

Interim Financial Information

Rede D'Or São Luiz S.A.

September 30, 2020
with Independent Auditor's Review Report

Rede D'Or São Luiz S.A.

Interim financial information

September 30, 2020

Contents

Independent auditor's review report on interim financial information	1
Interim financial information	
Balance sheets	3
Income statements.....	5
Statements of comprehensive income	6
Statements of changes in equity	7
Statements of cash flows	8
Statements of value added	9
Notes to interim financial information	10



Centro Empresarial PB 370
Praia de Botafogo, 370
6° ao 10° andar - Botafogo
22250-040 - Rio de Janeiro - RJ - Brasil
Phone: +55 21 3263-7000
ey.com.br

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

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 September 30, 2020, comprising the statement of financial position as of September 30, 2020 and the related statements of income and of comprehensive income for the three and nine-month periods then ended, and of changes in equity and of cash flows for the nine-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 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.



Emphasis

On October 8, 2020, we issued an unmodified review report on the individual and consolidated interim financial information of Rede D'Or São Luiz S.A., for the quarter ended on September 30, 2020, which is currently being restated. As described in Note 2, this interim financial information has been changed and is being restated as required by the Brazilian Securities and Exchange Commission (CVM), through Official Letter no. 226/2020-CVM / SRE-SEP, to enhance certain disclosures in explanatory notes. Our conclusion is not modified in respect of this matter.

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 nine-month period ended September 30, 2020, 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, November 16, 2020

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

A handwritten signature in black ink, appearing to read 'Paulo A. Amorim de Freitas'.

Paulo A. Amorim de Freitas
Accountant CRC-1RJ110480/O-1

Rede D'Or São Luiz S.A.

Balance sheets September 30, 2020 and December 31, 2019
(In thousands of Reais)

	Note	Parent Company		Consolidated	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019
Assets					
Current assets					
Cash and cash equivalents	4	6,359	33,580	43,677	68,684
Marketable securities	4	5,129,675	3,782,360	8,424,408	4,701,418
Trade accounts receivable	5	2,462,045	2,503,118	4,360,330	4,117,916
Inventories	6	347,034	182,844	553,723	335,481
Taxes recoverable		167,667	49,488	233,073	90,783
Derivative financial instruments	27	248,062	116,530	248,062	116,530
Related parties	7	7,674	2,423	-	-
Dividends receivable		111,140	69,657	-	275
Receivables from sale of property		18,385	40,198	18,385	40,198
Other		155,718	151,039	345,917	257,937
Total current assets		8,653,759	6,931,237	14,227,575	9,729,222
Noncurrent assets					
Related parties	7	726,427	798,347	69,237	38,876
Deposit for acquisition of building		-	-	97,644	96,588
Judicial deposits	16	155,621	137,189	254,293	185,618
Deferred income tax and social contribution	19	53,397	-	517,150	318,655
Derivative financial instruments	27	520,513	442,121	3,618,653	694,512
Investments in subsidiaries, affiliates and jointly controlled entities	8	8,973,513	6,266,080	1,235,055	1,226,878
Property and equipment	9	3,140,373	3,011,742	7,032,038	6,439,385
Intangible assets	10	2,612,901	2,631,182	7,225,920	5,365,466
Right of use - lease	11	1,670,009	1,653,342	2,651,754	2,370,117
Other		144,289	53,629	237,051	134,348
Total noncurrent assets		17,997,043	14,993,632	22,938,795	16,870,443
Total assets		26,650,802	21,924,869	37,166,370	26,599,665

	Note	Parent Company		Consolidated	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019
Liabilities and equity					
Current liabilities					
Trade accounts payable		217,256	216,267	598,782	498,066
Derivative financial instruments	27	126,850	5,591	300,115	92,905
Loans, financing and debentures	13	285,579	602,556	537,413	584,960
Salaries, provisions and social charges		660,340	343,994	992,131	510,293
Tax liabilities	14	262,840	114,647	432,739	313,799
Accounts payable for acquisitions	15	42,056	20,411	73,931	163,063
Dividends and interest on equity payable	18	439,220	264,527	438,735	287,394
Deferred gain on property sales	12	3,920	3,920	3,920	3,920
Lease agreements	17	360,405	108,724	544,848	171,074
Other		116,817	26,169	138,733	67,367
Total current liabilities		2,515,283	1,706,806	4,061,347	2,692,841
Noncurrent liabilities					
Derivative financial instruments	27	348,565	-	348,565	-
Loans, financing and debentures	13	16,537,589	12,633,669	23,682,168	14,821,417
Related parties	7	-	21,098	27,572	415
Tax liabilities	14	70,411	75,193	215,974	228,685
Accounts payable for acquisitions	15	62,375	44,227	333,122	299,993
Deferred income tax and social contribution	19	58,648	166,730	243,499	301,548
Provision for contingencies	16	137,134	139,749	305,918	227,509
Provision for losses on investments	8	153,994	105,334	-	-
Deferred gain on property sales	12	65,438	68,370	65,438	68,370
Lease agreements	17	1,464,865	1,652,691	2,337,701	2,356,098
Other		126,906	100,872	169,839	160,789
Total noncurrent liabilities		19,025,925	15,007,933	27,729,796	18,464,824
Equity					
	18				
Capital stock		2,467,776	867,776	2,467,776	867,776
Capital reserves		473,899	2,345,109	473,899	2,345,109
Treasury shares		(265,768)	(474,462)	(265,768)	(474,462)
Income reserves		2,266,166	2,467,483	2,266,166	2,467,483
Retained earnings		149,799	-	149,799	-
Advance for future capital increase		4,224	4,224	4,224	4,224
Other comprehensive income		13,498	-	13,498	-
Total equity attributable to Company shareholders		5,109,594	5,210,130	5,109,594	5,210,130
Noncontrolling interests		-	-	265,633	231,870
Total equity		5,109,594	5,210,130	5,375,227	5,442,000
Total liabilities and equity					
		26,650,802	21,924,869	37,166,370	26,599,665

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements income

Three and nine-month periods ended September 30, 2020 and 2019

(In thousands of Reais, unless otherwise stated)

	Note	Parent Company				Consolidated			
		07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019
Net revenue	20	2,108,138	5,616,690	2,106,850	6,201,149	3,807,799	9,861,144	3,445,320	9,891,531
Costs of services provided	21	(1,486,136)	(4,444,371)	(1,461,906)	(4,248,403)	(2,906,255)	(8,317,639)	(2,553,919)	(7,253,062)
Gross profit		622,002	1,172,319	644,944	1,952,746	901,544	1,543,505	891,401	2,638,469
General and administrative expenses	22	(79,058)	(594,746)	(123,718)	(357,296)	(81,220)	(604,205)	(125,692)	(366,786)
Selling expenses	23	(5,108)	(11,527)	(3,290)	(9,626)	(6,547)	(15,281)	(5,208)	(15,183)
Equity pickup	8	136,913	215,503	86,240	256,994	16,353	14,723	1,902	13,633
Other operating income (expenses), net	24	(52,113)	(119,941)	(32,138)	(82,561)	(59,793)	(108,507)	(47,674)	(139,090)
Income before financial income (expenses) and income tax and social contribution		622,636	661,608	572,038	1,760,257	770,337	830,235	714,729	2,131,043
Financial income	25	704,512	1,599,846	245,626	470,362	2,386,847	6,305,079	518,631	914,260
Financial expenses	25	(885,520)	(2,283,785)	(490,727)	(1,114,556)	(2,642,723)	(7,114,378)	(834,414)	(1,741,695)
Income before income taxes		441,628	(22,331)	326,937	1,116,063	514,461	20,936	398,946	1,303,608
Income taxes	19	(103,726)	172,130	(61,792)	(226,841)	(164,849)	135,565	(130,748)	(395,265)
Net income for the period		337,902	149,799	265,145	889,222	349,612	156,501	268,198	908,343
Net income attributable to controlling shareholders		337,902	149,799	265,145	889,222	337,902	149,799	265,145	889,222
Net income attributable to noncontrolling shareholders		-	-	-	-	11,710	6,702	3,053	19,121
Basic earnings per share (in Reais)	26	0.1901	0.0834	0.1504	0.5044	0.1901	0.0834	0.1504	0.5044
Diluted earnings per share (in Reais)	26	0.1890	0.0831	0.1491	0.5024	0.1890	0.0831	0.1491	0.5024

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of comprehensive income
 Nine-month periods ended September 30, 2020 and 2019
 (In thousands of Reais, unless otherwise stated)

	Parent Company				Consolidated			
	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020	07/01/2019	01/01/2019	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020	07/01/2019	01/01/2019 to 09/30/2019
			to 09/30/2019	to 09/30/2019			to 09/30/2019	
Net income for the period	337,902	149,799	265,145	889,222	349,612	156,501	268,198	908,343
Other comprehensive income								
Other comprehensive income to be reclassified to (income) for the year in subsequent periods								
Cash flow hedge	108,869	31,328	-	-	138,536	20,451	-	-
Tax impacts	(37,015)	(10,651)	-	-	(47,102)	(6,953)	-	-
Other comprehensive income (loss) of associates and subsidiaries, by equity pickup	19,580	(7,179)	-	-	-	-	-	-
Total other comprehensive income to be reclassified to income for the year in subsequent periods, net of taxes	91,434	13,498	-	-	91,434	13,498	-	-
Total comprehensive income	429,336	163,297	265,145	889,222	441,046	169,999	268,198	908,343
Attributable to:								
Controlling shareholders	429,336	163,297	265,145	889,222	429,336	163,297	265,145	889,222
Noncontrolling shareholders	-	-	-	-	11,710	6,702	3,053	19,121

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of changes in equity
 Nine-month period ended September 30, 2020 and 2019
 (In thousands of Reais)

Description	Attributable to shareholders of the Parent Company												Noncontrolling shareholders	Total
	Capital stock	Capital reserves			Treasury shares	Income reserves			Retained earnings	Other comprehensive income	Total equity			
		Capital reserve (issue of shares)	Goodwill on capital transactions	Share-based payment reserve		Legal reserve	Investment reserve	Advances for future capital increase						
Balances at September 30, 2018	867,776	2,335,941	(213,943)	211,618	(476,517)	8,666	1,199,722	4,224	888,769	-	4,826,256	137,819	4,964,075	
Balances at December 31, 2018	867,776	2,335,941	(213,943)	221,784	(473,193)	8,666	1,584,264	4,224	-	-	4,335,519	192,208	4,527,727	
Capital transactions at subsidiaries	-	(20,768)	(19,001)	-	-	-	-	-	-	-	(39,769)	35,910	(3,859)	
Dividends and interest on equity (Note 18)	-	-	-	-	-	-	(208,335)	-	-	-	(208,335)	(27,273)	(235,608)	
Treasury shares (Note 18)	-	-	-	-	(1,269)	-	-	-	-	-	(1,269)	-	(1,269)	
Net income for the period	-	-	-	-	-	-	-	-	889,222	-	889,222	19,122	908,344	
Share-based payment (Note 18)	-	-	-	30,492	-	-	-	-	-	-	30,492	-	30,492	
Balances at September 30, 2019	867,776	2,315,173	(232,944)	252,276	(474,462)	8,666	1,375,929	4,224	889,222	-	5,005,860	219,967	5,225,827	
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)	-	-	-	-	-	-	-	-	-	-	-	29,007	29,007	
Capital increase	1,600,000	(1,600,000)	-	-	-	-	-	-	-	-	-	-	-	
Capital transactions at subsidiaries	-	-	(27,326)	-	-	-	-	-	-	-	(27,326)	-	(27,326)	
Treasury shares (Note 18)	-	-	-	(208,694)	208,694	-	-	-	-	-	-	-	-	
Changes RSU	-	-	-	(114,511)	-	-	-	-	-	-	(114,511)	-	(114,511)	
Share-based payment (Note 18)	-	-	-	80,071	-	-	-	-	-	-	80,071	-	80,071	
Net income for the period	-	-	-	-	-	-	-	-	149,799	-	149,799	6,702	156,501	
Dividends and interest on equity (Note 18)	-	-	-	-	-	-	(202,067)	-	-	-	(202,067)	(1,946)	(204,013)	
Cash flow hedge (Note 18)	-	-	-	-	-	-	-	-	-	13,498	13,498	-	13,498	
Balances at September 30, 2020	2,467,776	735,941	(281,348)	19,306	(265,768)	8,666	2,257,500	4,224	149,799	13,498	5,109,594	265,633	5,375,227	

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of cash flows

Nine-month period ended September 30, 2020 and 2019
(In thousands of Reais)

	Parent Company		Consolidated	
	01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019	01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019
Cash flows from operating activities				
Income before income tax and social contribution	(22,331)	1,116,063	20,936	1,303,608
Adjustments to reconcile net income to cash provided by operating activities				
Depreciation and amortization	420,333	361,095	634,017	504,943
Gain on property sale	(2,940)	(2,940)	(2,940)	(2,940)
Fair value of debt	(346,716)	257,334	479,978	192,190
Adjustment to the fair value of contingent consideration	-	-	(76,497)	-
Interest, monetary and foreign exchange differences, net	1,401,484	324,897	157,891	552,438
Share-based payment	80,071	30,492	80,071	30,492
Provision for contingencies	-	18,000	-	18,147
Equity pickup	(215,503)	(256,994)	(14,723)	(13,633)
Allowance for doubtful accounts and provision for disallowances	288,760	333,685	594,621	621,371
(Increase) decrease in assets and liabilities				
Trade accounts receivable	(247,687)	(664,589)	(697,487)	(1,372,239)
Inventories	(164,190)	10,962	(199,448)	6,977
Taxes recoverable	(118,179)	(13,635)	(115,127)	22,084
Judicial deposits	(18,432)	(15,810)	(26,222)	(18,091)
Other assets	1,831	(139,609)	5,652	(229,350)
Trade accounts payable	989	(23,947)	50,519	(32,086)
Salaries, provisions and social charges	201,835	108,293	306,936	181,120
Tax obligations	180,281	(83,725)	122,377	(163,038)
Related parties	58,991	(496,643)	336	(10,953)
Provision for contingencies	(2,615)	(16,160)	(2,019)	(14,697)
Other liabilities	101,860	(241,707)	15,150	(233,246)
	1,597,842	605,062	1,334,021	1,343,097
Payment of interest	(616,078)	(610,452)	(655,503)	(628,591)
Payment of income tax and social contribution	(41,185)	(186,729)	(175,533)	(350,233)
Net cash provided by (used in) operating activities	940,579	(192,119)	502,985	364,273
Cash flows from investing activities				
Payment in business acquisition, net of cash acquired	(760,000)	(141,953)	(2,147,303)	(408,278)
Disposal of equity interest	8,917	-	-	-
Advances for future capital increase	(1,799,200)	(570,503)	(8,374)	(532)
Capital decrease	37,700	-	-	-
Acquisitions of property and equipment	(362,012)	(352,718)	(778,958)	(1,330,504)
Acquisitions of intangible assets	(52,629)	(103,694)	(92,221)	(168,365)
Acquisitions of marketable securities	(14,710,330)	(9,432,848)	(36,236,512)	(12,369,466)
Redemptions of marketable securities	13,561,302	9,686,467	33,472,544	12,883,774
Dividends and interest on equity received	-	125,780	9,697	7,037
Net cash provided by (used in) investing activities	(4,076,252)	(789,469)	(5,781,127)	(1,386,334)
Cash flows from financing activities				
Treasury shares acquired	-	(1,269)	-	(1,269)
Acquisition of noncontrolling interests	(27,326)	(39,769)	(27,326)	(2,960)
Payment of dividends and interest on equity	-	-	(32,070)	(12,098)
Loans, financing and debentures raised	4,122,448	2,638,542	6,531,098	2,674,450
Payment of debentures loans, financing and leases	(1,459,264)	(1,706,884)	(1,543,149)	(1,746,671)
Swap settlement	475,014	61,730	355,582	(34,508)
Accounts payable for acquisitions	(2,420)	(119)	(31,000)	(15,405)
Net cash provided by (used in) financing activities	3,108,452	952,231	5,253,135	861,539
Increase (decrease) in cash and cash equivalents	(27,221)	(29,357)	(25,007)	(160,522)
Cash and cash equivalents at beginning of period	33,580	47,782	68,684	192,008
Cash and cash equivalents at end of period	6,359	18,425	43,677	31,486

See accompanying notes.

Rede D'Or São Luiz S.A.

Statements of value added

Nine-month period ended September 30, 2020 and year ended December 31, 2019
(In thousands of Reais, unless otherwise stated)

	Parent Company		Consolidated	
	01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019	01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019
Revenue	5,969,815	6,567,218	10,478,663	10,520,294
Sales of goods, products and services	6,255,635	6,897,963	11,093,451	11,138,725
Allowance for doubtful accounts and provision for disallowances	(288,760)	(333,685)	(617,728)	(621,371)
Other income	2,940	2,940	2,940	2,940
Inputs acquired from third parties	(2,322,430)	(2,107,707)	(4,290,618)	(3,744,591)
Cost of services sold	(2,129,014)	(1,950,424)	(4,127,989)	(3,525,075)
Materials, energy, third-party services and other expenses	(193,416)	(139,283)	(162,629)	(201,369)
Loss/recovery of assets	-	(18,000)	-	(18,147)
Gross value added	3,647,385	4,459,511	6,188,045	6,775,703
Depreciation and amortization	(420,333)	(361,095)	(634,017)	(504,943)
Value added, net	3,227,052	4,098,416	5,554,028	6,270,760
Value added received in transfer	1,815,349	727,356	6,319,802	927,893
Equity pickup	215,503	256,994	14,723	13,633
Financial income	1,599,846	470,362	6,305,079	914,260
Total value added	5,042,401	4,825,772	11,873,830	7,198,653
Distribution of value added	(5,042,401)	(4,825,772)	(11,873,830)	(7,198,653)
Personnel and related charges	(2,297,215)	(2,101,326)	(3,852,078)	(3,310,966)
Taxes, charges and contributions	(178,055)	(589,970)	(502,121)	(1,021,088)
Interest, leases and other operating expenses	(2,417,332)	(1,245,254)	(7,363,130)	(1,958,256)
Dividends and interest on equity	(202,067)	(208,335)	(202,067)	(235,608)
Retained profits	52,268	(680,887)	45,566	(672,735)

See accompanying notes.

Rede D'Or São Luiz S.A.

Notes to interim financial information

September 30, 2020

(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, Brasília, Maranhão, Bahia, Sergipe, Paraná and Ceará, with 51 own hospitals and 2 under construction, as well as oncology and radiotherapy clinics and laboratories. Currently, the Group has 6,909 hospital beds in total.

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 Samer	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	Rio de Janeiro, RJ	2020
Hospital Santa Cruz	Curitiba, PR	2020
Hospital Aliança	Salvador, BA	2020
Hospital São Carlos	Fortaleza, CE	2020

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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, 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 third quarter, it was possible to observe a strong progressive recover in all operating indicators so that the Company presented a better financial performance both in comparison with the second quarter, and in comparison with the same quarter of the previous year.

Management considers that the position of cash and cash equivalents and marketable securities as at September 30, 2020, amounting to R\$8,468,085, are sufficient to comply with the financial commitments already contracted as well as with additional requirements that may arise as a result of any decrease in revenue or increase in costs by virtue of the pandemic. Furthermore, in applying to our market projected the demand to be met, informed by the Ministry of Health, management believes that the Company is able to this demand with no higher operating risks.

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.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

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, 2019, disclosed on March 12, 2020 and restated on November 16, 2020, except for the inclusion of the cash flow hedge accounting and assets held for sale, whose first contracts were entered into in the nine-month period ended September 30, 2020.

Restatement

In connection with the initial registration process as a publicly-held company - Category A - initiated by the Company in October 2020, the Brazilian Securities and Exchange Commission (CVM), through Official Letter no. 226/2020-CVM / SRE-SEP, required certain disclosures to be supplemented. Accordingly, in compliance with CVM requirements, the Company has supplemented the disclosures described below and is restating this interim financial information, originally issued on October 8, 2020.

The changes made were:

- i) Supplemental disclosure of equity Note 18.e - Share-based payment (Restricted Shares); and
- ii) Subsequent events - considering the restatement of this interim financial information, the Company's Management supplemented Note 29 - Subsequent events, to disclose the relevant events that occurred between October 8, 2020, date of the original issue, until the present date.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

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

Cash flow hedges

The Group uses swaps to hedge against its exposure to the risk of variations in interest rates on loans in reais. (Note 27.2).

The effective portion of gains or losses deriving from the hedging instruments is recorded under other comprehensive income, whereas any ineffective portion is posted directly to profit and losses ("P&L"). Interest relating to the hedged item and hedging instrument is recorded directly in P&L and the difference relating to fair value in other comprehensive income. The amount accumulated in other comprehensive income is reclassified to P&L as a reclassification adjustment in the same period or periods in which the hedged cash flows affect P&L.

In case cash flow hedge accounting is discontinued, the amount accumulated under other comprehensive income will remain in other accumulated comprehensive income if the future cash flows protected by hedge are still expected to occur. Otherwise, this amount will be immediately reclassified to P&L as a reclassification adjustment. After referred to accounting is discontinued, once the hedged cash flow occurs, any amount remaining in other accumulated comprehensive income will be recorded, depending on the nature of the underlying transaction as described above.

Profit or loss for the nine-month period ended September 30, 2020 does not necessarily indicate the profit or loss expected for the entire year ending December 31, 2020. 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, 2019.

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, 2019.

The authorization to complete the preparation of this financial information was provided by the Company's management on November 16, 2020.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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:

	09/30/2020		12/31/2019	
	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	100.00	-
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. (acquired in 2019)	-	75.00	-	75.00
Esperança Serviços Médicos e de Diagnósticos S.A.	-	100.00	-	100.00
Sociedade Anônima Hospital Aliança (acquired in 2020)	-	80.00	-	-
Hospital São Carlos S.A (acquired in 2020)	-	75.00	-	-
OncoCentro Serviços Médicos Hospitalares Ltda (acquired in 2020)	-	99.90	-	-
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	100.00	-
Quinta Empreendimentos Imobiliários Ltda.	99.99	0.01	99.99	0.01
Onco D'Or Oncologia S.A.	98.87	-	98.87	-
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
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	100.00	-
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	100.00	-
Hospital Fluminense S.A.	99.99	0.01	100.00	-
Onco D'Or ABC Oncologia S.A. (former 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	100.00	-
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	100.00	-
IFOR Empreendimentos Imobiliários S.A.	99.99	0.01	99.99	0.01

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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)

	09/30/2020		12/31/2019	
	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	100.00	-
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.	-	100.00	-	72,75
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. (acquired in 2019) (b)	-	49.47	-	49,47
APR Consultoria em Benefícios e Corretora de Seguros Ltda. (acquired in 2019)	-	49.47	-	49,47
D'Or Niterói Corretora de Seguros Ltda. (established in 2020)	-	75.00	-	-
D'Or Consultoria Holding Nordeste S.A. (former GNI14 Empreendimentos Imobiliários Ltda. – created in 2019)	-	48.51	-	48,51
D'Or Saúdecorp Corretora de Seguros e Consultoria em Gestão Empresarial Ltda. (acquired in 2019)	-	36.38	-	36,38
JMS Serviços de Saúde Ltda. (acquired in 2019)	-	36.38	-	36,38
D'Or Reseda Corretora de Seguros (acquired in 2020)	-	49.47	-	-
Hospital Santa Helena S.A.	99.99	0.01	100.00	-
Prontimagem Serviços Médicos Ltda.	99.99	0.01	100.00	-
Laboratório Richet Pesquisas de Physiopathologia Humana Ltda.	-	100.00	-	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
GNI22 SP Empreend. Imobiliários Ltda. (sold in 2020) (c)	-	-	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. (established in 2020)	99.99	0.01	-	-
GNI26 SP Empreend. Imobiliários Ltda. (established in 2020)	99.99	0.01	-	-

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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)

	09/30/2020		12/31/2019	
	Direct	Indirect	Direct	Indirect
GNI27 RJ Empreend. Imobiliários Ltda. (established in 2020)	99.99	0.01	-	-
GNI29 RJ Empreend. Imobiliários Ltda. (established in 2020)	99.99	0.01	-	-
GNI30 RJ Empreend. Imobiliários Ltda. (established in 2020)	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. (acquired in 2020)	100.00	-	-	-
Serviço de Hemodinâmica Batel Ltda (acquired in 2020)	-	100.00	-	-
Gestão Total da Saúde Ltda.	99.99	0.01	99.99	0.01
Sator Empreendimentos e Participações Ltda.	99.99	0.01	100.00	-
Svgávea 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. (acquired in 2019)	-	95.31	-	95.31
Centro Médico Rio Mar S.A. (acquired in 2019)	-	95.31	-	95.31
Samer Serviços de Assistência Médica de Resende Ltda.	-	100.00	-	100.00
Keiki Empreendimentos e Participações S.A.	99.99	0.01	100.00	-
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. (acquired in 2019)	99.99	0.01	99.99	0.01
Clínica Médica São Remo Ltda. (acquired in 2019)	99.99	0.01	99.99	0.01
Salute Clínicas Médicas Especializadas Ltda (acquired in 2020)	-	100.00	-	-
Policlínica Taboão (acquired in 2019)	-	95.00	-	95.00
Memorial Imagem e Diag Ltda. ("Mediix")	70.00	-	70.00	-
Hospital Aviccena S.A. (acquired in 2019)	99.99	0.01	100.00	-
Casa de Saúde Laranjeiras "Perinatal" (acquired in 2020)	99.99	0.01	-	-
CSEUN - CIA de Serviços Especiais e Unificados "Perinatal" (acquired in 2020)	99.99	0.01	-	-
Unidade Neonatal da Lagoa "Perinatal" (acquired in 2020)	99.99	0.01	-	-
Companies accounted for under the equity method in the consolidated statements				
Qualicorp Consultoria e Corretora de Seguros S.A. (acquired in 2019)	10.00	-	10.00	-
Fujidayclinic Ltda.	-	49.42	-	49.42
Acreditar Tocantins Oncologia S.A. (sold in 2020) (c)	-	-	-	49.42
Centro Oncológico do Vale Ltda.	-	49.44	-	49.44
Instituto de Radioterapia do Vale do Paraíba Ltda. ("Onco São José dos Campos")	-	49.44	-	49.44
JMJB Diagnósticos e Serviços Hospitalares S.A.	50.00	-	50.00	-
J Badim S.A. ("Hospital Badim")	-	50.00	-	50.00
EAH Administração Hospitalar Ltda.	-	50.00	-	50.00
GGSB Part. S.A.	34.46	-	34.46	-
G2D Serviços Tecnológicos S.A. ("Boa Consulta") (sold in 2020) (d)	-	-	15.00	-
Eldorado do Sul Participações Ltda.	-	33.33	-	33.33
Cárdio Pulmonar da Bahia S.A. (acquired in 2019)	-	47.66	-	47.66
Memorial Star (established in 2020)	-	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) On April 25, 2019, D'Or Consultoria S.A. acquired 51% of Coriben Consultoria de Riscos, Benefícios e Corretora de Seguros Ltda. Through this acquisition, the Company's interest in JTO Holding S.A. increased by 5%.
- (c) On September 10, 2020, the Company sold 100% of GNI22 SP Empreend. Imobiliários Ltda.
- (d) On September 11, 2020, Acreditar Oncologia S.A. sold 50% of Acreditar Tocantins Oncologia S.A.
- (e) On September 21, 2020, the Company sold 15% of G2D Serviços Tecnológicos S.A.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

3. Business combination

The fair value of assets acquired and liabilities assumed as well as goodwill determined on acquisitions are as follows:

	2020				2019		
	Hospital São Carlos (a)	Hospital Aliança (a)	Hospital Santa Cruz (a)	Casa de Saúde Laranjeiras (a)	Hospital Avicenna (b)	Hospital São Lucas (b)	Hospital Clínicas Rio Mar (b)
Acquisition date	08/06/2020	07/01/2020	06/06/2020	01/10/2020	06/24/2019	01/22/2019	01/18/2019
Location	CE	BA	PR	RJ	SP	SE	RJ
Interest acquired (%)	75.00	80.00	100.00	100.00	100.00	75.00	95.31
Total consideration	159,763	800,000	361,127	800,000	73,142	235,500	85,326
Payment on acquisition date	148,138	800,000	361,127	760,000	73,142	188,950	25,326
Accounts payable for acquisition (Note 15)	11,625	-	-	40,000	-	46,550	60,000
Assets							
Cash and cash equivalents	10,550	11,423	9,667	6,107	5,849	3,030	795
Trade accounts receivable	13,233	74,219	19,036	27,054	11,826	25,937	6,548
Inventories	4,897	6,842	1,992	5,063	732	4,362	2,803
Recoverable taxes	38	17,370	1,387	8,219	1,403	15,856	3,079
Judicial deposits	6	22,908	14,971	4,568	3,100	649	1,418
Deferred income tax and social contribution	-	9,452	13,015	9,616	-	2,656	8,831
Indemnification assets	-	38,247	18,316	23,865	5,837	-	6,255
Investment	400	50	1,167	-	-	-	-
Property and equipment	6,643	31,244	20,021	137,472	1,769	77,434	18,274
Intangible assets	262	359	239	2,846	-	-	197
Right of use - lease	93	152,724	30,568	1,475	26,577	-	-
Other	18,490	2,436	2,176	1,781	39	313	686
	54,612	367,274	132,555	228,066	57,132	130,237	48,886
Liabilities							
Trade accounts payable	(9,319)	(18,829)	(14,130)	(7,245)	(2,609)	(33,277)	(4,176)
Loans and financing	-	-	(757)	(405)	-	(21,112)	(9,982)
Related parties	-	(7)	-	-	-	-	-
Salaries, provisions and social charges	(5,975)	(34,280)	(7,567)	(11,184)	(4,510)	(9,614)	(4,045)
Tax liabilities	(785)	(7,127)	(13,881)	(28,571)	(3,417)	(46,690)	(26,368)
Deferred income tax and social contribution	-	-	(2,120)	-	(1,299)	-	-
Provision for contingencies	-	(38,247)	(18,316)	(23,865)	(5,837)	(1,207)	(7,823)
Lease	(146)	(160,612)	(32,570)	(1,575)	(23,850)	-	-
Other	(140)	(4,399)	(1,941)	(2,043)	(2,944)	(1,777)	(6,356)
	(16,365)	(263,501)	(91,282)	(74,888)	(44,466)	(113,677)	(58,750)
Total net identifiable assets	38,247	103,773	41,273	153,178	12,666	16,561	(9,864)
Total net identifiable assets, noncontrolling interest	9,562	20,755	-	-	-	4,140	(357)
Goodwill on acquisition (Note 10)	131,078	716,982	319,854	646,822	60,476	223,079	94,833
Contribution for the Group of revenues since the acquisition date	26,351	94,941	59,474	200,597	50,481	342,293	64,436
Contribution for the Group with income (loss) before taxes since the acquisition date	3,764	2,950	1,541	(5,769)	4,786	73,252	(20,590)
Acquiree's revenues since the beginning of year	62,298	270,235	71,002	200,597	93,371	342,293	64,436
Acquiree's income (loss) before taxes since the beginning of year	6,189	(14,334)	(16)	(5,769)	17,644	73,252	(20,590)

(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 hospitals Clínicas Rio Mar and Hospital São Lucas in the respective amounts of R\$11,378 and R\$14,792.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

3. Business combinations (Continued)

In addition to the business combinations presented above, in 2020 the Company acquired 51% of Reseda Corretora de Seguros Ltda. and 100% of Salute Clínicas Médicas Especializadas Ltda., generating goodwill amounting to R\$40,513 and R\$7,137, respectively. Also, in 2020, the Company sold 100% of GNI 22 SP Empreendimentos Imobiliários Ltda. for R\$8,858, generating a gain of R\$826. In 2019, the Company acquired 100% of Clínica Médica São Remo Ltda., additional interests of 55% in Memorial Imagem e Diagnóstico Ltda. (MediAx), 51% of Coriben Consultoria de Risco, Benefícios e Corretora de Seguro Ltda., 51% of APR Consultoria em Benefícios e Corretora de Seguros Ltda., 95% of Policlínica Taboão S.A, and 51% of SaúdeCorp de Seguros e Consultoria em Gestão Empresarial Ltda. whose goodwills amounted to R\$2,381, R\$3,570, R\$4,598, R\$6,481, R\$9,929, and R\$4,880, respectively.

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\$21,831 and were recognized in P&L for 2020 (R\$18,287 at December 31, 2019).

On June 5, 2020, through the subsidiaries Hospital Alpha-Med Ltda. and Advance Planos de Saúde Ltda., Rede D'Or concluded the purchase and sale of 100% of the shares of Hospital Santa Cruz S.A. ("Hospital Santa Cruz") and of Paraná Clínicas - Planos de Saúde S.A. ("Paraná Clínicas").

On September 10, 2020, after meeting all precedent conditions established in the subsidiary's purchase agreement, Advance Planos de Saúde Ltda. ("Advance"), completed the sale of 100% of the shares of Paraná Clínicas - Planos de Saúde S.A. ("Paraná Clínicas") to Sul América Serviços de Saúde S.A. ("SulAmérica"), in the amount of R\$387,412, generating a gain of R\$6,336 on the transaction.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

4. Cash and cash equivalents and marketable securities

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Cash and cash equivalents				
Cash and banks	4,549	29,370	24,811	52,840
Short-term investments	1,810	4,210	18,866	15,844
Cash and cash equivalents	6,359	33,580	43,677	68,684
Marketable securities				
Non-exclusive investment funds	143,325	1,468,948	505,108	1,913,219
Repurchase agreements	174,122	16,490	253,546	20,227
Time deposit	-	-	2,469,777	-
Financial Treasury Bills (LFT)	217,218	17,081	217,218	20,108
Bank Deposit Certificates (CDBs)	4,288,804	2,279,841	4,672,553	2,747,864
Stocks	306,206	-	306,206	-
Marketable securities	5,129,675	3,782,360	8,424,408	4,701,418

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 backed by debentures which are part of the "FI Plataforma Star" and "FI Plataforma Black" fund portfolios and "Own Portfolio". Average portfolio remuneration referring to Bank Deposit Certificates (CDBs), Investment funds, Financial Treasury Bill (LFT), and repurchase agreements backed by debentures is 101.4% (99.9% at December 31, 2019) 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.

Investment in shares refers to shares acquired on the stock exchange (B3 S.A.).

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Accounts receivable from health insurance and health plans	3,093,585	3,067,407	5,721,667	5,280,431
Accounts receivable from individuals	58,303	60,063	97,807	87,998
Allowance for doubtful accounts and provision for disallowances	(689,843)	(624,352)	(1,459,144)	(1,250,513)
	2,462,045	2,503,118	4,360,330	4,117,916

Changes in provision for disallowances and allowance for doubtful accounts

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Balance at beginning of year	(624,352)	(558,964)	(1,250,513)	(1,008,188)
Recognition of provision for disallowances and allowance for doubtful accounts	(288,760)	(333,685)	(594,621)	(621,371)
Write-off of uncollectible amounts	223,269	287,091	409,097	461,782
Provision arising from acquisitions	-	-	(23,107)	(15,552)
Balance at end of period	(689,843)	(605,558)	(1,459,144)	(1,183,329)

At September 30, 2020 and December 31, 2019, 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	
09/30/2020	3,151,888	2,065,626	118,249	95,748	45,478	29,927	75,862	280,060	440,938
12/31/2019	3,127,470	2,098,549	107,552	82,970	58,920	59,757	81,151	222,874	415,697

	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	
09/30/2020	5,819,474	3,559,641	261,842	183,011	101,219	75,371	180,620	590,027	867,743
12/31/2019	5,368,429	3,499,088	210,520	145,722	120,260	105,031	155,914	407,503	724,391

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)
September 30, 2020
(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	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Medicines	77,075	45,746	176,584	130,173
Special materials	42,859	57,333	60,183	73,900
Disposable materials	160,509	49,862	202,090	70,185
Laboratory materials	1,207	1,146	8,403	4,024
Materials for use and consumption	12,028	8,623	32,953	21,778
Food items	3,267	3,336	4,853	4,073
Dressing room materials	7,144	769	9,438	1,902
Surgical sutures	4,023	4,004	6,295	6,136
Other	38,922	12,025	52,924	23,310
	347,034	182,844	553,723	335,481

In the nine-month period ended September 30, 2020, the Company increased its balance of medicines, disposables and materials, basically due to extraordinary purchases to meet specific demands caused by the effects of the Covid-19 pandemic.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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 September 30, 2020 totaled R\$15,327 (R\$15,734 as of September 30, 2019), 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)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

7. Transactions with related parties (Continued)

Related-party balances

Company	Parent Company								
	09/30/2020				12/31/2019				09/30/2019
	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	7,065	18,000	-	1,005	555	25,000	-	1,510	2,133
Debentures São Lucas (a)	609	38,000	-	1,623	1,868	38,000	-	2,494	-
Shared services									
Medise Medicina Diagnóstico e Serviços Ltda.	-	-	-	8,049	-	22,950	-	11,032	8,284
Hospital Esperança S.A.	-	-	-	24,355	-	-	-	35,037	24,670
Hospital São Marcos S.A.	-	-	-	4,448	-	-	-	6,756	4,661
Hospital Norte D'Or de Cascadura S.A.	-	-	-	5,986	-	397	-	7,899	6,110
J. Badim S.A.	-	8,170	-	2,255	-	7,342	-	1,993	2,255
Oncologia D'Or S.A.	-	-	-	17,931	-	2,424	-	1,632	1,224
Hospital Fluminense S.A.	-	-	-	6,042	-	-	-	5,090	3,418
Clínica São Vicente	-	-	-	5,615	-	4,405	-	7,635	5,179
Hospital Santa Helena S.A.	-	-	-	11,150	-	-	-	15,142	12,074
Hospital Alpha-Med Ltda	-	-	-	1,994	-	-	-	2,772	2,224
Diagno SM	-	-	-	194	-	71	-	74	104
URC	-	-	-	551	-	784	-	792	611
Hospital UDI	-	-	-	10,605	-	-	-	14,942	10,467
Onco Star SP	-	-	-	6,196	-	-	-	-	-
DF Star	-	-	-	3,784	-	-	-	-	-
Samer	-	-	-	3,610	-	-	-	-	-
São Lucas	-	-	-	8,989	-	-	-	-	-
São Rafael	-	-	-	19,766	-	-	-	-	-
Other	-	-	-	6,105	-	1,140	-	2,647	1,993
São Luiz Serviços Médicos S.A. (b)	-	-	-	-	-	-	3,267	-	-
Hospital Norte D'Or de Cascadura S.A. (b)	-	-	-	-	-	18	-	-	-
Unidade de Radiologia Clínica Ltda. (b)	-	-	-	-	-	12,165	-	-	-
Medise Medicina Diagnóstico e Serviços Ltda. (b)	-	-	-	-	-	2,885	-	-	-
Jenner S.A. (b)	-	2,000	-	-	-	2,000	-	-	-
Oncologia D'Or S.A. (b)	-	-	-	-	-	-	3,562	-	-
Hospital Fluminense S.A. (b)	-	-	-	-	-	-	3,131	-	-
Hospital Esperança S.A. (b)	-	-	-	-	-	-	1,362	-	-
JMJB Diagnósticos e Serviços Hospitalares S.A. (b)	-	15,350	-	-	-	7,578	-	-	-
Hospital Santa Helena S.A. (b)	-	-	-	-	-	-	3,968	-	-
Opuner do Brasil Ltda. (b)	-	-	-	-	-	-	5,808	-	-
Instituto D'Or de Pesquisa e Ensino (b)	-	19,211	-	-	-	7,501	-	-	-
JM&AM Empreendimentos Imobiliários S.A. (b)	-	369	-	15,327	-	360	-	20,690	15,734
Onco Star SP (d)	-	618,409	-	-	-	554,006	-	-	-
JTO Holding S.A. (b)	-	-	-	-	-	36,850	-	-	-
Other	-	6,918	-	-	-	72,471	-	-	-
	7,674	726,427	-	165,580	2,423	798,347	21,098	138,137	101,141

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

7. Transactions with related parties (Continued)

Related-party balances (Continued)

Company	Consolidated							
	09/30/2020				12/31/2019			
	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss
Shared services								
J Badim S.A.	-	8,170	-	2,255	-	7,342	-	1,993
JMJB Diagnósticos e Serviços Hospitalares S.A.	-	15,350	-	-	-	7,578	-	-
Instituto D'Or de Pesquisa e Ensino (b)	-	18,494	-	-	-	7,501	-	-
J Badim S.A. (b)	-	3,262	-	-	-	2,865	-	-
JM&AM Empreendimentos Imobiliários S.A. (c)	-	369	-	15,327	-	360	-	20,690
Monte Tabor Centro Ítalo-Brasileiro de Promoção Sanitária (b)	-	8,972	-	-	-	11,832	-	-
Aliança da Bahia Patrimonial (c)	-	-	25,627	-	-	-	-	-
Memorial Star S.A.	-	3,610	-	-	-	-	-	-
Other	-	11,010	1,945	-	-	1,398	415	-
	-	69,237	27,572	17,582	-	38,876	415	22,683
								17,989

- (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. Upon a 15-day notice, the Company is entitled to repay the debentures in advance, as provided for by agreement.
- 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. Upon a 15-day notice, the Company is entitled to repay the debentures in advance, as provided for by agreement.
- (b) On May 28, 2019, Hospital São Lucas privately issued nonconvertible, single-series, registered debentures amounting to R\$38,000, maturing on May 28, 2024, with Rede D'Or as the debenture holder. The debentures are remunerated on a pro rata temporis basis bearing interest equivalent to 100% of DI (Interbank Deposits) plus 2.5% 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 2018 and 2019, 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 September 30, 2020 and 2019, key management personnel compensation was as follows:

	09/30/2020	09/30/2019
Salaries and bonuses	51,394	43,771
Benefits	92	92
Share-based payment	80,071	30,492
	131,557	74,355

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

8. Investments

Breakdown of changes in investments – Parent Company

Companies	12/31/2019	Equity pickup	Dividends	Acquisition of interest	Capital increase/ Advance for future capital increase	Capital reduction	Transfer	Disposals	Other	09/30/2020
Medise Medicina Diagnóstico e Serviços S.A.	219,626	14,801	-	-	-	-	-	-	-	234,427
Hospital Esperança S.A.	328,684	80,266	(37,785)	-	730,422	-	3,830	-	(20,031)	1,085,386
Hospital São Marcos (including goodwill)	108,284	3,643	-	-	1,551	-	(3,830)	-	-	109,648
PMJ Empreendimentos Imobiliários S.A.	676,666	(4,000)	-	-	186,398	-	-	-	-	859,064
Norte D'Or Participações S.A. (including goodwill)	93,371	4,738	-	-	-	-	-	-	-	98,109
Onco D'Or Oncologia S.A.	363,517	66,370	-	-	40,841	-	-	-	-	470,728
Jenner S.A. (including goodwill)	123,275	11,352	-	-	-	-	-	-	-	134,627
JMJB Diagnósticos e Serviços Hospitalares	17,713	(13,060)	-	-	2,000	-	-	-	-	6,653
Rodin Empreendimentos e Participações S.A.	59,063	(14)	-	-	2,893	-	-	-	-	61,942
Quinta Empreendimentos Imobiliários Ltda.	48,906	14,234	(11,000)	-	-	-	-	-	-	52,140
Hospital Fluminense S.A. (including goodwill)	115,909	(5,484)	-	-	45,581	-	-	-	-	156,006
Cardial Serviços Médicos (including goodwill)	64,260	10,587	(10,920)	-	-	-	-	-	-	63,927
Hospital Santa Helena S.A. (including goodwill)	420,403	8,568	-	-	27,372	-	-	-	-	456,343
TJK Empreendimentos Hospitalares	21,557	575	-	-	-	(3,500)	-	-	-	18,632
Villa Lobos Empreendimentos Imobiliários Ltda.	204,447	16,286	-	-	-	(26,000)	-	-	-	194,733
Santa Luzia II Empreendimentos Imobiliários Ltda.	47,172	(265)	-	-	6,331	-	-	-	-	53,238
Campinas Empreendimentos Imobiliários Ltda.	46,222	(164)	-	-	4,959	-	-	-	-	51,017
Sator Empreendimentos e Participações Ltda	748,040	(33,618)	-	-	219,145	-	9,335	-	-	942,902
Rede D'or Finance	5,082	55,963	-	-	-	-	-	-	-	61,045
Rede D'or São Luiz Serviços Médicos S.A.	98,634	1,205	-	-	2,400	-	-	-	-	102,239
GGSH Participações S.A. (including goodwill)	53,582	13,110	(4,138)	-	-	-	-	-	(365)	62,199
Olimpia Projeto Rua do Rocio 86 SPE S.A.	315,724	(51)	-	-	9,747	-	-	-	-	325,420
Proncordis Pronto Atendimento Cardiológico Ltda.	11,337	(14)	-	-	1,260	-	(11,820)	-	-	763
Maximagem - Diagnóstico por Imagem Ltda. (including goodwill)	89,501	6,383	-	-	1,251	-	-	-	-	97,135
Prontimagem Serviços Médicos Ltda.	216,363	(1,642)	-	-	21,924	-	-	-	-	236,645
California Investimentos Imobiliários Ltda.	60,000	-	-	-	-	-	-	-	-	60,000
Hospital Aviccena S.A.	74,900	8,181	-	-	7,900	-	-	-	507	91,488
Santa Luzia III	308,365	(7,201)	-	-	1,446	-	-	-	-	302,610
Qualicorp Consultoria e Corretora de Seguros S.A.	990,701	19,258	-	-	-	-	-	-	-	1,009,959
Clínica Médica São Remo	11,999	(2,791)	-	-	19,294	-	-	-	-	28,502
Hospital Perinatal	-	(3,868)	-	800,000	22,066	-	-	-	-	818,198
Hospital Alpha Med Ltda.	47,899	1,042	-	-	364,257	-	(124,480)	-	-	288,718
Advance Plano de Saúde S.A.	13,697	9,787	-	-	-	-	-	-	-	23,484
Other	261,171	1,375	(5,123)	-	68,773	(8,200)	126,965	(8,917)	(20,458)	415,586
	6,266,080	275,552	(68,966)	800,000	1,787,811	(37,700)	-	(8,917)	(40,347)	8,973,513
Onco Star	(87,833)	(55,676)	-	-	6,196	-	-	-	-	(137,313)
Centro Hospitalar São Marcos S.A.	(13,256)	(95)	-	-	-	-	-	-	-	(13,351)
Café Verde	(4,245)	(4,278)	-	-	5,193	-	-	-	-	(3,330)
	(105,334)	(60,049)	-	-	11,389	-	-	-	-	(153,994)
Equity pickup		<u>215,503</u>								

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

8. Investments (Continued)

Breakdown of changes in investments – Parent Company (Continued)

Companies	12/31/2018	Equity pickup	Dividends	Acquisition of interest	Capital increase/ Advance for future capital increase	Transfer	Other	09/30/2019
Medise Medicina Diagnóstico e Serviços S.A.	211,761	25,849	(27,055)	-	-	-	-	210,555
Hospital Esperança S.A.	140,130	114,484	(21,220)	-	-	-	(17,308)	216,086
Hospital São Marcos (including goodwill)	85,845	15,957	-	-	-	-	-	101,802
PMJ Empreendimentos Imobiliários S.A.	394,927	(597)	-	-	165,309	-	-	559,639
Norte D'Or Participações S.A. (including goodwill)	85,417	10,724	(5,600)	-	19	-	-	90,560
Onco D'Or Oncologia S.A.	321,160	47,182	-	-	-	-	(4,620)	363,722
Jenner S.A. (including goodwill)	113,123	11,864	-	-	-	-	(6,399)	118,588
JMJB Diagnósticos e Serviços Hospitalares	28,405	(637)	(500)	-	-	-	-	27,268
Rodin Empreendimentos e Participações S.A.	54,209	(17)	-	-	2,875	-	-	57,067
Quinta Empreendimentos Imobiliários Ltda.	51,467	5,348	(12,000)	-	-	-	-	44,815
Hospital Fluminense S.A. (including goodwill)	82,200	7,686	(24,000)	-	6,679	-	-	72,565
Cardial Serviços Médicos (including goodwill)	61,703	5,052	(5,440)	-	-	-	-	61,315
Hospital Santa Helena S.A. (including goodwill)	402,743	10,032	(7,000)	-	12,074	-	-	417,849
TJK Empreendimentos Imobiliários Ltda.	22,340	587	(1,569)	-	-	-	-	21,358
Villa Lobos Empreendimentos Imobiliários Ltda.	204,125	7,955	(10,534)	-	-	-	-	201,546
Santa Luzia II Empreendimentos Imobiliários Ltda.	160,633	385	-	-	52,942	(203,961)	-	9,999
Campinas Empreendimentos Imobiliários Ltda.	46,442	(243)	-	-	-	-	-	46,199
Sator Empreendimentos e Participações Ltda.	328,187	(6,701)	-	-	339,227	-	-	660,713
Rede D'Or Finance	5,369	(103)	-	-	-	-	-	5,266
Rede D'Or São Luiz Serviços Médicos S.A.	67,168	13,462	-	-	699	-	-	81,329
GGSH Participações S.A.	47,354	11,947	-	-	-	-	(7,429)	51,872
Olimpia Projeto Rua do Rocio 86 SPE S.A. (a)	306,007	-	-	-	3,563	-	-	309,570
Proncordis Pronto Atendimento Cardiológico Ltda.	11,194	(15)	-	-	-	-	-	11,179
Prontimagem Serviços Médicos Ltda.	208,867	11,933	-	-	-	-	-	220,800
Maximagem com Diag. por imagem Ltda.	74,319	7,106	-	-	-	-	-	81,425
Califórnia Investimentos Imobiliários Ltda. (b)	-	-	-	60,000	-	-	-	60,000
Hospital Aviccena S.A.	-	3,630	-	71,729	-	-	-	75,359
Santa Luzia III Empreendimentos Imobiliários Ltda	37,080	(3,880)	-	-	15,468	203,961	-	252,629
Other	256,001	19,210	(10,862)	2,547	33,616	-	5,167	305,679
	<u>3,808,176</u>	<u>318,200</u>	<u>(125,780)</u>	<u>134,276</u>	<u>632,471</u>	<u>-</u>	<u>(30,589)</u>	<u>4,736,754</u>
Onco Star SP Oncologia Ltda.	(23,431)	(55,255)	-	-	-	-	-	(78,686)
Centro Hospitalar São Marcos S.A.	(11,595)	(1,060)	-	-	-	-	-	(12,655)
Clínica São Remo	-	(1,202)	-	(2,017)	281	-	2,380	(558)
Café Verde da Quinta Ltda.	(1,038)	(3,689)	-	-	-	-	871	(3,856)
	<u>(36,064)</u>	<u>(61,206)</u>	<u>-</u>	<u>(2,017)</u>	<u>281</u>	<u>-</u>	<u>3,251</u>	<u>(95,755)</u>
Equity pickup		<u>256,994</u>						

(a) Acquisition of land through subsidiary.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

8. Investments (Continued)

Breakdown of changes in investments - Consolidated

Companies	12/31/2019	Equity pickup	Dividends	Capital increase/ Advance for future capital increase	Other	09/30/2020
JMJB Diagnósticos e Serviços Hospitalares S.A.	17,713	(13,060)	-	2,000	-	6,653
Instituto de Radioterapia do Vale do Paraíba Ltda.	45,044	7,409	(3,259)	-	-	49,194
GGSH Participações S.A.	51,443	13,110	(4,138)	-	(365)	60,050
Qualicorp Consultoria e Corretora de Seguros S.A. (a)	990,701	19,258	-	-	-	1,009,959
Cardio Pulmonar (b)	97,098	(11,661)	-	6,374	-	91,811
Eldorado do Sul Participações Ltda.	14,756	946	-	-	-	15,702
Other	10,123	(1,279)	(2,300)	-	(4,858)	1,686
	<u>1,226,878</u>	<u>14,723</u>	<u>(9,697)</u>	<u>8,374</u>	<u>(5,223)</u>	<u>1,235,055</u>

Companies	12/31/2018	Equity pickup	Acquisition of interest	Dividends	Capital increase/ Advance for future capital increase	Other	09/30/2019
JMJB Diagnósticos e Serviços Hospitalares S.A.	28,405	(637)	-	(500)	-	-	27,268
Instituto de Radioterapia do Vale do Paraíba Ltda.	40,134	7,259	-	(4,000)	-	-	43,393
GGSH Participações S.A.	47,354	11,947	-	-	-	(7,429)	51,872
Eldorado do Sul Participações Ltda.	14,595	528	-	(914)	-	(217)	13,992
Cárdio Pulmonar da Bahia S.A.(i)	-	(6,452)	100,000	-	-	10,000	103,548
Other	14,041	988	-	(1,623)	532	(1,136)	12,802
	<u>144,529</u>	<u>13,633</u>	<u>100,000</u>	<u>(7,037)</u>	<u>10,532</u>	<u>(8,782)</u>	<u>252,875</u>

- (a) On August 8, 2019, the Company signed a purchase agreement for acquisition of 10% of the shares of Qualicorp Consultoria e Corretora de Seguros S.A. ("Qualicorp"), a publicly-traded company that provides brokerage, agency, management and insurance consulting services, health care plans and benefits in general, for the amount of R\$990.7 million. In November 2019, all conditions precedent were met, including CADE approval, and the amount was paid in full. Based on the shareholders' agreement signed in November 2019, considering the appointments/nominations to the Executive Board and Board of Directors that the Company is entitled to, it was concluded that Rede D'Or has significant influence over Qualicorp; therefore, it records the investment using the equity method. Considering that Qualicorp's information as at September 30, 2020 is not yet available, the Company recognized equity pickup until June 30, 2020.

The amount paid is higher than Qualicorp's equity; 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 of the future impact on equity pickup.

- (b) On June 3, 2019, Rede D'Or acquired shares of Córdio Pulmonar da Bahia S.A., a limited liability entity that operates a hospital in the city of Salvador, state of Bahia. The total consideration transferred was R\$110,000 for 47.66% of shares, with no acquisition of control.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

8. Investments (Continued)

Summary of information of significant subsidiaries

	09/30/2020					09/30/2019		
	% Total	% Voting	Assets	Liabilities	Equity	Operating income (expenses)	P&L for the period	P&L for the period
Direct and indirect subsidiaries								
Medise Medicina Diagnóstico e Serviços S.A. ("Medise")	98.00	98.00	803,112	553,572	249,540	24,079	16,517	28,845
Hospital Esperança S.A. ("Esperança")	100.00	100.00	5,626,598	4,676,075	950,523	145,042	34,977	114,484
PMJ Empreendimentos Imobiliários S.A.	100.00	100.00	768,099	17,820	750,279	(4,451)	(4,000)	(597)
Norte D'Or Participações S.A.	100.00	100.00	86,830	17,172	69,658	4,738	4,738	10,724
Onco D'Or Oncologia S.A.	98.87	98.87	365,473	147,856	217,617	44,762	24,610	25,726
Jenner S.A.	91.24	91.24	189,412	2,000	187,412	22,702	19,865	20,762
Rodin Empreendimentos e Participações S.A.	100.00	100.00	62,173	242	61,931	(10)	(14)	(17)
Quinta Empreendimentos Imobiliários Ltda.	100.00	100.00	55,925	3,784	52,141	9,596	14,234	5,348
Hospital Fluminense S.A.	100.00	100.00	191,031	48,246	142,785	(4,323)	(5,484)	7,686
Cardial Serviços Médicos Ltda.	89.44	89.44	54,967	27,876	27,091	13,942	10,587	5,052
Hospital Santa Helena S.A.	100.00	100.00	613,679	278,242	335,437	35,597	8,568	10,032
TJK Empreendimentos Imobiliários Ltda.	100.00	100.00	19,595	962	18,633	652	575	587
Villa Lobos Empreendimentos Imobiliários S.A.	100.00	100.00	195,674	942	194,732	9,833	16,286	7,955
Santa Luzia II Emp. Imobiliários Ltda.	100.00	100.00	53,726	788	52,938	(247)	(265)	385
Campinas Empreendimentos Imob.	100.00	100.00	54,790	3,768	51,022	(164)	(164)	(243)
Sator Empreendimentos e Participações Ltda.	100.00	100.00	1	(74,048)	74,049	(33,618)	(33,618)	(6,701)
Rede D'Or Finance	100.00	100.00	10,508,118	10,447,073	61,045	(23)	55,963	(103)
Rede D'Or São Luiz Serviços Médicos S.A.	100.00	100.00	717,328	606,576	110,752	172	1,205	13,462
Olimpia Projeto Rua do Rocio 86 SPE S.A.	100.00	100.00	326,484	1,062	325,422	(47)	(51)	84
Proncordis Pronto Atendimento Cardiológico Ltda.	100.00	100.00	8,096	691	7,405	(789)	(830)	(877)
Prontimagem Serviços Médicos Ltda.	100.00	100.00	252,584	21,177	231,407	(1,094)	(1,642)	7,106
Maximagem com Diag. por imagem Ltda.	100.00	100.00	57,569	10,952	46,617	7,576	6,383	11,933
Onco Star SP Oncologia Ltda.	75.00	75.00	934,404	1,125,636	(191,232)	(102,412)	(55,676)	(55,255)
Centro Hospitalar São Marcos S.A.	100.00	100.00	1,708	12,708	(11,000)	(8)	(95)	(1,060)
Hospital Avicena S.A.	100.00	100.00	85,910	53,910	32,000	14,952	8,181	3,630
Santa Luzia III Empreendimentos Imobiliários Ltda.	100.00	100.00	304,283	1,372	302,911	(7,201)	(7,201)	(3,880)
IFOR Empreendimentos Imobiliários S.A (Park D'Or)	100.00	100.00	29	19	10	(1)	(1)	-
Café Verde	100.00	100.00	2,973	8,113	(5,140)	(5,171)	(5,361)	-
Hospital São Marcos	100.00	100.00	328,359	229,619	98,740	5,773	3,643	-
Clínica Médica São Remo	100.00	100.00	41,265	15,068	26,197	(1,559)	(2,791)	-
California Investimentos Imobiliários Ltda.	100.00	100.00	59,999	-	59,999	-	-	-
Hospital Perinatal (a)	100.00	100.00	201,223	62,153	139,070	(1,826)	(3,868)	-
Hospital Alpha Med Ltda.	100.00	100.00	416,700	27,748	388,952	2,878	1,578	-
Advance Plano de Saúde S.A.	100.00	100.00	30,676	7,184	23,492	10,378	9,787	-

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

8. Investments (Continued)

Summary of information of affiliates and jointly-controlled entities

	09/30/2020				09/30/2019			
	% Total	% Voting	Assets	Liabilities	Equity	Operating income (expenses)	P&L for the period	P&L for the period
Companies recognized by the equity pickup method in the consolidated financial information								
Instituto de Radioterapia do Vale do Paraíba Ltda.	50	50	46,968	24,844	22,124	16,534	7,409	(637)
JMJB Diagnósticos e Serviços Hospitalares S.A.	50	50	39,290	17,115	22,175	(26,179)	(13,060)	7,259
GGSH Participações S.A.	34.46	34.46	320,509	140,013	180,496	41,344	13,110	11,947
Eldorado do Sul Participações Ltda.	33.33	33.33	23,427	-	23,427	2,838	946	989
Cárdio Pulmonar da Bahia S.A.	47.66	47.66	332,313	262,689	69,624	(10,801)	(11,661)	(6,452)
Qualicorp Consultoria e Corretora de Seguros S.A. (a)	10	10	3,559,913	1,919,204	1,640,709	320,128	195,241	-

(a) Companies acquired after the comparative period presented; as such P&L for the period did not correspond to the Company.

(b) The financial information as at September 30, 2020 of Qualicorp is not available yet; therefore, management used information publicly available.

9. Property and equipment

Breakdown of balances

Description	Depreciation rate	Parent Company					
		09/30/2020			12/31/2019		
		Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	1,098,233	(678,153)	420,080	1,016,968	(602,986)	413,982
Surgical instruments	20%	65,210	(34,511)	30,699	56,636	(30,924)	25,712
Machinery and equipment	7% to 10%	404,662	(280,448)	124,214	365,199	(239,352)	125,847
Buildings	2.5% to 4%	635,284	(143,053)	492,231	632,620	(122,878)	509,742
Improvements in own buildings	4%	308,092	(83,184)	224,908	307,985	(59,848)	248,137
Leasehold improvements	3% to 4%	1,386,486	(391,483)	995,003	1,376,086	(350,047)	1,026,039
Furniture and fixtures	10%	179,377	(102,828)	76,549	161,979	(89,277)	72,702
Vehicles	20%	4,199	(3,585)	614	4,199	(3,407)	792
Facilities	10%	122,369	(54,961)	67,408	120,215	(47,824)	72,391
Land	-	146,051	-	146,051	167,530	-	167,530
Construction in progress	-	554,445	-	554,445	340,669	-	340,669
Other	5% to 10%	13,538	(5,367)	8,171	13,349	(5,150)	8,199
		4,917,946	(1,777,573)	3,140,373	4,563,435	(1,551,693)	3,011,742

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

9. Property and equipment (Continued)

Breakdown of balances (Continued)

Description	Depreciation rate	Consolidated					
		09/30/2020			12/31/2019		
		Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	1,896,598	(873,909)	1,022,689	1,671,003	(755,340)	915,663
Surgical instruments	20%	115,548	(44,691)	70,857	93,411	(37,170)	56,241
Machinery and equipment	7% to 10%	671,864	(417,872)	253,992	595,331	(341,732)	253,599
Buildings	2.5% to 4%	1,972,411	(251,510)	1,720,901	1,748,938	(196,366)	1,552,572
Improvements in own buildings	4%	387,439	(91,602)	295,837	347,774	(64,500)	283,274
Leasehold improvements	3% to 4%	1,790,019	(535,481)	1,254,538	1,758,428	(475,298)	1,283,130
Furniture and fixtures	10%	288,049	(147,575)	140,474	247,265	(125,424)	121,841
Vehicles	20%	17,998	(12,525)	5,473	17,646	(8,830)	8,816
Facilities	10%	186,736	(92,065)	94,671	181,076	(80,408)	100,668
Land	-	965,064	-	965,064	936,739	-	936,739
Construction in progress	-	1,160,985	-	1,160,985	880,550	-	880,550
Other	5% to 10%	53,679	(7,122)	46,557	53,107	(6,815)	46,292
		9,506,390	(2,474,352)	7,032,038	8,531,268	(2,091,883)	6,439,385

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes in Parent Company

	12/31/2019	Additions	Sales/ disposals	Transfers	09/30/2020
Cost					
Hospital machinery and equipment	1,016,968	81,265	-	-	1,098,233
Surgical instruments	56,636	8,574	-	-	65,210
Machinery and equipment	365,199	39,463	-	-	404,662
Buildings	632,620	2,664	-	-	635,284
Improvements in own buildings	307,985	107	-	-	308,092
Leasehold improvements	1,376,086	10,400	-	-	1,386,486
Furniture and fixtures	161,979	17,398	-	-	179,377
Vehicles	4,199	-	-	-	4,199
Facilities	120,215	2,154	-	-	122,369
Land	167,530	-	(21,479)	-	146,051
Construction in progress	340,669	227,196	-	(13,420)	554,445
Other	13,349	189	-	-	13,538
	4,563,435	389,410	(21,479)	(13,420)	4,917,946
Depreciation					
Hospital machinery and equipment	(602,986)	(75,167)	-	-	(678,153)
Surgical instruments	(30,924)	(3,587)	-	-	(34,511)
Machinery and equipment	(239,352)	(41,096)	-	-	(280,448)
Buildings	(122,878)	(20,175)	-	-	(143,053)
Improvements in own buildings	(59,848)	(23,336)	-	-	(83,184)
Leasehold improvements	(350,047)	(41,436)	-	-	(391,483)
Furniture and fixtures	(89,277)	(13,551)	-	-	(102,828)
Vehicles	(3,407)	(178)	-	-	(3,585)
Facilities	(47,824)	(7,137)	-	-	(54,961)
Other	(5,150)	(217)	-	-	(5,367)
	(1,551,693)	(225,880)	-	-	(1,777,573)
Property and equipment, net	3,011,742	163,530	(21,479)	(13,420)	3,140,373

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes in Parent Company (Continued)

	12/31/2018	Disposals	Write-offs	Transfers	09/30/2019
Cost					
Hospital machinery and equipment	923,373	62,065	-	-	985,438
Surgical instruments	48,994	3,012	-	-	52,006
Machinery and equipment	315,354	37,429	-	-	352,783
Buildings	595,058	2,659	-	10,004	607,721
Improvements in own buildings	169,801	1,683	-	109,976	281,460
Leasehold improvements	1,131,558	21,388	(22,000)	199,132	1,330,078
Furniture and fixtures	140,496	13,817	-	-	154,313
Vehicles	3,988	211	-	-	4,199
Facilities	110,470	7,600	-	-	118,070
Land	155,530	59	-	12,000	167,589
Construction in progress	501,378	231,212	-	(424,363)	308,227
Other	12,430	1,648	-	-	14,078
	<u>4,108,430</u>	<u>382,783</u>	<u>(22,000)</u>	<u>(93,251)</u>	<u>4,375,962</u>
Depreciation					
Hospital machinery and equipment	(509,296)	(68,791)	-	-	(578,087)
Surgical instruments	(25,990)	(4,697)	-	-	(30,687)
Machinery and equipment	(191,814)	(34,666)	-	-	(226,480)
Buildings	(99,790)	(16,591)	-	-	(116,381)
Improvements in own buildings	(35,994)	(15,594)	-	-	(51,588)
Leasehold improvements	(297,415)	(38,239)	-	-	(335,654)
Furniture and fixtures	(74,144)	(11,122)	-	-	(85,266)
Vehicles	(3,081)	(262)	-	-	(3,343)
Facilities	(38,228)	(7,073)	-	-	(45,301)
Other	(4,836)	(216)	-	-	(5,052)
	<u>(1,280,588)</u>	<u>(197,251)</u>	<u>-</u>	<u>-</u>	<u>(1,477,839)</u>
Property and equipment, net	<u>2,827,842</u>	<u>185,532</u>	<u>(22,000)</u>	<u>(93,251)</u>	<u>2,898,123</u>

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes in Consolidated

	12/31/2019	Additions	Transfers	Business combination	09/30/2020
Cost					
Hospital machinery and equipment	1,671,003	180,976	-	44,619	1,896,598
Surgical instruments	93,411	21,179	-	958	115,548
Machinery and equipment	595,331	60,314	-	16,219	671,864
Buildings	1,748,938	5,786	153,992	63,695	1,972,411
Improvements in own buildings	347,774	2,166	-	37,499	387,439
Leasehold improvements	1,758,428	29,259	-	2,332	1,790,019
Furniture and fixtures	247,265	28,638	-	12,146	288,049
Vehicles	17,646	28	-	324	17,998
Facilities	181,076	5,048	-	612	186,736
Land	936,739	6,069	3,506	18,750	965,064
Construction in progress	880,550	436,011	(157,498)	1,922	1,160,985
Other	53,106	206	-	367	53,679
	8,531,267	775,680	-	199,443	9,506,390
Depreciation					
Hospital machinery and equipment	(755,340)	(118,569)	-	-	(873,909)
Surgical instruments	(37,170)	(7,521)	-	-	(44,691)
Machinery and equipment	(341,732)	(76,140)	-	-	(417,872)
Buildings	(196,366)	(55,144)	-	-	(251,510)
Improvements in own buildings	(64,500)	(27,102)	-	-	(91,602)
Leasehold improvements	(475,298)	(60,183)	-	-	(535,481)
Furniture and fixtures	(125,424)	(22,151)	-	-	(147,575)
Vehicles	(8,830)	(3,695)	-	-	(12,525)
Facilities	(80,408)	(11,657)	-	-	(92,065)
Other	(6,815)	(307)	-	-	(7,122)
	(2,091,883)	(382,469)	-	-	(2,474,352)
Property and equipment, net	6,439,384	393,211	-	199,443	7,032,038

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

September 30, 2020

(In thousands of Reais, unless otherwise stated)

9. Property and equipment (Continued)

Changes in Consolidated (Continued)

	12/31/2018	Additions	Disposals	Transfers	Business combination	09/30/2019
Cost						
Hospital machinery and equipment	1,204,717	365,583	-	-	1,209	1,571,509
Surgical instruments	57,586	21,957	-	-	-	79,543
Machinery and equipment	474,285	71,823	-	-	16,301	562,409
Buildings	1,067,049	113,151	-	402,324	34,696	1,617,220
Improvements in own buildings	184,234	2,623	-	127,909	4	314,770
Leasehold improvements	1,432,885	37,399	(22,000)	263,388	-	1,711,672
Furniture and fixtures	195,542	28,502	-	-	3,728	227,772
Vehicles	4,717	12,927	-	-	2	17,646
Facilities	167,142	10,511	-	-	746	178,399
Land	802,896	66,489	-	66,290	1,123	936,798
Construction in progress	1,016,424	625,709	-	(886,536)	7,479	763,076
Other	49,338	3,895	-	-	1,736	54,969
	<u>6,656,815</u>	<u>1,360,569</u>	<u>(22,000)</u>	<u>(26,625)</u>	<u>67,024</u>	<u>8,035,783</u>
Depreciation						
Hospital machinery and equipment	(607,829)	(105,093)	-	-	-	(712,922)
Surgical instruments	(30,342)	(6,161)	-	-	-	(36,503)
Machinery and equipment	(265,693)	(52,929)	-	-	-	(318,622)
Buildings	(140,907)	(40,782)	-	-	-	(181,689)
Improvements in own buildings	(38,636)	(16,751)	-	-	-	(55,387)
Leasehold improvements	(401,454)	(54,390)	-	-	-	(455,844)
Furniture and fixtures	(99,936)	(17,096)	-	-	-	(117,032)
Vehicles	(5,522)	(2,215)	-	-	-	(7,737)
Facilities	(65,273)	(11,237)	-	-	-	(76,510)
Other	(6,392)	(1,052)	-	-	-	(7,444)
	<u>(1,661,984)</u>	<u>(307,706)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,969,690)</u>
Property and equipment, net	<u>4,994,831</u>	<u>1,052,863</u>	<u>(22,000)</u>	<u>(26,625)</u>	<u>67,024</u>	<u>6,066,093</u>

The main changes for the nine-month period ended September 30, 2020 and 2019 were as follow:

2020

- (i) Additions relating to property and equipment from business combinations for the period, especially of Hospital Perinatal, Hospital Santa Cruz, Hospital Aliança, and Hospital São Carlos.
- (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.
- (iv) Start of Glória D'Or Hospital operations, so that its assets were reclassified to the appropriate groups and started to be depreciated.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

9. Property and equipment (Continued)

2019

- (i) Additions relating to property and equipment from business combinations for the period, especially of Hospital Rio Mar, Hospital São Lucas and Hospital Avicenna.
- (ii) Acquisition of land through acquisition of Califórnia Investimentos Imobiliários for R\$60,000.
- (iii) Acquisition of hospital machinery and equipment as part of the Company's operational routine, and reformulation and remodeling of Hospital Niterói D'Or, Hospital Bartira, Hospital DF Star, Hospital Glória D'Or, and Onco Star.
- (iv) Hospital DF Star and Hospital Gloria started operating during the year when they also started to depreciate.
- (v) On August 9, 2019, the Company completed the improvements for expansion of the outpatient clinic of Hospital Brasil (reclassifying it to the respective assets subject to depreciation), located in São Paulo. Also, the Company made a sale and leaseback transaction, for the total amount of R\$22,000, receivable upon compliance with certain contractual provisions. The lease term was 25 years. This operation did not result in gain or loss to the Company.

Capitalized borrowing costs

The Company capitalizes borrowings costs attributable to qualifying assets. At September 30, 2020, the amount of R\$27,398 of interest on loans and financing were capitalized to property and equipment, net of financial income arising from fundraising (R\$74,797 at September 30, 2019).

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)

September 30, 2020

(In thousands of Reais, unless otherwise stated)

10. Intangible assets

	Annual amortization rate	Parent Company		Consolidated	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019
Finite useful life					
Software	20%	232,326	242,594	278,690	267,562
Exclusive agreements	20%	34,459	42,472	140,969	160,178
Indefinite useful life					
Goodwill					
Acquisition of Copa D'Or		80,058	80,058	80,058	80,058
Acquisition of HMSL		668,339	668,339	668,339	668,339
Acquisition of 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 José		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 NEOH		-	-	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 Hospital Rio Mar		-	-	94,833	94,833
Acquisition of Hospital São Lucas		-	-	223,079	223,079
Acquisition of Hospital Aviccena		-	-	60,476	60,109
Acquisition of Perinatal		-	-	646,822	-
Acquisition of Reseda		-	-	40,513	-
Acquisition of Hospital Santa Cruz		-	-	319,854	-
Acquisition of Aliança		-	-	716,982	-
Acquisition of Salute		-	-	7,137	-
Acquisition of São Carlos		-	-	131,078	-
Other goodwill		48,649	48,649	132,571	126,789
Trademarks and patents (a)		190,810	190,810	190,810	190,810
		2,612,901	2,631,182	7,225,920	5,365,466

(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 2020 and 2019 are described in Note 3.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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 beta factors are evaluated annually based on publicly available market data. At September 30, 2020, the discount rate used was 11.0% (8.01% at December 31, 2019) and perpetuity was 3.5%. Management determined projected gross margin based on past performance and its expectation for market development. The discount rate used corresponds to the pre-tax rate and reflects sector specific risks.

The impairment tests of significant assets were reviewed at September 30, 2020, in view of the impacts of Covid-19 on operations, and we did not identify the need to recognize loss in our financial statements.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

11. Right of use

Balance breakdown

Description	Parent Company					
	09/30/2020			12/31/2019		
	Cost	Amortization	Net	Cost	Amortization	Net
Hospital machinery and equipment	50,118	(9,483)	40,635	47,625	(5,055)	42,570
Buildings	1,901,032	(271,658)	1,629,374	1,763,315	(152,543)	1,610,772
	1,951,150	(281,141)	1,670,009	1,810,940	(157,598)	1,653,342

Description	Consolidated					
	09/30/2020			12/31/2019		
	Cost	Amortization	Net	Cost	Amortization	Net
Hospital machinery and equipment	79,158	(16,008)	63,150	71,108	(8,224)	62,884
Buildings	2,901,718	(313,114)	2,588,604	2,480,750	(173,517)	2,307,233
	2,980,876	(329,122)	2,651,754	2,551,858	(181,741)	2,370,117

Changes in Parent Company

	12/31/2019	Additions (a)	Amortization	09/30/2020
Cost				
Hospital machinery and equipment	47,625	2,493	-	50,118
Buildings	1,763,315	137,717	-	1,901,032
	1,810,940	140,210	-	1,951,150
Amortization				
Hospital machinery and equipment	(5,055)	-	(4,428)	(9,483)
Buildings	(152,543)	-	(119,115)	(271,658)
	(157,598)	-	(123,543)	(281,141)
Right of use, net	1,653,342	140,210	(123,543)	1,670,009

	First-time adoption - 01/01/2019	Additions (a)	Amortization	09/30/2019
Cost				
Hospital machinery and equipment	21,483	8,073	-	29,556
Buildings	1,703,756	46,248	-	1,750,004
	1,725,239	54,321	-	1,779,560
Amortization				
Hospital machinery and equipment	-	-	(3,731)	(3,731)
Buildings	-	-	(113,009)	(113,009)
	-	-	(116,740)	(116,740)
Right of use, net	1,725,239	54,321	(116,740)	1,662,820

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

September 30, 2020

(In thousands of Reais, unless otherwise stated)

11. Right of use (Continued)

Changes in Consolidated

	12/31/2019	Additions (a)	Business combination	Amortization	09/30/2020
Cost					
Hospital machinery and equipment	71,108	8,050	-	-	79,158
Buildings	2,480,750	236,108	184,860	-	2,901,718
	2,551,858	244,158	184,860	-	2,980,876
Amortization					
Hospital machinery and equipment	(8,224)	-	-	(7,784)	(16,008)
Buildings	(173,517)	-	-	(139,597)	(313,114)
	(181,741)	-	-	(147,381)	(329,122)
Right of use, net	2,370,117	244,158	184,860	(147,381)	2,651,754
	First-time adoption - 01/01/2019	Additions (a)	Business combination	Amortization	09/30/2019
Cost					
Hospital machinery and equipment	28,452	14,202	-	-	42,654
Buildings	2,283,622	113,934	26,577	-	2,424,133
	2,312,074	128,136	26,577	-	2,466,787
Amortization					
Hospital machinery and equipment	-	-	-	(6,032)	(6,032)
Buildings	-	-	-	(119,829)	(119,829)
	-	-	-	(125,861)	(125,861)
Right of use, net	2,312,074	128,136	26,577	(125,861)	2,340,926

(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.

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 September 30, 2020, the deferred gain balance is broken down as follows:

	Parent Company and Consolidated	
	09/30/2020	12/31/2019
Caxias D'Or	31,408	32,690
Hospital Brasil	37,950	39,600
	69,358	72,290
Current	3,920	3,920
Noncurrent	65,438	68,370

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

13. Loans, financing and debentures

Operation/Instrument	Indexes	Spread	Curren cy	Principal (R\$)	Beginn ing	Maturity	Amortization	Guarantees	Parent Company		Consolidated	
									09/30/2020	12/31/2019	09/30/2020	12/31/2019
FINEP/BNDES	TJLP/PRE	0.5%/4.1%	R\$	170,252	Feb/15	Sept/24	Monthly	Surety bond	96,317	115,680	97,309	116,994
IFC III A1 Loan (a)	LIBOR	3.30%	US\$	157,685	May/17	Apr/25	Semiannual	n/a	-	172,558	-	172,558
IFC III A2 Loan	LIBOR	3.30%	US\$	157,685	May/17	Apr/26	Semiannual	Shares and receivables	-	154,740	-	154,740
IFC III B Loan (a)	LIBOR	3.00%	US\$	252,296	May/17	Apr/24	Semiannual	n/a	-	264,561	-	264,561
IFC III C Loan (a)	LIBOR	5.50%	US\$	94,611	May/17	Apr/26	Bullet	n/a	-	125,568	-	125,568
JP Morgan (a)	Fixed rate	3.35%	US\$	300,000	Apr/16	Apr/20	Quarterly	n/a	-	137,998	-	137,998
Citibank II (a)	LIBOR	0.46%	US\$	301,200	Nov/18	Nov/23	Bullet	n/a	437,937	322,843	437,937	322,843
BofA (e)	Fixed rate	2.18%	US\$	400,520	Apr/20	Apr/23	Quarterly	n/a	427,579	-	427,579	-
JP Morgan II (i)	100% of DI	1.96%	R\$	520,000	July/20	July/23	Bullet	n/a	553,150	-	553,150	-
CCB Sicoob	100% of DI	2.06%	R\$	2,000	May/20	May/25	Monthly	n/a	-	-	2,003	-
CCB Itaú	100% of DI	3.20%	R\$	20,000	July/20	July/22	Bullet	n/a	-	-	20,199	-
CCB Bank of China (f)	100% of DI	1.90%	R\$	85,000	May/20	May/23	Bullet	n/a	86,431	-	86,431	-
Other	CDI/fixed rate	-	R\$	n/a	n/a	May/21	Monthly	Fiduciary alienation and receivables	-	-	-	2,844
Debentures – 3 rd issuance	100% of DI	2.30%	R\$	650,000	Dec/11	Dec/20	Monthly	n/a	32,154	128,916	32,154	128,916
Debentures – 3 rd issuance – Esperança	110.85% of DI	-	R\$	1,000,000	Aug/17	Aug/24	Semiannual	n/a	-	-	995,689	1,009,879
Debentures – 4 th issuance – Esperança (b)	100% of DI	1.27%	R\$	1,000,000	Feb/18	Dec/25	Semiannual	n/a	-	-	1,002,368	990,963
Debentures – 10 th issuance (a)	Fixed rate	11.82%	R\$	1,628,100	Jan/18	Jan/28	Bullet	n/a	1,936,420	2,085,907	32,460	33,397
Debentures – 13 th issuance (b)	100% of DI	1.02%	R\$	1,400,000	Sept/18	Sept/24	Annual	n/a	1,384,639	1,409,222	1,384,639	1,409,222
Debentures – 14 th issuance (b)	106% of DI	-	R\$	500,000	Oct/18	Oct/26	Annual	Property	499,097	498,567	499,097	498,567
Debentures – 17 th issuance 3 rd series (b)	100% of DI	0.79%	R\$	1,000,000	Jun/19	Jun/29	Annual	n/a	995,210	989,286	995,210	989,286
Debentures – 17 th issuance 2 nd series	100% of DI	1.25%	R\$	2,500,000	Dec/19	Dec/26	Annual	n/a	2,491,219	2,475,662	2,491,219	2,475,662
Debentures – 17 th issuance 1 st series (c)	Fixed rate	8.75%	R\$	3,198,350	Apr/20	Jan/30	Bullet	n/a	3,034,050	-	-	-
Senior Notes I (a)	Fixed rate	4.95%	US\$	1,596,400	Jan/18	Jan/28	Bullet	n/a	-	-	3,280,822	2,217,662
Senior Notes II (a)/(c)	Fixed rate	4.50%	US\$	5,062,504	Jan/20	Jan/30	Bullet	n/a	-	-	7,032,350	-
Promissory note – 3 rd issuance	112.5% of DI	-	R\$	1,000,000	Apr/18	Apr/23	Bullet	n/a	1,133,800	1,109,662	1,133,800	1,109,662
Promissory note – 4 th issuance	103.0% of DI	-	R\$	800,000	Sept/19	Sept/22	Bullet	n/a	821,870	806,102	821,870	806,102
Promissory note – 5 th issuance (d)	100% of DI	2.50%	R\$	250,000	Mar/20	Mar/23	Annual	n/a	253,190	-	253,190	-
Promissory note – 6 th issuance (g)	100% of DI	2.65%	R\$	200,000	Jun/20	Jun/22	Bullet	n/a	200,070	-	200,070	-
Mortgage-backed Securities (CRIs) – 1 st issuance (h)	99% of DI	-	R\$	662,837	Mar/18	Mar/23	Bullet	n/a	644,565	666,042	644,565	666,042
Mortgage-backed Securities (CRIs) – 2 nd issuance	IPCA	6.06%	R\$	300,000	Jul/18	Jul/25	Bullet	n/a	319,554	319,013	319,554	319,013
Mortgage-backed Securities (CRIs) – 3 rd issuance 1 st series	96.5% of DI	-	R\$	227,051	Dec/18	Dec/23	Bullet	n/a	225,920	225,015	225,920	225,015
Mortgage-backed Securities (CRIs) – 3 rd issuance 2 nd series	IPCA	4.65%	R\$	372,949	Dec/18	Dec/25	Bullet	n/a	402,474	382,530	402,474	382,530
Mortgage-backed Securities (CRIs) – 4 th issuance 1 st series	95.75% of DI	-	R\$	269,900	Feb/19	Feb/23	Bullet	n/a	267,564	272,073	267,564	272,073
Mortgage-backed Securities (CRIs) – 4 th issuance 2 nd series	IPCA	3.93%	R\$	30,100	Feb/19	Feb/26	Bullet	n/a	31,301	31,085	31,301	31,085
Mortgage-backed Securities (CRIs) – 5 th issuance	IPCA	3.45%	R\$	538,328	Sept/19	Aug/29	Annual	n/a	548,657	543,195	548,657	543,195
									16,823,168	13,236,225	24,219,581	15,406,377
								Current	285,579	602,556	537,413	584,960
								Noncurrent	16,537,589	12,633,669	23,682,168	14,821,417

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

September 30, 2020

(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) On January 22, 2020, Rede D'Or, by means of wholly-owned subsidiary Rede D'Or Finance, a privately-held corporation located in Luxemburg, conducted the 2nd issue of Senior Notes, amounting to US\$850 million, subject to interest of 4.50% p.a. and maturing on January 22, 2030; interest will be paid semiannually from July 22, 2020 and the principal in a single installment on January 22, 2030. On February 13, 2020, Rede D'Or Finance reopened the 2nd issue of Senior Notes and issued an additional US\$350 million with the same characteristics as the initial issue. Concomitantly, the Company, by means of subsidiary Rede D'Or Finance, entered into a transaction to hedge against exchange and interest rate variation (from fixed to floating).
- (d) On March 27, 2020, Rede D'Or conducted the 5th issue of commercial promissory notes, amounting to R\$250 million, in 3 series, maturing on March 27, 2021, March 27, 2022 and March 27, 2023, respectively, subject to interest equivalent to 100.0% of CDI plus 2.50% p.a., paid in a single installment on the maturity date of each series. There are no guarantees.
- (e) On April 2, 2020, Rede D'Or obtained a loan from Bank of America in the amount of US\$76 million, maturing in a single installment on April 3, 2023, at a fixed rate of 2.18% p.a. paid quarterly. Concomitantly, the Company entered into a derivative financial instrument for currency and interest rate hedging purposes, converting into Reais plus interest corresponding to 100% of the CDI plus 1.66% p.a.. There are no guarantees.
- (f) On May 7, 2020, Rede D'Or obtained a loan from Bank of China in the amount of R\$85 million, maturing on May 8, 2023, bearing interest equivalent to 100.0% of the CDI plus 1.90% p.a., paid in a single installment upon maturity. There are no guarantees.
- (g) On June 22, 2020, Rede D'Or conducted the 6th issue of commercial promissory notes, amounting to R\$200 million, maturing on June 22, 2022, bearing interest equivalent to 100.0% of CDI plus 2.65% p.a., paid in a single installment upon maturity. There are no guarantees.
- (h) In 2020, Rede D'Or repurchased R\$ 11 million out of a total of R\$ 662 million in Certificates of real estate receivables (CRI) issued on March 16, 2018. The CRIs will be remunerated semi-annually *pro rata temporis* with interest equivalent to 99% of the DI (Interbank Deposit). There are no guarantees.
- (i) On July 29, 2020, Rede D'Or obtained a loan from JP Morgan in the amount of US\$100 million, maturing in a single installment on July 3, 2023 at a fixed rate of 1.96% p.a., paid on a semiannual basis. Concomitantly, the Company entered into a derivative financial instrument for currency and interest rate hedging purposes, converting into Reais plus interest corresponding to 100% of the CDI plus 1.323% per annum. There are no guarantees.
- (j) On August 14, 2020 the totality of the loan signed with IFC on May 31, 2017 was repaid in the advance, in addition to settlement of the respective derivative financial instrument contracted for currency and interest hedging purposes.

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\$199,776 at September 30, 2020 (R\$153,586 at December 31, 2019), 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 September 30, 2020, the long-term maturity schedule is as follows:

Parent Company		Consolidated	
Year	Amount	Year	Amount
2021	6,009	2021	5,543
2022	1,071,294	2022	1,585,959
2023	4,819,500	2023	5,313,974
2024	1,572,998	2024	2,067,454
2025	1,775,824	2025	2,021,554
2026	893,723	2026	890,812
2027	506,549	2027	503,637
2028 to 2030	5,891,692	2028 to 2030	11,293,235
	16,537,589		23,682,168

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

14. Tax liabilities

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	10,688	3,494	18,819	6,091
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	58,204	26,114	103,572	45,465
Service Tax (ISS)	46,763	40,612	116,919	100,530
Withholding Income Tax (IRRF)	121,041	11,323	131,272	16,584
Income tax	-	-	-	52,810
Social contribution	-	-	-	12,155
Other	16,879	17,439	30,553	32,268
Tax refinancing programs:				
Tax on service (ISS)	4,156	8,754	26,240	41,628
Refinancing - Law No. 11.941/09	10,577	12,973	23,586	29,007
Social security payable	46,203	49,022	148,675	155,113
Other	18,740	20,109	49,077	50,833
	333,251	189,840	648,713	542,484
Current	262,840	114,647	432,739	313,799
Noncurrent	70,411	75,193	215,974	228,685

At September 30, 2020, the long-term maturity schedule is as follows:

Parent Company		Consolidated	
Year	Amount	Year	Amount
2021	5,529	2021	17,747
2022	11,057	2022	35,435
2023	10,829	2023	33,355
2024	8,302	2024	25,740
2025 to 2030	34,694	2025 to 2030	103,697
	70,411		215,974

In accordance with the ordinances ME 139/2020, ME 245/2020, and ME 201/2020, published by the Ministry of Economy determining economic and financial assistance to ease the effects of the Covid-19 pandemic, the Company adopted the postponement of payment of PIS and COFINS and payment of taxes in installments.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

15. Accounts payable for acquisitions

Acquisitions	Restatement index	Parent Company		Consolidated	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019
Ribeirão Pires	CDI	22,950	22,438	22,950	22,438
IFOR	CDI	13,415	13,115	13,415	13,115
Alphamed	CDI	7,795	7,621	7,795	7,621
Oncologia RJ	CDI	-	-	-	44,394
Salus	IPCA	-	-	5,551	5,370
Sator	SELIC	18,369	17,958	18,369	17,958
UDI	CDI	-	-	34,359	33,592
São Rafael (a)	SELIC	-	-	111,173	183,860
Richet	CDI	-	-	8,064	9,275
Samer	CDI	-	-	8,527	8,336
Hospital Rio Mar	IPCA	-	-	65,570	66,914
Hospital São Lucas	CDI	-	-	43,196	42,231
Hospital Perinatal	IPCA	40,733	-	40,733	-
OncoCentro	CDI	-	-	8,408	-
São Carlos	CDI	-	-	11,658	-
Other	CDI/IPCA	1,169	3,506	7,285	7,952
		104,431	64,638	407,053	463,056
Current		42,056	20,411	73,931	163,063
Noncurrent		62,375	44,227	333,122	299,993

(a) In June 2020, there was an adjustment to the fair value of contingent consideration in the amount of R\$76,497.

Accounts payable for acquisitions refer to the remaining balance of the considerations for acquisitions made. At September 30, 2020, the noncurrent maturity schedule is as follows:

Parent Company		Consolidated	
Year	Amount	Year	Amount
2021	-	2021	-
2022	39,886	2022	128,059
2023	22,290	2023	31,077
2024	-	2024	73,777
2025 to 2029	199	2025 to 2029	100,209
	62,375		333,122

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:

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

16. Provision for contingencies and judicial deposits (Continued)

	Parent Company			
	09/30/2020		12/31/2019	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Tax and social security	31,816	(124,700)	35,374	(103,908)
Labor	73,994	(22,023)	60,457	(21,522)
Civil	31,324	(8,898)	43,918	(11,759)
	137,134	(155,621)	139,749	(137,189)

	Consolidated			
	09/30/2020		12/31/2019	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Tax and social security	124,018	(212,321)	71,838	(143,932)
Labor	137,114	(28,987)	95,859	(26,678)
Civil	44,786	(12,985)	59,812	(15,008)
	305,918	(254,293)	227,509	(185,618)

16.1. Contingencies assessed as probable loss

Changes in provisions for contingencies in the nine-month periods ended September 30, 2020 and 2019 were as follows:

	Parent Company			
	Tax and social security	Labor	Civil	Total
Balances at December 31, 2018	39,489	41,474	49,081	130,044
Additions, net of reversals	(4,064)	12,557	9,507	18,000
Payments	(393)	(4,961)	(10,806)	(16,160)
Balances at September 30, 2019	35,032	49,070	47,782	131,884
Balances at December 31, 2019	35,374	60,457	43,918	139,749
Additions, net of reversals	(3,558)	15,712	(12,154)	-
Payments	-	(2,175)	(440)	(2,615)
Balances at September 30, 2020	31,816	73,994	31,324	137,134

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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, 2018	61,728	54,837	73,230	189,795
Additions, net of reversals	(744)	21,379	(2,488)	18,147
Payments	(721)	(5,661)	(12,835)	(19,217)
Additions from acquisitions (*)	10,328	3,417	5,642	19,387
Balances at September 30, 2019	70,591	73,972	63,549	208,112
Balances at December 31, 2019	71,838	95,859	59,812	227,509
Additions, net of reversals	(3,873)	19,894	(16,021)	-
Payments	-	(2,352)	(497)	(2,849)
Additions from acquisitions (*)	56,053	23,713	1,492	81,258
Balances at September 30, 2020	124,018	137,114	44,786	305,918

(*) 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.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Tax and social security (a)	1,214,172	1,111,187	1,283,270	1,188,018
Labor (b)	211,798	121,383	272,902	151,526
Civil (c)	194,913	165,689	296,280	247,472
	1,620,883	1,398,259	1,852,452	1,587,016

(a) The most significant matters refers to administrative proceedings in the total amount of R\$1.1 billion, of which R\$315 million refers to assessments received in 2016 and 2017, and R\$762 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.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

17. Leases

At September 30, 2020, lease liabilities are as follows:

	Parent Company	
	09/30/2020	12/31/2019
Nominal value of future payments	4,930,263	5,127,984
Present value adjustment	(3,104,993)	(3,366,569)
	1,825,270	1,761,415
Current	360,405	108,724
Noncurrent	1,464,865	1,652,691
	Consolidated	
	09/30/2020	12/31/2019
Nominal value of future payments	7,404,193	7,244,736
Present value adjustment	(4,521,644)	(4,717,564)
	2,882,549	2,527,172
Current	544,848	171,074
Noncurrent	2,337,701	2,356,098

The liabilities were measured by the present value of the remaining lease payments discounted at the rate of 16.26% at September 30, 2020.

On 07/07/2020, the revision of accounting pronouncement CPC 06(R2) was approved by Brazil's National Association of State Boards of Accountancy (CPC) and by the Brazilian Securities and Exchange Commission (CVM) through CVM Resolution No. 859/20, with amendments addressing benefits relating to Covid-19 granted to lessees under lease contracts. The Company chose not to evaluate whether the discounts granted and postponement of payments due to Covid-19, granted to lessees under lease contracts, are a modification of the lease contracts. The contractual amendments had no material effect in the nine-month period ended September 30, 2020.

At September 30, 2020, noncurrent maturity schedule is as follows:

	Parent Company		Consolidated	
	Year	Amount	Year	Amount
2021		72,834	2021	114,869
2022		262,460	2022	414,339
2023		220,637	2023	348,089
2024		183,363	2024	285,620
2025 to 2055		725,571	2025 to 2055	1,174,784
		1,464,865		2,337,701

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

18. Equity

a) Capital

The Company's capital is broken down as follows:

Shareholders	09/30/2020		12/31/2019	
	Number of shares	Equity interest	Number of shares	Equity interest
Controlling family (a)	1,055,399,136	57.37%	1,055,399,136	57.37%
Pacific Mezz PTE. Ltda. (b)	477,078,992	25.93%	477,078,992	25.93%
Carlyle Group (c)	218,503,772	11.88%	218,503,772	11.88%
Other	88,667,768	4.82%	88,667,768	4.82%
Total common shares	1,839,649,668	100.00%	1,839,649,668	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 September 30, 2020 and December 31, 2019 amounts to R\$2,467,776, divided into 1,839,649,668 registered common shares with no par value, already considering the split of shares occurred on September 24, 2020, in the proportion of two shares for each existing share. The referred to split was reflected out retroactively, as required by CPC 41. 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.

At the Special General Meeting held on September 24, 2020, the Company's capital increase in the amount of R\$1,600,000 was approved, without issue of new shares, through capitalization of part of the capital reserve.

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.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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 nine-month periods ended September 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Balance payable at December 31	287,394	8,940
Allocation of dividends and interest on equity	204,013	235,608
Payment of dividends and interest on equity	(32,069)	(12,098)
Withholding Income Tax (IRRF)	(20,603)	(21,978)
Balance payable at September 30	438,735	210,472

The distribution, payment and reinvestment of dividends for 2019 and interest on equity were approved at the General Meeting.

c) Treasury shares

Changes in treasury shares are as follows:

	<u>2020</u>			<u>2019</u>		
	Number of shares (*)	Share value (in reais)	Total	Number of shares (*)	Share value (in reais)	Total
Balance at December 31	76,675,312	6.19	474,462	76,694,990	6.17	473,193
Acquisitions	-	-	-	92,870	21.82	2,026
Disposals	(33,714,648)	6.19	(208,694)	(112,548)	6.73	(757)
Balance at September 30	42,960,664	6.19	265,768	76,675,312	6.19	474,462

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

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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)

Since 2011, the Company shareholders have approved seven stock option plans. The totality of the plans granted the Company's executives a total of 65,803,188 common registered shares with no par value, through an individual agreement between each beneficiary and the Company, of which 32,912,692 were exercised, 12,772,632 were canceled and 20,117,864 remained active.

These Plans were measured at an average risk-free rate of 9.88%, average annual volatility of 25.21%, and presented a weighted average fair value of R\$10.89 per option granted.

The average strike price of the options granted under the Plans was R\$7.87 per share, plus the variation of the IPCA or CDI variation, on a daily pro rata basis, until the effective date of exercise of any Stock Option.

The Stock Option Plan was cancelled and replaced by the Restricted Shares Granting Plan, as described further below, in May 2020.

e) Share-based payment (restricted shares)

Restricted Shares Granting Plan

In May 2020, the Company modified the stock option plans still in progress and replaced them entirely with the Company's Restricted Shares Granting Plan with signing of new contracts between the Company and the beneficiaries. The plan establishes the terms and conditions for granting of common shares issued by the Company, subject to certain restrictions, to the directors, employees and service providers of the Company, or of other companies under its control. Accordingly, the Company's Restricted Shares Granting Program replaces and cancels the previously disclosed stock option plans.

On September 3, 2020, the Restricted Shares Granting Program was formally approved at a meeting of the Company's Board of Directors, conditioned to the approval of the Restricted Shares Granting Plan at the Extraordinary General Meeting, establishing the conditions for granting of common shares issued by the Company for the management and personnel. On September 24, 2020, the Restricted Shares Granting Plan was formally approved at the Extraordinary General Meeting, expressly ratifying all the measures and actions taken prior to the Restricted Shares Granting Plan, including the granting and contracts executed previously.

This Plan will be managed by the Board of Directors, the body responsible for approving the participants to whom the restricted shares will be granted.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

18. Equity (Continued)

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

Restricted Shares Granting Plan (Continued)

The general terms and conditions of the granting were not changed, so there was no increase in the fair value granted of the modified plans.

As in the previous plans, the Company grants each beneficiary a sale option, and the Company has the right to purchase, on all restricted shares. The plan has restriction periods for sales of the restricted shares which are determined in individual contracts entered into between the parties. The Company's acquisition price, when exercising sale/purchase options, will be determined based on specific measurement criteria involving EBITDA multiples (Profit Before Interest, Taxes, Depreciation and Amortization) of the Company.

Participants' rights in relation to restricted shares will only be fully acquired if they remain continuously related to the Company or the company under its control, as the case may be, in the period between the date of approval of the respective grant by the Company's Board of Directors and the unvested dates determined in the respective contracts, as defined by the Board of Directors.

In the event that the beneficiary resigns from his office or has his contract terminated for cause, the shares that are not yet vested (within the unvested period) expire without any indemnity or compensation. The shares already received may be sold to the Company, with due penalties, such as reductions in the EBITDA multiples, to be applied to each case.

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 September 30, 2020, equivalent to 91,982,483 shares.

A total of 46,591,300 Restricted Shares were granted to the elected participants, of which 18,410,436 refer to the migration of the old Stock Options plan and 28,180,864 of new grants at a weighted average price of R\$10.71. All Restricted Shares granted have already been transferred for the beneficiaries, due to the achievement of the required period for the participant to be related to the Company and there is no restricted share granted pending to be transferred.

The amount granted, on the grant date was adjusted to reflect potential losses and cancellations of Restricted Shares resulting from the vesting conditions, according to the Company's historical data. In addition, for purposes of calculating expenses to be appropriated, a cancellation rate of 7.87% was used, based on the average historical cancellations of the Company's plans.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

18. Equity (Continued)

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

Restricted Shares Granting Plan (Continued)

As in previous plans, the restricted share plan were measured and recognized at their fair values, using the model of Black, Scholes & Merton (1973) according to Accounting Pronouncement CPC 10 - Share Based Payment and 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	Options exercised
05/29/2020 to 05/29/2027	46,591,300	26.36%	4.66%	16,75	Partially vested	-	-

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	23,403				
2022	23,403				
2023	13,614				
2024	13,614				
2025	13,614				
2026	13,614				
2027	13,614				
	<u>457,387</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.

f) Other comprehensive income

In the period, the effects of the cash flow hedge taken out for debt hedging purposes were recognized as other comprehensive income, increasing equity for the period by R\$13,498, as described in Note 13 (b).

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

19. Income tax and social contribution

Income and social contribution tax expenses for the nine-month periods ended September 30, 2020 and 2019 are as follows:

	Parent Company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Deferred taxes				
Income tax	126,566	(2,583)	171,747	19,757
Social contribution	45,564	(930)	61,787	7,086
	<u>172,130</u>	<u>(3,513)</u>	<u>233,534</u>	<u>26,843</u>
Current taxes				
Income tax	-	(162,567)	(69,258)	(307,164)
Social contribution	-	(60,761)	(28,711)	(114,944)
	<u>-</u>	<u>(223,328)</u>	<u>(97,969)</u>	<u>(422,108)</u>
Income tax and social contribution expenses	<u>172,130</u>	<u>(226,841)</u>	<u>135,565</u>	<u>(395,265)</u>

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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 nine-month period ended September 30, 2020 were as follows:

	Parent Company				Consolidated				
	12/31/2019	Additional benefits (expenses) recorded	Other comprehensive income (loss)	09/30/2020	12/31/2019	Additional benefits (expenses)	Other comprehensive income	Additions from business combinations	09/30/2020
Assets									
Tax losses	-	159,691	-	159,691	34,249	199,616	-	7,283	241,148
Social contribution losses	-	57,489	-	57,489	12,325	71,862	-	2,169	86,356
Allowance for doubtful accounts and provision for disallowances	312,139	(53,429)	-	258,710	505,059	(34,244)	-	3,629	474,444
Contingencies	54,700	(8,074)	-	46,626	85,739	(8,268)	-	9,251	86,722
Provision for bonus	11,603	(10,936)	-	667	14,215	(11,539)	-	-	2,676
Foreign exchange variation	109,616	123,423	-	233,039	109,616	123,423	-	-	233,039
Deferred gain on property sale	24,575	(1,000)	-	23,575	24,575	(1,000)	-	-	23,575
Right-to-use asset amortization (IFRS 16)	53,583	42,005	-	95,588	71,813	58,884	-	3,250	133,947
PVA allocation (IFRS 16)	91,911	66,269	-	158,180	121,452	92,479	-	1,410	215,341
Cash flow hedge	-	-	(10,651)	(10,651)	-	-	(6,953)	-	(6,953)
Other provisions	9,396	2,644	-	12,040	10,516	(225)	-	5,557	15,848
Total deferred tax assets	667,523	378,082	(10,651)	1,034,954	989,559	490,988	(6,953)	32,549	1,506,143
Liabilities									
Differences between book balance and tax base of goodwill	(616,599)	(41,705)	-	(658,304)	(693,697)	(58,835)	-	-	(752,532)
Gain on acquisition in steps	(48,873)	-	-	(48,873)	(69,499)	-	-	-	(69,499)
Swap difference	(55,750)	(37,893)	-	(93,643)	(55,750)	(34,084)	-	-	(89,834)
Lease (IFRS 16)	(113,031)	(90,316)	-	(203,347)	(148,571)	(128,497)	-	(2,586)	(279,654)
Variable income investment	-	(36,038)	-	(36,038)	-	(36,038)	-	-	(36,038)
Deferred revenue	-	-	-	-	(4,935)	-	-	-	(4,935)
Total deferred tax liabilities	(834,253)	(205,952)	-	,040,205)	(972,452)	(257,454)	-	(2,586)	(1,232,492)
Net effect - asset (liability)	(166,730)	172,130	-	5,400	17,107	233,534	-	29,963	280,604
Effect on equity	-	-	(10,651)	(10,651)	-	-	(6,953)	-	(6,953)
Assets as per balance sheets	-	-	-	53,397	318,655	-	-	-	517,150
Liabilities as per balance sheets	(166,730)	-	-	(58,648)	(301,548)	-	-	-	(243,499)

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

19. Income tax and social contribution (Continued)

	Parent Company			Consolidated			
	12/31/2018	Additional benefits (expenses)	09/30/2019	12/31/2018	Additional benefits (expenses)	Additions from business combinations	09/30/2019
Assets							
Tax losses	-	-	-	25,976	4,159	2,737	32,872
Social contribution tax losses	-	-	-	9,350	1,497	985	11,832
Allowance for doubtful accounts	117,562	-	117,562	154,350	-	-	154,350
Provision for disallowances	140,434	15,842	156,276	248,532	45,296	5,251	299,079
Provision for contingencies	51,400	626	52,026	79,637	(364)	2,061	81,334
Provision for bonus	21,333	(7,353)	13,980	22,937	(6,749)	-	16,188
Foreign exchange difference	101,910	22,280	124,190	101,910	22,280	-	124,190
Deferred gain on property sales	25,908	(1,000)	24,908	25,908	(1,000)	-	24,908
Right-to-use asset amortization (IFRS 16)	-	39,692	39,692	-	50,636	-	50,636
PVA allocation (IFRS 16)	-	68,456	68,456	-	89,126	-	89,126
Other provisions	6,392	2,635	9,027	4,510	5,150	-	9,660
Total deferred tax assets	464,939	141,178	606,117	673,110	210,031	11,034	894,175
Liabilities							
Differences between book balance and tax base of goodwill	(554,310)	(46,716)	(601,026)	(608,568)	(63,846)	-	(672,414)
Gain on acquisition in steps	(48,873)	-	(48,873)	(69,499)	-	-	(69,499)
Swap difference	(52,180)	(14,627)	(66,807)	(52,180)	(14,627)	-	(66,807)
Lease (IFRS 16)	-	(83,348)	(83,348)	-	(107,435)	-	(107,435)
Deferred revenue	-	-	-	(10,469)	2,720	-	(7,749)
Total deferred tax liabilities	(655,363)	(144,691)	(800,054)	(740,716)	(183,188)	-	(923,904)
Net effect - asset (liability)	(190,424)	(3,513)	(193,937)	(67,606)	26,843	11,034	(29,729)
Assets as per statement of financial position	-	-	-	195,597	-	-	277,207
Liabilities as per statement of financial position	(190,424)	-	(193,937)	(263,203)	-	-	(306,936)

The reconciliation of income and social contribution taxes and the amount determined at the statutory rate as at September 30, 2020 and 2019 is as follows:

	Parent Company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Income/loss before income tax and social contribution	(22,331)	1,116,063	20,936	1,303,608
Income tax and social contribution expense at the statutory rate	(7,593)	379,461	7,118	443,227
Adjustments to determine the effective rate:				
Equity pickup, net of any gains earned abroad	(54,244)	(87,378)	5,006	(4,635)
Share-based payment (stock options and restricted shares)	(108,124)	10,367	(108,124)	10,367
Interest on equity	(68,703)	(70,834)	(68,703)	(70,834)
Other	66,534	(4,775)	29,138	17,140
Expenses recorded in the statement of profit or loss	(172,130)	226,841	(135,565)	395,265

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

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

September 30, 2020

(In thousands of Reais, unless otherwise stated)

19. Income and social contribution taxes (Continued)

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	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Gross revenue	6,255,635	6,897,963	11,093,451	11,138,725
Deductions from revenue				
Cancellations and rebates	(288,760)	(333,685)	(594,621)	(621,371)
Taxes on revenues	(350,185)	(363,129)	(637,686)	(625,823)
	5,616,690	6,201,149	9,861,144	9,891,531

The Company has no revenues arising from customers outside Brazil.

21. Costs of services provided

	Parent Company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Personnel	(1,855,676)	(1,873,286)	(3,410,539)	(3,082,926)
Materials and medicines	(1,197,192)	(1,165,239)	(2,350,969)	(2,063,580)
Third-party services	(931,822)	(785,185)	(1,777,020)	(1,461,495)
Utilities and services	(114,600)	(110,513)	(211,180)	(174,301)
Rentals	(169)	(370)	(9,335)	(13,102)
Depreciation and amortization	(344,912)	(313,810)	(558,596)	(457,658)
	(4,444,371)	(4,248,403)	(8,317,639)	(7,253,062)

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

September 30, 2020

(In thousands of Reais, unless otherwise stated)

22. General and administrative expenses

	Parent Company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Personnel (a)	(441,539)	(228,040)	(441,539)	(228,040)
Third-party services	(59,008)	(44,156)	(59,008)	(44,156)
Trips and lodging	(18,778)	(19,815)	(28,237)	(29,158)
Depreciation and amortization	(75,421)	(47,285)	(75,421)	(47,285)
Provision for contingencies	-	(18,000)	-	(18,147)
	(594,746)	(357,296)	(604,205)	(366,786)

- (a) As mentioned in Note 18, until May 2020 the Company had stock option plans, which were replaced by Restricted Shares plans. The increase observed in personnel expenses was due to this change, combined with the new grants of Restricted Shares of the Company and their respective tax impacts.

23. Selling expenses

	Parent Company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Marketing	(11,527)	(9,626)	(15,281)	(15,183)
	(11,527)	(9,626)	(15,281)	(15,183)

24. Other operating expenses, net

	Parent Company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Taxes, charges and fines	(35,500)	(33,287)	(58,386)	(50,299)
Gain on property sale	2,940	2,940	2,940	2,940
Rentals of property and equipment	(7,027)	(7,871)	(16,292)	(13,594)
Freight expenses	(15,226)	(13,337)	(21,029)	(20,605)
Notary and court fees	(13,375)	(7,520)	(18,014)	(10,948)
Advisory expenses	(10,025)	(746)	(21,831)	(12,550)
Other (a)	(41,728)	(22,740)	24,105	(34,034)
	(119,941)	(82,561)	(108,507)	(139,090)

- (a) In this item, the adjustment to the fair value of contingent consideration related to the acquisition of São Rafael was recorded, resulting from the change in the management's estimate, in the amount of R\$76,497 (Note 15).

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

25. Financial income (expenses), net

Financial income (expenses) for the nine-month periods ended September 30, 2020 and 2019 are as follows:

	Parent Company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Earnings from financial and variable investments	214,511	126,942	267,274	170,802
Foreign exchange differences, net	(421,098)	(80,568)	(2,277,643)	(222,726)
Fair value of debt	346,716	(257,334)	(479,978)	(192,190)
Derivatives' fair value (swaps)	138,422	362,086	2,777,649	369,630
Interest and monetary variation on financing and debentures	(690,055)	(537,059)	(716,189)	(595,182)
Taxes on financial income (expenses)	(16,585)	(9,563)	(19,832)	(13,527)
Interest on lease liability	(194,908)	(201,341)	(282,130)	(280,004)
Other	(60,942)	(47,357)	(78,450)	(64,238)
	(683,939)	(644,194)	(809,299)	(827,435)
Total finance income	1,599,846	470,362	6,305,079	914,260
Total finance expenses	(2,283,785)	(1,114,556)	(7,114,378)	(1,741,695)
	(683,939)	(644,194)	(809,299)	(827,435)

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.

	09/30/2020	09/30/2019
Profit attributable to Company shareholders	149,799	889,222
Weighted average number of issued common shares issued (in thousands) (*)	1,796,689	1,762,974
Basic earnings per share in Reais (R\$)	0.0834	0.5044

(*) On September 24, 2020, the Company split its common shares at the proportion of two shares for each existing share. This adjustment was retrospectively reflected for the nine-month period ended September 30, 2019, according to CPC 41.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

26. Earnings per share (Continued)

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>09/30/2020</u>	<u>09/30/2019</u>
Income attributable to the Company's controlling interests	149,799	889,222
Weighted average of the number of common shares issued, including dilution factors (thousands) (*)	1,803,309	1,769,830
Diluted earnings per share in Reais (R\$)	<u>0.0831</u>	<u>0.5024</u>

(*) On September 24, 2020, the Company split its common shares at the proportion of two shares for each existing share. This adjustment was retrospectively reflected for the nine-month period ended September 30, 2019, according to CPC 41.

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.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.1. Financial instruments by category (Continued)

The following tables below present breakdown of financial assets and liabilities at September 30, 2020 and December 31, 2019:

Parent Company				
Financial assets	Classification by category	Fair value hierarchy	Book balance	
			09/30/2020	12/31/2019
Cash and cash equivalents	Fair value through P&L	Level 2	6,359	33,580
Marketable securities (Shares)	Fair value through P&L	Level 1	306,206	-
Marketable securities	Fair value through P&L	Level 2	4,823,469	3,782,360
Trade accounts receivable	Amortized cost		2,462,045	2,503,118
Dividends receivable	Amortized cost		111,140	69,657
Judicial deposits	Amortized cost		155,621	137,189
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	768,575	558,651
			8,633,415	7,084,555

Parent Company				
Financial liabilities	Classification by category	Fair value hierarchy	Book balance	
			09/30/2020	12/31/2019
Trade accounts payable	Amortized cost		217,256	216,267
Loans, financing and debentures	Amortized cost (a)	Level 2	16,823,168	13,236,225
Salaries, provisions and social charges	Amortized cost		660,340	343,994
Accounts payable for acquisitions	Amortized cost		104,431	64,638
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	475,415	5,591
			18,280,610	13,866,715

- (a) The portion of debt recorded as hedge accounting (fair value hedge) is measured at fair value through profit or loss and, at September 30, 2020, 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\$2,878,946 at September 30, 2020.

Consolidated				
Financial assets	Classification by category	Fair value hierarchy	Book balance	
			09/30/2020	12/31/2019
Cash and cash equivalents	Fair value through P&L	Level 2	43,677	68,684
Marketable securities (Shares)	Fair value through P&L	Level 1	306,206	-
Marketable securities	Fair value through P&L	Level 2	8,118,202	4,701,418
Trade accounts receivable	Amortized cost		4,360,330	4,117,916
Judicial deposits	Amortized cost		254,293	185,618
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	3,866,715	811,042
			16,949,423	9,884,678

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.1. Financial instruments by category (Continued)

Fair value hierarchy (Continued)

Financial liabilities	Classification by category	Fair value hierarchy	Book balance	
			09/30/2020	12/31/2019
Trade accounts payable	Amortized cost		598.782	498,066
Loans, financing and debentures	Amortized cost (a)	Level 2	24.219.581	15,406,377
Salaries, provisions and social charges	Amortized cost		992.131	510,293
Accounts payable for acquisitions	Fair value through profit or loss		407.053	463,056
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	648.680	92,905
			26.866.227	16,970,697

- (a) The portion of debt recorded as hedge accounting (fair value hedge) is measured at fair value through profit or loss and, at September 30, 2020, totaling R\$9,220,077 at September 30, 2020 (R\$3,259,993 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\$3,881,314 at September 30, 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:

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.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

a) Capital management (Continued)

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 September 30, 2020 and December 31, 2019, the Company has the following capital structure:

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Cash and cash equivalents	6,359	33,580	43,677	68,684
Marketable securities	5,129,675	3,782,360	8,424,408	4,701,418
	5,136,034	3,815,940	8,468,085	4,770,102
Loans, financing and debentures	(16,823,168)	(13,236,225)	(24,219,581)	(15,406,377)
Derivatives	293,160	553,060	3,197,584	718,137
	(16,530,008)	(12,683,165)	(21,021,997)	(14,688,240)
Net debt	(11,393,974)	(8,867,225)	(12,553,912)	(9,918,138)
Total equity	5,109,594	5,210,130	5,375,227	5,442,000
Total net debt and equity	(6,284,380)	(3,657,095)	(7,178,685)	(4,476,138)
Financial leverage ratio	2.23	1.70	2.34	1.82

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 September 30, 2020, 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.)	1.90%	2.31%	2.85%
IPCA rate (p.a.)	2.44%	3.05%	3.66%
Projected interest expenses (in millions)	8.831	10.328	11.825

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

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 - 09/30/2020						
	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	217,256	-	-	-	-	217,256
Loans, financing and debentures	273,562	12,363	1,117,906	7,394,504	10,109,237	18,907,572
Salaries, provisions and social charges	660,340	-	-	-	-	660,340
Accounts payable for acquisitions	36,056	6,173	37,817	28,645	231	108,922
Derivatives	7,731	340	30,274	189,198	247,872	475,415
	1,194,945	18,876	1,185,997	7,612,347	10,357,340	20,369,505

Consolidated - 09/30/2020						
	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	598,782	-	-	-	-	598,782
Loans, financing and debentures	402,091	139,219	1,525,435	8,758,342	16,470,341	27,295,428
Salaries, provisions and social charges	992,131	-	-	-	-	992,131
Accounts payable for acquisitions	60,210	14,116	65,992	246,427	53,900	440,645
Derivatives	10,769	3,729	40,856	234,578	441,131	731,063
	2,063,983	157,064	1,632,283	9,239,347	16,965,372	30,058,049

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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 - 12/31/2019					Total
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	financial liabilities
Trade accounts payable	216,267	-	-	-	-	216,267
Loans, financing and debentures	469,878	137,312	144,170	6,914,473	7,556,975	15,222,808
Salaries, provisions and social charges	343,994	-	-	-	-	343,994
Accounts payable for acquisitions	9,411	11,384	9,431	39,546	237	70,009
Derivatives	3,579	2,012	-	-	-	5,591
	<u>1,043,129</u>	<u>150,708</u>	<u>153,601</u>	<u>6,954,019</u>	<u>7,557,212</u>	<u>15,858,669</u>

	Consolidated - 12/31/2019					Total
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	financial liabilities
Trade accounts payable	498,066	-	-	-	-	498,066
Loans, financing and debentures	451,484	138,706	406,191	8,589,989	8,094,865	17,681,235
Salaries, provisions and social charges	510,293	-	-	-	-	510,293
Accounts payable for acquisitions	149,539	13,997	17,718	216,597	108,145	505,996
Derivatives	59,467	33,438	-	-	-	92,905
	<u>1,668,849</u>	<u>186,141</u>	<u>423,909</u>	<u>8,806,586</u>	<u>8,203,010</u>	<u>19,288,495</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 September 30, 2020 (18.2% at December 31, 2019). 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.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives

At September 30, 2020, the Company has swaps recorded based on fair value and cash flow hedge accounting, in order 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:

Description	Hedge classification	Maturity ranges month/year	Reference value (notional value)	30/09/2020	
				Parent Company	Consolidated
				Fair value	
Swap (currency)	Fair value	04/03/2023			
Long position		USD/BRL + 2.5647%	US\$	76,419	
Short position		CDI + 1.66%	R\$	431,056	29,588
					29,588
Swap (currency)	Fair value	11/21/23			
Long position		USD Libor + 0.46%	US\$	80,063	
Short position		109% CDI	R\$	451,610	142,607
					142,607
Swap (currency)	Fair value	07/03/2023			
Long position		USD/BRL + 2.3059%	US\$	100,343	
Short position		CDI + 1.3230%	R\$	566,005	38,396
					38,396
Swap (currency)	Fair value	01/18/2028			
Long position		USD Fixed (4.95%)	US\$	505,019	
Short position		BRL Fixed (11.82%)	R\$	2,848,659	-
					1,376,681
Swap (index)	Fair value	01/18/2028			
Long position		BRL Fixed (11.82%)	R\$	1,634,663	
Short position		CDI + 2.01%	R\$	1,634,663	294,530
					294,530
Swap (currency)	Fair value	01/22/2030			
Long position		USD Fixed (4.525%)	US\$	504,250	
Short position		BRL Fixed (8.80%)	R\$	2,844,456	-
					1,085,468
Swap (index)	Fair value	01/22/2030			
Long position		BRL Fixed (8.80%)	R\$	2,135,109	
Short position		CDI + 2.125%	R\$	2,135,109	(115,503)
					(115,503)
Swap (index)	Fair value	01/22/2030			
Long position		BRL Fixed (4.51%)	R\$	252,125	
Short position		CDI + 8.65%	R\$	1,422,161	-
					484,805
Swap (index)	Fair value	01/22/2030			
Long position		BRL Fixed (8.65%)	R\$	1,116,094	
Short position		CDI + 2.40%	R\$	1,116,094	(102,248)
					(102,248)
Swap (index)	Cash flow	12/29/2025			
Long position		CDI + 1.27%/1.75%	R\$	1,008,543	
Short position		BRL Fixed (7.752%)	R\$	1,008,543	-
					(22,080)
Swap (currency)	Cash flow	06/20/2029			
Long position		CDI + 0.79%	US\$	1,007,872	
Short position		BRL Fixed (7.71%)	R\$	1,007,872	33,495
					33,495

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives (Continued)

Description	Hedge classification	Maturity ranges month/year	Notional value	09/30/2020	
				Parent Company	Consolidated
				Fair value	
Swap (interest)	Cash flow	09/10/2024			
Long position		CDI + 1.02%	R\$ 1,402,255		
Short position		BRL Fixed (7.275%)	R\$ 1,402,255	(21,315)	(21,315)
Swap (interest)	Cash flow	10/26/2026			
Long position		106.0% CDI	R\$ 505,446		
Short position		BRL Fixed (6.765%)	R\$ 505,446	(6,390)	(6,390)
				248,062	248,062
Current assets position				520,513	3,618,653
Noncurrent assets position				(128,850)	(300,115)
Current liabilities position				(348,565)	(348,565)
Noncurrent liabilities position				138,422	2,777,649
Effect on profit or loss for the period (fair value of derivatives - swaps)				31,328	20,451
Effect on equity for the period (fair value of derivatives - swaps)					
				12/31/2019	
Description	Hedge classification	Maturity ranges month/year	Reference value (notional value)	Parent Company	Consolidated
				Fair value	
Swap (Currency)	Fair value	04/20/2020			
Long position		USD/BRL + 3.35%	US\$ 34,224		
Short position		115% CDI	R\$ 137,946	16,719	16,719
Swap (Currency)	Fair value	04/15/2025			
Long position		USD/BRL + 3.30%	US\$ 42,785		
Short position		CDI + 2.084%	R\$ 172,454	42,968	42,968
Swap (Currency)	Fair value	04/15/2024			
Long position		USD/BRL + 3.00%	US\$ 66,151		
Short position		CDI + 1.68%	R\$ 266,636	64,240	64,240
Swap (Currency)	Fair value	04/15/2026			
Long position		USD/BRL + 5.50%	US\$ 30,480		
Short position		CDI + 0.25%	R\$ 122,855	7,750	7,750
Swap (Currency)	Fair value	11/21/2023			
Long position		USD Libor + 0.46%	US\$ 80,209		
Short position		109% CDI	R\$ 323,300	20,031	20,031
Swap (Currency)	Fair value	01/18/2028			
Long position		USD/Fixed + 4.95%	US\$ 511,206		
Short position		BRL Fixed 11.82%	R\$ 2,060,519	-	165,077
Swap (interest)	Fair value	01/18/2028			
Long position		BRL Fixed 11.82%	R\$ 1,681,837		
Short position		CDI + 2.01%	R\$ 1,681,837	401,352	401,352
Current assets position				116,530	116,530
Noncurrent assets position				442,121	694,512
Current liabilities position				(5,591)	(92,905)
Noncurrent liabilities position				-	-
Effect on profit or loss for the year (fair value of derivatives - swaps)				374,856	240,416

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of Reais, unless otherwise stated)

27. Financial instruments and financial risk management (Continued)

27.2. Risk management (Continued)

f) Derivatives (Continued)

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 (Scenario I) future exchange rates of the Brazilian real in relation to the US dollar, 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\$)	-	4,4421	2,9614	-	-
Appreciation of US\$ (rate in R\$)	5,9227	-	-	7,4034	8,8841
Effect on liabilities					
Loan 4131 - BofA and Citibank	71.981	(359.906)	(719.811)	359.906	719.811
Effect on derivatives					
Swap	(71.981)	359.906	719.811	(359.906)	(719.811)
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\$)	-	4,4421	2,9614	-	-
Appreciation of US\$ (rate in R\$)	5,9227	-	-	7,4034	8,8841
Effect on liabilities					
Senior Notes	164.041	(820.206)	(1.640.411)	820.206	1.640.411
Effect on derivatives					
Swap	(164.041)	820.206	1.640.411	(820.206)	(1.640.411)
Net effect	-	-	-	-	-

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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\$)	-	4.4421	2.9614	-	-
Appreciation of US\$ (rate in R\$)	5.9227	-	-	7.4034	8.8841
Effect on liabilities in US\$					
Senior Notes II	224,982	(1,124,908)	(2,249,816)	1,124,908	2,249,816
Effect on derivatives					
Swap	(224,982)	1,124,908	2,249,816	(1,124,908)	(2,249,816)
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	-	1.4962%	0.9975%	-	-
Appreciation of the DI rate	1.9949%	-	-	2.4937%	2.9924%
Effect on liabilities					
Debentures	(3,728)	15,843	35,414	(23,299)	(42,870)
Effect on derivatives					
Swap	3,728	(15,843)	(35,414)	23,299	42,870
Net effect	-	-	-	-	-

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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	12/31/2019	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	09/30/2020
Loans, financing, debentures and leases (a)	14,997,640	4,122,448	1,824,966	(1,459,264)	(616,078)	(346,716)	-	-	125,442	18,648,438
Accounts payable for acquisitions	64,638	40,000	2,213	(2,420)	-	-	-	-	-	104,431
Derivatives	5,591	-	40,173	429,651	-	-	-	-	-	475,415
Dividends and interest on equity payable	264,527	-	-	-	-	-	195,296	-	(20,603)	439,220
	15,332,396	4,162,448	1,867,352	(1,032,033)	(616,078)	(346,716)	195,296	-	104,839	19,667,504
Current	1,001,809									1,254,110
Noncurrent	14,330,587									18,413,394

		Parent Company								
Parent Company	12/31/2018	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	09/30/2019
Loans, financing and debentures	9,631,831	2,638,542	639,015	(1,706,884)	(610,301)	257,334	-	-	(12,930)	10,836,607
Accounts payable for acquisitions	80,232	750	3,634	(119)	(151)	-	-	-	-	84,346
Derivatives	8,339	-	59,770	(61,730)	-	-	-	-	-	6,379
Dividends and interest on equity payable	1,101	-	-	-	-	-	208,335	-	(18,642)	190,794
	9,721,503	2,639,292	702,419	(1,768,733)	(610,452)	257,334	208,335	-	(31,572)	11,118,126
Current	653,185									841,975
Noncurrent	9,068,318									10,276,151

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(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	12/31/2019	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	09/30/2020
Loans, financing, debentures and leases (a)	17,933,549	6,531,098	3,950,464	(1,543,149)	(632,000)	479,978	-	-	382,190	27,102,130
Accounts payable for acquisitions	463,056	63,649	11,348	(31,000)	(23,503)	-	-	-	(76,497)	407,053
Derivatives	92,905	-	257,572	298,203	-	-	-	-	-	648,680
Dividends and interest on equity payable	287,394	-	-	-	-	-	204,014	(32,070)	(20,603)	438,735
	18,776,904	6,594,747	4,219,384	(1,275,946)	(655,503)	479,978	204,014	(32,070)	285,090	28,596,598
Current	1,299,396									1,895,042
Noncurrent	17,477,508									26,701,556

		Consolidated								
Consolidated	12/31/2018	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	09/30/2019
Loans, financing and debentures	11,846,585	2,674,450	826,119	(1,746,671)	(628,591)	192,190	-	-	(8,718)	13,155,364
Accounts payable for acquisitions	363,382	117,115	16,811	(15,405)	(195)	-	-	-	-	481,708
Derivatives	98,387	-	24,565	(34,508)	-	-	-	-	-	88,444
Dividends and interest on equity payable	8,940	-	-	-	-	-	235,608	(12,098)	(21,978)	210,472
	12,317,294	2,791,565	867,495	(1,796,584)	(628,786)	192,190	235,608	(12,098)	(30,696)	13,935,988
Current	820,125									1,094,590
Noncurrent	11,497,169									12,841,398

(a) As of January 1, 2019, IFRS 16/CPC 06(R2) - Leases became effective, the impacts of which were presented as additions to the respective changes above. The amounts resulting from its implementation, in the Individual and Consolidated financial information, totaled R\$1.725.239 and R\$2.312.074, respectively.

Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)
September 30, 2020
(In thousands of reais, unless otherwise stated)

28. Insurance coverage

At September 30, 2020, the Company maintains insurance coverage at amounts deemed sufficient by management to cover risks, if any, on its assets and/or liabilities.

<u>Insurance line</u>	<u>Insured amount</u>
Property risk	3,885,297
Civil Liability (D&O)	200,000
General civil liability	11,000
Engineering risks	1,312,145

29. Events after the reporting period

On October 7, 2020, the Company acquired Ygeia Medical II Participações Ltda. ("Ygeia Medical II"), a Limited company that holds 43.32% interest on Radiopharmacus S.A. ("RPH"), a company that operates in the radiopharmaceutical sector. At the same date, the Company merged Ygeia Medical II, as well as conferred its 35.20% interest (considering a fully diluted basis) of GGSH Participações S.A. ("GGSH") in payment of capital increase in Lorem Participações S.A. ("Lorem"), so that the Company became the owner of 50.01% of Lorem's shares, while Lorem became the owner of 86.65% of the shares issued by RPH and 70.40% (considering a fully diluted basis) of GGSH. From that date, this investment will be consolidated in the financial statements.

On October 16, 2020, the Company acquired Clínica São Lucas, located in the municipality of Macaé, northern Rio de Janeiro State ("Clínica São Lucas"). The total consideration transferred was R\$55,987, of which R\$24,239 was paid on the closing date of the transaction and the remaining amount will be paid subject to the conditions defined in the purchase and sale contract. This investment has not yet been consolidated in the Company's financial statements as of December 31, 2019.

On November 9, 2020, the Company signed a binding memorandum of understanding and filed the respective merger before the Brazilian Antitrust Agency (CADE) for the acquisition of a 100% representative shareholding interest in the Central Hospital of Guaianases, located in the eastern part of the municipality of São Paulo, State of São Paulo. The completion of this transaction and consequent transfer of control still depends on CADE approval; 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)
September 30, 2020
(In thousands of reais, unless otherwise stated)

29. Events after the reporting period (Continued)

On November 9, 2020, through the subsidiary Hospital Esperança S.A., Rede D'Or, signed a binding memorandum of understanding and filed the respective act of concentration before CADE for the acquisition of 100% of the Córdio Pulmonar Hospital, located in the municipality of Salvador, State of Bahia. The completion of this transaction and consequent transfer of control still depends on CADE approval; therefore, this investment has not yet been consolidated in the Company's financial statements.

On November 12, 2020, through the subsidiary Integrated Hospitals of Gávea S.A. – Clínica São Vicente, signed a binding memorandum of understanding to acquire a 100% representative shareholding of Balbino Hospital, located in the city of Rio de Janeiro, State of Rio de Janeiro. The completion of this transaction and consequent transfer of control still depends on CADE approval; therefore, this investment has not yet been consolidated in the Company's financial statements.