

# **Interim Financial Information**

## **Rede D'Or São Luiz S.A.**

June 30, 2020  
with Independent Auditor's Review Report

# Rede D'Or São Luiz S.A.

## Interim financial information

June 30, 2020

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

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## **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, of Rede D'Or São Luiz S.A. (the "Company") as at June 30, 2020, and the related statements of income, comprehensive income, of changes in equity and of cash flows for the quarter then ended, including a summary of significant accounting policies and the explanatory notes.

Management is responsible for preparation and fair presentation of the interim financial information in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information does not present fairly, in all material respects, the financial position of the entity as at June 30, 2020, and its financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).



## **Other matters**

### **Statements of value added**

The interim financial information referred to above includes the individual and consolidated statements of value added (SVA) for the period ended June 30, 2020, prepared under Company's Management responsibility and presented as supplementary information under IAS 34. These statements have been subject to review procedures performed together with the review of the interim information, with the objective to conclude whether they are reconciled to the interim financial information and 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, August 31, 2020.

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

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

A free translation from Portuguese into English of Interim Financial Information prepared in Brazilian currency in accordance with NBC TG 21 (R1) and IAS 34

## Rede D'Or São Luiz S.A.

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

	Note	Parent Company		Consolidated	
		06/30/2020	12/31/2019	06/30/2020	12/31/2019
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	49,717	33,580	82,337	68,684
Marketable securities	4	5,282,426	3,782,360	9,272,443	4,701,418
Trade accounts receivable	5	2,239,455	2,503,118	3,866,844	4,117,916
Inventories	6	375,809	182,844	570,567	335,481
Taxes recoverable		99,715	49,488	184,485	90,783
Derivative financial instruments	27	304,622	116,530	304,622	116,530
Related parties	7	2,594	2,423	-	-
Dividends receivable		107,442	69,657	-	275
Receivables from sale of property		18,342	40,198	18,342	40,198
Assets held for sale	3	-	-	386,849	-
Other		209,391	151,039	356,130	257,937
<b>Total current assets</b>		<b>8,689,513</b>	<b>6,931,237</b>	<b>15,042,619</b>	<b>9,729,222</b>
<b>Noncurrent assets</b>					
Related parties	7	904,794	798,347	42,354	38,876
Deposit for acquisition of building		-	-	97,644	96,588
Judicial deposits	16	147,126	137,189	217,348	185,618
Deferred income tax and social contribution	19	135,490	-	588,525	318,655
Derivative financial instruments	27	685,449	442,121	3,164,454	694,512
Investments in subsidiaries, affiliates and jointly controlled entities	8	8,730,943	6,266,080	1,232,782	1,226,878
Property and equipment	9	3,110,653	3,011,742	6,902,834	6,439,385
Intangible assets	10	2,619,130	2,631,182	6,417,159	5,365,466
Right of use - lease	11	1,641,549	1,653,342	2,390,361	2,370,117
Other		108,352	53,629	192,049	134,348
<b>Total noncurrent assets</b>		<b>18,083,486</b>	<b>14,993,632</b>	<b>21,245,510</b>	<b>16,870,443</b>
<b>Total assets</b>		<b>26,772,999</b>	<b>21,924,869</b>	<b>36,288,129</b>	<b>26,599,665</b>

	Note	Parent Company		Consolidated	
		06/30/2020	12/31/2019	06/30/2020	12/31/2019
Liabilities and equity					
Current liabilities					
Trade accounts payable		273,430	216,267	666,031	498,066
Derivative financial instruments	27	122,465	5,591	308,278	92,905
Loans, financing and debentures	13	723,839	602,556	858,031	584,960
Salaries, provisions and social charges		734,890	343,994	1,022,511	510,293
Tax liabilities	14	159,089	114,647	336,539	313,799
Accounts payable for acquisitions	15	47,743	20,411	80,568	163,063
Dividends and interest on equity payable	18	381,808	264,527	388,611	287,394
Deferred gain on property sales	12	3,920	3,920	3,920	3,920
Lease agreements	17	213,402	108,724	296,798	171,074
Other		120,747	26,169	155,789	67,367
Total current liabilities		<b>2,781,333</b>	1,706,806	<b>4,117,076</b>	2,692,841
Noncurrent liabilities					
Derivative financial instruments	27	144,871	-	146,699	-
Loans, financing and debentures	13	16,792,476	12,633,669	23,382,874	14,821,417
Related parties	7	11,668	21,098	1,751	415
Tax liabilities	14	71,193	75,193	221,366	228,685
Accounts payable for acquisitions	15	58,446	44,227	305,577	299,993
Deferred income tax and social contribution	19	-	166,730	171,664	301,548
Provision for contingencies	16	137,933	139,749	263,755	227,509
Provision for losses on investments	8	146,859	105,334	-	-
Deferred gain on property sales	12	66,415	68,370	66,415	68,370
Lease agreements	17	1,575,505	1,652,691	2,317,785	2,356,098
Other		94,917	100,872	165,308	160,789
Total noncurrent liabilities		<b>19,100,283</b>	15,007,933	<b>27,043,194</b>	18,464,824
Equity					
Capital stock	18	867,776	867,776	867,776	867,776
Capital reserves		2,422,768	2,345,109	2,422,768	2,345,109
Treasury shares		(474,462)	(474,462)	(474,462)	(474,462)
Income reserves		2,337,116	2,467,483	2,337,116	2,467,483
Retained earnings		(188,103)	-	(188,103)	-
Advance for future capital increase		4,224	4,224	4,224	4,224
Other comprehensive income		(77,936)	-	(77,936)	-
Total equity attributable to Company shareholders		<b>4,891,383</b>	5,210,130	<b>4,891,383</b>	5,210,130
Noncontrolling interests			-	236,476	231,870
Total equity		<b>4,891,383</b>	5,210,130	<b>5,127,859</b>	5,442,000
Total liabilities and equity		<b>26,772,999</b>	21,924,869	<b>36,288,129</b>	26,599,665

See accompanying notes.

## Rede D'Or São Luiz S.A.

### Statements income

Six-month periods ended June 30, 2020 and 2019  
(In thousands of Reais, unless otherwise stated)

	Note	Parent Company		Consolidated	
		06/30/2020	06/30/2019	06/30/2020	06/30/2019
Net revenue	20	<b>3,508,552</b>	4,094,299	<b>6,053,345</b>	6,446,211
Costs of services provided	21	<b>(2,958,235)</b>	(2,786,497)	<b>(5,411,384)</b>	(4,699,143)
Gross profit		<b>550,317</b>	1,307,802	<b>641,961</b>	1,747,068
General and administrative expenses	22	<b>(515,688)</b>	(233,578)	<b>(522,985)</b>	(241,094)
Selling expenses	23	<b>(6,419)</b>	(6,336)	<b>(8,734)</b>	(9,975)
Equity pickup	8	<b>78,590</b>	170,754	<b>(1,630)</b>	11,731
Other operating income (expenses), net	24	<b>(67,828)</b>	(50,423)	<b>(48,714)</b>	(91,416)
Income before financial income (expenses) and income tax and social contribution		<b>38,972</b>	1,188,219	<b>59,898</b>	1,416,314
Financial income	25	<b>895,334</b>	224,736	<b>3,918,232</b>	395,629
Financial expenses	25	<b>(1,398,265)</b>	(623,829)	<b>(4,471,655)</b>	(907,281)
Income before income taxes		<b>(463,959)</b>	789,126	<b>(493,525)</b>	904,662
Income taxes	19	<b>275,856</b>	(165,049)	<b>300,414</b>	(264,517)
Net income (loss) for the period		<b>(188,103)</b>	624,077	<b>(193,111)</b>	640,145
Net income attributable to controlling shareholders		(188,103)	624,077	(188,103)	624,077
Net income attributable to noncontrolling shareholders		-	-	(5,008)	16,068
Basic earnings per share (in Reais)	26	(0.2134)	0.7080	(0.2134)	0.7080
Diluted earnings per share (in Reais)	26	(0.2118)	0.7066	(0.2118)	0.7066

See accompanying notes.

## Rede D'Or São Luiz S.A.

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

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Net income (loss) for the period	<b>(188,103)</b>	624,077	<b>(193,111)</b>	640,145
Other comprehensive income				
Other comprehensive income (loss) to be reclassified to income for the year in subsequent periods				
Gain on cash flow hedge	<b>(77,541)</b>	-	<b>(118,085)</b>	-
Tax Impacts	<b>26,364</b>	-	<b>40,149</b>	-
Other comprehensive income (loss) of associates and subsidiaries, by equity pickup	<b>(26,759)</b>	-	-	-
Other comprehensive income (loss) to be reclassified to income for the year in subsequent periods, net of taxes	<b>(77,936)</b>	-	<b>(77,936)</b>	-
Total comprehensive income (loss)	<b>(266,039)</b>	624,077	<b>(271,047)</b>	640,145
Attributable to				
Controlling shareholders	<b>(266,039)</b>	624,077	<b>(266,039)</b>	624,077
Noncontrolling shareholders	-	-	<b>(5,008)</b>	16,068

See accompanying notes.

## Rede D'Or São Luiz S.A.

Statements of changes in equity  
Six-month periods ended June 30, 2020 and 2019  
(In thousands of Reais)

Description	Attributable to shareholders of the Parent Company												Noncontrolling shareholders	Total
	Capital stock	Capital reserves			Income reserves					Retained earnings	Other comprehensive income (loss)	Total equity		
		Capital reserve (issue of shares)	Goodwill on capital transactions	Share-based payment reserve	Treasury shares	Legal reserve	Investment reserve	Advances for future capital increase						
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	
Acquisition of subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	-	13,352	13,352	
Capital transactions at subsidiaries	-	-	(11,647)	-	-	-	-	-	-	-	(11,647)	-	(11,647)	
Treasury shares (Note 18)	-	-	-	-	(1,269)	-	-	-	-	-	(1,269)	-	(1,269)	
Share-based payment (Note 18)	-	-	-	20,330	-	-	-	-	-	-	20,330	-	20,330	
Net income for the period	-	-	-	-	-	-	-	-	624,077	-	624,077	16,068	640,145	
Dividend and interest on equity (Note 18)	-	-	-	-	-	-	(144,663)	-	-	-	(144,663)	(25,516)	(170,179)	
Balances at June 30, 2019	867,776	2,335,941	(225,590)	242,114	(474,462)	8,666	1,439,601	4,224	624,077	-	4,822,347	196,112	5,018,459	
Balances at December 31, 2019	<b>867,776</b>	<b>2,335,941</b>	<b>(254,022)</b>	<b>262,440</b>	<b>(474,462)</b>	<b>8,666</b>	<b>2,459,567</b>	<b>4,224</b>	-	-	<b>5,210,130</b>	<b>231,870</b>	<b>5,442,000</b>	
Acquisition of subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	-	1,694	1,694	
Capital transactions at subsidiaries	-	-	(1,662)	-	-	-	-	-	-	-	(1,662)	-	(1,662)	
Share-based payment (Note 18)	-	-	-	-	-	-	-	-	(188,103)	-	(188,103)	(5,008)	(193,111)	
Loss for the period	-	-	-	-	-	-	(131,117)	-	-	-	(131,117)	7,920	(123,197)	
Dividends and interest on equity (Note 18)	-	-	-	-	-	-	-	-	-	(77,936)	(77,936)	-	(77,936)	
Cash flow hedge (Note 18)	-	-	-	-	-	-	-	-	-	(77,936)	(77,936)	-	(77,936)	
Balances at June 30, 2020	<b>867,776</b>	<b>2,335,941</b>	<b>(255,684)</b>	<b>342,511</b>	<b>(474,462)</b>	<b>8,666</b>	<b>2,328,450</b>	<b>4,224</b>	<b>(188,103)</b>	<b>(77,936)</b>	<b>4,891,383</b>	<b>236,476</b>	<b>5,127,859</b>	

See accompanying notes.

## Rede D'Or São Luiz S.A.

### Statements of cash flows Six-month periods ended June 30, 2020 and 2019 (In thousands of Reais)

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Cash flows from operating activities				
Income (loss) before income tax and social contribution	(463,959)	789,126	(493,525)	904,662
Adjustments to reconcile net income to cash provided by operating activities				
Depreciation and amortization	276,028	231,904	411,591	319,165
Gain on property sale	(1,960)	(1,960)	(1,960)	(1,960)
Adjustment to the fair value of contingent consideration	-	-	(76,497)	-
Fair value of debt	(6,719)	214,707	442,939	178,980
Interest, monetary and foreign exchange differences, net	396,658	124,511	(600)	287,298
Share-based payment	80,071	20,330	80,071	20,330
Provision for contingencies	-	18,000	-	18,147
Equity pickup	(78,590)	(170,754)	1,630	(11,731)
Allowance for doubtful accounts and provision for disallowances	185,875	220,530	387,192	404,737
(Increase) decrease in assets and liabilities				
Trade accounts receivable	77,788	(445,818)	(89,820)	(877,956)
Inventories	(192,965)	11,306	(228,031)	336
Taxes recoverable	(50,227)	9,860	(84,079)	49,862
Judicial deposits	(9,937)	(14,519)	(12,191)	(14,819)
Other assets	(63,903)	26,093	(473,908)	(117,028)
Trade accounts payable	57,163	(17,374)	142,032	(36,034)
Salaries, provisions and social charges	390,896	54,180	493,143	98,695
Tax obligations	82,286	(60,393)	91,384	(120,107)
Related parties	(81,149)	(172,990)	(2,142)	(6,443)
Provision for contingencies	(1,816)	(15,124)	(1,928)	(11,289)
Other liabilities	65,758	(15,350)	29,289	15,626
	661,298	806,265	614,590	1,100,471
Payment of interest	(405,837)	(377,430)	(532,150)	(466,185)
Payment of income tax and social contribution	(41,185)	(118,723)	(158,424)	(240,289)
Net cash provided by (used in) operating activities	214,276	310,112	(75,984)	393,997
Cash flows from investing activities				
Payment in business acquisition, net of cash acquired	(760,000)	(192,501)	(1,162,184)	(310,041)
Acquisition of non-controlling interest	-	-	7,441	-
Advances for future capital increase	(1,674,309)	(577,227)	(8,374)	-
Capital decrease	37,700	-	-	-
Acquisitions of property and equipment	(264,194)	(239,478)	(565,524)	(939,616)
Acquisitions of intangible assets	(31,771)	(47,669)	(59,809)	(92,291)
Acquisitions of marketable securities	(12,005,878)	(5,926,081)	(29,625,942)	(8,401,769)
Redemptions of marketable securities	10,627,702	5,425,870	25,839,754	8,217,402
Dividends and interest on equity received	-	109,680	2,440	-
Net cash provided by (used) in investing activities	(4,070,750)	(1,447,406)	(5,572,198)	(1,526,315)
Cash flows from financing activities				
Treasury shares acquired	-	(1,269)	-	(1,269)
Acquisition of noncontrolling interests	(1,662)	(11,647)	(1,662)	(6,536)
Payment of dividends and interest on equity	-	-	(8,147)	(14,797)
Loans, financing and debentures raised	4,122,448	1,300,000	5,990,098	1,300,000
Swap settlement	104,242	30,126	61,181	(18,112)
Payment of debentures, loans, financing and leases	(352,306)	(198,300)	(348,635)	(241,610)
Accounts payable for acquisitions	(111)	(119)	(31,000)	(14,035)
Net cash provided by (used in) financing activities	3,872,611	1,118,791	5,661,835	1,003,641
Increase (decrease) in cash and cash equivalents	16,137	(18,503)	13,653	(128,677)
Cash and cash equivalents at beginning of period	33,580	47,782	68,684	192,008
Cash and cash equivalents at end of period	49,717	29,279	82,337	63,331

See accompanying notes.

## Rede D'Or São Luiz S.A.

Statements of value added  
Six-month periods ended June 30, 2020 and 2019  
(In thousands of Reais, unless otherwise stated)

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Revenue	<b>3,729,165</b>	4,338,515	<b>6,448,729</b>	6,860,521
Sales of goods, products and services	<b>3,913,080</b>	4,557,085	<b>6,837,909</b>	7,263,298
Allowance for doubtful accounts and provision for disallowances	<b>(185,875)</b>	(220,530)	<b>(391,140)</b>	(404,737)
Other income	<b>1,960</b>	1,960	<b>1,960</b>	1,960
Inputs acquired from third parties	<b>(1,499,011)</b>	(1,380,571)	<b>(2,728,980)</b>	(2,439,589)
Cost of services sold	<b>(1,382,571)</b>	(1,274,492)	<b>(2,633,287)</b>	(2,288,731)
Materials, energy, third-party services and other expenses	<b>(116,440)</b>	(88,079)	<b>(95,693)</b>	(132,711)
Loss/recovery of assets	-	(18,000)	-	(18,147)
Gross value added	<b>2,230,154</b>	2,957,944	<b>3,719,749</b>	4,420,932
Depreciation and amortization	<b>(276,028)</b>	(231,904)	<b>(411,591)</b>	(319,165)
Value added, net	<b>1,954,126</b>	2,726,040	<b>3,308,158</b>	4,101,767
Value added received in transfer	<b>973,924</b>	395,490	<b>3,916,602</b>	407,360
Equity pickup	<b>78,590</b>	170,754	<b>(1,630)</b>	11,731
Financial income	<b>895,334</b>	224,736	<b>3,918,232</b>	395,629
Total value added	<b>2,928,050</b>	3,121,530	<b>7,224,760</b>	4,509,127
Distribution of value added	<b>(2,928,050)</b>	(3,121,530)	<b>(7,224,760)</b>	(4,509,127)
Personnel and related charges	<b>(1,682,019)</b>	(1,376,436)	<b>(2,682,280)</b>	(2,137,628)
Taxes, charges and contributions	<b>57,203</b>	(407,305)	<b>(96,958)</b>	(676,867)
Interest, leases and other operating expenses	<b>(1,491,337)</b>	(713,712)	<b>(4,638,633)</b>	(1,054,487)
Dividends and interest on equity	<b>(131,117)</b>	(144,663)	<b>(131,117)</b>	(144,663)
Retained profits	<b>319,220</b>	(479,414)	<b>324,228</b>	(495,482)

See accompanying notes.

## Rede D'Or São Luiz S.A.

Notes to interim financial information

June 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 and Paraná, with 49 own hospitals and 2 under construction, as well as oncology and radiotherapy clinics and laboratories. Currently, the Group has 6,625 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 state of Paraná.

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 Aviccena	São Paulo, SP	2019
Hospital Perinatal	Rio de Janeiro, RJ	2020
Hospital Santa Cruz	Curitiba, PR	2020

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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.

Management considers that the position of cash and cash equivalents and marketable securities as at June 30, 2020, amounting to R\$9,354,780, 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)

June 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, except for the inclusion of the cash flow hedge accounting and assets held for sale, whose first contracts were entered into in the six-month period ended June 30, 2020.

#### 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.

#### Assets held for sale

The Company classifies an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets are measured at the lower of their carrying amount and fair value less costs to sell. Selling expenses are represented by incremental expenses directly attributable to the sale, excluding finance costs and taxes on income.

## **Rede D'Or São Luiz S.A.**

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

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

#### Assets held for sale (Continued)

The criteria for held for sale classification is considered as met when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition, subject only to the terms that are usual and customary for the sale of such assets. The appropriate hierarchical level of management for the Group is committed to the asset's sale plan, and a firm program has been initiated to locate a buyer and complete the plan within one year from the date of classification, as indicated in Note 3.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A discontinued operation is a component of the entity that has been written off or is classified as held for sale and:

- Represents an important separate line of business or geographical area of operations;
- Is an integral part of a single coordinated plan for the sale of an important separate line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively for the purpose of resale.

Additional disclosures are presented in Note 3. All other notes to the financial statements include amounts for continuing operations, unless otherwise stated.

Profit or loss for the six-month period ended June 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 August 31, 2020.

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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:

	06/30/2020		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
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)

June 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)

	06/30/2020		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.	-	72.75	-	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 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
Memorial Star (organized in 2020)	-	50.00	-	-
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.	99.99	0.01	99.99	0.01
GNI23 SP Empreend. Imobiliários Ltda.	99.99	0.01	99.99	0.01
GNI24 SP Empreend. Imobiliários Ltda.	99.99	0.01	99.99	0.01

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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)

	06/30/2020		12/31/2019	
	Direct	Indirect	Direct	Indirect
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
Policlínica Taboão (acquired in 2019)	-	95.00	-	95.00
Memorial Imagem e Diag Ltda. ("MediAx")	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.	-	49.42	-	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
GSSH Part. S.A.	34.46	-	34.46	-
G2D Serviços Tecnológicos S.A. ("Boa Consulta")	15.00	-	15.00	-
Eldorado do Sul Participações Ltda.	-	33.33	-	33.33
Cárdio Pulmonar da Bahia S.A. (acquired in 2019)	-	47.66	-	47.66

(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, Sinişgalli, 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%.

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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 Santa Cruz (a)	Hospital Perinatal (a)	Hospital Avicena (b)	Hospital São Lucas (b)	Hospital Clínicas Rio Mar (b)
<b>Acquisition date</b>	06/05/2020	01/10/2020	06/24/2019	01/22/2019	01/18/2019
<b>Location</b>	PR	RJ	SP	SE	RJ
<b>Interest acquired (%)</b>	100.00	100.00	100.00	75.00	95.31
<b>Total consideration</b>	361,127	800,000	73,142	235,500	85,326
Payment on acquisition date	361,127	760,000	73,142	188,950	25,326
Accounts payable for acquisition (Note 15)	-	40,000	-	46,550	60,000
<b>Assets</b>					
Cash and cash equivalents	9,667	6,107	5,849	3,030	795
Trade accounts receivable	19,036	27,054	11,826	25,937	6,548
Inventories	1,992	5,063	732	4,362	2,803
Recoverable taxes	1,310	8,219	1,403	15,856	3,079
Judicial deposits	14,971	4,568	3,100	649	1,418
Deferred income tax and social contribution	-	9,616	-	2,656	8,831
Indemnification assets	-	23,865	5,837	-	6,255
Investment	8,864	-	-	-	-
Property and equipment	19,715	106,787	1,769	77,434	18,274
Intangible assets	238	2,846	-	-	197
Right of use - lease	30,568	1,475	26,577	-	-
Other	2,214	1,781	39	313	686
	<b>108,575</b>	<b>197,381</b>	<b>57,132</b>	<b>130,237</b>	<b>48,886</b>
<b>Liabilities</b>					
Trade accounts payable	(18,410)	(7,245)	(2,609)	(33,277)	(4,176)
Loans and financing	(961)	(405)	-	(21,112)	(9,982)
Salaries, provisions and social charges	(7,567)	(11,184)	(4,510)	(9,614)	(4,045)
Tax liabilities	(2,310)	(28,571)	(3,417)	(46,690)	(26,368)
Deferred income tax and social contribution	-	-	(1,299)	-	-
Provision for contingencies	(14,309)	(23,865)	(5,837)	(1,207)	(7,823)
Lease	(38,255)	(1,575)	(23,850)	-	-
Other	(1,507)	(2,043)	(2,944)	(1,777)	(6,356)
	<b>(83,319)</b>	<b>(74,888)</b>	<b>(44,466)</b>	<b>(113,677)</b>	<b>(58,750)</b>
<b>Total net identifiable assets</b>	<b>25,256</b>	<b>122,493</b>	<b>12,666</b>	<b>16,560</b>	<b>(9,864)</b>
<b>Total net identifiable assets, noncontrolling interest</b>	-	-	-	4,140	(357)
<b>Goodwill on acquisition (Note 10)</b>	<b>335,871</b>	<b>677,507</b>	<b>60,476</b>	<b>223,079</b>	<b>94,833</b>
Contribution for the Group of revenues since the acquisition date	13,438	130,943	50,481	342,293	64,436
Contribution for the Group with income (loss) before taxes since the acquisition date	244	(11,911)	4,786	73,252	(20,590)
Acquiree's revenues since the beginning of year	83,239	130,943	93,371	342,293	64,436
Acquiree's income (loss) before taxes since the beginning of year	(38,042)	(11,911)	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)

June 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. for R\$41,057, generating goodwill amounting to R\$40,585; 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 November 25, 2019, through the wholly-owned subsidiary Hospital Esperança S.A., Rede D'Or signed a share purchase agreement to acquire 75.0% of the shares of Hospital São Carlos S.A. ("Hospital São Carlos"), a corporation that operates a hospital located in the city of Fortaleza, state of Ceará. The total consideration transferred was R\$ 159,763, of which R\$ 148,138 was paid on the closing date of the transaction and the remaining amount will be paid upon compliance with the conditions defined in the purchase and sale agreement. Completion of this transaction and control transfer is still conditional upon approval of Brazilian Antitrust Agency ("CADE"); therefore, this investment has not yet been consolidated in the Company's financial statements.

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 100% of the shares of Paraná Clínicas - Planos de Saúde S.A. ("Paraná Clínicas"). On that same date, Rede D'Or and its subsidiary Advance Planos de Saúde Ltda. entered into a purchase and sale agreement for the purchase of Paraná Clínicas ("SulAmérica Transaction") by SulAmérica. The completion of this transaction and consequent transfer of control still depends on the approval of the Brazilian Regulatory Agency for Private Health Insurance and Plans (ANS); therefore, the amount relating to the purchase of Paraná Clínicas is recorded under the "Asset held for sale", and the completion of this transaction will not result in gain or loss for the Company.

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 3. Business combinations (Continued)

On February 20, 2020, by means of wholly-owned subsidiary Hospital Esperança S.A., Rede D'Or entered into a sale and purchase agreements referring to 80.0% of the shares of Hospital Aliança S.A. ("Hospital Aliança"), a privately-held corporation that operates a hospital located in Salvador, state of Bahia. The total consideration transferred was R\$800,000, paid in full on the transaction closing date. Completion of this transaction and control transfer are still conditional upon approval by CADE on July 1, 2020; therefore, this investment has not been yet consolidated in the Company's financial statements as at June 30, 2020.

### 4. Cash and cash equivalents and marketable securities

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cash and cash equivalents				
Cash and banks	49,081	29,370	60,869	52,840
Short-term investments	636	4,210	21,468	15,844
Cash and cash equivalents	49,717	33,580	82,337	68,684
Marketable securities				
Non-exclusive investment funds	105,064	1,468,948	2,885,163	1,913,219
Repurchase agreements	25,724	16,490	827,214	20,227
Financial Treasury Bills (LFT)	-	17,081	-	20,108
Bank Deposit Certificates (CDBs)	4,906,626	2,279,841	5,315,054	2,747,864
Stocks	245,012	-	245,012	-
Marketable securities	5,282,426	3,782,360	9,272,443	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 which are part of the "FI Plataforma" and "FIC Plataforma Star", and "Own Portfolio".

Average portfolio remuneration referring to Bank Deposit Certificates (CDBs), Mortgage-backed securities (CRIs), Financial Treasury Bill (LFT), and repurchase agreements backed by debentures is 102.5% (99.9% at December 31, 2019) of the Interbank Deposit Certificate (CDI).

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Accounts receivable from health insurance and health plans	2,764,635	3,067,407	5,067,769	5,280,431
Accounts receivable from individuals	61,778	60,063	93,852	87,998
Allowance for doubtful accounts and provision for disallowances	(586,958)	(624,352)	(1,294,777)	(1,250,513)
	<b>2,239,455</b>	<b>2,503,118</b>	<b>3,866,844</b>	<b>4,117,916</b>

Changes in provision for disallowances and allowance for doubtful accounts are as follows:

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
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	(185,875)	(220,530)	(387,192)	(404,737)
Write-off of uncollectible amounts	223,269	194,585	346,876	307,909
Provision arising from acquisitions	-	-	(3,948)	(15,552)
Balance at end of period	<b>(586,958)</b>	<b>(584,909)</b>	<b>(1,294,777)</b>	<b>(1,120,568)</b>

At June 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	
06/30/2020	2,826,413	1,846,903	61,177	7,561	70,370	62,437	85,268	260,607	432,090
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	
06/30/2020	5,161,621	3,106,616	151,381	64,538	147,164	125,521	185,468	545,205	835,728
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)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 5. Trade accounts receivable (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	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Medicines	119,769	45,746	215,288	130,173
Special materials	45,773	57,333	63,945	73,900
Disposable materials	157,391	49,862	193,470	70,185
Laboratory materials	1,177	1,146	8,712	4,024
Materials for use and consumption	21,405	8,623	39,041	21,778
Food items	3,533	3,336	4,925	4,073
Dressing room materials	1,143	769	2,846	1,902
Surgical sutures	3,726	4,004	6,046	6,136
Other	21,892	12,025	36,294	23,310
	<b>375,809</b>	182,844	<b>570,567</b>	335,481

In the second quarter of 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)

June 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 six-month period ended June 30, 2020 totaled R\$10,205 (R\$11,074 at June 30, 2019) referring to interest and amortization of the right to 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 (10<sup>th</sup> 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\$1,200,000, and on April 17, 2020, the Parent Company issued debentures (17<sup>th</sup> issue - 1<sup>st</sup> series), which were substantially acquired by subsidiary Rede D'Or Finance.

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 7. Transactions with related parties (Continued)

#### Related-party balances

Company	Parent Company								
	06/30/2020				12/31/2019				06/30/2019
	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 (a)	2,426	23,000	-	735	555	25,000	-	1,510	578
Debentures São Lucas (b)	168	38,000	-	1,182	1,868	38,000	-	2,494	-
Shared services									
Medise Medicina Diagnóstico e Serviços Ltda.	-	28,400	-	5,450	-	22,950	-	11,032	5,525
Hospital Esperança S.A.	-	-	-	16,422	-	-	-	35,037	16,288
Hospital São Marcos S.A.	-	-	-	3,001	-	-	-	6,756	8,098
Hospital Norte D'Or de Cascadura S.A.	-	1,985	-	3,972	-	397	-	7,899	3,055
Rede D'Or São Luiz Serviços Médicos S.A.	-	-	-	-	-	-	-	-	3,969
J. Badim S.A.	-	8,170	-	1,474	-	7,342	-	1,993	1,219
Oncologia D'Or S.A.	-	8,991	-	11,655	-	2,424	-	1,632	816
Hospital Fluminense S.A.	-	-	-	3,717	-	-	-	5,090	2,264
Clínica São Vicente	-	-	-	3,630	-	4,405	-	7,635	3,358
Hospital Santa Helena S.A.	-	-	-	7,354	-	-	-	15,142	8,056
Hospital Alpha-Med LTDA.	-	-	-	1,352	-	-	-	2,772	1,495
Diagno SM	-	-	-	129	-	71	-	74	68
URC	-	1,146	-	362	-	784	-	792	419
Hospital UDI	-	-	-	7,184	-	-	-	14,942	6,941
Onco Star SP	-	3,792	-	3,792	-	-	-	-	-
DF Star	-	-	-	2,425	-	-	-	-	-
Samer	-	-	-	2,396	-	-	-	-	-
São Lucas	-	5,860	-	5,860	-	-	-	-	-
São Rafael	-	12,572	-	12,572	-	-	-	-	-
Other	-	2,675	-	4,128	-	1,140	-	2,647	1,308
São Luiz Serviços Médicos S.A. (c)	-	-	4,067	-	-	-	3,267	-	-
Hospital Norte D'Or de Cascadura S.A. (c)	-	1,728	-	-	-	18	-	-	-
Unidade de Radiologia Clínica Ltda. (c)	-	12,574	-	-	-	12,165	-	-	-
Medise Medicina Diagnóstico e Serviços Ltda. (c)	-	4,751	-	-	-	2,885	-	-	-
Jenner S.A (c)	-	2,000	-	-	-	2,000	-	-	-
PMJ Assessoria e Consultoria Financeira S.A. (c)	-	302	-	-	-	263	-	-	-
Oncologia D'Or S.A. (c)	-	-	1,793	-	-	-	3,562	-	-
Hospital Fluminense S.A. (c)	-	120	-	-	-	-	3,131	-	-
Hospital Esperança S.A. (c)	-	-	-	-	-	-	1,362	-	-
JMJB Diagnósticos e Serviços Hospitalares S.A. (c)	-	7,600	-	-	-	7,578	-	-	-
Proncordis PA Cardiológico Ltda. (c)	-	709	-	-	-	709	-	-	-
Onco D'Or Oncologia S.A. (c)	-	47,882	-	-	-	47,882	-	-	-
Hospital Santa Helena S.A. (c)	-	-	-	-	-	-	3,968	-	-
Santa Luzia II Emp. Imobiliários Ltda. (c)	-	3,064	-	-	-	3,064	-	-	-
Opuner do Brasil Ltda. (c)	-	-	5,808	-	-	-	5,808	-	-
Instituto D'Or de Pesquisa e Ensino (c)	-	8,715	-	-	-	7,501	-	-	-
JM&AM Empreendimentos Imobiliários S.A. (d)	-	369	-	10,205	-	360	-	20,690	11,074
Onco Star SP	-	585,495	-	-	-	554,006	-	-	-
JTO Holding S.A. (c)	-	83,896	-	-	-	36,850	-	-	-
Other	-	10,998	-	-	-	20,553	-	-	-
	<b>2,594</b>	<b>904,794</b>	<b>11,668</b>	<b>108,997</b>	<b>2,423</b>	<b>798,347</b>	<b>21,098</b>	<b>138,137</b>	<b>74,531</b>

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 7. Transactions with related parties (Continued)

#### Related-party balances (Continued)

Company	Consolidated								
	06/30/2020				12/31/2019				06/30/2019
	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss	Current assets	Noncurrent assets	Noncurrent liabilities	Profit or loss	Profit or loss
Shared services									
J Badim S.A.	-	8,170	-	1,474	-	7,342	-	1,993	1,219
JMJB Diagnósticos e Serviços Hospitalares S.A. (c)	-	7,600	-	-	-	7,578	-	-	-
Instituto D'Or de Pesquisa e Ensino (c)	-	8,715	-	-	-	7,501	-	-	-
J Badim S.A. (c)	-	3,192	-	-	-	2,865	-	-	-
JM&AM Empreendimentos Imobiliários S.A. (d)	-	369	-	10,205	-	360	-	20,690	11,074
Monte Tabor Centro Ítalo-Brasileiro de Promoção Sanitária	-	9,023	-	-	-	11,832	-	-	-
Other	-	5,285	1,751	-	-	1,398	415	-	-
	-	42,354	1,751	11,679	-	38,876	415	22,683	12,293

(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 six-month periods ended on June 30, 2020 and 2019, key management personnel compensation was as follows:

	06/30/2020	06/30/2019
Salaries and bonuses	27,810	32,858
Benefits	61	61
Share-based payment	80,071	20,330
	107,942	53,249

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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	Other	06/30/2020
Medise Medicina Diagnóstico e Serviços S.A.	219,626	6,515	-	-	-	-	-	226,141
Hospital Esperança S.A.	328,684	50,261	(37,785)	-	557,629	-	(26,759)	872,030
Hospital São Marcos (including goodwill)	108,284	6,199	-	-	1,478	-	-	115,961
PMJ Empreendimentos Imobiliários S.A.	676,666	(1,064)	-	-	62,074	-	-	737,676
Norte D'Or Participações S.A. (including goodwill)	93,371	361	-	-	-	-	-	93,732
Onco D'Or Oncologia S.A.	363,517	44,799	(1,496)	-	-	-	-	406,820
Jenner S.A. (including goodwill)	123,275	4,576	-	-	-	-	-	127,851
JMJB Diagnósticos e Serviços Hospitalares	17,713	(14,672)	-	-	2,000	-	-	5,041
Rodin Empreendimentos e Participações S.A.	59,063	(7)	-	-	2,001	-	-	61,057
Quinta Empreendimentos Imobiliários Ltda.	48,906	5,521	(11,000)	-	-	-	-	43,427
Hospital Fluminense S.A. (including goodwill)	115,909	(5,890)	-	-	37,229	-	-	147,248
Cardial Serviços Médicos (including goodwill)	64,260	5,577	(10,920)	-	-	-	-	58,917
Hospital Santa Helena S.A. (including goodwill)	420,403	(14,090)	-	-	23,071	-	-	429,384
TJK Empreendimentos Hospitalares	21,557	378	-	-	-	(3,500)	-	18,435
Villa Lobos Empreendimentos Imobiliários Ltda.	204,447	5,684	-	-	-	(26,000)	-	184,131
Santa Luzia II Empreendimentos Imobiliários Ltda.	47,172	(190)	-	-	4,981	-	-	51,963
Campinas Empreendimentos Imobiliários Ltda.	46,222	(101)	-	-	2,205	-	-	48,326
Sator Empreendimentos e Participações Ltda	748,040	(39,612)	-	-	146,976	-	-	855,404
Rede D'or Finance	5,082	76,036	-	-	-	-	-	81,118
Rede D'or São Luiz Serviços Médicos S.A.	98,634	(7,950)	-	-	2,400	-	-	93,084
GGSH Participações S.A (including goodwill)	53,592	7,706	(440)	-	-	-	1,600	62,458
Olimpia Projeto Rua do Rocio 86 SPE S.A.	315,724	-	-	-	5,508	-	-	321,232
Proncordis Pronto Atendimento Cardiológico Ltda.	11,337	(10)	-	-	360	-	-	11,687
Maximagem - Diagnóstico por Imagem Ltda. (including goodwill)	89,501	1,836	-	-	849	-	-	92,186
Prontimagem Serviços Médicos Ltda.	216,363	(2,875)	-	-	13,226	-	-	226,714
California Investimentos Imobiliários Ltda.	60,000	-	-	-	-	-	-	60,000
Hospital Aviccena S.A.	74,900	4,762	-	-	1,245	-	-	80,907
Santa Luzia III	308,365	(4,801)	-	-	1,446	-	-	305,010
Qualicorp Consultoria e Corretora de Seguros S.A.	990,701	6,865	-	-	-	-	-	997,566
Clínica Médica São Remo	11,999	(2,398)	-	-	4,055	-	-	13,656
Hospital Perinatal	-	(7,844)	-	800,000	22,066	-	-	814,222
Hospital Alpha Med Ltda.	47,899	(1,287)	-	-	363,312	-	-	409,924
Advance Plano de Saúde S.A.	13,697	121	-	-	378,865	-	-	392,683
Other	261,171	(1,096)	(5,061)	-	38,138	(8,200)	-	284,952
	<b>6,266,080</b>	<b>123,310</b>	<b>(66,702)</b>	<b>800,000</b>	<b>1,671,114</b>	<b>(37,700)</b>	<b>(25,159)</b>	<b>8,730,943</b>
Onco Star	(87,833)	(41,109)	-	-	-	-	-	(128,942)
Centro Hospitalar São Marcos S.A.	(13,256)	(17)	-	-	-	-	-	(13,273)
Café Verde	(4,245)	(3,594)	-	-	3,195	-	-	(4,644)
	<b>(105,334)</b>	<b>(44,720)</b>	<b>-</b>	<b>-</b>	<b>3,195</b>	<b>-</b>	<b>-</b>	<b>(146,859)</b>
Equity pickup		<b>78,590</b>						

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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	06/30/2019
Medise Medicina Diagnóstico e Serviços S.A.	211,761	17,749	(27,055)	-	-	-	-	202,455
Hospital Esperança S.A.	140,130	73,507	(21,220)	-	-	-	-	192,417
Hospital São Marcos (including goodwill)	85,845	9,440	-	-	-	-	-	95,285
PMJ Empreendimentos Imobiliários S.A.	394,927	1	-	-	114,469	-	-	509,397
Norte D'Or Participações S.A. (including goodwill)	85,417	7,806	-	-	19	-	-	93,242
Onco D'Or Oncologia S.A.	321,160	32,181	-	-	-	-	-	353,341
Jenner S.A. (including goodwill)	113,123	6,995	-	-	-	-	-	120,118
JMJB Diagnósticos e Serviços Hospitalares	28,405	2,085	-	-	-	-	-	30,490
Rodin Empreendimentos e Participações S.A.	54,209	(104)	-	-	919	-	-	55,024
Quinta Empreendimentos Imobiliários Ltda.	51,467	5,647	(5,000)	-	-	-	-	52,114
Hospital Fluminense S.A. (including goodwill)	82,200	4,464	(22,000)	-	4,417	-	-	69,081
Cardial Serviços Médicos (including goodwill)	61,703	1,997	(5,440)	-	-	-	-	58,260
Hospital Santa Helena S.A. (including goodwill)	402,743	5,707	(7,000)	-	8,056	-	-	409,506
TJK Empreendimentos Imobiliários Ltda.	22,340	377	(1,569)	-	-	-	-	21,148
Villa Lobos Empreendimentos Imobiliários Ltda.	204,125	3,519	(9,534)	-	-	-	-	198,110
Santa Luzia II Empreendimentos Imobiliários Ltda.	160,633	(5,162)	-	-	111,057	(203,961)	-	62,567
Campinas Empreendimentos Imobiliários Ltda.	46,442	(101)	-	-	-	-	-	46,341
Sator Empreendimentos e Participações Ltda.	328,187	(2,074)	-	-	255,649	-	-	581,762
Rede D'Or Finance	5,369	-	-	-	-	-	-	5,369
Rede D'Or São Luiz Serviços Médicos S.A.	67,168	4,760	-	-	699	-	-	72,627
GGSH Participações S.A.	47,354	7,519	-	-	-	-	(5,643)	49,230
Olimpia Projeto Rua do Rocio 86 SPE S.A. (a)	306,007	-	-	-	333	-	-	306,340
Proncordis Pronto Atendimento Cardiológico Ltda.	11,194	(10)	-	-	-	-	-	11,184
Prontimagem Serviços Médicos Ltda.	208,867	4,175	-	-	-	-	-	213,042
Maximagem com Diag. por Imagem Ltda.	74,319	7,738	-	-	-	-	-	82,057
Califônia Investimentos Imobiliários Ltda. (b)	-	-	-	60,000	-	-	-	60,000
Hospital Avicenna S.A.	-	-	-	71,729	-	-	-	71,729
Santa Luzia III Empreendimentos Imobiliários Ltda	37,080	-	-	-	15,468	203,961	-	256,509
Onco Star SP Oncologia Ltda.	-	(26,603)	-	-	54,256	(23,431)	-	4,222
Other	256,001	11,716	(10,862)	446	17,015	-	6,365	280,681
	<b>3,808,176</b>	<b>173,329</b>	<b>(109,680)</b>	<b>132,175</b>	<b>582,357</b>	<b>(23,431)</b>	<b>722</b>	<b>4,563,648</b>
Onco Star SP Oncologia Ltda.	(23,431)	-	-	-	-	23,431	-	-
Centro Hospitalar São Marcos S.A.	(11,595)	(354)	-	-	-	-	-	(11,949)
Café Verde da Quinta Ltda.	(1,038)	(2,221)	-	-	-	-	320	(2,939)
	<b>(36,064)</b>	<b>(2,575)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,431</b>	<b>320</b>	<b>(14,888)</b>
Equity pickup		170,754						

(a) Acquisition of land through subsidiary.

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)  
June 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	06/30/2020
JMJB Diagnósticos e Serviços Hospitalares S.A.	17,713	(14,672)	-	2,000	-	5,041
Instituto de Radioterapia do Vale do Paraíba Ltda.	45,044	4,441	(2,000)	-	-	47,485
GGSH Participações S.A.	51,443	7,706	(440)	-	1,600	60,309
Qualicorp Consultoria e Corretora de Seguros S.A. (a)	990,701	6,865	-	-	-	997,566
Cardio Pulmonar (b)	97,098	(7,348)	-	6,374	-	96,124
Eldorado do Sul Participações Ltda.	14,756	381	-	-	-	15,137
Other	10,123	997	-	-	-	11,120
	<b>1,226,878</b>	<b>(1,630)</b>	<b>(2,440)</b>	<b>8,374</b>	<b>1,600</b>	<b>1,232,782</b>

Companies	12/31/2018	Equity pickup	Acquisition of interest	Dividends	Capital increase/ Advance for future capital increase	Other	06/30/2019
JMJB Diagnósticos e Serviços Hospitalares S.A.	28,405	2,085	-	-	-	-	30,490
Instituto de Radioterapia do Vale do Paraíba Ltda.	40,134	4,896	-	-	-	-	45,030
GGSH Participações S.A.	47,354	7,519	-	-	-	(5,643)	49,230
Eldorado do Sul Participações Ltda.	14,595	583	-	-	-	-	15,178
Cárdio Pulmonar da Bahia S.A.	-	(3,356)	100,000	-	10,000	-	106,644
Other	14,041	4	-	-	-	(1,136)	12,909
	<b>144,529</b>	<b>11,731</b>	<b>100,000</b>	<b>-</b>	<b>10,000</b>	<b>(6,779)</b>	<b>259,481</b>

- (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 June 30, 2020 is not yet available, the Company recognized equity pickup until March 31, 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 Cárdio 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)  
June 30, 2020  
(In thousands of reais, unless otherwise stated)

### 8. Investments (Continued)

#### Summary of information of significant subsidiaries

	06/30/2020					06/30/2019		
	% Total	% Voting	Assets	Liabilities	Equity	Operating income (expenses)	P&L for the period	P&L for the period
Parent Company - Rede D'Or São Luiz S.A.								
Direct and indirect subsidiaries								
Medise Medicina Diagnóstico e Serviços S.A. ("Medise")	98.00	98.00	692,238	452,080	240,158	10,130	7,270	19,807
Hospital Esperança S.A. ("Esperança")	100.00	100.00	5,170,264	4,420,395	749,869	96,876	22,604	25,117
PMJ Empreendimentos Imobiliários S.A.	100.00	100.00	751,957	13,854	738,103	(1,567)	(1,064)	1
Norte D'Or Participações S.A.	100.00	100.00	81,679	16,397	65,282	362	361	7,806
Onco D'Or Oncologia S.A.	98.87	98.87	353,068	158,336	194,732	20,941	9,923	15,171
Jenner S.A.	91.24	91.24	175,861	2,000	173,861	9,151	8,008	12,242
Rodin Empreendimentos e Participações S.A.	100.00	100.00	61,557	511	61,046	(9)	(7)	(104)
Quinta Empreendimentos Imobiliários Ltda.	100.00	100.00	50,976	7,549	43,427	6,094	5,521	5,647
Hospital Fluminense S.A.	100.00	100.00	175,660	42,553	133,107	(5,770)	(5,890)	4,464
Cardial Serviços Médicos Ltda.	89.44	89.44	45,560	24,071	21,489	7,525	5,577	1,997
Hospital Santa Helena S.A.	100.00	100.00	569,149	262,335	306,814	(5,792)	(14,090)	5,707
TJK Empreendimentos Imobiliários Ltda.	100.00	100.00	19,386	950	18,436	416	378	377
Villa Lobos Empreendimentos Imobiliários S.A.	100.00	100.00	185,072	942	184,130	6,495	5,684	3,519
Santa Luzia II Emp. Imobiliários Ltda.	100.00	100.00	52,733	770	51,963	(174)	(190)	(5,162)
Campinas Empreendimentos Imob.	100.00	100.00	52,782	4,451	48,331	(101)	(101)	(101)
Sator Empreendimentos e Participações Ltda.	100.00	100.00	1	(68,054)	68,055	(39,612)	(39,612)	(2,074)
Rede D'Or Finance	100.00	100.00	10,303,687	10,222,569	81,118	(23)	76,036	(414)
Rede D'Or São Luiz Serviços Médicos S.A.	100.00	100.00	610,829	509,232	101,597	(12,857)	(7,950)	4,760
Olimpia Projeto Rua do Rocio 86 SPE S.A.	100.00	100.00	322,369	1,149	321,220	(12)	(14)	250
Proncordis Pronto Atendimento Cardiológico Ltda.	100.00	100.00	8,149	1,378	6,771	(541)	(565)	(578)
Prontimagem Serviços Médicos Ltda.	100.00	100.00	245,498	22,522	222,976	(2,508)	(2,875)	4,175
Maximagem com Diag. por Imagem Ltda..	100.00	100.00	50,996	9,327	41,669	2,440	1,836	7,738
Onco Star SP Oncologia Ltda.	75.00	75.00	850,501	1,028,699	(178,198)	(73,784)	(41,109)	(26,603)
Centro Hospitalar São Marcos S.A	100.00	100.00	1,561	13,132	(11,571)	(12)	(17)	(354)
Hospital Aviccena S.A.	100.00	100.00	78,570	51,018	27,552	9,167	4,762	(a)
Santa Luzia III Empreendimentos Imobiliários Ltda.	100.00	100.00	306,383	1,372	305,011	(4,801)	(4,801)	(1,480)
IFOR Empreendimentos Imobiliários S.A (Park D'Or)	100.00	100.00	29	19	10	(1)	(1)	(5)
Café Verde	100.00	100.00	1,891	7,263	(5,372)	(3,475)	(3,594)	(2,221)
Hospital São Marcos	100.00	100.00	301,995	200,707	101,288	7,619	6,199	9,440
Clínica Médica São Remo	100.00	100.00	22,754	11,158	11,596	(1,739)	(2,398)	(a)
California Investimentos Imobiliários Ltda.	100.00	100.00	59,999	-	59,999	-	-	-
Hospital Perinatal (a)	100.00	100.00	195,985	60,891	135,094	(7,631)	(7,844)	(a)
Hospital Alpha Med Ltda.	100.00	100.00	410,860	27,425	383,435	(1,062)	(1,950)	4,587
Advance Plano de Saúde S.A.	100.00	100.00	399,431	6,742	392,689	609	121	4,185

## Rede D'Or São Luiz S.A.

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

### 8. Investments (Continued)

#### Summary of information of affiliates and jointly-controlled entities

	06/30/2020					06/30/2019		
	% 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.	50.00	50.00	43,765	24,615	19,150	9,786	4,441	2,085
JMJB Diagnósticos e Serviços Hospitalares S.A.	50.00	50.00	19,566	9,364	10,202	(29,403)	(14,672)	5,221
GGSH Participações S.A.	34.46	34.46	307,134	142,318	164,816	23,648	7,706	7,519
Eldorado do Sul Participações Ltda.	33.33	33.33	21,733	-	21,733	1,144	381	583
Cárdio Pulmonar da Bahia S.A.	47.66	47.66	318,371	239,697	78,674	(6,670)	(7,348)	(3,355)
Qualicorp Consultoria e Corretora de Seguros S.A. (a)	10.00	10.00	3,484,515	1,978,914	1,505,601	133,664	(b)	(a)

(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 June 30, 2020 of Qualicorp is not available yet; therefore, management used information publicly available.

## Rede D'Or São Luiz S.A.

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

### 9. Property and equipment

#### Breakdown of balances

Description	Depreciation rate	Parent Company					
		06/30/2020			12/31/2019		
		Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	1,086,062	(653,087)	432,975	1,016,968	(602,986)	413,982
Surgical instruments	20%	63,571	(33,279)	30,292	56,636	(30,924)	25,712
Machinery and equipment	7% to 10%	394,014	(266,351)	127,663	365,199	(239,352)	125,847
Buildings	2.5% to 4%	635,167	(135,857)	499,310	632,620	(122,878)	509,742
Improvements in own buildings	4%	308,093	(75,406)	232,687	307,985	(59,848)	248,137
Leasehold improvements	3% to 4%	1,384,876	(377,647)	1,007,229	1,376,086	(350,047)	1,026,039
Furniture and fixtures	10%	172,118	(98,219)	73,899	161,979	(89,277)	72,702
Vehicles	20%	4,199	(3,551)	648	4,199	(3,407)	792
Facilities	10%	122,222	(52,569)	69,653	120,215	(47,824)	72,391
Land	-	146,051	-	146,051	167,530	-	167,530
Construction in progress	-	482,161	-	482,161	340,669	-	340,669
Other	5% to 10%	13,427	(5,342)	8,085	13,349	(5,150)	8,199
		<b>4,811,961</b>	<b>(1,701,308)</b>	<b>3,110,653</b>	<b>4,563,435</b>	<b>(1,551,693)</b>	<b>3,011,742</b>

## Rede D'Or São Luiz S.A.

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

### 9. Property and equipment (Continued)

#### Breakdown of balances (Continued)

Description	Depreciation rate	Consolidated					
		06/30/2020			12/31/2019		
		Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Hospital machinery and equipment	12% to 20%	1,848,741	(829,269)	1,019,472	1,671,003	(755,340)	915,663
Surgical instruments	20%	110,478	(41,985)	68,493	93,411	(37,170)	56,241
Machinery and equipment	7% to 10%	649,585	(394,898)	254,687	595,331	(341,732)	253,599
Buildings	2.5% to 4%	1,953,543	(229,895)	1,723,648	1,748,938	(196,366)	1,552,572
Improvements in own buildings	4%	383,914	(82,564)	301,350	347,774	(64,500)	283,274
Leasehold improvements	3% to 4%	1,783,921	(515,390)	1,268,531	1,758,428	(475,298)	1,283,130
Furniture and fixtures	10%	274,745	(139,754)	134,991	247,265	(125,424)	121,841
Vehicles	20%	17,679	(11,325)	6,354	17,646	(8,830)	8,816
Facilities	10%	186,221	(88,136)	98,085	181,076	(80,408)	100,668
Land	-	952,408	-	952,408	936,739	-	936,739
Construction in progress	-	1,028,558	-	1,028,558	880,550	-	880,550
Other	5% to 10%	53,122	(6,865)	46,257	53,107	(6,815)	46,292
		<b>9,242,915</b>	<b>(2,340,081)</b>	<b>6,902,834</b>	<b>8,531,268</b>	<b>(2,091,883)</b>	<b>6,439,385</b>

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 9. Property and equipment (Continued)

#### Changes in Parent Company

	<b>12/31/2019</b>	<b>Additions</b>	<b>Sales/ disposals</b>	<b>Transfers</b>	<b>06/30/2020</b>
<b>Cost</b>					
Hospital machinery and equipment	1,016,968	<b>69,094</b>	-	-	<b>1,086,062</b>
Surgical instruments	56,636	<b>6,935</b>	-	-	<b>63,571</b>
Machinery and equipment	365,199	<b>28,815</b>	-	-	<b>394,014</b>
Buildings	632,620	<b>2,547</b>	-	-	<b>635,167</b>
Improvements in own buildings	307,985	<b>108</b>	-	-	<b>308,093</b>
Leasehold improvements	1,376,086	<b>8,790</b>	-	-	<b>1,384,876</b>
Furniture and fixtures	161,979	<b>10,139</b>	-	-	<b>172,118</b>
Vehicles	4,199	-	-	-	<b>4,199</b>
Facilities	120,215	<b>2,007</b>	-	-	<b>122,222</b>
Land	167,530	-	<b>(21,479)</b>	-	<b>146,051</b>
Construction in progress	340,669	<b>154,912</b>	-	<b>(13,420)</b>	<b>482,161</b>
Other	13,349	<b>78</b>	-	-	<b>13,427</b>
	<b>4,563,435</b>	<b>283,425</b>	<b>(21,479)</b>	<b>(13,420)</b>	<b>4,811,961</b>
<b>Depreciation</b>					
Hospital machinery and equipment	(602,986)	<b>(50,101)</b>	-	-	<b>(653,087)</b>
Surgical instruments	(30,924)	<b>(2,355)</b>	-	-	<b>(33,279)</b>
Machinery and equipment	(239,352)	<b>(26,999)</b>	-	-	<b>(266,351)</b>
Buildings	(122,878)	<b>(12,979)</b>	-	-	<b>(135,857)</b>
Improvements in own buildings	(59,848)	<b>(15,558)</b>	-	-	<b>(75,406)</b>
Leasehold improvements	(350,047)	<b>(27,600)</b>	-	-	<b>(377,647)</b>
Furniture and fixtures	(89,277)	<b>(8,942)</b>	-	-	<b>(98,219)</b>
Vehicles	(3,407)	<b>(144)</b>	-	-	<b>(3,551)</b>
Facilities	(47,824)	<b>(4,745)</b>	-	-	<b>(52,569)</b>
Other	(5,150)	<b>(192)</b>	-	-	<b>(5,342)</b>
	<b>(1,551,693)</b>	<b>(149,615)</b>	-	-	<b>(1,701,308)</b>
Property and equipment, net	<b>3,011,742</b>	<b>133,810</b>	<b>(21,479)</b>	<b>(13,420)</b>	<b>3,110,653</b>

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 9. Property and equipment (Continued)

#### Changes in Parent Company (Continued)

	<b>12/31/2018</b>	<b>Additions</b>	<b>Transfers</b>	<b>06/30/2019</b>
<b>Cost</b>				
Hospital machinery and equipment	923,373	52,097	-	975,470
Surgical instruments	48,994	1,090	-	50,084
Machinery and equipment	315,354	26,897	-	342,251
Buildings	595,058	2,427	(23)	597,462
Improvements in own buildings	169,801	1,736	-	171,537
Leasehold improvements	1,131,558	12,366	-	1,143,924
Furniture and fixtures	140,496	9,278	(7)	149,767
Vehicles	3,988	56	-	4,044
Facilities	110,470	5,119	(36)	115,553
Land	155,530	17	-	155,547
Construction in progress	501,378	152,207	(71,786)	581,799
Other	12,430	714	-	13,144
	<b>4,108,430</b>	<b>264,004</b>	<b>(71,852)</b>	<b>4,300,582</b>
<b>Depreciation</b>				
Hospital machinery and equipment	(509,296)	(46,384)	-	(555,680)
Surgical instruments	(25,990)	(3,565)	-	(29,555)
Machinery and equipment	(191,814)	(22,972)	-	(214,786)
Buildings	(99,790)	(11,010)	-	(110,800)
Improvements in own buildings	(35,994)	(8,423)	-	(44,417)
Leasehold improvements	(297,415)	(22,332)	-	(319,747)
Furniture and fixtures	(74,144)	(7,446)	-	(81,590)
Vehicles	(3,081)	(175)	-	(3,256)
Facilities	(38,228)	(4,523)	-	(42,751)
Other	(4,836)	(124)	-	(4,960)
	<b>(1,280,588)</b>	<b>(126,954)</b>	<b>-</b>	<b>(1,407,542)</b>
Property and equipment, net	<b>2,827,842</b>	<b>137,050</b>	<b>(71,852)</b>	<b>2,893,040</b>

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 9. Property and equipment (Continued)

#### Changes in Consolidated

	<b>12/31/2019</b>	<b>Additions</b>	<b>Transfers</b>	<b>Business combinations</b>	<b>06/30/2020</b>
<b>Cost</b>					
Hospital machinery and equipment	1,671,003	<b>159,333</b>	-	<b>18,405</b>	<b>1,848,741</b>
Surgical instruments	93,411	<b>17,067</b>	-	-	<b>110,478</b>
Machinery and equipment	595,331	<b>43,003</b>	-	<b>11,251</b>	<b>649,585</b>
Buildings	1,748,938	<b>2,571</b>	<b>153,992</b>	<b>48,042</b>	<b>1,953,543</b>
Improvements in own buildings	347,774	<b>4,731</b>	-	<b>31,409</b>	<b>383,914</b>
Leasehold improvements	1,758,428	<b>24,651</b>	-	<b>842</b>	<b>1,783,921</b>
Furniture and fixtures	247,265	<b>18,100</b>	-	<b>9,380</b>	<b>274,745</b>
Vehicles	17,646	-	-	<b>33</b>	<b>17,679</b>
Facilities	181,076	<b>4,576</b>	-	<b>569</b>	<b>186,221</b>
Land	936,739	<b>5,699</b>	<b>3,506</b>	<b>6,464</b>	<b>952,408</b>
Construction in progress	880,550	<b>305,148</b>	<b>(157,498)</b>	<b>358</b>	<b>1,028,558</b>
Other	53,106	<b>16</b>	-	-	<b>53,122</b>
	<b>8,531,267</b>	<b>584,895</b>	-	<b>126,753</b>	<b>9,242,915</b>
<b>Depreciation</b>					
Hospital machinery and equipment	(755,340)	<b>(73,929)</b>	-	-	<b>(829,269)</b>
Surgical instruments	(37,170)	<b>(4,815)</b>	-	-	<b>(41,985)</b>
Machinery and equipment	(341,732)	<b>(53,166)</b>	-	-	<b>(394,898)</b>
Buildings	(196,366)	<b>(33,529)</b>	-	-	<b>(229,895)</b>
Improvements in own buildings	(64,500)	<b>(18,064)</b>	-	-	<b>(82,564)</b>
Leasehold improvements	(475,298)	<b>(40,092)</b>	-	-	<b>(515,390)</b>
Furniture and fixtures	(125,424)	<b>(14,330)</b>	-	-	<b>(139,754)</b>
Vehicles	(8,830)	<b>(2,495)</b>	-	-	<b>(11,325)</b>
Facilities	(80,408)	<b>(7,728)</b>	-	-	<b>(88,136)</b>
Other	(6,815)	<b>(50)</b>	-	-	<b>(6,865)</b>
	<b>(2,091,883)</b>	<b>(248,198)</b>	-	-	<b>(2,340,081)</b>
Property and equipment, net	<b>6,439,384</b>	<b>336,697</b>	-	<b>126,753</b>	<b>6,902,834</b>

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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 combinations	06/30/2019
<b>Cost</b>						
Hospital machinery and equipment	1,204,717	288,233	(38)	(1,266)	1,208	1,492,854
Surgical instruments	57,586	11,611	-	-	-	69,197
Machinery and equipment	474,285	45,670	(37)	-	16,302	536,220
Buildings	1,067,049	70,451	-	421,119	34,696	1,593,315
Improvements in own buildings	184,234	2,355	(147)	-	4	186,446
Leasehold improvements	1,432,885	18,738	(266)	-	1	1,451,358
Furniture and fixtures	195,542	22,186	(5)	(28)	3,729	221,424
Vehicles	4,717	1,888	-	-	2	6,607
Facilities	167,142	7,219	(1)	(36)	746	175,070
Land	802,896	76,255	-	-	1,095	880,246
Construction in progress	1,016,424	416,020	(1,368)	(419,789)	7,479	1,018,766
Other	49,338	3,516	-	-	1,736	54,590
	<u>6,656,815</u>	<u>964,142</u>	<u>(1,862)</u>	<u>-</u>	<u>66,998</u>	<u>7,686,093</u>
<b>Depreciation</b>						
Hospital machinery and equipment	(607,829)	(69,480)	-	-	-	(677,309)
Surgical instruments	(30,342)	(4,600)	-	-	-	(34,942)
Machinery and equipment	(265,693)	(36,116)	-	-	-	(301,809)
Buildings	(140,907)	(24,051)	-	-	-	(164,958)
Improvements in own buildings	(38,636)	(8,889)	-	-	-	(47,525)
Leasehold improvements	(401,454)	(31,379)	-	-	-	(432,833)
Furniture and fixtures	(99,936)	(14,085)	-	-	-	(114,021)
Vehicles	(5,522)	(845)	-	-	-	(6,367)
Facilities	(65,273)	(5,575)	-	-	-	(70,848)
Other	(6,392)	(604)	-	-	-	(6,996)
	<u>(1,661,984)</u>	<u>(195,624)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,857,608)</u>
Property and equipment, net	<u>4,994,831</u>	<u>768,518</u>	<u>(1,862)</u>	<u>-</u>	<u>66,998</u>	<u>5,828,485</u>

The main changes for the six-month period ended June 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 and Hospital Santa Cruz.
- (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)

June 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 Aviccena.
- (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.

#### Capitalized borrowing costs

The Company capitalizes borrowings costs attributable to qualifying assets. At June 30, 2020, the amount of R\$19,231 of interest on loans and financing were capitalized to property and equipment, net of financial income arising from fundraising (R\$24,526 at June 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)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 10. Intangible assets

	Annual amortization rate	Parent Company		Consolidated	
		06/30/2020	12/31/2019	06/30/2020	12/31/2019
Finite useful life					
Software	20%	234,546	242,594	280,604	267,562
Exclusive agreements	20%	38,468	42,472	145,543	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		-	-	677,507	-
Acquisition of Reseda		-	-	40,585	-
Acquisition of Hospital Santa Cruz		-	-	335,871	-
Other goodwill		48,649	48,649	125,745	126,789
Trademarks and patents (a)		190,810	190,810	190,810	190,810
		<b>2,619,130</b>	<b>2,631,182</b>	<b>6,417,159</b>	<b>5,365,466</b>

(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)

June 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 June 30, 2020, the discount rate used was 8.01% (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 June 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)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 11. Right of use

#### Balance breakdown

Description	Parent Company					
	06/30/2020			12/31/2019		
	Cost	Amortization	Net	Cost	Amortization	Net
Hospital machinery and equipment	49,991	(7,655)	42,336	47,625	(5,055)	42,570
Buildings	1,831,746	(232,533)	1,599,213	1,763,315	(152,543)	1,610,772
	<b>1,881,737</b>	<b>(240,188)</b>	<b>1,641,549</b>	1,810,940	(157,598)	1,653,342

  

Description	Consolidated					
	06/30/2020			12/31/2019		
	Cost	Amortization	Net	Cost	Amortization	Net
Hospital machinery and equipment	78,510	(13,074)	65,436	71,108	(8,224)	62,884
Buildings	2,592,707	(267,782)	2,324,925	2,480,750	(173,517)	2,307,233
	<b>2,671,217</b>	<b>(280,856)</b>	<b>2,390,361</b>	2,551,858	(181,741)	2,370,117

#### Changes in Parent Company

	12/31/2019	Additions (a)	Amortization	06/30/2020
<b>Cost</b>				
Hospital machinery and equipment	47,625	2,366	-	49,991
Buildings	1,763,315	68,431	-	1,831,746
	1,810,940	70,797	-	1,881,737
<b>Amortization</b>				
Hospital machinery and equipment	(5,055)	-	(2,600)	(7,655)
Buildings	(152,543)	-	(79,990)	(232,533)
	(157,598)	-	(82,590)	(240,188)
Right of use, net	1,653,342	70,797	(82,590)	1,641,549

  

	First-time adoption - 01/01/2019	Additions (a)	Amortization	06/30/2019
<b>Cost</b>				
Hospital machinery and equipment	21,483	-	-	21,483
Buildings	1,703,756	29,951	-	1,733,707
	1,725,239	29,951	-	1,755,190
<b>Amortization</b>				
Hospital machinery and equipment	-	-	(1,572)	(1,572)
Buildings	-	-	(72,830)	(72,830)
	-	-	(74,402)	(74,402)
Right of use, net	1,725,239	29,951	(74,402)	1,680,788

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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	06/30/2020
<b>Cost</b>					
Hospital machinery and equipment	71,108	7,402	-	-	78,510
Buildings	2,480,750	79,914	32,043	-	2,592,707
	2,551,858	87,316	32,043	-	2,671,217
<b>Amortization</b>					
Hospital machinery and equipment	(8,224)	-	-	(4,850)	(13,074)
Buildings	(173,517)	-	-	(94,265)	(267,782)
	(181,741)	-	-	(99,115)	(280,856)
Right of use, net	2,370,117	87,316	32,043	(99,115)	2,390,361
	<b>First-time adoption -</b>				
	<b>01/01/2019</b>	<b>Additions (a)</b>	<b>Amortization</b>		<b>06/30/2019</b>
<b>Cost</b>					
Hospital machinery and equipment	28,452	-	-	-	28,452
Buildings	2,283,622	36,879	-	-	2,320,501
	2,312,074	36,879	-	-	2,348,953
<b>Amortization</b>					
Hospital machinery and equipment	-	-	(2,070)	-	(2,070)
Buildings	-	-	(75,980)	-	(75,980)
	-	-	(78,050)	-	(78,050)
Right of use, net	2,312,074	36,879	(78,050)	-	2,270,903

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

	Parent Company and Consolidated	
	06/30/2020	12/31/2019
Caxias D'Or	31,835	32,690
Hospital Brasil	38,500	39,600
	70,335	72,290
Current	3,920	3,920
Noncurrent	66,415	68,370

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 13. Loans, financing and debentures

Operation/Instrument	Indexes	Spread	Currency	Principal (R\$)	Beginning	Maturity	Amortization	Guarantees	P 06/30
	TJLP/FIXED RATE/FIXED RATE	0.5%/4.1%							
FINEP/BNDES IFC III A1 Loan (a)	LIBOR	3.30%	US\$	170,252	Feb/15	Sept/24	Monthly	Surety bond	96
	LIBOR	3.30%	US\$	157,685	May/17	Apr/25	Semiannual	n/a	213
IFC III A2 Loan	LIBOR	3.30%	US\$	157,685	May/17	Apr/26	Semiannual	Shares and receivables	143
IFC III B Loan (a)	LIBOR	3.00%	US\$	252,296	May/17	Apr/24	Semiannual	n/a	320
IFC III C Loan (a)	LIBOR	5.50%	US\$	94,611	May/17	Apr/26	Bullet	n/a	168
JP Morgan (a)	FIXED RATE	3.35%	US\$	300,000	Apr/16	Apr/20	Quarterly	n/a	143
Citibank II (a)	LIBOR	0.46%	US\$	301,200	Nov/18	Nov/23	Bullet	n/a	429
BofA (e)	FIXED RATE	3.35%	US\$	400,520	Apr/20	Apr/23	Quarterly	n/a	421
CCB (f)	100% do IDID	1.90%	R\$	85,000	May/20	May/23	Bullet	n/a	85
Other	CID/FIXED RATE	-	R\$	n/a	n/a	May/21	Monthly	Fiduciary alienation and receivables	
Debentures - 3 <sup>rd</sup> issuance	100% do IDID	2.30%	R\$	650,000	Dec/11	Dec/20	Monthly	n/a	64
	110.85% do IDID	-	R\$	1,000,000	Aug/17	Aug/24	Semiannual	n/a	
Debentures - 3 <sup>rd</sup> issuance - Esperança	100% do IDID	1.27%	R\$	1,000,000	Feb/18	Dec/25	Semiannual	n/a	
Debentures - 4 <sup>th</sup> issuance - Esperança (b)	FIXED RATE	11.82%	R\$	1,628,100	Jan/18	Jan/28	Bullet	n/a	2,085
Debentures - 10 <sup>th</sup> issuance (a)	100% do IDID	1.02%	R\$	1,400,000	Sept/18	Sept/24	Annual	n/a	1,397
Debentures - 13 <sup>th</sup> issuance (b)	106% do IDID	-	R\$	500,000	Oct/18	Oct/26	Annual	Property	495
Debentures - 14 <sup>th</sup> issuance (b)	100% do IDID	0.79%	R\$	1,000,000	Jun/19	Jun/29	Annual	n/a	986
Debentures - 17 <sup>th</sup> issuance 3 <sup>rd</sup> series	100% do IDID	1.25%	R\$	2,500,000	Dec/19	Dec/26	Annual	n/a	2,465
Debentures - 17 <sup>th</sup> issuance 2 <sup>nd</sup> series (b)	FIXED RATE	8.75%	R\$	3,198,350	Apr/20	Jan/30	Bullet	n/a	3,302
Debentures - 17 <sup>th</sup> issuance 1 <sup>st</sup> series (c)	FIXED RATE	4.95%	US\$	1,596,400	Jan/18	Jan/28	Bullet	n/a	400
Senior Notes I (a)	FIXED RATE	4.50%	US\$	5,062,504	Jan/20	Jan/30	Bullet	n/a	
Senior Notes II (a) / (c)	112.5% do IDID	-	R\$	1,000,000	Apr/18	Apr/23	Bullet	n/a	1,130
Promissory note - 3 <sup>rd</sup> issuance	103.0% do IDID	-	R\$	800,000	Sept/19	Sept/22	Bullet	n/a	820
Promissory note - 4 <sup>th</sup> issuance	100% do IDID	2.50%	R\$	250,000	Mar/20	Mar/23	Annual	n/a	251
Promissory note - 5 <sup>th</sup> issuance (d)	100% do IDID	2.65%	R\$	200,000	Jun/20	Jun/22	Bullet	n/a	198
Promissory note - 6 <sup>th</sup> issuance (g)	99% do IDID	-	R\$	662,837	Mar/18	Mar/23	Bullet	n/a	651
Mortgage-backed Securities (CRIs) - 1 <sup>st</sup> issuance (h)	IPCA	6.06%	R\$	300,000	Jul/18	Jul/25	Bullet	n/a	320
Mortgage-backed Securities (CRIs) - 2 <sup>nd</sup> issuance	96.5% do IDID	-	R\$	227,051	Dec/18	Dec/23	Bullet	n/a	225
Mortgage-backed Securities (CRIs) - 3 <sup>rd</sup> issuance 1 <sup>st</sup> series	IPCA	4.65%	R\$	372,949	Dec/18	Dec/25	Bullet	n/a	393
Mortgage-backed Securities (CRIs) - 3 <sup>rd</sup> issuance 2 <sup>nd</sup> series	95.75% do IDID	-	R\$	269,900	Feb/19	Feb/23	Bullet	n/a	270
Mortgage-backed Securities (CRIs) - 4 <sup>th</sup> issuance 1 <sup>st</sup> series	IPCA	3.93%	R\$	30,100	Feb/19	Feb/26	Bullet	n/a	31
Mortgage-backed Securities (CRIs) - 4 <sup>th</sup> issuance 2 <sup>nd</sup> series	IPCA	3.45%	R\$	538,328	Sept/19	Aug/29	Annual	n/a	547
Mortgage-backed Securities (CRIs) - 5 <sup>th</sup> issuance				170,252					
									17,516
								Current	723
								Noncurrent	16,792

- (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 2<sup>nd</sup> 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 5<sup>th</sup> 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 6<sup>th</sup> 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.

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 13. Loans, financing and debentures (Continued)

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\$215,077 at June 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.

In addition to the guarantees given, there are covenants required in certain loan and financing contracts, related ratios based on net debt, EBITDA and financial income. To date, the Group is in compliance with all debt covenants.

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

Parent Company		Consolidated	
Year	Amount	Year	Amount
2021	83,897	2021	207,115
2022	1,182,777	2022	1,677,168
2023	4,249,095	2023	4,743,333
2024	1,674,233	2024	2,168,458
2025	1,819,746	2025	2,065,376
2026	1,070,518	2026	1,067,608
2027	506,237	2027	503,327
2028 to 2030	6,205,972	2028 to 2030	10,950,490
	<u>16,792,476</u>		<u>23,382,874</u>

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 14. Tax liabilities

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	12,457	3,494	22,087	6,091
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	65,591	26,114	117,003	45,465
Service Tax (ISS)	42,419	40,612	111,064	100,530
Withholding Income Tax (IRRF)	8,773	11,323	10,490	16,584
Income tax	-	-	-	52,810
Social contribution	-	-	-	12,155
Other	16,869	17,439	31,766	32,268
Tax refinancing programs:				
Tax on service (ISS)	5,904	8,754	35,372	41,628
Refinancing - Law No. 11.941/09	11,386	12,973	25,605	29,007
Social security payable	47,713	49,022	151,518	155,113
Other	19,170	20,109	53,000	50,833
	<b>230,282</b>	<b>189,840</b>	<b>557,905</b>	<b>542,484</b>
Current	159,089	114,647	336,539	313,799
Noncurrent	71,193	75,193	221,366	228,685

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

Parent Company		Consolidated	
Year	Amount	Year	Amount
2021	5,590	2021	18,190
2022	11,180	2022	36,320
2023	10,949	2023	34,188
2024	8,394	2024	26,383
2025 to 2030	35,080	2025 to 2030	106,285
	<b>71,193</b>		<b>221,366</b>

In accordance with the ordinances ME 139/2020, ME 245/2020 e 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)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 15. Accounts payable for acquisitions

Acquisitions	Restatement index	Parent Company		Consolidated	
		06/30/2020	12/31/2019	06/30/2020	12/31/2019
Ribeirão Pires	CDI	<b>22,833</b>	22,438	<b>22,833</b>	22,438
IFOR	CDI	<b>13,347</b>	13,115	<b>13,347</b>	13,115
Alphamed	CDI	<b>7,755</b>	7,621	<b>7,755</b>	7,621
Oncologia RJ	CDI	-	-	-	44,394
Salus	IPCA	-	-	<b>5,490</b>	5,370
Sator	SELIC	<b>18,275</b>	17,958	<b>18,275</b>	17,958
UDI	CDI	-	-	<b>34,184</b>	33,592
São Rafael (a)	SELIC	-	-	<b>110,605</b>	183,860
Richet	CDI	-	-	<b>9,439</b>	9,275
Samer	CDI	-	-	<b>8,484</b>	8,336
Hospital Rio Mar	IPCA	-	-	<b>66,324</b>	66,914
Hospital São Lucas	CDI	-	-	<b>42,976</b>	42,231
Hospital Perinatal	IPCA	<b>40,528</b>	-	<b>40,528</b>	-
Other	CDI/IPCA	<b>3,451</b>	3,506	<b>5,905</b>	7,952
		<b>106,189</b>	64,638	<b>386,145</b>	463,056
Current		<b>47,743</b>	20,411	<b>80,568</b>	163,063
Noncurrent		<b>58,446</b>	44,227	<b>305,577</b>	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 June 30, 2020, the noncurrent maturity schedule is as follows:

Parent Company		Consolidated	
Year	Amount	Year	Amount
2021	-	2021	<b>6,029</b>
2022	<b>34,791</b>	2022	<b>104,916</b>
2023	<b>22,291</b>	2023	<b>28,708</b>
2024	-	2024	<b>72,100</b>
2025 to 2029	<b>1,364</b>	2025 to 2029	<b>93,824</b>
	<b>58,446</b>		<b>305,577</b>

### 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)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 16. Provision for contingencies and judicial deposits (Continued)

	Parent Company			
	06/30/2020		12/31/2019	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Tax and social security	35,399	(115,044)	35,374	(103,908)
Labor	57,444	(22,343)	60,457	(21,522)
Civil	45,090	(9,739)	43,918	(11,759)
	<b>137,933</b>	<b>(147,126)</b>	139,749	(137,189)

  

	Consolidated			
	06/30/2020		12/31/2019	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Tax and social security	95,419	(175,495)	71,838	(143,932)
Labor	111,263	(28,424)	95,859	(26,678)
Civil	57,073	(13,429)	59,812	(15,008)
	<b>263,755</b>	<b>(217,348)</b>	227,509	(185,618)

#### 16.1. Contingencies assessed as probable loss

Changes in provisions for contingencies in the six-month periods ended June 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)	(3,993)	(10,738)	(15,124)
<b>Balances at June 30, 2019</b>	35,032	50,038	47,850	132,920
Balances at December 31, 2019	<b>35,374</b>	<b>60,457</b>	<b>43,918</b>	<b>139,749</b>
Additions, net of reversals	25	(1,554)	1,529	-
Payments	-	(1,459)	(357)	(1,816)
<b>Balances at June 30, 2020</b>	<b>35,399</b>	<b>57,444</b>	<b>45,090</b>	<b>137,933</b>

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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)

	<b>Consolidated</b>			
	<b>Tax and social security</b>	<b>Labor</b>	<b>Civil</b>	<b>Total</b>
Balances at December 31, 2018	61,728	54,837	73,230	189,795
Additions, net of reversals	(7,287)	17,140	8,294	18,147
Payments	(4,477)	(1,868)	(10,663)	(17,008)
Additions from acquisitions (*)	10,301	3,417	5,669	19,387
<b>Balances at June 30, 2019</b>	<b>60,265</b>	<b>73,526</b>	<b>76,530</b>	<b>210,321</b>
Balances at December 31, 2019	<b>71,838</b>	<b>95,859</b>	<b>59,812</b>	<b>227,509</b>
Additions, net of reversals	<b>1,280</b>	<b>1,814</b>	<b>(3,094)</b>	<b>-</b>
Payments	<b>-</b>	<b>(1,548)</b>	<b>(380)</b>	<b>(1,928)</b>
Additions from acquisitions (*)	<b>22,301</b>	<b>15,138</b>	<b>735</b>	<b>38,174</b>
<b>Balances at June 30, 2020</b>	<b>95,419</b>	<b>111,263</b>	<b>57,073</b>	<b>263,755</b>

(\*) 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, 13<sup>th</sup> 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)

June 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:

	Individual		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Tax and social security (a)	1,223,466	1,111,187	1,290,498	1,188,018
Labor (b)	167,404	121,383	219,132	151,526
Civil (c)	157,410	165,689	273,038	247,472
	<b>1,548,280</b>	<b>1,398,259</b>	<b>1,782,668</b>	<b>1,587,016</b>

(a) The most significant matters refers to administrative proceedings in the total amount of R\$1.1 billion, of which R\$314 million refers to assessments received in 2016 and 2017, and R\$760 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 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, 13<sup>th</sup> 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.

### 17. Leases

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

	Parent Company	
	06/30/2020	12/31/2019
Nominal value of future payments	5,089,099	5,127,984
Present value adjustment	(3,300,192)	(3,366,569)
	<b>1,788,907</b>	<b>1,761,415</b>
Current	213,402	108,724
Noncurrent	1,575,505	1,652,691

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 17. Leases (Continued)

	<b>Consolidated</b>	
	<b>06/30/2020</b>	<b>12/31/2019</b>
Nominal value of future payments	<b>7,244,332</b>	7,244,736
Present value adjustment	<b>(4,629,749)</b>	(4,717,564)
	<b>2,614,583</b>	2,527,172
Current	<b>296,798</b>	171,074
Noncurrent	<b>2,317,785</b>	2,356,098

The liabilities were measured by the present value of the remaining lease payments discounted at the rate of 16.26% at June 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 second quarter of 2020.

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

<b>Parent Company</b>		<b>Consolidated</b>	
<b>Year</b>	<b>Amount</b>	<b>Year</b>	<b>Amount</b>
2021	<b>80,545</b>	2021	<b>125,661</b>
2022	<b>89,625</b>	2022	<b>138,087</b>
2023	<b>92,307</b>	2023	<b>140,217</b>
2024	<b>100,964</b>	2024	<b>139,676</b>
2025 to 2055	<b>1,212,064</b>	2025 to 2055	<b>1,774,144</b>
	<b>1,575,505</b>		<b>2,317,785</b>

## Rede D'Or São Luiz S.A.

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

### 18. Equity

#### a) Capital

The Company's capital is broken down as follows:

Shareholders	06/30/2020		12/31/2019	
	Number of shares	Equity interest	Number of shares	Equity interest
Controlling family (a)	527,699,568	57.37%	527,699,568	57.37%
Pacific Mezz PTE. Ltda. (b)	238,539,496	25.93%	238,539,496	25.93%
Carlyle Group (c)	109,251,886	11.88%	109,251,886	11.88%
Other	44,333,884	4.82%	44,333,884	4.82%
Total common shares	919,824,834	100.00%	919,824,834	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 June 30, 2020 and December 31, 2019 amounts to R\$867,776, divided into 919,824,834 registered common shares with no par value. The authorized capital limit approved in the Company's bylaws is up to 4 billion shares (units).

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

The premium reserve on issue of shares was substantially due to the capital contributions made (i) on March 31, 2015, by the former shareholder BTG Pactual Saúde Fundo de Investimento em Participações, in the amount of R\$600,000, of which R\$147,664 was recorded as capital increase and R\$452,336 as premium reserve on the subscription of shares; and (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.

## Rede D'Or São Luiz S.A.

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

	<u>2020</u>	<u>2019</u>
Balance payable at beginning of period	<b>287,394</b>	8,940
Allocation of dividends and interest on equity	<b>123,196</b>	170,179
Payment of dividends and interest on equity	<b>(8,147)</b>	(14,797)
Withholding Income Tax (IRRF)	<b>(13,832)</b>	(15,182)
Balance payable at June 30	<b>388,611</b>	149,140

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

#### c) Treasury shares

Changes in treasury shares are as follows:

	<u>2020</u>			<u>2019</u>		
	<u>Number of shares (*)</u>	<u>Share value (in reais)</u>	<u>Total</u>	<u>Number of shares (*)</u>	<u>Share value (in reais)</u>	<u>Total</u>
Opening balance	<b>38,337,656</b>	<b>12.38</b>	<b>474,462</b>	38,357,334	12.34	473,193
Acquisitions	-	-	-	92,870	21.82	2,026
Disposals	-	-	-	(112,548)	6.73	(757)
Balance at June 30	<b>38,337,656</b>	<b>12.38</b>	<b>474,462</b>	38,337,656	12.38	474,462

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

#### d) Share-based payment (stock options)

*Stock Option Plans - Stock Options (replaced by the restricted stock plan described below)*

Since 2011, the Company's shareholders have approved seven stock option plans. The totality of the plans granted to the Company's executives a total of 32,901,594 registered common shares with no par value, through an individual contract between each beneficiary and the Company, of which 16,456,346 were exercised, 6,386,316 canceled and 10,058,932 remained active.

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 18. Equity (Continued)

d) Share-based payment (stock options) (continued)

These Plans were measured with an average risk-free rate of 9.88%, average annual volatility of 25.21% and presented a weighted average fair value of R\$ 16.26 per option granted.

The average exercise price of the options granted under the Plans was R\$ 15.24 per share plus the variation of the IPCA or CDI, on a daily pro rata basis, until the effective date of exercise of any Purchase Option.

e) Share-based payment (Restricted Shares)

*First and Second Restricted Share Programs*

In May 2020, the Company modified the stock option plans still in progress and replaced them entirely with the Company's Restricted Shares Program. The program 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.

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

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

As in the previous plans, the Company grants each beneficiary a sale option on all restricted shares. The programs have restriction periods for exercising options of up to 7 years, which are determined in individual contracts entered into between the parties. The Company's acquisition price, when exercising sale 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 programs, as defined by the Board of Directors.

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 18. Equity (Continued)

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

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.

A total of 24,232,851 Restricted Shares were granted to the elected participants, 10,058,931 of which refer to the migration of the old Stock Options plan and 14,173,920 of new grants at a weighted average price of R\$ 24.05, of which 4,573,920 and 9,600,000 referring to the First and Second Restricted Stock Programs, respectively.

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 8.61% was used, based on the average historical cancellations of the Company's plans.

As in previous plans, the restricted share programs 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.

<u>Unvested dates</u>	<u>Number of Shares</u>	<u>Annual Volatility</u>	<u>Risk-free rate</u>	<u>Weighted average of fair value of shares (in Reais)</u>	<u>State of maturity</u>	<u>Cancelled shares</u>	<u>Options exercised</u>
First restricted shares plan 29/05/2020	14,632,851	26.36%	4.66%	29.95	Vested	-	-
Second restricted shares plan 5/29/2020 to 5/29/2027	<u>9,600,000</u>	26.36%	4.66%	38.90	Partially vested	-	-
	<u>24,232,851</u>						

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 18. Equity (Continued)

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

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:

	<u>Fair value of options per year</u>	<u>Effect on P&amp;L for the year</u>	<u>Cumulative effect on equity</u>
2011	1,457	1,457	1,457
2012	16,234	16,234	17,691
2013	20,656	20,656	38,347
2014	27,363	27,363	65,710
2015	51,949	51,949	117,659
2016	30,864	30,864	148,523
2017	32,599	32,599	181,122
2018	40,662	40,662	221,784
2019	40,656	40,656	262,440
2020	80,071	80,071	342,511
2021	20,615		
2022	20,615		
2023	20,615		
2024	16,726		
2025	16,726		
2026	16,726		
2027	16,726		
	<u>471,260</u>		

#### 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\$77,936, as described in Note 13 (b).

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 19. Income tax and social contribution

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

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Deferred taxes				
Income tax	201,127	(15,105)	255,674	(5,290)
Social contribution	74,729	(5,438)	94,315	(1,919)
	<b>275,856</b>	<b>(20,543)</b>	<b>349,989</b>	<b>(7,209)</b>
Current taxes				
Income tax	-	(105,060)	(35,361)	(186,907)
Social contribution	-	(39,446)	(14,214)	(70,401)
	-	(144,506)	(49,575)	(257,308)
Income tax and social contribution expenses	<b>275,856</b>	<b>(165,049)</b>	<b>300,414</b>	<b>(264,517)</b>

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 19. Income tax and social contribution (Continued)

Changes in deferred income tax and social contribution assets and liabilities for six-month period ended June 30, 2020 were as follows:

	Parent Company				Consolidated				
	12/31/2019	Additional benefits (expenses) recorded	Other comprehensive income	06/30/2020	12/31/2019	Additional benefits (expenses)	Other comprehensive income	Additions from business combinations	06/30/2020
<b>Assets</b>									
Tax losses	-	336,772	-	336,772	34,249	389,513	-	-	423,762
Social contribution losses	-	46,864	-	46,864	12,325	65,851	-	-	78,176
Allowance for doubtful accounts and provision for disallowances	312,139	(54,551)	-	257,588	505,059	(43,524)	-	975	462,510
Contingencies	54,700	(7,803)	-	46,897	85,739	(7,855)	-	8,114	85,998
Provision for bonus	11,603	(5,266)	-	6,337	14,215	(5,186)	-	-	9,029
Foreign exchange variation	109,616	106,947	-	216,563	109,616	106,947	-	-	216,563
Deferred gain on property sale	24,575	-	-	24,575	24,575	-	-	-	24,575
Right-to-use asset amortization (IFRS 16)	53,583	28,081	-	81,664	71,813	39,531	-	420	111,764
PVA allocation (IFRS 16)	91,911	45,293	-	137,204	121,452	63,406	-	107	184,965
Cash flow hedge	-	-	26,364	26,364	-	-	40,149	-	40,149
Other provisions	9,396	2,227	-	11,623	10,516	366	-	-	10,882
<b>Total deferred tax assets</b>	<b>667,523</b>	<b>498,564</b>	<b>26,364</b>	<b>1,192,451</b>	<b>989,559</b>	<b>609,049</b>	<b>40,149</b>	<b>9,616</b>	<b>1,648,373</b>
<b>Liabilities</b>									
Differences between book balance and tax base of goodwill	(616,599)	(27,803)	-	(644,402)	(693,697)	(39,223)	-	-	(732,920)
Gain on acquisition in steps	(48,873)	-	-	(48,873)	(69,499)	-	-	-	(69,499)
Swap difference	(55,750)	(112,190)	-	(167,940)	(55,750)	(112,135)	-	-	(167,885)
Lease (IFRS 16)	(113,031)	(61,239)	-	(174,270)	(148,571)	(85,560)	-	-	(234,131)
Cash flow hedge	-	(21,476)	-	(21,476)	-	(21,476)	-	-	(21,476)
Deferred revenue	-	-	-	-	(4,935)	(666)	-	-	(5,601)
<b>Total deferred tax liabilities</b>	<b>(834,253)</b>	<b>(222,708)</b>	<b>-</b>	<b>(1,056,961)</b>	<b>(972,452)</b>	<b>(259,060)</b>	<b>-</b>	<b>-</b>	<b>(1,231,512)</b>
<b>Net effect - asset (liability)</b>	<b>(166,730)</b>	<b>275,856</b>	<b>-</b>	<b>109,126</b>	<b>17,107</b>	<b>349,989</b>	<b>-</b>	<b>9,616</b>	<b>376,712</b>
Effect on equity	-	-	26,364	26,364	-	-	40,149	-	40,149
Assets as per balance sheets	-	-	-	135,490	318,655	-	-	-	588,525
Liabilities as per balance sheets	(166,730)	-	-	-	(301,548)	-	-	-	(171,664)

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Notes to interim financial information (Continued)

June 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)	06/30/2019	12/31/2018	Additional benefits (expenses)	Additions from business combinations	06/30/2019
<b>Assets</b>							
Tax losses	-	-	-	25,976	1,265	2,737	29,978
Social contribution tax losses	-	-	-	9,350	455	985	10,790
Allowance for doubtful accounts	117,562	-	117,562	154,350	-	-	154,350
Provision for disallowances	140,434	8,821	149,255	248,532	27,427	5,251	281,210
Provision for contingencies	51,400	978	52,378	79,637	387	2,061	82,085
Provision for bonus	21,333	(10,620)	10,713	22,937	(9,830)	-	13,107
Foreign exchange difference	101,910	(10,357)	91,553	101,910	(10,357)	-	91,553
Deferred gain on property sales	25,908	(666)	25,242	25,908	(666)	-	25,242
Right-to-use asset amortization (IFRS 16)	-	25,297	25,297	-	31,406	-	31,406
PVA allocation (IFRS 16)	-	42,972	42,972	-	55,366	-	55,366
Other provisions	6,392	622	7,014	4,510	642	-	5,152
<b>Total deferred tax assets</b>	<b>464,939</b>	<b>57,047</b>	<b>521,986</b>	<b>673,110</b>	<b>96,095</b>	<b>11,034</b>	<b>780,239</b>
<b>Liabilities</b>							
Differences between book balance and tax base of goodwill	(554,310)	(31,144)	(585,454)	(608,568)	(42,564)	-	(651,132)
Gain on acquisition in steps	(48,873)	-	(48,873)	(69,499)	-	-	(69,499)
Swap difference	(52,180)	7,921	(44,259)	(52,180)	7,921	-	(44,259)
Lease (IFRS 16)	-	(54,367)	(54,367)	-	(69,953)	-	(69,953)
Deferred revenue	-	-	-	(10,469)	1,292	-	(9,177)
<b>Total deferred tax liabilities</b>	<b>(655,363)</b>	<b>(77,590)</b>	<b>(732,953)</b>	<b>(740,716)</b>	<b>(103,304)</b>	<b>-</b>	<b>(844,020)</b>
<b>Net effect - asset (liability)</b>	<b>(190,424)</b>	<b>(20,543)</b>	<b>(210,967)</b>	<b>(67,606)</b>	<b>(7,209)</b>	<b>11,034</b>	<b>(63,781)</b>
Assets as per statement of financial position	-	-	-	195,597	-	-	238,628
Liabilities as per statement of financial position	(190,424)	-	(210,967)	(263,203)	-	-	(302,409)

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

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Income before income tax and social contribution	<b>(463,959)</b>	789,126	<b>(493,525)</b>	904,662
Income tax and social contribution expense at the statutory rate	<b>(157,746)</b>	268,303	<b>(167,799)</b>	307,585
Adjustments to determine the effective rate:				
Equity pickup, net of any gains earned abroad	<b>(869)</b>	(58,056)	<b>554</b>	(3,989)
Share-based payment (stock options and restricted shares)	<b>(108,124)</b>	6,913	<b>(108,124)</b>	6,913
Interest on equity	<b>(44,581)</b>	(48,928)	<b>(44,581)</b>	(48,928)
Other	<b>35,464</b>	(3,183)	<b>19,536</b>	2,936
Expenses recorded in the statement of profit or loss	<b>(275,856)</b>	165,049	<b>(300,414)</b>	264,517
Effective rate	<b>59%</b>	21%	<b>61%</b>	29%

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

The Company expects that deferred tax assets from tax losses will be realized within 1 or 2 years. 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.

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 20. Net revenue

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Gross revenue	<b>3,913,080</b>	4,557,085	<b>6,837,909</b>	7,263,298
Deductions from revenue				
Cancellations and rebates	<b>(185,875)</b>	(220,530)	<b>(387,192)</b>	(404,737)
Taxes on revenues	<b>(218,653)</b>	(242,256)	<b>(397,372)</b>	(412,350)
	<b>3,508,552</b>	4,094,299	<b>6,053,345</b>	6,446,211

The Company has no revenues arising from customers outside Brazil.

### 21. Costs of services provided

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Personnel	<b>(1,266,588)</b>	(1,232,063)	<b>(2,266,849)</b>	(1,993,255)
Materials and medicines	<b>(759,310)</b>	(744,753)	<b>(1,478,751)</b>	(1,310,036)
Third-party services	<b>(623,261)</b>	(529,739)	<b>(1,154,536)</b>	(978,695)
Utilities and services	<b>(78,107)</b>	(75,670)	<b>(141,430)</b>	(116,877)
Rentals	<b>(1,147)</b>	(3,014)	<b>(4,433)</b>	(11,761)
Depreciation and amortization	<b>(229,822)</b>	(201,258)	<b>(365,385)</b>	(288,519)
	<b>(2,958,235)</b>	(2,786,497)	<b>(5,411,384)</b>	(4,699,143)

### 22. General and administrative expenses

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Personnel	<b>(415,431)</b>	(144,373)	<b>(415,431)</b>	(144,373)
Third-party services	<b>(40,233)</b>	(29,360)	<b>(40,233)</b>	(29,360)
Trips and lodging	<b>(13,818)</b>	(11,199)	<b>(21,115)</b>	(18,568)
Depreciation and amortization	<b>(46,206)</b>	(30,646)	<b>(46,206)</b>	(30,646)
Provision for contingencies	-	(18,000)	-	(18,147)
	<b>(515,688)</b>	(233,578)	<b>(522,985)</b>	(241,094)

- (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.

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 23. Selling expenses

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Marketing	<b>(6,419)</b>	(6,336)	<b>(8,734)</b>	(9,975)
	<b>(6,419)</b>	(6,336)	<b>(8,734)</b>	(9,975)

### 24. Other operating expenses, net

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Taxes, charges and fines	<b>(22,885)</b>	(21,443)	<b>(36,960)</b>	(32,222)
Gain on property sale	<b>1,960</b>	1,960	<b>1,960</b>	1,960
Rentals of property and equipment	<b>(4,787)</b>	(4,308)	<b>(10,395)</b>	(8,035)
Freight expenses	<b>(6,107)</b>	(8,802)	<b>(9,758)</b>	(12,864)
Notary and court fees	<b>(9,843)</b>	(3,751)	<b>(12,659)</b>	(6,029)
Advisory expenses	<b>(10,025)</b>	(10,625)	<b>(21,831)</b>	(10,625)
Other	<b>(16,141)</b>	(3,454)	<b>40,929</b>	(23,601)
	<b>(67,828)</b>	(50,423)	<b>(48,714)</b>	(91,416)

(a) In June 2020 there was an adjustment to the fair value of contingent consideration in the amount of R\$ 76,497 (Note 15).

### 25. Financial income (expenses), net

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

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Earnings from financial and variable investments	<b>136,317</b>	83,016	<b>182,716</b>	113,289
Foreign exchange differences, net	<b>(353,704)</b>	11,928	<b>(2,001,868)</b>	35,204
Fair value of debt	<b>6,719</b>	(214,707)	<b>(442,939)</b>	(178,980)
Derivatives' fair value (swaps)	<b>329,915</b>	221,535	<b>2,441,668</b>	115,786
Interest and monetary variation on financing and debentures	<b>(432,719)</b>	(345,269)	<b>(467,227)</b>	(382,379)
Taxes on financial income (expenses)	<b>(9,845)</b>	(6,278)	<b>(12,452)</b>	(9,053)
Interest on lease liability	<b>(133,212)</b>	(126,388)	<b>(191,150)</b>	(170,844)
Other	<b>(46,402)</b>	(22,930)	<b>(62,171)</b>	(34,675)
	<b>(502,931)</b>	(399,093)	<b>(553,423)</b>	(511,652)
Total finance income	<b>895,334</b>	224,736	<b>3,918,232</b>	395,629
Total finance expenses	<b>(1,398,265)</b>	(623,829)	<b>(4,471,655)</b>	(907,281)
	<b>(502,931)</b>	(399,093)	<b>(553,423)</b>	(511,652)

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 26. Earnings per share

#### a) Basic earnings per share

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

	<u>06/30/2020</u>	<u>06/30/2019</u>
Profit attributable to Company shareholders	<b>(188,103)</b>	624,077
Weighted average number of issued common shares issued (*)	<b>881,487</b>	881,487
Basic earnings per share in Reais (R\$)	<b>(0.2134)</b>	0.7080

#### a) 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>06/30/2020</u>	<u>06/30/2019</u>
Income attributable to the Company's controlling interests	<b>(188,103)</b>	624,077
Weighted average of the number of common shares issued, including dilution factors	<b>888,107</b>	883,201
Diluted earnings per share in Reais (R\$)	<b>(0.2118)</b>	0.7066

### 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.

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 27. Financial instruments and financial risk management (Continued)

#### 27.1. Classification of financial instruments by category (Continued)

##### Fair value hierarchy (Continued)

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

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

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

Parent Company				
Financial assets	Classification by category	Fair value hierarchy	Book balance	
			06/30/2020	12/31/2019
Cash and cash equivalents	Fair value through P&L	Level 2	49,717	33,580
Marketable securities (Shares)	Fair value through P&L	Level 1	245,012	-
Marketable securities	Fair value through P&L	Level 2	5,037,414	3,782,360
Trade accounts receivable	Amortized cost		2,239,455	2,503,118
Dividends receivable	Amortized cost		107,442	69,657
Judicial deposits	Amortized cost		147,126	137,189
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	990,071	558,651
			<b>8,816,237</b>	<b>7,084,555</b>

  

Financial liabilities	Classification by category	Fair value hierarchy	Book balance	
			06/30/2020	12/31/2019
Trade accounts payable	Amortized cost		273,430	216,267
Loans, financing and debentures	Amortized cost (a)	Level 2	17,516,315	13,236,225
Salaries, provisions and social charges	Amortized cost		670,230	343,994
Accounts payable for acquisitions	Amortized cost		106,189	64,638
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	267,336	5,591
			<b>18,833,500</b>	<b>13,866,715</b>

(a) The portion of debt recorded as hedge accounting is measured at fair value through profit or loss, totaling R\$6,928,352 at June 30, 2020 (R\$3,094,838 at December 31, 2019). The portion of debt recorded as hedge accounting is measured at fair value through other comprehensive income, amounting to R\$2,883,180 at June 30, 2020.

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 27. Financial instruments and financial risk management (Continued)

#### 27.1. Classification of financial instruments by category (Continued)

##### Fair value hierarchy (Continued)

Consolidated				
Financial assets	Classification by category	Fair value hierarchy	Book balance	
			06/30/2020	12/31/2019
Cash and cash equivalents	Fair value through P&L	Level 2	82,337	68,684
Marketable securities (Shares)	Fair value through P&L	Level 1	245,012	-
Marketable securities	Fair value through P&L	Level 2	9,027,431	4,701,418
Trade accounts receivable	Amortized cost		3,866,844	4,117,916
Judicial deposits	Amortized cost		217,348	185,618
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	3,469,076	811,042
			<b>16,908,048</b>	<b>9,884,678</b>
Financial liabilities	Classification by category	Fair value hierarchy	Book balance	
			06/30/2020	12/31/2019
Trade accounts payable	Amortized cost		666,031	498,066
Loans, financing and debentures	Amortized cost (a)	Level 2	24,240,905	15,406,377
Salaries, provisions and social charges	Amortized cost		957,851	510,293
Accounts payable for acquisitions	Fair value through profit or loss		386,145	463,056
Derivatives	Fair value through profit or loss and other comprehensive income	Level 2	454,977	92,905
			<b>26,705,909</b>	<b>16,970,697</b>

(a) The portion of debt recorded as hedge accounting is measured at fair value through profit or loss, totaling R\$9,164,269 at June 30, 2020 (R\$3,259,993 at December 31, 2019). The portion of debt recorded as hedge accounting is measured at fair value through other comprehensive income, amounting to R\$3,876,735 at June 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)

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

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cash and cash equivalents	49,717	33,580	82,337	68,684
Marketable securities	5,282,426	3,782,360	9,272,443	4,701,418
	<b>5,332,143</b>	<b>3,815,940</b>	<b>9,354,780</b>	<b>4,770,102</b>
Loans, financing and debentures	(17,516,315)	(13,236,225)	(24,240,906)	(15,406,377)
Derivatives	722,735	553,060	3,014,099	718,137
	<b>(16,793,580)</b>	<b>(12,683,165)</b>	<b>(21,226,807)</b>	<b>(14,688,240)</b>
Net debt	<b>(11,461,437)</b>	<b>(8,867,225)</b>	<b>(11,872,027)</b>	<b>(9,918,138)</b>
Total equity	4,860,525	5,210,130	5,097,001	5,442,000
Total net debt and equity	<b>(6,600,912)</b>	<b>(3,657,095)</b>	<b>(6,775,025)</b>	<b>(4,476,138)</b>
Financial leverage ratio	2.36	1.70	2.33	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 June 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.)	2.15%	2.69%	3.23%
IPCA rate (p.a.)	2.13%	2.66%	3.20%
Projected interest expenses (in millions)	6,610	8,263	9,915

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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 - 06/30/2020					Total financial liabilities
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	
Trade accounts payable	273,430	-	-	-	-	273,430
Loans, financing and debentures	625,086	102,202	411,293	7,704,544	11,361,498	20,204,623
Salaries, provisions and social charges	670,230	-	-	-	-	670,230
Accounts payable for acquisitions	28,452	19,965	13,993	49,382	1,619	113,411
Derivatives	55,092	67,373	58,251	166,609	(79,989)	267,336
	<b>1,652,290</b>	<b>189,540</b>	<b>483,537</b>	<b>7,920,535</b>	<b>11,283,128</b>	<b>21,529,030</b>
	Consolidated – 06/30/2020					Total financial liabilities
	Up to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	
Trade accounts payable	666,031	-	-	-	-	666,031
Loans, financing and debentures	635,382	230,424	801,279	9,236,553	17,133,249	28,036,887
Salaries, provisions and social charges	957,851	-	-	-	-	957,851
Accounts payable for acquisitions	60,027	21,258	37,450	251,842	55,418	425,995
Derivatives	138,683	169,595	58,986	168,711	(80,998)	454,977
	<b>2,457,974</b>	<b>421,277</b>	<b>897,715</b>	<b>9,657,106</b>	<b>17,107,669</b>	<b>30,541,741</b>

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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						
	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	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						
	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	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 40.8% of total gross debt at June 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)

June 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 June 30, 2020, the Company has swaps recorded based on fair value and cash flow hedge accounting in order to hedge the Company against fluctuations in foreign currency and interest rate. The swaps exchange (i) the flow of interest and principal in foreign currency for Brazilian reais plus a percentage of CDI; and (ii) floating interest rate for fixed interest rate. In addition, the Company has other swaps to hedge its exposure in US dollars, not designated for the hedge accounting strategy.

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

Description	Hedge classification	Maturity ranges month/year	Reference value (notional value)	06/30/2020	
				Parent Company	Consolidated
				Fair value	
Swap (Currency)	Fair value	04/03/2023			
Long position		USD/BRL + 2.5647%	US\$	76,405	
Short position		CDI + 1.66%	R\$	418,394	17,150
					17,150
Swap (Currency)	Fair value	11/21/23			
Long position		USD Libor + 0.46%	US\$	80,074	
Short position		109% CDI	R\$	438,486	127,675
					127,675
Swap (Currency)	Fair value	04/15/2025			
Long position		USD Libor + 3.30%	US\$	38,829	
Short position		CDI + 2.084%	R\$	212,628	96,801
					96,801
Swap (Currency)	Fair value	04/15/2024			
Long position		USD Libor + 3.00%	US\$	58,701	
Short position		CDI + 1.68%	R\$	321,446	143,671
					143,671
Swap (Currency)	Fair value	04/15/2026			
Long position		USD Libor + 5.50%	US\$	30,426	
Short position		CDI + 0.25%	R\$	166,613	8,706
					8,706
Swap (Currency)	Fair value	01/18/2028			
Long position		USD Fixed (4.95%)	US\$	511,206	
Short position		BRL Fixed (11.82%)	R\$	2,799,365	-
					1,150,578
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	416,426
					416,426
Swap (Currency)	-	01/22/2030			
Long position		USD Fixed (4.525%)	US\$	509,875	
Short position		BRL Fixed (8.80%)	R\$	2,792,076	-
					824,423
Swap (interest)	-	01/22/2030			
Long position		BRL Fixed (8.80%)	R\$	2,171,000	
Short position		CDI + 2.125%	R\$	2,171,000	28,100
					28,100
Swap (Currency)	-	01/22/2030			
Long position		USD Fixed (4.51%)	US\$	254,938	
Short position		BRL Fixed (8.65%)	R\$	1,396,038	-
					357,070
Swap (interest)	-	01/22/2030			
Long position		BRL Fixed (8.65%)	R\$	1,134,855	
Short position		CDI + 2.40%	R\$	1,134,855	(21,948)
					(21,948)

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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	Reference value (notional value)	06/30/2020	
				Parent Company	Consolidated
				Fair value	
Swap (interest)	Cash flow	12/29/2025			
Long position		CDI + 1.27%/1.75%	R\$ 1,000,135		
Short position		BRL Fixed (7.752%)	R\$ 1,000,135	-	(40,706)
Swap (interest)	Cash flow	06/20/2029			
Long position		CDI + 0.79%	R\$ 1,000,694		
Short position		BRL Fixed (7.71%)	R\$ 1,000,694	(5,654)	(5,654)
Swap (interest)	Cash flow	09/10/2024			
Long position		CDI + 1.02%	R\$ 1,417,904		
Short position		BRL Fixed (7.275%)	R\$ 1,417,904	(70,755)	(70,755)
Swap (interest)	Cash flow	10/26/2026			
Long position		106.0% CDI	R\$ 502,712		
Short position		BRL Fixed (6.765%)	R\$ 502,712	(17,437)	(17,437)
Current assets position				304,622	304,622
Noncurrent assets position				685,449	3,164,454
Current liabilities position				(122,465)	(308,278)
Noncurrent liabilities position				(144,871)	(146,699)
Effect on profit or loss for the period (fair value of derivatives - swaps)				400,805	2,513,053
Effect on equity for the period (fair value of derivatives - swaps)				(118,085)	(118,085)
Description	Hedge classification	Maturity ranges month/year	Reference value (notional value)	12/31/2019	
				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 rate + 4.95%	US\$ 511,206		
Short position		BRL Fixed rate 11.82%	R\$ 2,060,519	-	165,077
Swap (interest)	Fair value	01/18/2028			
Long position		BRL Fixed rate 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)

June 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.

<b>Debt - International Finance Corporation (IFC)</b>	<b>Scenario I</b>	<b>Scenario II</b>	<b>Scenario III</b>	<b>Scenario IV</b>	<b>Scenario V</b>
Exchange rate fluctuation	5%	-25%	-50%	+25%	+50%
Depreciation of US\$ (rate in R\$)	-	4.3124	2.8749	-	-
Appreciation of US\$ (rate in R\$)	5.7498	-	-	7.1873	8.6247
Effect on liabilities					
IFC - International Finance Corporation	8,680	(43,400)	(86,800)	43,400	86,800
Effect on derivatives					
Swap	435	(2,177)	(4,353)	2,177	4,353
Net effect	<b>9,115</b>	<b>(45,577)</b>	<b>(91,153)</b>	<b>45,577</b>	<b>91,153</b>
<b>Debt - BofA and Citibank</b>	<b>Scenario I</b>	<b>Scenario II</b>	<b>Scenario III</b>	<b>Scenario IV</b>	<b>Scenario V</b>
Exchange rate fluctuation	5%	(25%)	(50%)	25%	50%
Depreciation of US\$ (rate in R\$)	-	4.3124	2.8749	-	-
Appreciation of US\$ (rate in R\$)	5.7498	-	-	7.1873	8.6247
Effect on liabilities					
Loan 4131 - BofA and Citibank	42,590	(212,950)	(425,901)	212,950	425,901
Effect on derivatives					
Swap	(42,590)	212,950	425,901	(212,950)	(425,901)
Net effect	-	-	-	-	-
<b>Debt – Senior Notes I</b>	<b>Scenario I</b>	<b>Scenario II</b>	<b>Scenario III</b>	<b>Scenario IV</b>	<b>Scenario V</b>
Exchange rate fluctuation	5%	-25%	-50%	+25%	+50%
Depreciation of US\$ (rate in R\$)	-	4.3124	2.8749	-	-
Appreciation of US\$ (rate in R\$)	5.7498	-	-	7.1873	8.6247
Effect on liabilities					
Senior Notes	160,132	(800,662)	(1,601,325)	800,662	1,601,325
Effect on derivatives					
Swap	(160,132)	800,662	1,601,325	(800,662)	(1,601,325)
Net effect	-	-	-	-	-

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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\$)	-	4.3124	2.8749	-	-
Appreciation of US\$ (rate in R\$)	5.7498	-	-	7.1873	8.6247
Effect on liabilities in US\$					
Senior Notes II	219,400	(1,097,002)	(2,194,004)	1,097,002	2,194,004
Effect on derivatives					
Swap	(219,400)	1,097,002	2,194,004	(1,097,002)	(2,194,004)
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	-	1.6932%	1.1288%	-	-
Appreciation of the DI rate	2.2576%	-	-	2.8220%	3.3864%
Effect on liabilities					
Debentures	(4,216)	17,917	40,049	(26,348)	(48,481)
Effect on derivatives					
Swap	4,216	(17,917)	(40,049)	26,348	48,481
Net effect	-	-	-	-	-

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 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	06/30/2020
Loans, financing, debentures and leases	14,997,640	4,122,448	902,002	(352,306)	(405,837)	(6,719)	-	-	47,994	19,305,222
Accounts payable for acquisitions	64,638	40,000	1,662	(111)	-	-	-	-	-	106,189
Derivatives	5,591	-	179,047	82,698	-	-	-	-	-	267,336
Dividends and interest on equity payable	264,527	-	-	-	-	-	131,113	-	(13,832)	381,808
	<u>15,332,396</u>	<u>4,162,448</u>	<u>1,082,711</u>	<u>(269,719)</u>	<u>(405,837)</u>	<u>(6,719)</u>	<u>131,113</u>	<u>-</u>	<u>34,162</u>	<u>20,060,555</u>
<b>Current</b>	1,001,809									1,489,257
<b>Noncurrent</b>	14,330,587									18,571,298

  

Parent Company										
Parent Company	12/31/2018	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	06/30/2019
Loans, financing, debentures and leases	9,631,831	1,300,214	324,340	(198,300)	(251,023)	214,707	-	-	3,563	11,025,332
Accounts payable for acquisitions	80,232	750	3,092	(119)	(19)	-	-	-	-	83,936
Derivatives	8,339	-	(29,669)	30,126	-	-	-	-	-	8,796
Dividends and interest on equity payable	1,101	-	-	-	-	-	144,663	-	(15,185)	130,579
	<u>9,721,503</u>	<u>1,300,964</u>	<u>297,763</u>	<u>(168,293)</u>	<u>(251,042)</u>	<u>214,707</u>	<u>144,663</u>	<u>-</u>	<u>(11,622)</u>	<u>11,248,643</u>
<b>Current</b>	653,185									882,321
<b>Noncurrent</b>	9,068,318									10,366,322

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)  
June 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	06/30/2020
Loans, financing, debentures and leases	17,933,549	5,990,098	3,282,757	(348,635)	(515,150)	442,939	-	-	69,930	26,855,488
Accounts payable for acquisitions	463,056	40,000	7,586	(31,000)	(17,000)	-	-	-	(76,497)	386,145
Derivatives	92,905	-	334,451	27,621	-	-	-	-	-	454,977
Dividends and interest on equity payable	287,394	-	-	-	-	-	123,196	(8,147)	(13,832)	388,611
	<u>18,776,904</u>	<u>6,030,098</u>	<u>3,624,794</u>	<u>(352,014)</u>	<u>(532,150)</u>	<u>442,939</u>	<u>123,196</u>	<u>(8,147)</u>	<u>(20,399)</u>	<u>28,085,221</u>
<b>Current</b>	1,299,396									1,932,286
<b>Noncurrent</b>	17,477,508									26,152,935

  

Consolidated										
Consolidated	12/31/2018	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	06/30/2019
Loans, financing, debentures and leases	11,846,585	1,328,426	358,541	(241,610)	(294,811)	178,980	-	-	5,897	13,182,008
Accounts payable for acquisitions	363,382	117,115	10,889	(14,035)	(359)	-	-	-	-	476,992
Derivatives	98,387	-	19,360	(18,112)	-	-	-	-	-	99,635
Dividends and interest on equity payable	8,940	-	-	-	-	-	170,200	(14,797)	(15,203)	149,140
	<u>12,317,294</u>	<u>1,445,541</u>	<u>388,790</u>	<u>(273,757)</u>	<u>(295,170)</u>	<u>178,980</u>	<u>170,200</u>	<u>(14,797)</u>	<u>(9,306)</u>	<u>13,907,775</u>
<b>Current</b>	820,125									1,113,038
<b>Noncurrent</b>	11,497,169									12,794,737

## Rede D'Or São Luiz S.A.

Notes to interim financial information (Continued)

June 30, 2020

(In thousands of reais, unless otherwise stated)

### 28. Insurance

At June 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	<b>3,753,196</b>
Civil Liability (D&O)	<b>200,000</b>
General civil liability	<b>10,000</b>
Engineering risks	<b>1,453,898</b>

### 29. Events after the reporting period

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 and fixed interest of 1.96% p.a., to be paid semiannually. Concomitantly, the Company took out a derivative financial instrument to hedge against foreign exchange and interest rates, converting in Reais plus interest corresponding to 100% of the CDI plus 1.323% per annum. There are no collaterals pledged.

On August 14, 2020, the entire loan executed with IFC on May 31, 2017 was paid in advance, as well as the respective derivative financial instrument, contracted for foreign exchange and interest hedge. As a result, Rede D'Or no longer has loans, financing or debentures with financial covenants.