicos S.A,	98,634	1,937	-	-	2,400	-	-	102,971
GGSH Participações S.A (incluindo ágio)	53,592	3,475	(440)	-	-	-	-	56,627
Olimpia Projeto Rua do Rocio 86 SPE S.A,	315,724	-	-	-	4,522	-	-	320,246
Proncordis Pronto Atendimento Cardiológico Ltda,	11,337	(5)	-	-	228	-	-	11,560
Maximagem - Diagnóstico por Imagem Ltda, (incluindo ágio)	89,501	3,215	-	-	-	-	-	92,716
Prontimagem Serviços Médicos Ltda,	216,363	1,732	-	-	1,561	-	-	219,656
California Investimentos Imobiliários Ltda,	60,000	-	-	-	-	-	-	60,000
Hospital Avicena S.A,	74,900	1,826	-	-	6,870	-	-	83,596
Santa Luzia III	308,365	(2,807)	-	-	405	-	-	305,963
Qualicorp Consultoria e Corretora de Seguros S.A,	990,701	(1,735)	-	-	-	-	-	988,966
Clínica Médica São Remo	11,999	(1,476)	-	-	3,564	-	-	14,087
Hospital Perinatal	-	(9,712)	-	800,000	13,324	-	-	803,612
Other	322,767	(2,025)	-	-	66,007	-	-	386,749
	<u>6,266,080</u>	<u>327,917</u>	<u>(892)</u>	<u>800,000</u>	<u>272,327</u>	<u>-</u>	<u>2,538</u>	<u>7,667,970</u>
Onco Star	(87,833)	(18,169)	-	-	-	-	-	(106,002)
Centro Hospitalar São Marcos S.A,	(13,256)	(617)	-	-	-	-	-	(13,873)
Café Verde	(4,245)	(1,940)	-	-	1,739	-	-	(4,446)
	<u>(105,334)</u>	<u>(20,726)</u>	<u>-</u>	<u>-</u>	<u>1,739</u>	<u>-</u>	<u>-</u>	<u>(124,321)</u>
Equity pickup		<u>307,191</u>						

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
 March 31, 2021
 (In thousands of Reais, unless otherwise stated)

8. Investments (Continued)

Breakdown of changes in investments - Consolidated

Companies	12/31/2020	Equity pickup	Dividends	Acquisition of interest	Capital increase/ Advance for future capital increase	Transfer	Other	03/31/2021
JMJB Diagnósticos e Serviços Hospitalares S,A,	13,168	(2,822)	-	-	5,000	-	-	15,346
Instituto de Radioterapia do Vale do Paraíba Ltda,	42,233	1,919	(2,000)	-	-	-	(417)	41,735
Qualicorp Consultoria e Corretora de Seguros S,A, (a)	989,758	(284)	(3,390)	687,336	-	382,020	(3,649)	2,051,791
Eldorado do Sul Participações Ltda,	16,459	585	-	-	-	-	(3)	17,041
Other	27,613	(1,699)	-	-	-	-	8,221	34,135
	<u>1,089,231</u>	<u>(2,301)</u>	<u>(5,390)</u>	<u>687,336</u>	<u>5,000</u>	<u>382,020</u>	<u>4,152</u>	<u>2,160,048</u>

Companies	31/12/2019	Equity pickup	Dividends	Capital increase/ AFAC	Other	03/31/2020
JMJB Diagnósticos e Serviços Hospitalares S,A,	17,713	(7,116)	-	-	-	10,597
Instituto de Radioterapia do Vale do Paraíba Ltda,	45,044	2,447	(1,315)	-	-	46,176
GGSH Participações S,A,	51,443	3,475	(440)	-	-	54,478
Qualicorp Consultoria e Corretora de Seguros S,A, (a)	990,701	(1,735)	-	-	-	988,966
Cárdio Pulmonar (b)	97,098	(6,332)	-	6,374	-	97,140
Eldorado do Sul Participações Ltda,	14,756	386	-	-	-	15,142
Other	10,123	674	-	-	-	10,797
	<u>1,226,878</u>	<u>(8,201)</u>	<u>(1,755)</u>	<u>6,374</u>	<u>-</u>	<u>1,223,296</u>

- (a) As mentioned in Note 2, in March 2021 the Company transferred the shares acquired on the stock exchange (B3 SA) classified as Securities to Investments in Qualicorp Consultoria e Corretora de Seguros SA ("Qualicorp "Or" QUAL3"), a publicly traded company. The increase in equity interest was motivated by the change in management's intention to permanently maintain the entire investment in Qualicorp, as well as due to the Company's market opportunity and favorable cash flow. Consequently, the balances that until December 31, 2020 were recorded in marketable securities were transferred to a Permanent investment item prospectively, to reflect the new perspective of management. Based on the shareholders' agreement executed in November 2019, considering the appointments of executive board and Board of Directors members to which the Company is entitled, it was concluded that Rede D'Or has significant influence over Qualicorp; accordingly, it records the investment under the equity method. The Company recognized the equity pickup until December 31, 2020. The amount paid for the acquisition of the shares was higher than Qualicorp's equity, and the surplus is substantially supported by future profitability. The Company is carrying out an analysis of Qualicorp's assets and liabilities for an appropriate allocation of the amount paid and the future impact on equity pickup.
- (b) On June 3, 2019, through wholly-owned subsidiary Hospital Esperança, Rede D'Or acquired shares in Córdio Pulmonar da Bahia S.A., a limited liability entity that operates a hospital in the city of Salvador, Bahia state. The total consideration transferred was R\$ 110,000 for 47.66% of the shares, without the acquisition of control. On December 18, 2020, through wholly-owned subsidiary Hospital Esperança, the Company acquired the total capital of HCP Participações, which held 52.34% of the shares of Córdio Pulmonar da Bahia SA, so that the Company became the holder of 100% of the shares of Córdio Pulmonar. As of December 2020, Córdio Pulmonar started to be fully consolidated

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
 March 31, 2021
 (In thousands of Reais, unless otherwise stated)

8. Investments (Continued)

Summary of information of significant subsidiaries

	03/31/2021					03/31/2020		
	% Total	% Voting	Assets	Liabilities	Equity	Operating income (expenses)	P&L for the period	P&L for the period
Parent Company - Rede D'Or São Luiz S.A.								
Direct and indirect subsidiaries								
Medise Medicina Diagnóstico e Serviços S.A, ("Medise")	98,00	98,00	367,571	120,763	246,808	17,565	11,379	3,992
Hospital Esperança S.A, ("Esperança")	100,00	100,00	5,371,971	3,484,528	1,887,443	104,517	56,430	(7,203)
Hospital São Marcos	100,00	100,00	177,058	71,514	105,544	2,406	1,636	4,980
PMJ Empreendimentos Imobiliários S.A,	100,00	100,00	791,239	24,899	766,340	5,173	3,980	(105)
Norte D'Or Participações S.A,	100,00	100,00	93,372	6,015	87,357	3,852	3,852	370
Onco D'Or Oncologia S.A,	98,87	98,87	405,610	158,921	246,689	25,316	15,215	10,035
Jenner S.A,	91,24	91,24	215,447	2,000	213,447	14,039	12,284	8,103
Rodin Empreendimentos e Participações S.A,	100,00	100,00	45,680	(17,378)	63,058	(66)	(72)	(5)
Quinta Empreendimentos Imobiliários Ltda,	100,00	100,00	58,995	1,134	57,861	3,199	2,882	2,779
Hospital Fluminense S.A,	100,00	100,00	331,122	145,240	185,882	12,497	6,678	(246)
Cardial Serviços Médicos Ltda,	89,44	89,44	71,989	32,082	39,907	8,185	4,841	2,873
Hospital Santa Helena S.A,	100,00	100,00	611,483	287,057	324,426	20,084	(17,629)	(965)
TJK Empreendimentos Imobiliários Ltda,	100,00	100,00	19,986	953	19,033	237	200	197
Villa Lobos Empreendimentos Imobiliários S.A,	100,00	100,00	201,222	826	200,396	3,337	2,864	2,808
Santa Luzia II Emp, Imobiliários Ltda,	100,00	100,00	54,073	55	54,018	(59)	(62)	(83)
Campinas Empreendimentos Imob,	100,00	100,00	61,223	6,184	55,039	(2,527)	(2,527)	(42)
IFOR Empreendimentos Imobiliários S.A (Park D'Or)	100,00	100,00	29	19	10	-	-	(1)
Sator Empreendimentos e Participações Ltda,	100,00	100,00	1	(78,435)	78,436	3,997	3,997	(14,592)
Rede D'Or Finance	100,00	100,00	10,395,839	10,391,478	4,361	-	(23,007)	293,758
Rede D'Or São Luiz Serviços Médicos S.A,	100,00	100,00	234,543	123,661	110,882	(1,327)	(893)	1,937
Olimpia Projeto Rua do Rocio 86 SPE S.A,	100,00	100,00	332,461	1,069	331,392	113	112	(6)
Onco Star SP Oncologia Ltda,	75,00	75,00	757,395	971,206	(213,811)	(9,156)	(7,297)	(18,169)
Proncordis Pronto Atendimento Cardiológico Ltda,	100,00	100,00	7,884	664	7,220	(265)	(183)	(273)
Prontimagem Serviços Médicos Ltda,	100,00	100,00	258,423	14,254	244,169	1,432	1,390	1,732
Maximagem com Diag, por Imagem Ltda,	100,00	100,00	63,389	10,064	53,325	2,279	2,255	3,215
Café Verde	100,00	100,00	3,257	8,727	(5,470)	(1,792)	(1,849)	(1,591)
Centro Hospitalar São Marcos S.A	100,00	100,00	940	10,919	(9,979)	(2)	(2)	(617)
Hospital Aviccena S.A,	100,00	100,00	99,236	43,004	56,232	5,947	3,279	1,826
Santa Luzia III Empreendimentos Imobiliários Ltda,	100,00	100,00	312,883	2,739	310,144	3,403	2,276	(2,807)
Clínica Médica São Remo	100,00	100,00	43,883	16,468	27,415	(1,302)	(1,413)	(1,476)
California Investimentos Imobiliários Ltda,	100,00	100,00	59,999	-	59,999	-	-	-
Hospital Perinatal (a)	100,00	100,00	205,529	59,081	146,448	(5,837)	(2,821)	(9,712)
Hospital Alpha Med Ltda,	100,00	100,00	449,803	29,233	420,570	10,145	9,674	1,000
Advance Plano de Saúde S.A,	100,00	100,00	23,314	7,089	16,225	(259)	(123)	1,257
GSH Corp Participações S.A,	50,00	42,36	170,315	2,168	168,147	20,217	8,566	-

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
March 31, 2021
(In thousands of Reais, unless otherwise stated)

8. Investments (Continued)

Summary of information of affiliates and jointly-controlled entities

	03/31/2021					03/31/2020		
	% Total	% Voting	Assets	Liabilities	Equity	Operating income (expenses)	P&L for the period	P&L for the period
Companies recognized by the equity pick-up method in the consolidated financial information								
Instituto de Radioterapia do Vale do Paraíba Ltda,	50,00	50,00	42,088	22,106	19,982	4,889	1,919	2,447
JMJB Diagnósticos e Serviços Hospitalares S.A,	50,00	50,00	32,593	7,783	24,810	(5,645)	(2,822)	(7,116)
Eldorado do Sul Participações Ltda,	33,33	33,33	26,681	-	26,681	1,755	585	386
Qualicorp Consultoria e Corretora de Seguros S.A,	22,38	10,00	4,406,978	2,721,603	1,685,375	(a)	(a)	(b)

(a) The Company recognized the equity pickup until December 31, 2020.

(b) Qualicorp's March 31, 2020 financial information was not available on the date of issue of the March 31, 2020 financial statements; therefore, management used the public information available at the time.

9. Property and equipment

Breakdown of balances

Description	Depreciation rate	Parent Company					
		03/31/2021			12/31/2020		
		Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% a 20%	1,146,146	(737,120)	409,026	1,106,114	(703,486)	402,628
Surgical instruments	20%	70,442	(37,092)	33,350	66,877	(35,778)	31,099
Machinery and equipment	7% a 10%	431,293	(308,710)	122,583	417,781	(294,408)	123,373
Buildings	2,5% a 4%	635,284	(156,919)	478,365	635,284	(149,986)	485,298
Improvements in own buildings	4%	313,444	(98,750)	214,694	308,097	(90,962)	217,135
Leasehold improvements	3% a 4%	1,580,753	(419,207)	1,161,546	1,388,871	(405,335)	983,536
Furniture and fixtures	10%	190,744	(112,463)	78,281	185,866	(107,605)	78,261
Vehicles	20%	4,528	(3,609)	919	4,528	(3,551)	977
Facilities	10%	123,880	(59,791)	64,089	123,376	(57,362)	66,014
Land	-	146,051	-	146,051	146,051	-	146,051
Construction in progress	-	506,210	-	506,210	625,417	-	625,417
Other	5% a 10%	13,652	(5,640)	8,012	13,563	(5,540)	8,023
		5,162,427	(1,939,301)	3,223,126	5,021,825	(1,854,013)	3,167,812

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
 March 31, 2021
 (In thousands of Reais, unless otherwise stated)

9. Property and equipment (Continued)

Breakdown of balances (Continued)

Description	Depreciation rate	Consolidated					
		03/31/2021			12/31/2020		
		Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% a 20%	2,016,801	(977,327)	1,039,474	1,936,263	(917,306)	1,018,957
Surgical instruments	20%	130,576	(50,479)	80,097	122,270	(47,468)	74,802
Machinery and equipment	7% a 10%	735,590	(466,422)	269,168	713,350	(441,284)	272,066
Buildings	2,5% a 4%	2,117,066	(292,709)	1,824,357	2,016,417	(271,773)	1,744,644
Improvements in own buildings	4%	536,749	(109,732)	427,017	520,467	(100,638)	419,829
Leasehold improvements	3% a 4%	2,079,801	(577,467)	1,502,334	1,817,157	(555,764)	1,261,393
Furniture and fixtures	10%	315,611	(163,889)	151,722	307,668	(155,290)	152,378
Vehicles	20%	18,674	(14,879)	3,795	18,674	(13,618)	5,056
Facilities	10%	199,863	(100,334)	99,529	198,535	(96,034)	102,501
Land	-	974,184	-	974,184	974,184	-	974,184
Construction in progress	-	1,151,544	-	1,151,544	1,297,177	-	1,297,177
Other	5% a 10%	53,321	(7,427)	45,894	53,266	(7,308)	45,958
		10,329,780	(2,760,665)	7,569,115	9,975,428	(2,606,483)	7,368,945

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes in Parent Company

	12/31/2020	Additions	Transfers	03/31/2021
Cost				
Hospital machinery and equipment	1,106,114	40,032	-	1,146,146
Surgical instruments	66,877	3,565	-	70,442
Machinery and equipment	417,781	13,512	-	431,293
Buildings	635,284	-	-	635,284
Improvements in own buildings	308,097	2,242	3,105	313,444
Leasehold improvements	1,388,871	2,912	188,970	1,580,753
Furniture and fixtures	185,866	4,878	-	190,744
Vehicles	4,528	-	-	4,528
Facilities	123,376	504	-	123,880
Land	146,051	-	-	146,051
Construction in progress	625,417	72,868	(192,075)	506,210
Other	13,563	89	-	13,652
	5,021,825	140,602	-	5,162,427
Depreciation				
Hospital machinery and equipment	(703,486)	(33,634)	-	(737,120)
Surgical instruments	(35,778)	(1,314)	-	(37,092)
Machinery and equipment	(294,408)	(14,302)	-	(308,710)
Buildings	(149,986)	(6,933)	-	(156,919)
Improvements in own buildings	(90,962)	(7,788)	-	(98,750)
Leasehold improvements	(405,335)	(13,872)	-	(419,207)
Furniture and fixtures	(107,605)	(4,858)	-	(112,463)
Vehicles	(3,551)	(58)	-	(3,609)
Facilities	(57,362)	(2,429)	-	(59,791)
Other	(5,540)	(100)	-	(5,640)
	(1,854,013)	(85,288)	-	(1,939,301)
Property and equipment, net	3,167,812	55,314	-	3,223,126

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes in Parent Company (Continued)

	12/31/2019	Additions	Disposals	03/31/2020
Cost				
Hospital machinery and equipment	1,016,968	30,038	-	1,047,006
Surgical instruments	56,636	3,430	-	60,066
Machinery and equipment	365,199	13,181	-	378,380
Buildings	632,620	-	-	632,620
Improvements in own buildings	307,985	98	-	308,083
Leasehold improvements	1,376,086	6,315	-	1,382,401
Furniture and fixtures	161,979	4,145	-	166,124
Vehicles	4,199	-	-	4,199
Facilities	120,215	1,623	-	121,838
Land	167,530	-	(21,479)	146,051
Construction in progress	340,669	79,823	-	420,492
Other	13,349	47	-	13,396
	4,563,435	138,700	(21,479)	4,680,656
Depreciation				
Hospital machinery and equipment	(602,986)	(24,964)	-	(627,950)
Surgical instruments	(30,924)	(1,098)	-	(32,022)
Machinery and equipment	(239,352)	(13,277)	-	(252,629)
Buildings	(122,878)	(6,157)	-	(129,035)
Improvements in own buildings	(59,848)	(7,776)	-	(67,624)
Leasehold improvements	(350,047)	(13,781)	-	(363,828)
Furniture and fixtures	(89,277)	(4,407)	-	(93,684)
Vehicles	(3,407)	(92)	-	(3,499)
Facilities	(47,824)	(2,358)	-	(50,182)
Other	(5,150)	(95)	-	(5,245)
	(1,551,693)	(74,005)	-	(1,625,698)
Property and equipment, net	3,011,742	64,695	(21,479)	3,054,958

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes in Consolidated (Continued)

	12/31/2020	Adiitons	Transferências	Combinação de negócios	03/31/2021
Cost					
Hospital machinery and equipment	1,936,263	79,262	-	1,276	2,016,801
Surgical instruments	122,270	8,306	-	-	130,576
Machinery and equipment	713,350	22,240	-	-	735,590
Buildings	2,016,417	92,709	7,940	-	2,117,066
Improvements in own buildings	520,467	2,457	13,825	-	536,749
Leasehold improvements	1,817,157	9,551	253,093	-	2,079,801
Furniture and fixtures	307,668	7,671	-	272	315,611
Vehicles	18,674	-	-	-	18,674
Facilities	198,535	1,235	-	93	199,863
Land	974,184	-	-	-	974,184
Construction in progress	1,297,177	129,225	(274,858)	-	1,151,544
Other	53,266	55	-	-	53,321
	9,975,428	352,711	-	1,641	10,329,780
Depreciation					
Hospital machinery and equipment	(917,306)	(60,021)	-	-	(977,327)
Surgical instruments	(47,468)	(3,011)	-	-	(50,479)
Machinery and equipment	(441,284)	(25,138)	-	-	(466,422)
Buildings	(271,773)	(20,936)	-	-	(292,709)
Improvements in own buildings	(100,638)	(9,094)	-	-	(109,732)
Leasehold improvements	(555,764)	(21,703)	-	-	(577,467)
Furniture and fixtures	(155,290)	(8,599)	-	-	(163,889)
Vehicles	(13,618)	(1,261)	-	-	(14,879)
Facilities	(96,034)	(4,300)	-	-	(100,334)
Other	(7,308)	(119)	-	-	(7,427)
	(2,606,483)	(154,182)	-	-	(2,760,665)
Property and equipment, net	7,368,945	198,529	-	1,641	7,569,115

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes in Consolidated (Continued)

	12/31/2019	Additions	Business combination	03/31/2020
Cost				
Hospital machinery and equipment	1,671,003	60,060	10,844	1,741,907
Surgical instruments	93,411	11,173	-	104,584
Machinery and equipment	595,331	20,177	10,665	626,173
Buildings	1,748,938	2,099	38,042	1,789,079
Improvements in own buildings	347,774	1,393	31,409	380,576
Leasehold improvements	1,758,428	14,398	843	1,773,669
Furniture and fixtures	247,265	7,076	7,829	262,170
Vehicles	17,646	-	34	17,680
Facilities	181,076	3,072	437	184,585
Land	936,739	-	6,464	943,203
Construction in progress	880,550	162,392	358	1,043,300
Other	53,106	1,653	-	54,759
	<u>8,531,267</u>	<u>283,493</u>	<u>106,925</u>	<u>8,921,685</u>
Depreciation				
Hospital machinery and equipment	(755,340)	(42,801)	-	(798,141)
Surgical instruments	(37,170)	(2,095)	-	(39,265)
Machinery and equipment	(341,732)	(21,759)	-	(363,491)
Buildings	(196,366)	(16,603)	-	(212,969)
Improvements in own buildings	(64,500)	(9,062)	-	(73,562)
Leasehold improvements	(475,298)	(19,975)	-	(495,273)
Furniture and fixtures	(125,424)	(7,304)	-	(132,728)
Vehicles	(8,830)	(1,291)	-	(10,121)
Facilities	(80,408)	(3,852)	-	(84,260)
Other	(6,815)	(120)	-	(6,935)
	<u>(2,091,883)</u>	<u>(124,862)</u>	<u>-</u>	<u>(2,216,745)</u>
Property and equipment, net	<u>6,439,384</u>	<u>158,631</u>	<u>106,925</u>	<u>6,704,940</u>

The main changes in the three-month period ended March 31, 2021 and 2020 were as follow:

2021

- (i) Additions relating to property and equipment from business combinations for the period, especially of Hospital de Clínicas Antônio Afonso.
- (ii) Purchases of hospital machinery and equipment as part of the Company's operational routine and reformulation and remodeling of Hospital São Caetano do Sul, Hospital Brasil, Hospital Vila Nova Star (Onco Star SP), Hospital Santa Cruz and Hospital São Lucas.
- (iii) Acquisition, through investee GNI17 SP Empreendimentos Imobiliários Ltda, of two properties located in the state of São Paulo, and acquisition, through investee GNI28 RJ Empreendimentos Imobiliários Ltda, of a property located in the state of São Paulo.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

9. Property and equipment (Continued)

2020

- (i) Acquisition of Perinatal Hospital
- (ii) Land lots sold by the parent company to subsidiary GNI15 Empreend. Imobiliários Ltda. for R\$21,479.
- (iii) Hospital machinery purchased and equipment as part of Company operating routine, and refurbishment and remodeling of Hospital Sino, Hospital Glória D'Or, Hospital São Rafael, Hospital UDI and Onco Star.

Capitalized borrowing costs

The Company capitalizes borrowings costs attributable to qualifying assets. At March 31, 2021, the amount of R\$11,183 of interest on loans and financing were capitalized to property and equipment, net of financial income arising from fundraising (R\$10,195 at March 31, 2020).

Impairment analysis 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 loss on property and equipment.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

10. Intangible assets

	Annual amortization rate	Parent Company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Finite useful life					
Softwares	20%	237,123	238,885	291,078	300,990
Exclusive agreements	20%	59,369	33,124	220,088	198,766
Others	-	-	-	13,863	-
Indefinite useful life					
Goodwill					
Acquisition of do Copa D'Or	-	80,058	80,058	80,058	80,058
Acquisition of do HMSL	-	668,339	668,339	668,339	668,339
Acquisition of do Hospital Brasil	-	121,398	121,398	121,398	121,398
Acquisition of Hospital Prontolinda	-	30,595	30,595	30,595	30,595
Acquisition of Vivalle	-	38,692	38,692	38,692	38,692
Acquisition of São Marcos	-	-	-	10,807	10,807
Acquisition of Santa Luzia	-	199,333	199,333	199,333	199,333
Acquisition of Sinisgalli	-	156,646	156,646	156,646	156,646
Acquisition of Hospital Esperança	-	-	-	108,408	108,408
Acquisition of Norte D'Or	-	-	-	28,450	28,450
Acquisition of IFOR	-	85,724	85,724	85,724	85,724
Acquisition of Sino Brasileiro	-	241,947	241,947	241,947	241,947
Acquisition of Villa-Lobos	-	136,074	136,074	136,074	136,074
Acquisition of Bartira	-	105,584	105,584	105,584	105,584
Acquisition of Onco ABC/Cardeal/JLD	-	-	-	52,174	52,174
Acquisition of Oncoholding	-	-	-	159,445	159,445
Acquisition of Hospital Fluminense	-	-	-	10,658	10,658
Acquisition of Hospital Santa Helena	-	-	-	125,802	125,802
Acquisition of Acreditar	-	-	-	155,720	155,720
Acquisition of Memorial São Jose	-	112,528	112,528	112,528	112,528
Acquisition of Alpha-Med	-	-	-	43,815	43,815
Acquisition of CEHON	-	-	-	68,757	68,757
Acquisition of Maximagem	-	-	-	46,742	46,742
Acquisition of Ribeirão Pires	-	129,739	129,739	129,739	129,739
Acquisition of NEOFH	-	-	-	33,422	33,422
Acquisition of JTO	-	-	-	12,567	12,567
Acquisition of Salus	-	-	-	8,956	8,956
Acquisition of Prontimagem	-	-	-	6,220	6,220
Acquisition of Sator	-	-	-	163,089	163,089
Acquisition of Hospital São Rafael	-	-	-	509,363	509,363
Acquisition of Laboratório Richet	-	-	-	184,232	184,232
Acquisition of UDI	-	-	-	335,883	335,883
Acquisition of Samer	-	-	-	70,939	70,939
Acquisition of do Hospital Rio Mar	-	-	-	94,833	94,833
Acquisition of do Hospital São Lucas	-	-	-	223,079	223,079
Acquisition of do Hospital Aviccena	-	-	-	60,476	60,476
Acquisition of do Hospital Santa Cruz	-	-	-	320,764	318,954
Acquisition of Saúde Corp	-	-	-	11,555	11,555
Acquisition of Perinatal	-	-	-	655,580	655,580
Acquisition of Reseda	-	-	-	54,198	40,513
Acquisition of Aliança	-	-	-	732,660	722,143
Acquisition of Salute	-	-	-	11,296	11,296
Acquisition of São Carlos	-	-	-	126,577	126,577
Acquisition of Clínica São Lucas	-	-	-	58,316	58,518
Acquisition of GSH Corp Participações S.A. (antiga Lorem Participações S.A.)	-	-	-	9,297	9,297
Acquisition of Civalle	-	-	-	39,943	35,358
Acquisition of HCP/Cárdio Pulmonar	-	-	-	210,359	210,359
Acquisition of Guaianases	-	-	-	103,875	-
Acquisition of Antônio Afonso	-	-	-	25,692	-
Other goodwill	-	48,649	48,649	288,317	298,688
Trademarks and patents (a)	-	190,810	190,810	190,810	190,810
		2,642,608	2,618,125	7,984,762	7,809,898

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

The goodwill balances were generated on business combinations. The acquisitions occurred in 2021 and 2020 are described in Note 3.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

10. Intangible assets (Continued)

Goodwill impairment testing

Goodwill is allocated to the Cash-Generating Units (CGU) identified by management as being each of the hospitals, as set out in the table above.

The recoverable amount of a CGU is based on value in use calculations. The value in use calculations use cash flow projections before income tax and social contribution based on financial budgets approved by management covering a five-year period. The cash flows beyond the five-year period did not consider a growth rate, since they were based on an actual projection model.

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- Actual). Actual WACC considers both debt and equity cost. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing financing the Company is obliged to honor. Segment-specific risk is incorporated by applying individual beta factors. The discount rate used corresponds to the pre-tax rate and reflects sector specific risks.

There is no indication of impairment of intangible assets as of the present date.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

11. Right of use

Balance breakdown

Description	Parent Company					
	03/31/2021			12/31/2020		
	Cost	Amortization	Net	Cost	Amortization	Net
Hospital machinery and equipment	50,590	(12,546)	38,044	50,292	(10,973)	39,319
Buildings	1,986,177	(351,716)	1,634,461	1,934,012	(309,321)	1,624,691
	2,036,767	(364,262)	1,672,505	1,984,304	(320,294)	1,664,010

Description	Consolidated					
	03/31/2021			12/31/2020		
	Cost	Amortization	Net	Cost	Amortization	Net
Hospital machinery and equipment	84,160	(22,756)	61,404	79,134	(18,659)	60,475
Buildings	3,351,752	(429,638)	2,922,114	3,290,699	(353,153)	2,937,546
	3,435,912	(452,394)	2,983,518	3,369,833	(371,812)	2,998,021

Changes in Parent Company

	12/31/2020	Additions (a)	Amortization	03/31/2021
Cost				
Hospital machinery and equipment	50,292	298	-	50,590
Buildings	1,934,012	52,165	-	1,986,177
	1,984,304	52,463	-	2,036,767
Amortization				
Hospital machinery and equipment	(10,973)	-	(1,573)	(12,546)
Buildings	(309,321)	-	(42,395)	(351,716)
	(320,294)	-	(43,968)	(364,262)
Right of use, net	1,664,010	52,463	(43,968)	1,672,505

	12/31/2019	Additions (a)	Amortization	03/31/2020
Cost				
Hospital machinery and equipment	47,625	1,073	-	48,698
Buildings	1,763,315	44,209	-	1,807,524
	1,810,940	45,282	-	1,856,222
Amortization				
Hospital machinery and equipment	(5,055)	-	(1,317)	(6,372)
Buildings	(152,543)	-	(38,787)	(191,330)
	(157,598)	-	(40,104)	(197,702)
Right of use, net	1,653,342	45,282	(40,104)	1,658,520

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

11. Right of use (Continued)

Changes in Consolidated

	Business				03/31/2021
	12/31/2020	Additions (a)	combination	Amortization	
Cost					
Hospital machinery and equipment	79,134	5,026	-	-	84,160
Buildings	3,290,699	61,053	-	-	3,351,752
	<u>3,369,833</u>	<u>66,079</u>	<u>-</u>	<u>-</u>	<u>3,435,912</u>
Amortization					
Hospital machinery and equipment	(18,659)	-	-	(4,097)	(22,756)
Buildings	(353,153)	-	-	(76,485)	(429,638)
	<u>(371,812)</u>	<u>-</u>	<u>-</u>	<u>(80,582)</u>	<u>(452,394)</u>
Right of use, net	<u>2,998,021</u>	<u>66,079</u>	<u>-</u>	<u>(80,582)</u>	<u>2,983,518</u>

	Business				03/31/2020
	12/31/2019	Additions (a)	combination	Amortization	
Cost					
Hospital machinery and equipment	71,108	5,105	-	-	76,213
Buildings	2,480,750	55,976	1,475	-	2,538,201
	<u>2,551,858</u>	<u>61,081</u>	<u>1,475</u>	<u>-</u>	<u>2,614,414</u>
Amortization					
Hospital machinery and equipment	(8,224)	-	-	(2,390)	(10,614)
Buildings	(173,517)	-	-	(44,469)	(217,986)
	<u>(181,741)</u>	<u>-</u>	<u>-</u>	<u>(46,859)</u>	<u>(228,600)</u>
Right of use, net	<u>2,370,117</u>	<u>61,081</u>	<u>1,475</u>	<u>(46,859)</u>	<u>2,385,814</u>

(a) Additions referring to new agreements and renewals due to maturity.

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

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

12. Deferred gain on property sales

On October 11, 2013 and December 26, 2012, the Company conducted property sale and leaseback transactions, and property lease was accounted for as operating lease.

Part of the gain referring to the excess of sales proceeds and fair value was deferred, as required by CPC 06/IAS 17 - Leases, and has been amortized over the lease term. At March 31, 2021, the deferred gain balance is broken down as follows:

	Parent Company e Consolidated	
	03/31/2021	12/31/2020
Caxias D'Or	30,553	30,980
Hospital Brasil	36,850	37,400
	67,403	68,380
Current	3,920	3,920
Noncurrent	63,483	64,460

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
 March 31, 2021
 (In thousands of reais, unless otherwise stated)

13. Loans, financing and debentures

Operation/Instrument	Indexes	Spread	Curren- cy	Principl- al (R\$)	Beginni- ng	Maturity	Amortization	Guarantees	Parent Company		Consolidated	
									03/31/2021	12/31/2020	03/31/2021	12/31/2020
FINEP/BNDES	TJLP/FIXED RATE	0,5%/4,0%	R\$	170,252	feb/15	sep/24	Monthly	Surety bond	84,317	90,320	84,317	90,320
Citibank II (a)	LIBOR	0,46%	US\$	301,200	now/18	now/23	Bullet	n/a	449,005	412,989	449,005	412,989
BofA (a)	FIXED RATE	2,18%	US\$	400,520	apr/20	apr/23	Bullet	n/a	430,750	402,327	430,750	402,327
JP Morgan II (a)	FIXED RATE	1,98%	US\$	520,000	jul/20	jul/23	Bullet	n/a	558,718	525,374	558,718	525,374
CCB Sicob	100% of DI	2,06%	R\$	2,000	may/20	may/25	Monthly	n/a	-	-	1,856	1,966
CCB Itaú	100% of DI	3,20%	R\$	20,000	jul/20	jul/22	Bullet	n/a	-	-	20,224	20,222
CCB Bank of China	100% of DI	1,90%	R\$	85,000	may/20	may/23	Bullet	n/a	86,276	85,471	86,276	85,471
	DI/ FIXED RATE							Credit assignment				
Others	/IPCA	-	R\$	n/a	n/a	mar/28	Monthly	rights	-	-	154,397	226,476
Debentures - 3 rd issuance - Esperança	110,85% of DI	-	R\$	1,000,000	aug/17	aug/24	Semiannual	n/a	-	-	871,925	1,001,319
Debentures - 4 th issuance - Esperança (b)	100% of DI	1,27%	R\$	1,000,000	feb/18	dec/25	Semiannual	n/a	-	-	1,002,619	994,669
Debentures - 10 th issuance (a)	PRE	11,82%	R\$	1,628,100	jan/18	jan/28	Bullet	n/a	1,795,542	2,085,921	32,460	33,397
Debentures - 13 th issuance (b)	100% of DI	1,02%	R\$	1,400,000	sep/18	sep/24	Annual	n/a	1,383,390	1,392,190	1,383,390	1,392,190
Debentures - 14 th issuance (b)	106% of DI	-	R\$	500,000	oct/18	oct/26	Annual	Property	497,420	494,627	497,420	494,627
Debentures - 17 th issuance 3 rd series (b)	100% of DI	0,79%	R\$	1,000,000	jun/19	jun/29	Annual	n/a	993,563	986,389	993,563	986,389
Debentures - 17 th issuance 2 nd series	100% of DI	1,25%	R\$	2,500,000	dec/19	dec/26	Annual	n/a	2,486,962	2,466,283	2,486,962	2,466,283
Debentures - 17 th issuance 1 st series (a)	FIXED RATE	8,75%	R\$	3,198,350	apr/20	jan/30	Bullet	n/a	2,797,761	3,349,296	-	-
Senior Notes I (a)	FIXED RATE	4,95%	US\$	1,536,400	jan/18	jan/28	Bullet	n/a	-	-	3,144,664	3,104,786
Senior Notes II (a)	FIXED RATE	4,50%	US\$	5,062,504	jan/20	jan/30	Bullet	n/a	-	-	6,794,061	6,689,972
Promissory note - 3 rd issuance	112,5% of DI	-	R\$	1,000,000	apr/18	apr/23	Bullet	n/a	1,144,547	1,137,763	1,144,547	1,137,763
Promissory note - 4 th issuance	103,0% of DI	-	R\$	800,000	sep/19	sep/22	Bullet	n/a	828,911	824,375	828,911	824,375
Promissory note - 5 th issuance	100% of DI	2,50%	R\$	250,000	mar/20	mar/23	Annual	n/a	242,903	255,499	242,903	255,499
Promissory note - 6 th issuance	100% of DI	2,65%	R\$	200,000	jun/20	jun/22	Bullet	n/a	204,339	201,968	204,339	201,968
Mortgage-backed Securities (CRI) - 1 st issuance	99% of DI	-	R\$	662,837	mar/18	mar/23	Bullet	n/a	646,182	648,301	646,182	648,301
Mortgage-backed Securities (CRI) - 2 nd issuance	IPCA	6,06%	R\$	300,000	jul/18	jul/25	Bullet	n/a	336,989	333,592	336,989	333,592
Mortgage-backed Securities (CRI) - 3 rd issuance 1 st series	96,5% of DI	-	R\$	227,051	dec/18	dec/23	Bullet	n/a	226,295	225,013	226,295	225,013
Mortgage-backed Securities (CRI) - 3 rd issuance 2 nd series	IPCA	4,66%	R\$	372,949	dec/18	dec/25	Bullet	n/a	415,172	400,272	415,172	400,272
Mortgage-backed Securities (CRI) - 4 th issuance 1 st series	95,75% of DI	-	R\$	269,900	feb/19	feb/23	Bullet	n/a	268,184	269,069	268,184	269,069
Mortgage-backed Securities (CRI) - 4 th issuance 2 nd series	IPCA	3,93%	R\$	30,100	feb/19	feb/26	Bullet	n/a	33,027	32,511	33,027	32,511
Mortgage-backed Securities (CRI) - 5 th issuance	IPCA	3,45%	R\$	538,328	sep/19	aug/29	Annual	n/a	578,919	569,203	578,919	569,203
Mortgage-backed Securities (CRI) - Córdão Pulmonar (c)	IPCA	8,35%	R\$	116,000	may/19	nov/26	Monthly	Statutory Lien	-	-	-	112,194
									16,489,172	17,188,753	23,918,075	23,938,537
								Current	321,645	387,193	617,584	662,956
								Noncurrent	16,167,527	16,801,560	23,300,491	23,275,581

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

13. Loans, financing and debentures (Continued)

- (a) As mentioned in Note 27, the Group contracts derivative financial instruments to hedge foreign exchange differences and 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 27, the Group takes out derivative financial instruments to hedge against exchange variation and has adopted cash flow hedge accounting as an accounting practice; therefore, these debts are recorded at amortized cost and derivatives are recorded at fair value, with the effective portion of the debt through other comprehensive income and any ineffective portion and interest through profit or loss.
- (c) In the three-month period ended March 31, 2021, the Company fully settled these Certificates of Real Estate Receivables (CRI).

Significant loans, financing and debentures were obtained for general corporate purposes, to perform acquisitions, to expand the hospitals and for construction of new units.

The costs related to the issuance of loans, financing and debentures, in the amount of R\$174,617 at March 31, 2021 (R\$193,634 at December 31, 2020), were recorded as a reduction of the balances and have been amortized over the term of the agreements.

There are no covenants related to debt, corresponding ratios based on net debt, EBITDA and finance income, only the guarantees listed above.

At March 31, 2021, the long-term maturity schedule is as follows:

Parent Company		Consolidated	
Year	Amount	Year	Amount
2022	1,051,283	2022	1,475,732
2023	4,856,151	2023	5,395,419
2024	1,571,011	2024	2,090,812
2025	1,775,691	2025	2,028,330
2026	892,669	2026	890,149
2027	506,432	2027	503,761
2028	2,262,950	2028	3,651,345
2029 a 2030	3,251,340	2029 a 2030	7,264,943
	<u>16,167,527</u>		<u>23,300,491</u>

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

14. Tax liabilities

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	4,277	4,326	9,378	8,911
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	31,110	30,381	65,294	57,919
Service Tax (ISS)	59,137	47,334	162,124	137,626
Withholding Income Tax (IRRF)	51,421	37,495	56,782	44,244
Income tax	43,307	205	88,316	49,667
Social contribution	20,373	4,361	34,207	11,432
Other	17,934	16,433	32,032	34,174
Tax refinancing programs:				
Tax on service (ISS)	-	2,519	21,068	24,276
Refinancing - Law No. 11.941/09	9,802	9,203	21,340	21,319
Social security payable	44,996	45,942	149,659	152,036
Other	16,370	18,114	48,806	51,451
	298,727	216,313	689,006	593,055
Current	215,998	145,577	422,970	364,994
Noncurrent	82,729	70,736	266,036	228,061

At March 31, 2021, the long-term maturity schedule is as follows:

Parent Company		Consolidated	
Year	Amount	Year	Amount
2022	6,496	2022	20,890
2023	12,991	2023	41,777
2024	12,723	2024	40,916
2025	9,754	2025	31,368
2026 a 2030	40,765	2026 a 2030	131,085
	82,729		266,036

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

15. Accounts payable for acquisitions

Acquisitions	Restatement index	Parent Company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Ribeirão Pires	CDI	23,170	23,059	23,170	23,059
IFOR	CDI	3,669	3,651	3,669	3,651
Alphamed	CDI	7,870	7,832	7,870	7,832
Salus	IPCA	-	-	5,702	5,612
Sator	SELIC	18,545	18,455	18,544	18,455
UDI	CDI	-	-	34,688	34,521
São Rafael	SELIC	-	-	124,597	111,697
Richet	CDI	-	-	8,141	8,102
Samer	CDI	-	-	8,609	8,567
Hospital Rio Mar	IPCA	-	-	68,493	67,009
Hospital São Lucas	CDI	-	-	43,609	43,400
Hospital Perinatal	IPCA	27,555	40,925	27,555	40,925
OncoCentro	CDI	-	-	8,488	8,447
Clivale	CDI	-	-	6,551	6,519
Cárdio Pulmonar	CDI	-	-	20,109	20,012
Clínica São Lucas	CDI	-	-	23,201	24,093
Compra de ações em tesouraria pela GGSH	CDI	-	-	60,678	59,715
Hospital Antônio Afonso	CDI	-	-	5,011	-
Hospital Guaianases	CDI	-	-	35,038	-
Other	CDI/IPCA	1,178	1,174	26,787	22,998
		81,987	95,096	560,510	514,614
Current		27,762	27,690	140,380	58,367
Noncurrent		54,225	67,406	420,130	456,247

Accounts payable for acquisitions refer to the remaining balance of the considerations for acquisitions made. At March 31, 2021, the noncurrent maturity schedule is as follows:

Parent Company		Consolidated	
Year	Amount	Year	Amount
2022	31,692	2022	115,184
2023	22,333	2023	36,847
2024	-	2024	81,657
2025	-	2025	62,263
2026 a 2029	200	2026 a 2029	124,179
	54,225		420,130

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

16. Provision for contingencies and judicial deposits

The Company and its subsidiaries are parties to various tax, civil and labor claims. The judicial deposits made will only be released in case of final favorable decisions to the Company. Based on the opinion of its internal and outside legal advisors, Management set up a provision for losses considered sufficient to cover probable losses, as follows:

	Parent Company			
	03/31/2021		12/31/2020	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Tax and social security	33,855	(158,619)	33,741	(141,825)
Labor	74,455	(22,408)	62,188	(22,332)
Civil	44,654	(9,309)	44,551	(8,421)
	152,964	(190,336)	140,480	(172,578)
	Consolidated			
	03/31/2021		12/31/2020	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Tax and social security	150,888	(255,052)	144,214	(234,209)
Labor	108,956	(29,620)	102,574	(29,550)
Civil	72,480	(12,162)	73,075	(13,136)
	332,324	(296,834)	319,863	(276,895)

16.1. Contingencies assessed as probable loss

Changes in provisions for contingencies in the nine-month periods ended March 31, 2021 and 2020 were as follows:

	Parent Company			
	Tax and social security	Labor	Civil	Total
Balances at December 31, 2019	35,374	60,457	43,918	139,749
Additions, net of reversals	(4,091)	(904)	4,995	-
Payments	-	(851)	(346)	(1,197)
Balances at March 31, 2020	31,283	58,702	48,567	138,552
Balances at December 31, 2020	33,741	62,188	44,551	140,480
Additions, net of reversals	125	12,323	(78)	12,370
Monetary restatement	138	255	182	575
Payments	(149)	(311)	(1)	(461)
Balances at March 31, 2021	33,855	74,455	44,654	152,964

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

16. Provision for contingencies and judicial deposits (Continued)

16.1. Contingencies assessed as probable loss (Continued)

	Consolidated			
	Tax and social security	Labor	Civil	Total
Balances at December 31, 2019	71,838	95,859	59,812	227,509
Additions, net of reversals	(4,527)	286	4,241	-
Payments	-	(994)	(446)	(1,440)
Additions from acquisitions (*)	22,500	1,106	259	23,865
Balances at March 31, 2020	89,811	96,257	63,866	249,934
Balances at December 31, 2020	144,214	102,574	73,075	319,863
Additions, net of reversals	6,249	5,527	(891)	10,885
Monetary restatement	594	1,208	297	2,099
Payments	(169)	(353)	(1)	(523)
Balances at March 31, 2021	150,888	108,956	72,480	332,324

(*) Additions related to acquisitions performed in the respective years, as described in Note 3.

Tax proceedings reserves mainly from challenges of State VAT (ICMS) on imports of medical equipment, Tax on services (ISS) payable based on a differentiated rate, and Federal VAT (IPI) on imports.

Labor claims are largely derived from overtime payment, 13th month salary, resignation notice, vacation pay and Unemployment Compensation Fund (FGTS).

Civil and administrative proceedings refer to compensation for alleged moral and material damages.

Considering the complexities of the lawsuits, as well as of the Brazilian legal system, the Company does not estimate with reasonable precision the disbursement term to settle these legal proceedings.

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

16. Provision for contingencies and judicial deposits (Continued)

16.2. Contingencies assessed as possible loss

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

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Tax and social security (a)	1,363,758	1,360,201	1,509,627	1,481,027
Labor (b)	176,324	152,750	224,081	196,521
Civil (c)	191,732	194,355	291,076	250,973
	1,731,814	1,707,306	2,024,784	1,928,521

(a) The most significant matters refers to administrative proceedings in the total amount of R\$1.1 billion, of which R\$309 million refers to assessments received in 2016 and 2017, and R\$769 million is related to notice served in early 2018. These challenges derive mostly from allegations of the Brazilian Internal Revenue Service (RFB) that certain doctors that render services in hospitals through legal entities would be effectively Company's employees. Therefore, the Brazilian tax authorities assessed the Company demanding the payment of the Social Security Tax (INSS). The Company is currently challenging such allegations.

In addition, the Company is a party to various tax proceedings involving PIS, COFINS, ISS and Real Estate Tax (IPTU). There are no individually significant proceedings.

(b) Proceedings largely derived from overtime payment, 13th month salary, 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 complexities of the lawsuits, as well as of the Brazilian legal system, the Company cannot estimate with reasonable precision a timeframe for the judgment to take place and whether any amounts will be disbursed in connection with these legal proceedings.

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

17. Leases

	Parent Company	
	03/31/2021	12/31/2020
Nominal value of future payments	4,952,174	4,892,285
Present value adjustment	(3,104,116)	(3,073,575)
	1,848,058	1,818,710
Current	307,528	347,037
Noncurrent	1,540,530	1,471,673
	Consolidated	
	03/31/2021	12/31/2020
Nominal value of future payments	8,968,251	8,946,330
Present value adjustment	(5,715,012)	(5,708,521)
	3,253,239	3,237,809
Current	340,327	415,472
Noncurrent	2,912,912	2,822,337

The liabilities were measured by the present value of the remaining lease payments discounted at the rate of 15.23% at March 31, 2021.

At March 31, 2021, noncurrent maturity schedule is as follows:

	Parent Company		Consolidated	
	Year	Amount	Year	Amount
2022		215,535	2022	384,757
2023		247,105	2023	445,126
2024		204,788	2024	369,779
2025		178,627	2025	323,236
2026 a 2055		694,475	2026 a 2055	1,390,014
		1,540,530		2,912,912

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

18. Equity

a) Capital

The Company's capital is broken down as follows:

Shareholders	03/31/2021		12/31/2020	
	Number of shares	Equity interest	Number of shares	Equity interest
Controlling family (a)	1,024,666,801	51,61%	1,024,666,801	51,61%
Pacific Mezz PTE. Ltda. (b)	463,186,853	23,33%	463,186,853	23,33%
Carlyle Group (c)	212,141,126	10,69%	212,141,126	10,69%
Market	216,822,206	10,92%	214,360,164	10,80%
Other	68,510,169	3,45%	70,972,211	3,57%
Total common shares	1,985,327,155	100,00%	1,985,327,155	100,00%

(a) This represents equity interest directly held by the "Moll Family" (individuals) and by means of investment fund 'Delta FM&B Fundo Inv. em Participações'.

(b) This represents Singapore Sovereign Fund (GIC).

(c) Represented by funds HPT Fundo de Investimento em Participações, HPT II Fundo de Investimento em Participações, RDSL Investimento Secundário FIP, Fundo Brasil de Internacionalização de Empresas - FIP and Fundo Brasil de Internacionalização de Empresas - FIP II.

Subscribed and paid-in capital at March 31, 2021 and December 31, 2020 amounts to R\$6,472,948, divided into 1,985.327.155 registered common shares with no par value, The authorized capital limit approved by the Company's Articles of Incorporation is of up to 8 billion shares (units).

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

The premium reserve on issue of shares was substantially due to the 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 was recorded as capital increase and R\$452,336 as premium reserve on the subscription of shares; (ii) on April 27, 2015, by HPT Participações S.A. (investee of the Carlyle Group), in the amount of R\$1,819,435, of which R\$181,943 as a capital increase and R\$1,637,491 as a premium reserve on the subscription of shares; and (iii) decrease in the reserve through capitalization in the amount of R\$1,600,000.

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

18. Equity (Continued)

b) Allocation of income

Changes in the balances of dividends and interest on equity payable in the three-month periods ended March 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Balance payable at December 31	346,600	287,394
Allocation of dividends and interest on equity	293,380	66,537
Non-controlling dividends	7,557	1,234
Payment of dividends and interest on equity	(361,772)	(2,449)
Withholding Income Tax (IRRF)	(15,713)	(7,019)
Balance payable at March 31	<u>270,052</u>	<u>345,697</u>

The distribution and payment of dividends and interest on equity were approved at the General Meeting.

c) Treasury shares

Changes in treasury shares are as follows:

	<u>03/31/2021</u>			<u>03/31/2020</u>		
	<u>Number of shares (*)</u>	<u>Share value (in reais)</u>	<u>Total</u>	<u>Number of shares (*)</u>	<u>Share value (in reais)</u>	<u>Total</u>
Balance at December 31	42,800,664	6,2	263,384	76,675,312	6,2	474,462
Acquisitions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at March 31	<u>42,800,664</u>	<u>6,2</u>	<u>263,384</u>	76,675,312	6,2	474,462

Other share purchases and sales substantially refer to the share-based payment option plan, as described below.

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

18. Equity (Continued)

d) Share-based payment

Stock Option Plan (replaced by the restricted stock plan described below)

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

The Company's Board of Directors approved the Restricted Shares Granting Program and defined the conditions for the delivery of registered common shares with no par value of the Company to the managers and employees.

The rights of the beneficiaries in relation to the restricted shares will only be fully acquired if they remain continuously linked to the Company or to the company under its control, as the case may be, for a certain period, provided that the conditions for releasing restrictions on share trading, as defined, are observed by the Board of Directors, with specific conditions in case of termination.

The total of Restricted Shares granted under the Restricted Shares Granting Plan cannot exceed the maximum limit of 5% (five per cent) of shares issued by the Company, which was, on March 31, 2021, equivalent to 99,266,358 shares.

In the three-month period ended March 31, 2021, a total of 5,361,026 Restricted Shares were granted to the elected beneficiaries, exclusively related to the Restricted Shares Plan, at a weighted average price of R \$ 15.17. All restricted shares already granted were transferred to beneficiaries (acquired immediately) on April 1, 2021 and there are no restricted shares already granted pending transfer.

Of the total shares mentioned above for purposes of measuring shareholder dilution, the total amount of shares effectively transferred to beneficiaries under the scope of the Restricted Shares Plan was 3,886,748 shares referring exclusively to the Restricted Shares Plan, pursuant to item 33E of Accounting Pronouncement CPC 10 – Share-Based Payment 2020.

For purposes of calculating expenses to be appropriated, a cancellation rate of 6.25% was used, based on the average historical cancellations of the Company's plans.

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

18. Equity (Continued)

d) Share-based payment (Restricted Shares) (Continued)

Restricted Shares Granting Plan (Continued)

Likewise, prior plans, the Restricted Stock Option plan was measured and recognized at fair values, using the Black, Scholes & Merton (1973) model according to Accounting Pronouncement CPC 10 - Share Based Payment, whose main assumptions are described below:

Unvested dates	Number of Shares	Annual Volatility	Risk-free rate	Weighted average of fair value of shares (in Reais)	State of maturity	Cancelled shares
05/29/2020 a 05/29/2027	46,591,300	26,36%	4,66%	7,45	Maturado parcialmente	-
04/01/2021 a 04/01/2028	5,361,026	28,81%	5,98%	25,50	Maturado parcialmente	-

The effects of the share-based compensation (stock option plan), covering all granted and outstanding options, on equity and profit or loss for the years, are as follows:

	Fair value of options per year	Effect on P&L for the year	Transfer of treasury shares to executives	RSU changes (a)	Cumulative effect on equity
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	(208,694)	(114,511)	19,306
2021	30,479	30,479	-	(31,884)	17,901
2022	21,167				
2023	14,454				
2024	14,454				
2025	14,454				
2026	14,454				
2027	14,454				
	<u>466,427</u>				

(a) The reserve of capital for share-based compensation was impacted in the period by tax effects related to the transition from the stock options plan to the restricted shares.

e) Other comprehensive income

In the three-month period ended March 31, 2021, the effects of the cash flow hedge taken out to protect the debt were recognized as other comprehensive income, reducing equity for the year by R\$ 228,881, as described in Note 13 (b).

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

19. Income tax and social contribution

Income and social contribution tax expenses for the three-month periods ended March 31, 2021 and 2020 are as follows:

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Deferred taxes				
Income tax	81,246	(22,561)	73,939	(331)
Social contribution	29,249	(8,122)	26,806	(119)
	110,495	(30,683)	100,745	(450)
Current taxes				
Income tax	(43,409)	(5,365)	(124,904)	(35,109)
Social contribution	(16,124)	(2,102)	(46,112)	(12,634)
	(59,533)	(7,467)	(171,016)	(47,743)
Income tax and social contribution expenses	50,962	(38,150)	(70,271)	(48,193)

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

19. Income tax and social contribution (Continued)

Changes in deferred income and social contribution tax assets and liabilities for the three-month period ended March 31, 2021 were as follows:

	Parent Company				Consolidated				
	12/31/2020	Additional benefits (expenses) recorded	Other comprehensive income (loss)	03/31/2021	12/31/2020	Additional benefits (expenses)	Other comprehensive income	Additions from business combinations	03/31/2021
Assets									
Tax losses	93,988	34,217	-	128,205	171,224	41,464	-	-	212,688
Social contribution losses	33,836	12,318	-	46,154	61,636	14,927	-	-	76,563
Allowance for doubtful accounts and provision for disallowances	264,398	(10,249)	-	254,149	499,418	(29,435)	-	-	469,983
Contingencies	47,764	(861)	-	46,903	102,999	(1,979)	-	-	101,020
Provision for bonus	667	25	-	692	2,676	(188)	-	-	2,488
Foreign exchange variation	193,175	43,644	-	236,819	193,175	43,644	-	-	236,819
Deferred gain on property sale	24,575	-	-	24,575	24,575	-	-	-	24,575
Right-to-use asset amortization (IFRS 16)	108,900	14,949	-	123,849	157,717	27,894	-	-	185,611
PVA allocation (IFRS 16)	178,627	23,788	-	202,415	253,448	37,361	-	-	290,809
Cash flow hedge	25,516	(25,516)	-	-	45,652	(45,652)	-	-	-
D'Or Finance	-	305	-	305	-	305	-	-	305
Other provisions	17,279	(738)	-	16,541	-	670	-	9,031	9,701
Total deferred tax assets	988,725	91,882	-	1,080,607	1,512,520	89,011	-	9,031	1,610,562
Liabilities									
Differences between book balance and tax base of goodwill	(667,973)	(4,119)	-	(672,092)	(767,911)	(12,961)	-	-	(780,872)
Gain on acquisition in steps	(48,873)	-	-	(48,873)	(79,869)	-	-	-	(79,869)
Swap difference	(59,740)	(20,197)	-	(79,937)	(68,868)	(20,197)	-	-	(89,065)
Lease (IFRS 16)	(235,194)	(30,607)	-	(265,801)	(334,079)	(52,298)	-	-	(386,377)
D'Or Finance	(7,577)	7,577	-	-	(7,577)	7,577	-	-	-
Variable income investment	(40,776)	40,776	-	-	(40,776)	40,776	-	-	-
Deferred revenue	(1,333)	(333)	-	(1,666)	(6,268)	(333)	-	-	(6,601)
Cash flow hedge	-	25,516	(92,005)	(66,489)	-	49,170	(117,908)	-	(68,738)
Other provision	-	-	-	-	(4,227)	-	-	-	(4,227)
Total deferred tax liabilities	(1,061,466)	18,613	(92,005)	(1,134,858)	(1,309,575)	11,734	(117,908)	-	(1,415,749)
Net effect - asset (liability)	(98,257)	110,495	-	12,238	157,293	100,745	-	9,031	267,069
Effect on equity	25,516	-	(92,005)	(66,489)	45,652	-	(117,908)	-	(72,256)
Assets as per balance sheets	-	-	-	-	528,901	-	-	-	546,579
liability as per balance sheets	(72,741)	-	-	(54,251)	(325,956)	-	-	-	(351,766)

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

19. Income tax and social contribution (Continued)

	Parent Company			Consolidated					
	12/31/2020	Additional benefits (expenses) recorded	Other comprehensive income (loss)	03/31/2021	12/31/2020	Additional benefits (expenses)	Other comprehensive income	Additions from business combinations	03/31/2021
Assets									
Tax losses	-	-	-	-	34,249	16,922	-	-	51,171
Social contribution losses	-	-	-	-	12,325	6,092	-	-	18,417
Allowance for doubtful accounts and provision for disallowances	312,139	(10,654)	-	301,485	505,059	(1,764)	-	-	503,295
Contingencies	54,700	(7,592)	-	47,108	85,739	(7,675)	-	8,114	86,178
Provision for bonus	11,603	3,687	-	15,290	14,215	3,977	-	-	18,192
Foreign exchange variation	109,616	535,487	-	645,103	109,616	535,487	-	-	645,103
Deferred gain on property sale	24,575	-	-	24,575	24,575	-	-	-	24,575
Right-to-use asset amortization (IFRS 16)	53,583	13,635	-	67,218	71,813	19,024	-	420	91,257
PVA allocation (IFRS 16)	91,911	22,544	-	114,455	121,452	31,764	-	107	153,323
Other provisions	9,396	629	-	10,025	10,516	978	-	975	12,469
Total deferred tax assets	667,523	557,736	-	1,225,259	989,559	604,805	-	9,616	1,603,980
Liabilities									
Differences between book balance and tax base of goodwill	(616,599)	(13,902)	-	(630,501)	(693,697)	(19,612)	-	-	(713,309)
Gain on acquisition in steps	(48,873)	(333)	-	(49,206)	(69,499)	(333)	-	-	(69,832)
Swap difference	(55,750)	(543,622)	-	(599,372)	(55,750)	(542,176)	-	-	(597,926)
Lease (IFRS 16)	(113,031)	(30,562)	-	(143,593)	(148,571)	(43,134)	-	-	(191,705)
Cash flow hedge	-	-	(18,632)	(18,632)	-	-	(18,632)	-	(18,632)
Deferred revenue	-	-	-	-	(4,935)	-	-	-	(4,935)
Total deferred tax liabilities	(834,253)	(588,419)	(18,632)	(1,441,304)	(972,452)	(605,255)	(18,632)	-	(1,596,339)
Net effect - asset (liability)	(166,730)	(30,683)	-	(197,413)	17,107	(450)	-	9,616	26,273
Effect on equity	-	-	(18,632)	(18,632)	-	-	(18,632)	-	(18,632)
Assets as per balance sheets	-	-	-	-	318,655	-	-	-	363,387
Liabilities as per balance sheets	(166,730)	-	-	(216,045)	(301,548)	-	-	-	(355,746)

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

19. Income tax and social contribution (Continued)

The reconciliation of income and social contribution taxes and the amount determined at the statutory rate as at March 31, 2021 and 2020 is as follows:

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Income/loss before income tax and social contribution	321,442	148,618	472,714	161,696
Income tax and social contribution expense at the statutory rate	109,290	50,530	160,723	54,977
Adjustments to determine the effective rate:				
Equity pickup, net of any gains earned abroad	(33,115)	(4,567)	782	2,788
Share-based payment (stock options and restricted shares)	-	7,650	-	7,650
Interest on equity	(49,534)	(22,622)	(49,534)	(22,622)
Other	(77,603)	7,159	(41,700)	5,400
Expenses recorded in the statement of profit or loss	(50,962)	38,150	70,271	48,193
Effective Rate	16%	26%	15%	30%

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

The Company expects that deferred tax assets from tax losses will be realized within 1 or 2 years. Management expects that the other temporary differences will be realized between 1 and 5 years, except for deferred gain on property sale, given the realization occurs during the lease contract term.

20. Net revenue

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Gross revenue	2,785,448	2,185,537	5,303,701	3,729,902
Deductions from revenue				
Cancellations and rebates	(126,260)	(103,722)	(269,046)	(209,737)
Taxes on revenues	(155,682)	(122,788)	(314,930)	(220,671)
	2,503,506	1,959,027	4,719,725	3,299,494

The Company has no revenues arising from customers outside Brazil.

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

21. Costs of services provided

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Personnel	(620,288)	(613,689)	(1,273,775)	(1,094,082)
Materials and medicines	(553,494)	(386,783)	(1,158,387)	(740,953)
Third-party services	(368,813)	(309,098)	(760,877)	(576,368)
Utilities and services	(34,917)	(41,174)	(76,083)	(73,175)
Rentals	(257)	(383)	(17,476)	(2,196)
Depreciation and amortization	(127,298)	(113,172)	(241,951)	(177,489)
	(1,705,067)	(1,464,299)	(3,528,549)	(2,664,263)

22. General and administrative expenses

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Personnel	(139,226)	(94,384)	(139,226)	(94,384)
Third-party services	(28,266)	(21,853)	(28,266)	(21,853)
Trips and lodging	(6,323)	(7,818)	(11,088)	(11,218)
Depreciation and amortization	(28,445)	(22,576)	(28,445)	(22,576)
Provision for contingencies	(12,370)	-	(10,885)	-
	(214,630)	(146,631)	(217,910)	(150,031)

23. Selling expenses

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Marketing	(4,692)	(2,449)	(7,195)	(3,334)
	(4,692)	(2,449)	(7,195)	(3,334)

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24. Other operating expenses, net

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Taxes, charges and fines	(13,062)	(12,427)	(25,169)	(19,720)
Gain on property sale	977	977	977	977
Rentals of property and equipment	(2,793)	(2,840)	(7,147)	(5,728)
Freight expenses	(8,213)	(1,523)	(10,907)	(3,578)
Notary and court fees	(5,727)	(3,019)	(7,419)	(4,996)
Advisory expenses	-	-	(9,325)	(11,608)
Other	(14,798)	(9,518)	(40,679)	(19,239)
	(43,616)	(28,350)	(99,669)	(63,892)

25. Financial income (expenses), net

Financial income (expenses) for the nine-month periods ended March 31, 2021 and 2020 are as follows:

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Earnings from financial and variable investments	55,515	32,769	61,008	62,723
Foreign exchange differences, net	(128,456)	(279,940)	(768,318)	(1,575,746)
Fair value of debt	752,001	84,963	641,240	(166,205)
Derivatives' fair value (swaps)	(588,905)	(31,269)	120,218	1,811,553
Interest and monetary variation on financing and debentures	(222,777)	(184,049)	(236,557)	(239,806)
Taxes on financial income (expenses)	(5,359)	(3,811)	(6,927)	(5,235)
Interest on lease liability	(69,964)	(66,307)	(85,260)	(95,701)
Other	(103,512)	(28,227)	(116,791)	(39,660)
	(311,457)	(475,871)	(391,387)	(248,077)
Total finance income	319,361	354,286	1,340,945	2,675,706
Total finance expenses	(630,818)	(830,157)	(1,732,332)	(2,923,783)
	(311,457)	(475,871)	(391,387)	(248,077)

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26. Earnings per share

a) Basic earnings per share

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

	<u>03/31/2021</u>	<u>03/31/2020</u>
Profit attributable to Company shareholders	372,404	110,468
Weighted average number of issued common shares issued (in thousands)	1,942,526	1,762,974
Basic earnings per share in Reais (R\$)	<u>0,1917</u>	<u>0,0627</u>

b) Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common and preferred shares assuming the conversion of all the potentially dilutive common shares. The Company has one category of potentially dilutive common shares: the stock options of the plan. Until May 2020, the Company had the Stock Options plan, which was replaced by the restricted shares plan, as mentioned in Note 18 (d) and (e).

	<u>03/31/2021</u>	<u>03/31/2020</u>
Income attributable to the Company's controlling interests	372,404	110,468
Weighted average of the number of common shares issued, including	1,942,526	1,762,974
dilution factors (thousands)	6,620	13,712
Diluted earnings per share in Reais (R\$)	<u>0,1911</u>	<u>0,0625</u>

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Notes to interim financial information (Continued)

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(In thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management

27.1. Classification of financial instruments by category

Fair value hierarchy

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

Level 1: fair value measurement is derived from quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: fair value measurement is derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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

The following tables below present breakdown of financial assets and liabilities at March 31, 2021 and December 31, 2020:

Parent Company				
Financial assets	Classification by category	Fair value hierarchy	Book Balance	
			03/31/2021	12/31/2020
Cash and cash equivalents	Fair value through P&L	Level 2	11,095	22,091
Marketable securities (Shares)	Fair value through P&L	Level 1	-	382,020
Marketable securities	Fair value through P&L	Level 2	10,354,037	12,207,966
Trade accounts receivable	Amortized cost		3,160,449	2,804,200
Dividends receivable	Amortized cost		107,442	131,229
Judicial deposits	Amortized cost		190,336	172,578
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	708,696	721,579
			14,532,055	16,441,663
Financial liabilities	Classification by category	Fair value hierarchy	Book balance	
			03/31/2021	12/31/2020
Trade accounts payable	Amortized cost		394,931	321,103
Loans, financing and debentures	Amortized cost (a)	Level 2	16,489,172	17,188,753
Salaries, provisions and social charges	Amortized cost		452,393	364,450
Accounts payable for acquisitions	Amortized cost		81,987	95,096
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	625,108	215,995
			18,043,591	18,185,397

(a) The portion of debt recorded as hedge accounting (fair value hedge) is measured at fair value through profit or loss and, at March 31, 2021, totaling R\$6,377,633 (R\$3,094,838 at December 31, 2019). The portion of debt recorded as hedge accounting (cash flow hedge) is measured at fair value through other comprehensive income amounting to R\$2,874,373 at March 31, 2021 (R\$ R\$2,873,206 at December, 31, 2020)

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Notes to interim financial information (Continued)

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27. Financial instruments and financial risk management (Continued)

27.1. Financial instruments by category (Continued)

Fair value hierarchy (Continued)

Consolidated				
Financial assets	Classification by category	Fair value hierarchy	Book balance	
			03/31/2021	12/31/2020
Cash and cash equivalents	Fair value through P&L	Level 2	115,701	146,884
Marketable securities (Shares)	Fair value through P&L	Level 1	-	382,020
Marketable securities	Fair value through P&L	Level 2	13,547,399	15,198,354
Trade accounts receivable	Amortized cost		5,890,859	5,163,870
Judicial deposits	Amortized cost		296,834	276,895
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	3,816,460	3,009,971
			23,667,253	24,177,994

Consolidated				
Financial liabilities	Classification by category	Fair value hierarchy	Book balance	
			03/31/2021	12/31/2020
Trade accounts payable	Amortized cost		950,257	846,883
Loans, financing and debentures	Amortized cost (a)	Level 2	23,918,075	23,938,537
Salaries, provisions and social charges	Amortized cost		798,100	671,164
Accounts payable for acquisitions	Fair value through profit or loss		560,510	514,614
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	776,817	412,478
			27,003,759	26,383,676

- a) The portion of debt recorded as hedge accounting (fair value hedge) is measured at fair value through profit or loss and, at March 31, 2021, totaling R\$8,820,399 (R\$8,780,536 at December 31, 2020). The portion of debt recorded as hedge accounting (cash flow hedge) is measured at fair value through other comprehensive income amounting to R\$3,876,992 at March 31, 2021. (R\$3,867,875 at December 31, 2020)

Financial assets and liabilities accounted for at amortized cost approximate their respective fair values, as they are adjusted by provisions, present value and/or restated at floating market rates.

27.2. 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 interim financial information can be summarized as follows:

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

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 March 31, 2021 and December 31, 2020, the Company has the following capital structure:

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash and cash equivalents	11,095	22,091	115,701	146,884
Marketable securities	10,354,037	12,589,986	13,547,399	15,580,374
	10,365,132	12,612,077	13,663,100	15,727,258
Loans, financing and debentures	(16,489,172)	(17,188,753)	(23,918,075)	(23,938,537)
Derivatives	83,588	505,584	3,039,643	2,597,493
	(195,557)	75,047	(239,883)	106,907
Net debt	(6,236,009)	(3,996,045)	(7,455,215)	(5,506,879)
Total equity	13,916,308	13,613,122	14,308,300	14,002,182
Total net debt and equity	7,680,299	9,617,077	6,853,085	8,495,303
Financial leverage ratio	0,45	0,29	0,52	0,39

a) Net debt corresponds to the sum of the balances of loans, financing and debentures, derivative financial instruments, net (current and non-current) plus the effect of cash flow hedge from other comprehensive income (the Company has swaps recorded in de according to the accounting of fair value hedges and cash flow, with the objective of protecting the Company against fluctuations in foreign currency and interest rates, respectively) deducted from the balance of cash and cash equivalents and marketable securities.

b) Interest rate risk

The Company has loans, financing and debentures in local currency subject particularly to the fluctuation of the CDI, IPCA and Long-term Interest Rate (TJLP). The risk inherent to these liabilities arises from the possibility of fluctuation 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 reference rates obtained with BM&FBOVESPA at March 31, 2021, and Scenarios II and III take into consideration a rate 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.)	2,65%	3,31%	3,97%
IPCA rate (p.a.)	6,10%	7,63%	9,15%
Projected interest expenses (in millions)	7,372	8,638	9,904

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Notes to interim financial information (Continued)

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27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

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 contract with a customer, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily regarding trade accounts receivable) and from its financing activities, including deposits in banks and financial institutions, 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

Liquidity risk is the risk of cash shortage and difficulty of the Company 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.

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

Parent Company - 03/31/2021						
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total financial liabilities
Trade accounts payable	394,931	-	-	-	-	394,931
Loans, financing and debentures	283,782	39,186	2,292,282	8,014,776	8,173,561	18,803,587
Salaries, provisions and social charges	452,393	-	-	-	-	452,393
Accounts payable for acquisitions	10,793	17,562	47,406	10,375	-	86,136
Derivatives	194,343	204,615	189,580	36,570	-	625,108
	1,336,242	261,363	2,529,268	8,061,721	8,173,561	20,362,155

Consolidated - 03/31/2021						
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total financial liabilities
Trade accounts payable	950,257	-	-	-	-	950,257
Loans, financing and debentures	468,888	166,550	2,876,202	9,332,810	14,582,462	27,426,912
Salaries, provisions and social charges	798,100	-	-	-	-	798,100
Accounts payable for acquisitions	102,473	39,233	142,983	182,244	145,728	612,661
Derivatives	241,509	254,273	235,590	45,445	-	776,817
	2,561,227	460,056	3,254,775	9,560,499	14,728,190	30,564,747

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Notes to interim financial information (Continued)

March 31, 2021

(In thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

d) Liquidity risk (Continued)

	Parent Company - 12/31/2020					Total financial liabilities
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	
Trade accounts payable	321,103	-	-	-	-	321,103
Loans, financing and debentures	375,174	12,449	1,134,140	9,147,981	9,101,983	19,771,727
Salaries, provisions and social charges	364,450	-	-	-	-	364,450
Accounts payable for acquisitions	24,054	3,766	47,301	25,255	238	100,614
Derivatives	67,152	70,701	65,506	12,636	-	215,995
	<u>1,151,933</u>	<u>86,916</u>	<u>1,246,947</u>	<u>9,185,872</u>	<u>9,102,221</u>	<u>20,773,889</u>

	Consolidated - 12/31/2020					Total financial liabilities
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	
Trade accounts payable	846,883	-	-	-	-	846,883
Loans, financing and debentures	520,106	147,957	1,765,554	10,747,864	14,418,537	27,600,018
Salaries, provisions and social charges	671,164	-	-	-	-	671,164
Accounts payable for acquisitions	47,090	11,679	207,030	194,664	104,537	565,000
Derivatives	35,854	24,770	93,341	23,529	234,984	412,478
	<u>2,121,097</u>	<u>184,406</u>	<u>2,065,925</u>	<u>10,966,057</u>	<u>14,758,058</u>	<u>30,095,543</u>

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 40.4% of total gross debt at March 31, 2021 (39,6% at December 31, 2020). The Company has derivative financial instruments to hedge loans and financing against foreign exchange rate fluctuation (see topic below). Management understands that the risk of exposure to foreign currency is not significant in relation to its financial position.

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Notes to interim financial information (Continued)

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(In thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives

At March 31, 2021, 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. The swaps exchange (i) the flow of interest and principal in foreign currency for Brazilian reais plus a percentage of CDI; and (ii) floating interest rate for fixed interest rate. In addition, the Company has other swaps to hedge its exposure in US dollars, not designated for the hedge accounting strategy. The fair value of those instruments at the reporting date is as follows:

f) Derivatives

Description	Hedge classification	Maturity ranges month/year	Parent Company	
			03/31/2021	12/31/2020
			Fair value	
Swap (currency)	21/11/2023			
Long position	USD/Libor + 0,46%	US\$	80,053	
Short position	109% CDI	R\$	456,085	112,166
Swap (currency)	18/01/2028			
Long position	BRL FIXED RATE 11,82%	R\$	1,634,663	
Short position	CDI + 2,01%	R\$	1,634,663	427,449
Swap (currency)	03/04/2023			
Long position	USD/BRL FIXED RATE (2,5647%)	US\$	76,396	
Short position	CDI + 1,66%	R\$	435,250	(692)
Swap (currency)	03/07/2023			
Long position	USD/BRL FIXED RATE (2,3059%)	US\$	100,316	
Short position	CDI + 1,3230%	R\$	571,529	(451)
Swap (currency)	22/01/2030			
Long position	BRL FIXED RATE (8,80%)	R\$	2,135,109	
Short position	CDI + 2,125%	R\$	2,135,109	(270,669)
Swap (currency)	22/01/2030			
Long position	BRL FIXED RATE (8,65%)	R\$	1,116,094	
Short position	CDI + 2,40%	R\$	1,116,094	(182,521)
Swap (currency)	20/06/2029			
Long position	CDI + 0,79%	R\$	1,007,492	
Short position	BRL FIXED RATE (7,71%)	R\$	1,007,492	(16,907)
Swap (currency)	10/09/2024			
Long position	CDI + 1,02%	R\$	1,402,784	
Short position	BRL FIXED RATE (7,275%)	R\$	1,402,784	(64,476)
Swap (currency)	26/10/2026			
Long position	106,0% CDI	R\$	504,393	
Short position	BRL FIXED RATE (6,765%)	R\$	504,393	(17,092)
Current assets position			163,275	266,355
Noncurrent assets position			545,421	455,224
Current liabilities position			(98,161)	(128,027)
Noncurrent liabilities position			(526,947)	(87,968)
Effect on P&L for the period (fair value of derivatives – swaps)			(588,905)	420,734
Effect on equity for the period (fair value of derivatives – swaps)			270,603	(75,047)

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27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives (Continued)

Description	Maturity ranges month/year	Reference value (notional value)	Consolidated	
			03/31/2021	12/31/2020
			Fair value	
Swap (currency)	21/11/2023			
Long position	USD/BRL Libor + 0,46%	US\$ 80,053		
Short position	109% CDI	R\$ 456,085	148,011	112,166
Swap (currency)	18/01/2028			
Long position	USD/ BRL FIXED RATE (4,95%)	US\$ 505,019		
Short position	BRL PRÉ (11,82%)	R\$ 2,877,243	1,381,399	1,052,092
Swap (index)	18/01/2028			
Long position	BRL FIXED RATE (11,82%)	R\$ 1,634,663		
Short position	CDI + 2,01%	R\$ 1,634,663	153,955	427,449
Swap (currency)	03/04/2023			
Long position	USD/BRL FIXED RATE (2,5647%)	US\$ 76,396		
Short position	CDI + 1,66%	R\$ 435,250	27,656	(692)
Swap (currency)	03/07/2023			
Long position	USD/BRL FIXED RATE (2,3059%)	US\$ 100,316		
Short position	CDI + 1,3230%	R\$ 571,529	37,132	(451)
Swap (currency)	22/01/2030			
Long position	BRL FIXED RATE (8,80%)	R\$ 2,135,109		
Short position	CDI + 2,125%	R\$ 2,135,109	(270,669)	70,679
Swap (currency)	22/01/2030			
Long position	BRL FIXED RATE (8,65%)	R\$ 1,116,094		
Short position	CDI + 2,40%	R\$ 1,116,094	(182,521)	(5,092)
Swap (currency)	20/06/2029			
Long position	CDI + 0,79%	R\$ 1,007,492		
Short position	BRL FIXED RATE (7,71%)	R\$ 1,007,492	97,017	(16,907)
Swap (currency)	10/09/2024			
Long position	CDI + 1,02%	R\$ 1,402,784		
Short position	BRL FIXED RATE (7,275%)	R\$ 1,402,784	53,404	(64,476)
Swap (currency)	26/10/2026			
Long position	106,0% CDI	R\$ 504,393		
Short position	BRL FIXED RATE (6,765%)	R\$ 504,393	19,603	(17,092)
Swap (currency)	22/01/2030			
Long position	USD/BRL PRÉ (4,525%)	US\$ 504,250		
Short position	BRL FIXED RATE (8,80%)	R\$ 2,872,864	1,064,303	750,326
Swap (currency)	22/01/2030			
Long position	USD/BRL PRE (4,51%)	US\$ 252,125		
Short position	BRL FIXED RATE (8,65%)	R\$ 1,436,432	476,888	321,865

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Notes to interim financial information (Continued)

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27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives (Continued)

Description	Maturity ranges month/year	Reference value (notional value)	Consolidated	
			03/31/2021	12/31/2020
			Fair value	
Swap (currency)	29/12/2025			
Long position	CDI + 1,27%/1,75%	R\$ 1,008,281		
Short position	BRL FIXED RATE (7,752%)	R\$ 1,008,281	33,465	(32,374)
Current assets position			163,275	266,355
Noncurrent assets position			3,653,185	2,743,616
Current liabilities position			(249,870)	(324,510)
Noncurrent liabilities position			(526,947)	(87,968)
Effect on profit or loss for the period (fair value of derivatives - swaps)			120,218	2,226,061
Effect on equity for the period (fair value of derivatives - swaps)			346,789	(106,907)

Given the changes in market rates, these amounts may change up to 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 and future DI interest rates, obtained from BM&FBOVESPA at instrument maturity, calculated based 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 used to determine the probable scenario.

Debt - BofA and Citibank	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Exchange rate fluctuation	5%	(25%)	(50%)	25%	50%
Depreciation of US\$ (rate in R\$)	-	4,4866	2,9911	-	-
Appreciation of US\$ (rate in R\$)	5,9822	-	-	7,4777	8,9732
Effect on liabilities					
Loan 4131 - BofA and Citibank	72,077	(360,384)	(720,768)	360,384	720,768
Effect on derivatives					
Swap	(72,077)	360,384	720,768	(360,384)	(720,768)
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\$)	-	4,4866	2,9911	-	-
Appreciation of US\$ (rate in R\$)	5,9822	-	-	7,4777	8,9732
Effect on liabilities					
Senior Notes	157,233	(786,166)	(1,572,332)	786,166	1,572,332
Effect on derivatives					
Swap	(157,233)	786,166	1,572,332	(786,166)	(1,572,332)
Net effect	-	-	-	-	-

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Notes to interim financial information (Continued)

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(In thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives (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\$)	-	4,4866	2,9911	-	-
Appreciation of US\$ (rate in R\$)	5,9822	-	-	7,4777	8,9732
Effect on liabilities in US\$					
Senior Notes II	211,710	(1,058,550)	(2,117,100)	1,058,550	2,117,100
Effect on derivatives					
Swap	(211,710)	1,058,550	2,117,100	(1,058,550)	(2,117,100)
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	-	2,0868%	1,3912%	-	-
Appreciation of the DI rate	2,7824%	-	-	3,4780%	4,1736%
Effect on liabilities					
Debentures	(5,198)	22,090	49,378	(32,485)	(59,773)
Effect on derivatives					
Swap	5,198	(22,090)	(49,378)	32,485	59,773
Net effect	-	-	-	-	-

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
 March 31, 2021
 (In thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.3. Changes in liabilities from financing activities

		Parent Company								
Parent Company	12/31/2020	Loans, financing and debentures taken out	Interest, monetary 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	03/31/2021
Loans, financing, debentures and leases	19,007,463	-	392,261	(303,384)	(66,376)	(752,001)	-	-	59,267	18,337,230
Accounts payable for acquisitions	95,096	-	408	(12,091)	-	-	-	-	(1,426)	81,987
Derivatives	215,995	-	305,419	103,694	-	-	-	-	-	625,108
Dividends and interest on equity payable	343,870	-	-	-	-	-	293,380	(353,656)	(15,713)	267,881
	19,662,424	-	698,088	(211,781)	(66,376)	752,001	293,380	(353,656)	42,128	19,312,206
Current	1,233,817									1,022,977
Noncurrent	18,428,607									18,289,229

		Parent Company								
Parent Company	31/12/2019	Loans, financing and debentures taken out	Interest, monetary and foreign exchange differences, net	Repayment/ receipt of loans, financing and debentures	Payment of interest	Fair value of debt	Allocation of dividends and interest on equity	Payment of dividends and interest on equity	Other	03/31/2020
Loans, financing and debentures	13,171,024	250,000	480,425	(195,214)	(100,224)	(84,963)	-	-	(1,554)	13,519,494
Accounts payable for acquisitions	129,839	40,000	880	(111)	-	-	-	-	-	170,608
Derivatives	5,591	-	356,370	44,370	-	-	-	-	-	406,331
Dividends and interest on equity payable	264,527	-	-	-	-	-	69,873	-	(7,019)	327,381
	13,570,981	290,000	837,675	(150,955)	(100,224)	(84,963)	69,873	-	(8,573)	14,423,814
Current	4,502,663									5,355,496
Noncurrent	9,068,318									9,068,318

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
 March 31, 2021
 (In thousands of reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.3. Changes in liabilities from financing activities (Continued)

		Consolidated								
Consolidated	12/31/2020	Loans, financing and debentures taken out	Interest, monetary 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	03/31/2021
Loans, financing, debentures and leases	27,176,346	4,570	1,314,241	(471,215)	(285,321)	(641,240)	-	-	73,933	27,171,314
Accounts payable for acquisitions	514,614	51,013	4,618	(14,309)	(189)	-	-	-	4,763	560,510
Derivatives	412,478	-	339,480	24,859	-	-	-	-	-	776,817
Dividends and interest on equity payable	346,600	-	-	-	-	-	300,937	(361,772)	(15,713)	270,052
	<u>28,450,038</u>	<u>55,583</u>	<u>1,658,339</u>	<u>(460,665)</u>	<u>(285,510)</u>	<u>(641,240)</u>	<u>300,937</u>	<u>(361,772)</u>	<u>62,983</u>	<u>28,778,693</u>
Current	4,699,309									1,630,443
Noncurrent	23,750,729									27,148,250

		Consolidated								
Consolidated	31/12/2019	Loans, financing and debentures taken out	Interest, monetary and foreign exchange differences, net	Repayment of loans, financing and debentures	Payment of interest	Fair value of debt	Allocation of dividends and interest on equity	Payment of dividends and interest on equity	Other	03/31/2020
Loans, financing and debentures	15,406,926	5,312,504	2,304,129	(110,512)	(167,982)	166,205	-	-	(28,397)	22,882,873
Accounts payable for acquisitions	463,056	40,000	5,426	(2,620)	(61)	-	-	-	(949)	504,852
Derivatives	92,905	-	499,242	-	-	-	-	-	-	592,147
Dividends and interest on equity payable	287,394	-	-	-	-	-	67,771	(2,449)	(7,019)	345,697
	<u>16,250,281</u>	<u>5,352,504</u>	<u>2,808,797</u>	<u>(113,132)</u>	<u>(168,043)</u>	<u>166,205</u>	<u>67,771</u>	<u>(2,449)</u>	<u>(36,365)</u>	<u>24,325,569</u>
Current	4,753,112									12,828,400
Noncurrent	11,497,169									11,497,169

Rede D'Or São Luiz S.A.

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28. Insurance coverage

At March 31, 2021, the Company maintains insurance coverage at amounts deemed sufficient by management to cover risks, if any, on its assets and/or liabilities.

<u>Tipo de cobertura</u>	<u>Valor segurado</u>
Property risk	4,292,710
Civil Liability (D&O)	230,000
General civil liability	10,000
Engineering risks	1,886,950

29. Events after the reporting period

On April 5, 2021, by means of wholly-owned subsidiary Clínica São Lucas Ltda., the Company executed a binding memorandum of understanding to acquire a 51% stake in the capital of Biocor Hospital de Doenças Cardiovasculares Ltda. ("Biocor"), located in the city of Nova Lima, state of Minas Gerais. This transaction and the consequent transfer of control is still contingent upon CADE's approval to be completed, therefore, this investment has not yet been consolidated in the Company's financial statements.

On April 9, 2021, by means of wholly-owned subsidiary Diagno São Marcos Ltda., the Company executed a binding memorandum of understanding to acquire a 51% stake in the capital of Hospital Nossa Senhora das Neves S.A. ("HNSN"), whose subsidiaries are Clim Hospital Geral, Luppa Laboratórios, Unigastro and Neves Medicina Diagnóstica, and is the owner of the properties used at Hospital Nossa Senhora da Neves, through HNSN Empreendimentos Imobiliários. This transaction and the consequent transfer of control is still contingent upon CADE's approval to be completed, therefore, this investment has not yet been consolidated in the Company's financial statements.

On May 11, 2021, through a securitization company, Rede D'Or disbursed its 6th issue of registered, book-entry Certificates of Real Estate Receivables ("CRI"), in the amount of R\$ 1,500,000,000, 00, maturing on May 15, 2036 in three annual amortization events in 2034, 2035 and 2036. The CRI will be remunerated at IPCA + 4.9347% per year, to be paid semiannually. At the same time, the Company took out a derivative financial instrument to hedge from the IPCA inflation rate, converting it into interest corresponding to 100.0% of the CDI plus 1.35% p.a. There are no guarantees in this regard.