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LUZ SAÚDE

MOVING MEDICINE FORWARD

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LUZ SAÚDE

MOVING MEDICINE FORWARD

LUZ SAÚDE, S.A.
Registered Office in R. Carlos Alberto da Mota Pinto, 17, 9th floor, 1070-313 in Lisbon
Registered with the Commercial Registry Office of Lisbon under
the same registration and taxpayer number 504 885 367, currently with fully
subscribed and paid-up share capital of EUR 95,542,254

LUZ SAÚDE

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an
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re
port

**20
22**

message from
the president
of the Executive
Committee



message from the president of the Executive Committee

ISABEL VAZ

President
of the Executive
Committee of Luz Saúde

"... continued demonstrating its ability to achieve solid operational and financial results, increasing its consolidated operating income to €599 million (+ 10.6% compared to the previous year), driven by the growth in the private healthcare segment (+ 10.8%)."

In 2020, Luz Saúde continued demonstrating its ability to achieve solid operational and financial results, increasing its consolidated operating income to €599 million (+ 10.6% compared to the previous year), driven by the growth in the private healthcare segment (+ 10.8%). It is worth emphasizing the performance of Hospital da Luz Lisboa, which completed in 2022 its second year of activity after the expansion works that extended its care capacity, compared to 2019, in approximately 80% (a 36.5% increase compared to 2019). A rigorous operational and financial discipline determined a 26.9% growth in the EBITDA value to 81.6 million euros and a net result of €26.9 million attributable to shareholders.

This performance reflects naturally the strong growth in the activity of Luz Saúde Group across all lines of healthcare providing, compared to the previous year, and quite significantly compared to the 2019 pandemic reality, with special emphasis on the emergency services (+ 41.7%) and birth unit (+ 11.2%).

The results were achieved in a context of great pressure in the various aspects of costs, in consequence of a rising inflation throughout the year and the rise in interest rates, with higher financing costs for businesses in general. This was only possible through a determined acceleration of the several digitalization and automation projects in progress, with special emphasis on the administrative proceedings of client service with impact on the reduction of the cost-to-serve, materialized in the MY LUZ app already counting with over 1 million users, and also on the dilution of structural costs.

It is worth noting the relationship of mutual respect, trust and recognition that we maintain with our individual and institutional clients, suppliers and >>





message from the president of the Executive Committee



>> other partners, with which it was possible to carry out the necessary adjustments to face with determination the present geopolitical and economic-financial uncertainty.

2022 also marks the departure of Luz Saúde Group from Hospital Beatriz Ângelo (HBA) management, in a private-public partnership regime, which determined the focusing of the management team exclusively on the consolidation of its positioning of reference in the private segment, with a particular emphasis on highly specialized and complex healthcare and a clinical practice integrated with university-level education and research.

The approval, in April 2022, of the first private Clinical Academic Centre in Portugal, in partnership with Católica Medical School, reinforces distinctively the strategy of alliance between Luz Saúde Group and the Academy for the development of the future generations of health professionals, from physicians to nurses, health technicians,

managers, engineers and other professions that form the ecosystem of healthcare providing.

The Luz Saúde network, and in particular Hospital da Luz Lisboa, assumes a strong commitment to maintain its teaching skills as an university hospital and platform of development of innovating training models, as well as driver of research, innovation and entrepreneurship, which are determinant for the sustainability of its premium positioning and for attracting and retaining specialized health professionals, in a context of talent competition on European but also global level.

“The approval, in April 2022, of the first private Clinical Academic Centre in Portugal, in partnership with Católica Medical School, reinforces distinctively the strategy of alliance between Luz Saúde Group and the Academy for the development of the future generations of health professionals”

Pursuing its strategy of market consolidation in Portugal, the Luz Saúde Group maintained along 2022 a solid pipeline of projects of brownfield and greenfield growth. In March 2022, new units opened in Sta. Maria da Feira and Covilhã, thus reinforcing the satellite networks of Hospital da Luz Arrábida and Hospital da Luz Coimbra, respectively. In the catchment area of Hospital da Luz Lisboa, was also launched the development plan of Hospital da Luz Torres de

Lisboa, with the requalification of the existing buildings, expected to be completed in the first quarter of 2024, and the expansion to a new building with new areas of consultation and exams, as well as the reinforcement of the imaging unit, expected to be completed in the first quarter of 2025.

In parallel, we are building two new ambulatory clinics, that are scheduled to open on the second semester of 2023 in Luísa Todi in Setúbal, and Carreira in Funchal. The requalification of Hospital da Misericórdia de Évora will also be completed in the second quarter of 2023.

Two new ambulatory units were also launched in the catchment area of Hospital da Luz Coimbra, in Leiria and Figueira da Foz, expected to be inaugurated in 2024, and the enlargement of the catchment area of Hospital da Luz Lisboa with the opening of a new ambulatory unit in Vila Franca de Xira, expected to take place in the first quarter of 2025, and a new hospital in Santarém in the second half of 2025. Finally, the Group will also reinforce its presence in the South of the country with the expansion and clinical upgrade of Hospital da Luz Setúbal, expected to be completed in the second half of 2026.

With this strategy, Luz Saúde Group will consolidate its positioning as the most comprehensive private healthcare network in Portugal, covering over 80% of the >>



message from the president of the Executive Committee

>> population, while continuing to invest in new models, namely through Hospital da Luz Digital, which integrates in a clinically harmonious manner the physical network.

In 2023, and in the context of the strategy defined for the 2022-2025 cycle, the Luz Saúde Group will continue to keep the focus on profitable growth at the level of the best practice in the sector, and on the creation of value for its shareholders, based on a vision of leadership through innovation and on a mission to achieve in a measurable way the best health results for its clients, under the commitment taken throughout the whole cycle of treatment and promoting balance between operational efficiency and clinical excellence.

In that sense, three principles will continue to rule our positioning in the health sector: team medicine and multidisciplinary cooperation in a context of clinical governance guided by disease and centred on the patient; technology and innovation focused on value in health and potentiated by talent through a continuing investment on training and clinical research; and an individualized medicine based, above all, in the relationship of inviolable trust between physician and patient, now potentiated by the most advanced technologies of clinical genetics and computational medicine, allowing a higher clinical efficacy, both at the level of disease prevention and the level of therapeutic strategy.

To all Luz Saúde collaborators, my deep appreciation for their immense talent, unconditional dedication to our patients, and unwavering rectitude in everything they do, enabling us to continue being a clinically distinctive organization solidly prepared for the future. Successful organizations such as ours do not have less difficulties. Simply, we decide, individually and collectively, in spite of any challenges that may arise, to move forward and overcome any obstacles.

To you all, I wish a 2023 where we will be united once again in a magnificent confrontation with the future.

To the professionals of Hospital Beatriz Ângelo, in particular, my heartfelt appreciation for embracing our goal of exemplarity and distinction in meeting the commitment of clinical excellence taken towards the community in the catchment area of the hospital. Along those ten years, we made consistently the difference – in terms of organization, quality and clinical differentiation – united by the motto of Team Medicine. In Luz Saúde Group, we will always be proudly HBA and all that we have learned will remain in the patrimony of Luz Saúde and at the service of the Portuguese health system.

To our shareholders, my appreciation on behalf of all the collaborators who bet their professional fulfilment on Luz Saúde Group, for the renewed trust and ambition they have distinguished us

“In 2023, and in the context of the strategy defined for the 2022-2025 cycle, the Luz Saúde Group will continue to keep the focus on profitable growth at the level of the best practice in the sector, and on the creation of value for its shareholders”

with and which allowed us to pursue a strategy of sustainable profitable growth over the long term, through an unequivocal bet on quality and excellence in healthcare providing. ●

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Moving forward to the future at the speed of light

LUZ SAÚDE

executive summary

> Luz Saúde overview

- "The Group's structure allows the complementary and integrated operation of its units, by allowing cross unit patient referral, sharing know-how and ease of access to the some of the best acute care hospitals..."

Luz Saúde, SA leads one of the largest healthcare groups in the Portuguese market - a market in expanding.

The Group provides its services through a network of 28 units (including 14 private hospitals (Hospital da Luz units, Hospital do Mar - Specialized Care, Hospital da Misericórdia de Évora), 13 private outpatient clinics (Hospital da Luz) and a senior residence (Casas da Cidade Residências Sénior)) and is present in the North, Centre, Centre-South regions of Portugal and Madeira, holding, in certain regions, the only private hospital in operation. The management of an SNS hospital, under a Public-Private Partnership (PPP), ended on January 18, 2022, with the termination of the contract.

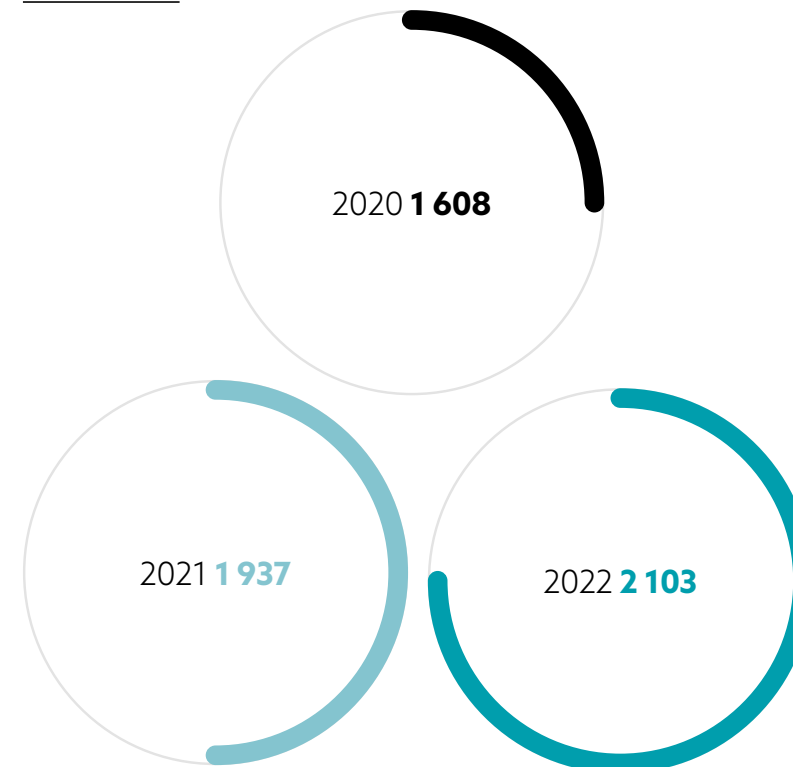
The Group's structure allows the complementary and integrated operation of its units, by allowing cross unit patient referral, sharing know-how (clinical and related to process management) and ease of access to the some of the best acute care hospitals and the ease of access to the facilities of some of the best acute hospitals in the country. The Group is positioned in the Portuguese healthcare services market as a provider offering specialized and complex services, supported using technologically advanced equipment often the only equipment of their kind in Portugal.

> Luz Saúde key data

> operational indicators

NUMBER OF MEDICAL CONSULTATIONS

Thousands



NUMBER OF EMERGENCY ROOM VISITS

Thousands



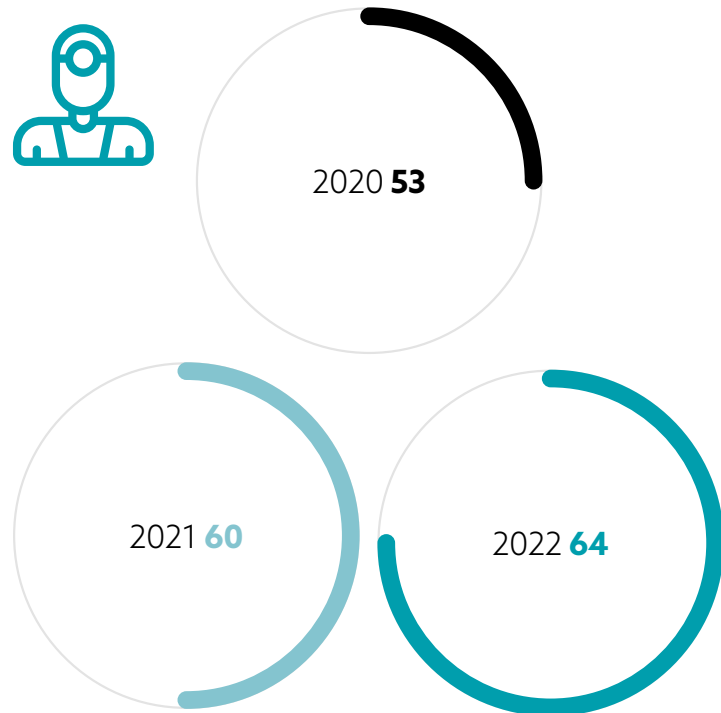
> Luz Saúde key data

> operational indicators

"... provides its services through **14** hospitals, **13** private outpatient clinics and **1** senior residence..."

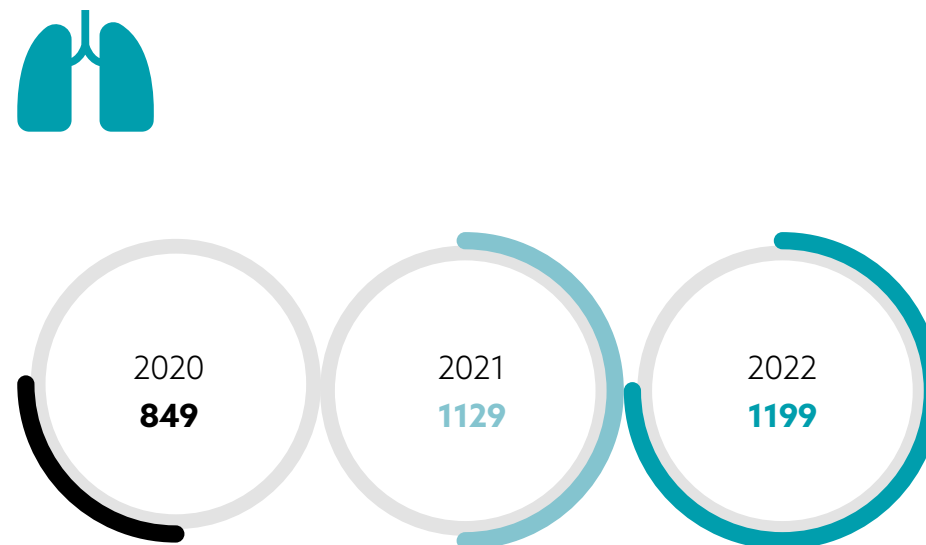
NUMBER OF SURGERIES AND DELIVERIES

Thousands



NUMBER OF IMAGING EXAMS

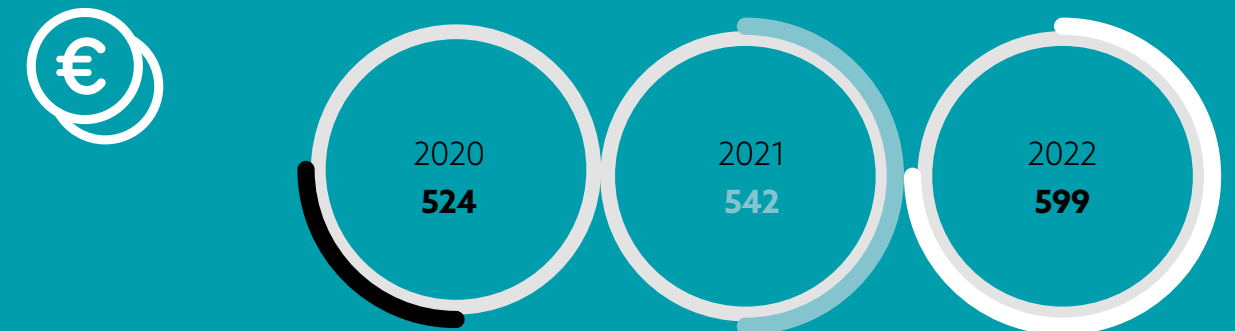
Thousands



> financial indicators

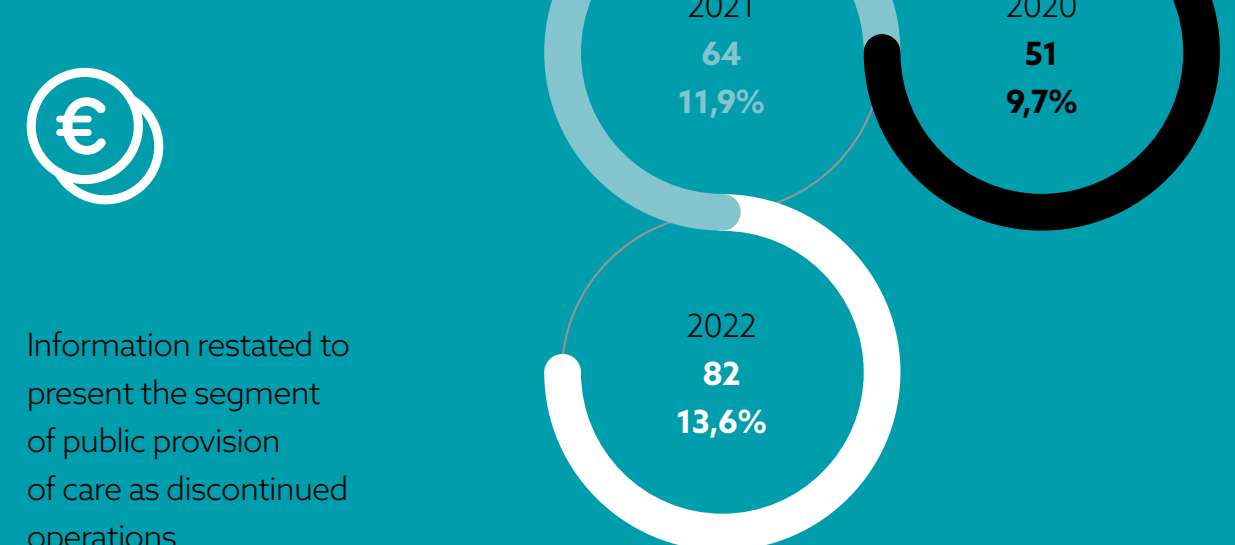
CONSOLIDATED OPERATING INCOME

Millions of euros



Consolidated EBITDA and EBITDA margin

Millions of euros

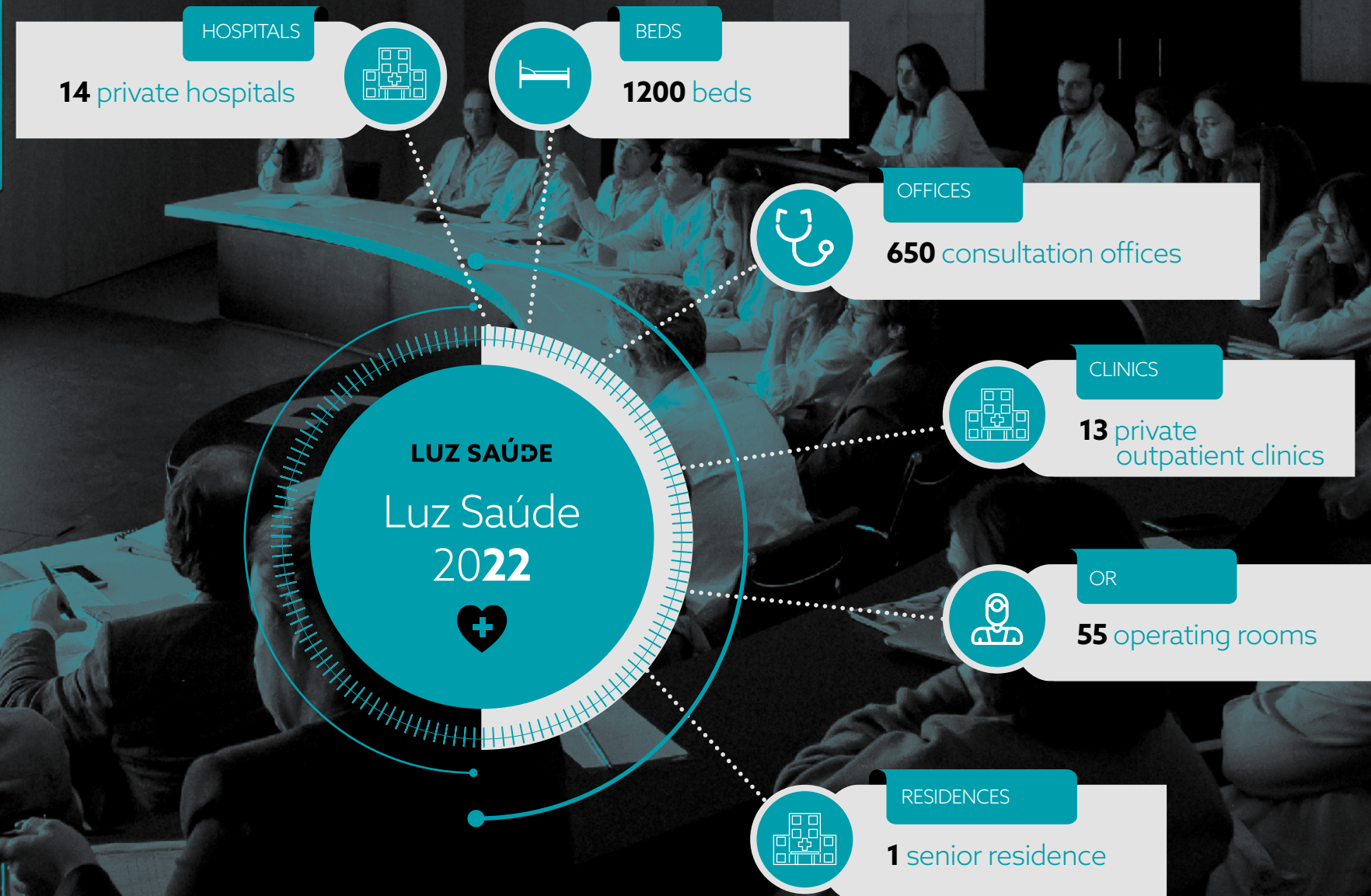


Information restated to present the segment of public provision of care as discontinued operations.

> Luz Saúde key data

> infrastructure indicators

LUZ SAÚDE 2022



"...is present in the North, Centre, Centre-South regions of Portugal and Madeira, holding, in certain regions, the only private hospital in operation..."

>
Luz Saúde
key data

>
human
resources
indicators

 **13.819**
employees

 **55% women**
in leadership positions

 **78.710 hours**
of training

>
training
and research
indicators

 **362 courses
and events**

 **53,000
participants**
in courses/events

 **66 studies**
submitted

 **51 clinical trials**
involving
180 patients

>
client indicators

 **1.1 millions** clients

 **990 thousand** clients
with MY LUZ account

 **914 thousand**
appointments
made through MY LUZ

 **+50 thousand**
screenings carried out
by LUZ 24

 **19.5 thousand**
video consultations

> highlights and recognitions



> Hospital da Luz Lisboa - Centro de Simulação Clínica is the only Portuguese hospital distinguished in the European Private Hospitals Awards: 1st place in "Excellence in the workplace" and in the top 3 of "Most advanced hospital in value-based health" and "Best patient-focused initiative".



> HL Lisboa in 1st place in the preferences of internal doctors (Survey of the National Medical Internship Council).



> Imaging and Transfusion Medicine at HL Guimarães and Imaging and Gastroenterology (exams) at HL Setúbal certified by Bureau Veritas (ISO 9001:2015 Standard).



> Luz Saúde distinguished with the Business Merit Award from the Luso-Chinese Chamber of Commerce and Industry.



> Luz Saúde elected Health Service Provider 2022 by ITIJ (International Travel & Health Insurance Journal).



> Hospital da Luz Lisboa is the hospital with the most clinical areas classified by the Health Regulatory Entity (SINAS program) with the maximum level of excellence: General surgery (colon surgery), Vascular surgery (arterial revascularization surgery), Intensive care (intraoperative intensive care), Gynecology (hysterectomies), Neurology (CVA) and Orthopedics (total hip and knee arthroplasties). Other units in the Hospital da Luz network have the highest ERS score in Orthopedics (HL Arrábida, HL Aveiro, HL Póvoa de Varzim and HL Setúbal) and Gynecology (HL Arrábida).



> Luz Saúde wins Investing in Health Award 2022 from Jornal de Negócios/Janssen (Value-Based Healthcare category).



> 3rd place in the ranking of hospital institutions with the highest expenditure on R&D activities. Considering only private hospitals, the Luz Saúde Group always appears in 1st place in all rankings.

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economic outlook

Excellence
A reference
in health
since 2000

LUZ SAÚDE

> economic outlook

> macroeconomic outlook

For the Portuguese economy, 2022 marked the continuation of the stronger and faster than anticipated recovery process initiated in 2020. Globally, the GDP growth (+6.7%) was the highest since 1990, driven by the growth of consumption (+5.8%) and exports of goods and services (+16.7%)¹.

The consumption growth, supported by the stabilization in household available income - due to rising employment, wage increases stimulated by labor shortages in many sectors, and state support - and savings accumulated involuntarily during the confinements, was also the highest since 1991. Only investment had a less positive performance, with a growth of 2.7%, giving rise to poor expectations about the economy's future. Despite the significant annual growths mentioned, the growth profile slowed down considerably during the year, leading to expectations of a deterioration in economic conditions in 2023, with the erosion of real income caused by inflation and the rise in interest rates.

It should be noted, however, that the labor market has recovered, with a 2.3% increase in employment and a reduction in the unemployment rate to 5.9% - a historically low value, prompting speculation that the labor market is estimated to be close to full employment².

As far as the health segment is concerned, it continues to suffer a lack of qualified professionals, especially nurses and physicians. This situation

has been felt for quite some time and was aggravated with the onset of the COVID-19 pandemic - due, in the one hand, to the increase in demand of the Portuguese NHS for healthcare professionals to meet the needs imposed by COVID-19 in terms of the organization of hospital services, and in the other hand, to a lesser extent, by the international demand for Portuguese healthcare professionals reflecting the challenges of a European job market with better work conditions to offer and simultaneously the recognition of the quality and training of highly qualified professionals in Portugal.

The priorities of Luz Saúde Group have remained unchanged since the beginning of the pandemic, with an important focus on the safety of our teams and clients, the stability of the supply chain and maintaining the continuity of services operating in accordance with the high-quality standards that we aspire to and for which we are recognized for.

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As of the second quarter of 2022, the health sector globally, and the Group in particular, began to benefit from the increased confidence of its clients, owing to the success of the measures implemented to combat the pandemic. In the case of the Portuguese NHS hospitals, this sudden and strong increase in demand has led in many cases to a service rupture.

¹ INE

² Banco de Portugal - Economic Bulletin - December 2022

https://www.bportugal.pt/sites/default/files/anexos/pdf-boletim/be_dez22_p.pdf

> economic outlook

> health sector overview

“Private current expenditure is predicted to have also increased significantly in 2021 (+14.7%)...”

³ INE - Health satellite account- July 2022

https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=540875581&DESTAQUESmodo=2

⁴ APS - Portuguese Association of Insurers - Health Management

Indicators - September 2022

According to the most recent data from the Statistic Portuguese National Institute (INE), in its Health Satellite Account, in 2021, current health expenditure grew by 12.2%, reaching 23.7 billion euros (2,301 euros per capita)³, the highest value since at least 2000. This accentuated growth reflects the continued pandemic context during that year, with an increase in the expenditure to treat COVID-19 patients and vaccination plan, and, simultaneously, the recovery of the activity in non-COVID-19 areas. The weight of current health expenditure in GDP has also increased in 2021, representing 11.2%³, also the maximum recorded value.

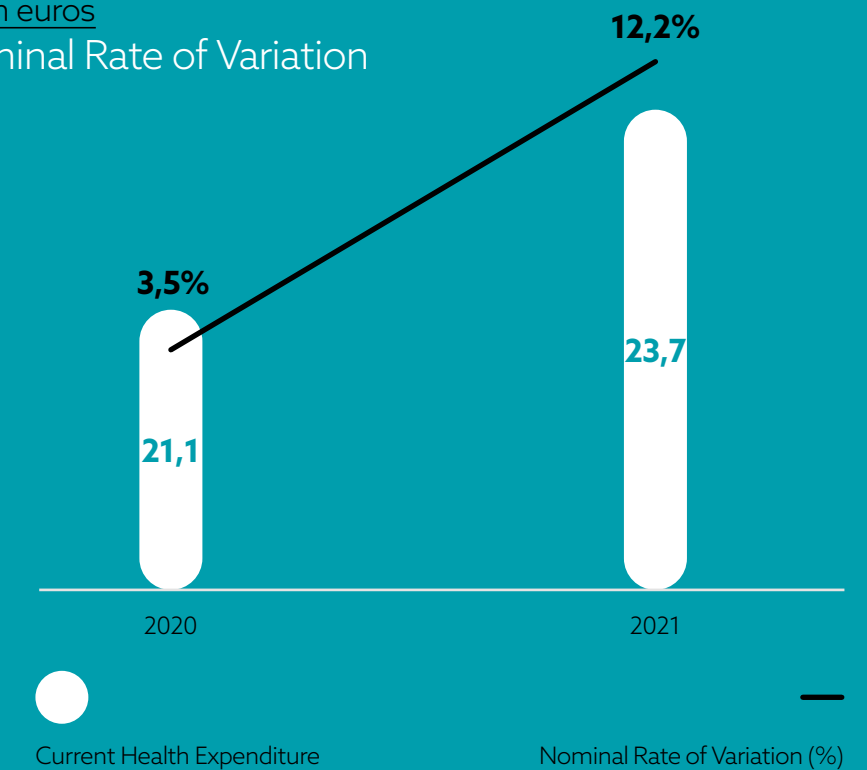
It is estimated that public current expenditure in 2021 will account for nearly 66.1%³ of current health expenditure, with a growth of 11%³ compared to the same period in the previous year, mostly due to intermediate consumption related to the fight against COVID-19 and increased personnel costs.

Private current expenditure is predicted to have also increased significantly in 2021 (+14.7%), mainly due to the rise in activity of private providers and the demand by the citizens for non-urgent care.

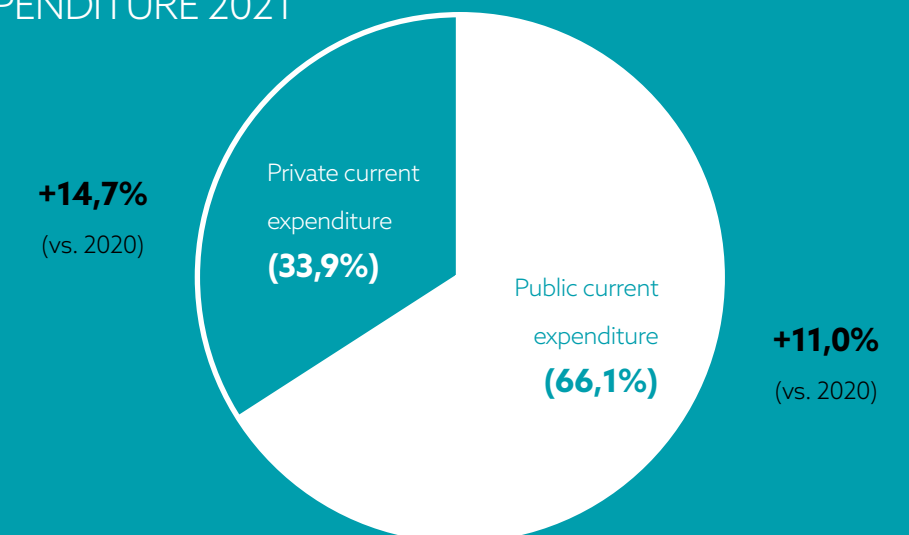
On another note, the health insurance market exceeded the growth trend of recent years: by September 2022, the number of people insured (approximately 3.3 million⁴) grew by 7.8% (11% in individual policies and 5.3% in Group policies⁴) when compared to the same period in the previous year, with an increase in the average premium per person insured of around 2%⁴ (~€334) - an increase that is expected to be more significant during 2023, given the current inflationary context.

CURRENT HEALTH EXPENDITURE

Billion euros
Nominal Rate of Variation (%)



CURRENT HEALTH EXPENDITURE 2021



Source: INE - Health Satellite account - July 2022

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> strategic and business vision

> vision, mission, and values

“... a reference of excellence and innovation through integration of patient care, teaching and research. To ensure the best diagnosis and medical treatment that talent, innovation, and dedication can provide...”

Luz Saúde aims to contribute, through its strategic and business vision, to the sustainability of its healthcare network and the healthcare system as a whole, and to the development of an organizational, governance and care delivery model that makes the sector capable of responding to the challenges and risks that healthcare may have to face in the coming years.

vision

Luz Saúde vision is to be a leading healthcare provider in highly specialized and complex medical care recognized as a reference of excellence and innovation through integration of patient care, teaching and research.

Luz Saúde commitment is absolute and unequivocal: to ensure the best diagnosis and medical treatment that talent, innovation, and dedication can provide.

Luz Saúde offers a full range of healthcare services that ensures continuity of care and can respond to changing health needs of people throughout their lives.

mission

Achieve the best healthcare outcomes from the patient perspective through effective and efficient diagnosis and treatment, with absolute respect for the patient's individuality, and build an organization able to attract, develop and retain exceptional people.

In order to fulfil its mission, Luz Saúde, through its employees, is committed to:

excellence in healthcare

- Placing the interests of patients ahead of the personal interests and of the organization;
- Adopting the highest ethical and professional standards, valuing team medicine and multidisciplinary collaboration to achieve the best health outcomes from the perspective of patients;
- Honoring patients' needs and preferences, respecting their values and involving them and the family in care decisions;
- Developing long-term relationships with our clients – patients and third party payers – based on efficacy, integrity and trust, thus contributing in an exemplary way to the economic sustainability of the healthcare system.

technology and innovation

- Providing the best possible healthcare that scientific and technological advances allow;
- Practicing a personalized medicine based first and foremost on the doctor's inviolable trust relationship with his patient, enhanced by advances in clinical genetics and molecular diagnostics alongside the adoption of computational medicine and data science technologies;
- Investing in state-of-the-art technology to deliver innovative treatments with scientifically proven clinical value;
- Promoting scientific research that contributes significantly to the advancement of knowledge and focuses on achieving the best outcomes for patients.

talent and training

- Working with the best professionals and fostering their continuous development through investment in their training and the implementation of a culture of high demand and self-improvement based on meritocracy
- Managing an efficient, high-quality healthcare structure made up of competitive and dynamic employees who are strongly committed to the organization, to its mission and values
- Collaborating with leading institutions in teaching and research to train the new generations of health professionals and researchers.



strategic
and business
vision



vision, mission,
and values

Values

8 fundamental values

lie at the core of the Luz Saúde culture:

01. A tireless quest for results

We are determined to achieve ambitious and measurable results in fulfilling our mission. We continue to vigorously pursue our final objectives even when we encounter difficulties and obstacles along the way.

04. Personal accountability

We give the best of ourselves and assume responsibility for achieving the best results possible in our sphere of activity.

07. Integrity

We are honest, loyal, and serious in everything we do. Always mindful of our shareholders' values and expectations and, above all, those of our clients.

02. Intellectual accuracy

We force ourselves to critically examine all we do, approaching each subject and decision with rigor and sound reasoning in our search for the best ideas and solutions.

05. Respect and humbleness

We respect others and their ideas, and we count on their contributions. We recognize the limitations of our experience and value other perspectives.

08. Team spirit

We believe that collective effort is the best way to achieve our objectives and enhance the impact of our actions on the community.

“Achieve the best healthcare outcomes from the patient perspective through effective and efficient diagnosis and treatment, with absolute respect for the patient’s individuality, and build an organization able to attract, develop and retain exceptional people.”

03. Ongoing learning

We reflect on and learn from our experience to improve our future performance.

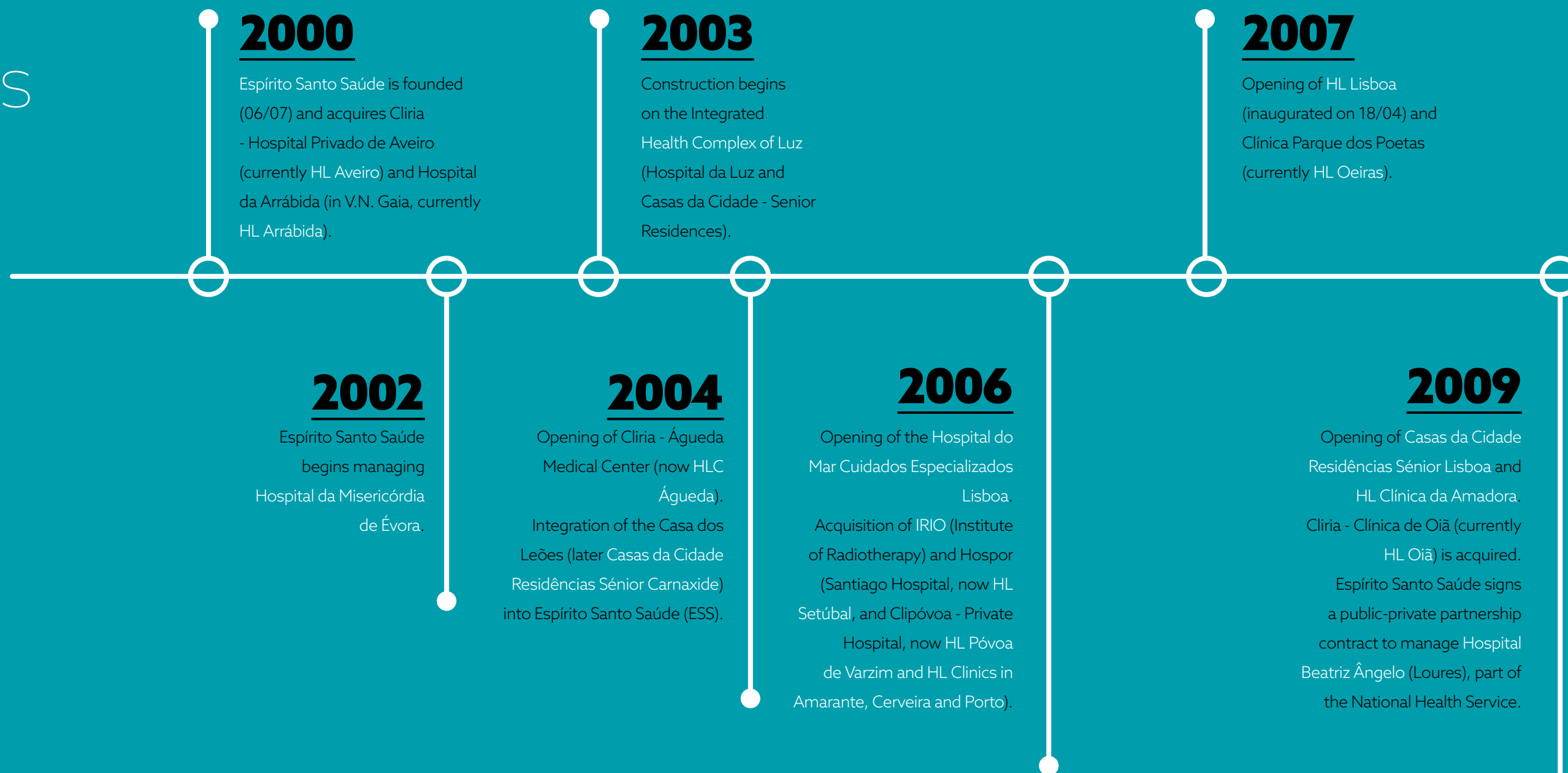
06. Positive attitude

We are ambitious in our objectives; we enthusiastically embrace new ideas and we take pride in our results.



> strategic and business vision

> Luz Saúde's history and network





2012

Opening of Hospital Beatriz Ângelo (a phased process concluded on 27/02).
HL Lisboa is awarded the Valmor Prize.

2014

Espírito Santo Saúde becomes the first private healthcare company to be listed on Euronext Lisbon.
Fidelidade - Companhia de Seguros, S.A. acquires 96% of Espírito Santo Saúde
The company changes its name to Luz Saúde, SA.

2016

The company consolidates its business areas into three main brands: Hospital da Luz (hospitals and clinics), Hospital do Mar Specialized Care and Casas da Cidade Senior Residences.
The company acquires Hospital Privado de Guimarães (currently HL Guimarães) and Clihotel de Gaia (Hospital do Mar Cuidados Especializados Gaia).
Opening of HL Clínica de Vila Real.

2017

The company acquires Clínica de Santa Catarina (currently HL Funchal), Policlínica do Caniço (currently HL Clínica do Caniço), and British Hospital (currently HL Torres de Lisboa).
HL Oeiras is expanded.

2018

Opening (12/01) of HL Clinic in Odivelas.
Certification of HL Lisbon by the Joint Commission International (JCI).
Acquisition of Idealmed Group in Coimbra: one hospital and four clinics (now HL Coimbra, HL Solum Clinic, HL Cantanhede Clinic, HL Figueira da Foz Clinic, and HL Pombal Clinic).
Expansion of services in Vila Real, with a move to the historic center: HL Vila Real opens (10/09).

2019

Opening of the 3rd building of Hospital da Luz Lisbon.

2020

Approval of the Medicine course at the Catholic University, the first private degree, in partnership with Luz Saúde.
Hospital da Luz Lisbon is the first private university hospital in Portugal.

2021

Inauguration (9/09) of the Clinical Simulation Center (operating in the HL Lisbon building).
Reception of the first students of the Medicine course at the Catholic University.

2022

Hospital Beatriz Ângelo was transmitted to the Portuguese State on January 19th.
Approval by government decree (25/03) of CAC Católica Luz, the first clinical academic center consisting only of private entities (Catholic University, Luz Saúde, and Union of Mercy). Its purpose is to promote the quality of health care through teaching, research, and medical care.
Opening (8/03) of HL Santa Maria da Feira Clinic and HL Covilhã Clinic (30/03).
HL Lisbon Maternity with 3,347 births. It is the largest maternity in the country.
Luz Saúde is the institution that invests the most in R&D in the field of Health Sciences (National Scientific and Technological Potential Survey).

> Luz Saúde's history and network



> strategic and business vision

> Luz Saúde's history and network



hospitals

- Hospital da Luz Guimarães
- Hospital da Luz Vila Real
- Hospital da Luz Póvoa de Varzim
- Hospital da Luz Arrábida
- Hospital da Luz Aveiro
- Hospital da Luz Oiã
- Hospital da Luz Coimbra
- Hospital do Mar Cuidados Especializados Lisboa
- Hospital da Luz Lisboa
- Hospital da Luz Torres de Lisboa
- Hospital da Luz Oeiras
- Hospital da Luz Setúbal
- Hospital da Misericórdia de Évora
- Hospital da Luz Funchal

clinics

- Hospital da Luz Clínica de Cerveira
- Hospital da Luz Clínica de Amarante
- Hospital da Luz Clínica do Porto
- Hospital da Luz Clínica de Santa Maria da Feira
- Hospital da Luz Clínica de Águeda
- Hospital da Luz Clínica de Covilhã
- Hospital da Luz Clínica Solum
- Hospital da Luz Clínica de Cantanhede
- Hospital da Luz Clínica de Pombal
- Hospital da Luz Clínica da Figueira da Foz
- Hospital da Luz Clínica da Amadora
- Hospital da Luz Clínica de Odivelas
- Hospital da Luz Clínica do Caniço

senior residences

- Casas da Cidade Residências Sénior de Lisboa

other areas

- GLSMED Trade
- Hospital da Luz Learning Health

MY LUZ LUZ24
SEMPRE EM LINHA. CONSIGO

> strategic and business vision

> Luz Saúde's strategy

“... a commitment between clinical innovation and research, team intervention and adherence to the highest current technical-scientific standards...”

At Grupo Luz Saúde, it is not enough for each employee to accept the challenge of becoming better every day. It takes more. Working as a team, facing commitments with ambition and perseverance, being open to change and always bearing in mind that patients should be our first and last focus and must be what drives us and mobilizes us.

The Luz Saúde Group's strategy must translate this spirit and this ambition into a commitment between clinical innovation and research, team intervention and adherence to the highest current technical-scientific standards, the best health outcomes for patients and adapting to new forms of access to health care, always seeking to improve the experience of Hospital da Luz clients and contributing to a sustainable and balanced organization and health system.

With these goals always in mind and remaining a brand that leads and makes a difference in healthcare in Portugal, Luz Saúde bases its clinical organization and governance strategy on three fundamental pillars: digitization; value-based healthcare; and training, research and innovation.

our digital strategy

The acceleration of the digitization process witnessed during the pandemic represents a natural response to change, appearing, perhaps, as confirmation of a structural change in human behavior. In the current context, we must continue to reinforce the trend of greater use of technology, not only to improve the experience of clients and employees, but also to have a more efficient and sustainable organization.

When executing a digital strategy, it is essential to ensure the organization's total focus, enthusiastically explaining to clients the improvements they will have in managing their health and, at the same time, being prepared for the increased risks that digital exposure represents.

The focus on guaranteeing simple and efficient solutions, through the rationalization of operations and processes, allows the improvement of the client experience. Reinforcing the implementation of an omnichannel model, supported by a modern CRM tool with a 360° view, guarantees a fully integrated phygital client experience.

omnichannel

digital

MYLUZ Kiosk

Goal: allow clients to be admitted and pay using interactive admission kiosk.

MYLUZ app/web

Goal: allow clients to always have Hospital da Luz online with them.

MYLUZ web/mobile

Goal: fast access to all relevant information for managing clients' health.

human - digital

phone

Goal: guarantee remote support to clients through several channels, mainly digital, but with support provided in a human way.

Whatsapp/ Messenger

social media

human

Hospitals & Clinics

Goal: in addition to providing healthcare, clients can schedule their consultations, video-consultations and exams at the hospitals and clinics.

Partnerships

Goal: network of partners allows clients' to schedule consultations, videoconsultations and exams.

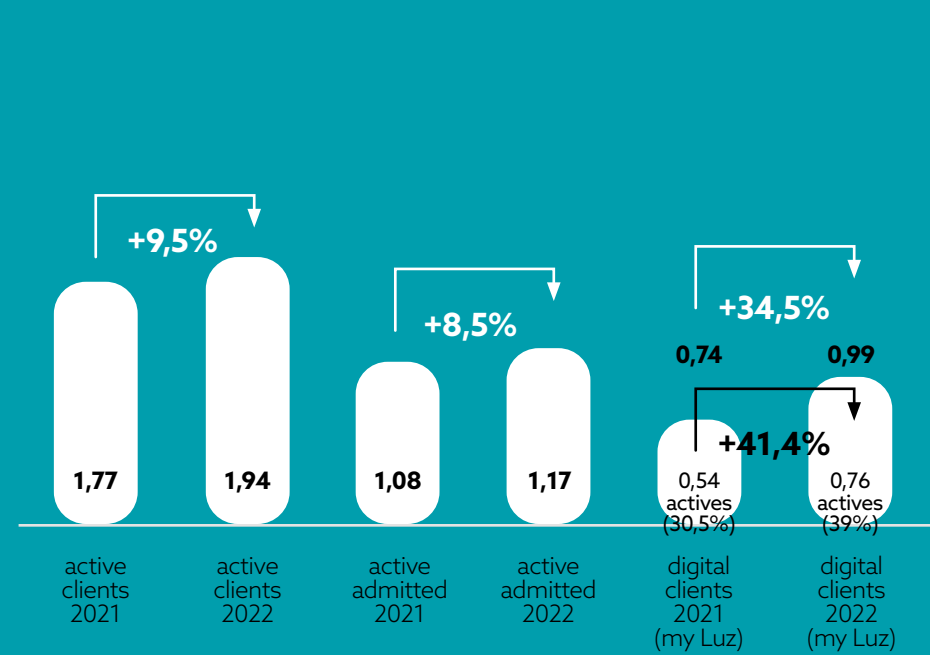
> strategic and business vision

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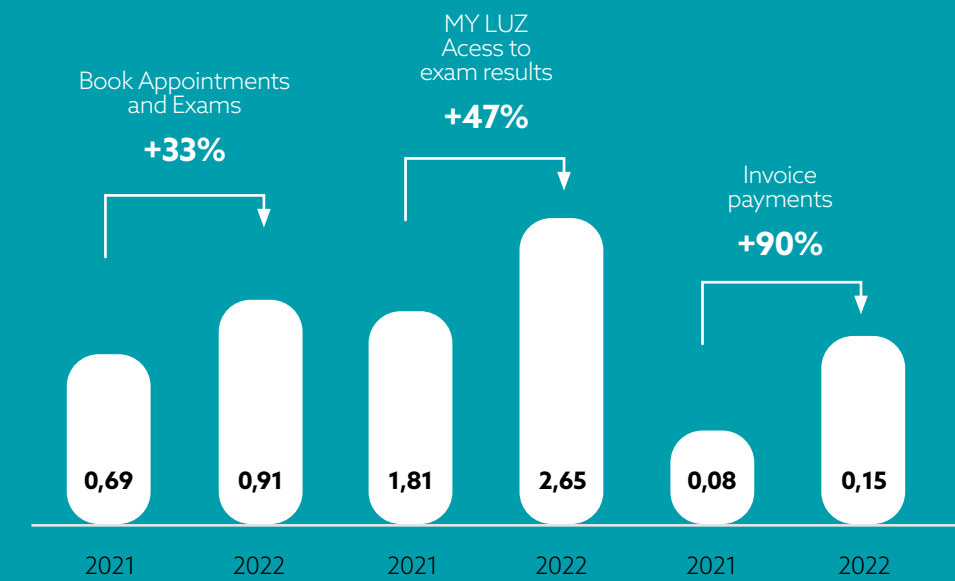
In recent years, the MY LUZ ecosystem has exponentially increased its penetration rate (39%) of active clients of the Hospital da Luz network. This ecosystem has been essential to increasing active clients (+9.5% versus 2021) and the number of clients served annually (+8.5% versus 2021). The total number of clients served by MY LUZ stood at 990 thousand at the end of 2022, representing a 34.5% growth when compared to 2021.

The MY LUZ ecosystem grew on all its platforms during 2022, allowing clients to always have Hospital da Luz online with them. On the non-clinical service platform, we highlight the 914,000 appointments successfully scheduled, representing a 33% growth when compared to 2021. Invoice payments amounted to around 146,000, representing a 90% growth; Exams results displayed and shared with the attending physician reached 2.6 million exams, which meant a 47% growth when compared to 2021.

“The total number of clients served by MY LUZ stood at 990 thousand at the end of 2022, representing a 34.5% growth when compared to 2021”



amounts presented in millions



amounts presented in millions



> strategic and business vision

> Luz Saúde's strategy

our value-based healthcare strategy

Luz Saúde is a pioneer in the implementation and development of the VBHC model in Portugal, having included the expression of this concept in its mission.

During the year 2022, Luz Saúde consolidated its VBHC project with the constitution of a Central Department of Value- Based Healthcare, seeking in this way to give evidence to this mission and working to create a health system in more dynamic balance between the various parts that compose it and capable of providing a high quality service. Objective: to obtain effective

improvements in patient outcomes, with adjusted costs and reduced variability, in a multidisciplinary structure and vertical integration of the global health care process.

"... leading to a better structure of the value chain, with an impact on clinical and financial results, and a greater collaboration and institutional organizational culture..."

With the definition of evidence-based best practices, described through Clinical Protocols and according to the best Clinical Pathways, always in a multidisciplinary perspective, we achieved a greater aggregation of Clinical

Governance in each area of pathology, leading to a better structure of the value chain, with an impact on clinical and financial results, and a greater collaboration and institutional organizational culture, based on multidisciplinary between doctors, nurses, managers, engineers and pharmacists, among others, within the value care chain.

The strategic concept of Value in Health enhances the organization of health care provided to patients:

- Best practices that have been proven to achieve the best clinical outcomes that matter to patients.
- Less variation of the costs used for maximum efficiency in the total cycle of care.

The success of its implementation ensured a rupture in the evolution of the model and paradigm of care delivery, moving from a model based merely on the expression of volume and production of acts to a more structured and rational view of the generalized pressure on costs and the development of new control models of health expenditures.

From a sustainability perspective, this model will allow the reduction of variability in the performance and use of resources, creating opportunities for learning and effective evolution in the clinical practice of health professionals, who contribute to:

- The sustained creation of value for patients.
- The economic viability of the health system.

The consolidation of this value creation methodology also allowed the inclusion of new analysis instruments, reducing the prevalence of traditional perceptions in

health and reinforcing the evidence as a strategic guide of decision models, which effectively place the patient at the center of the business operations. The ability to highlight the cost of each step along the value chain and its impact on clinical outcomes for value creation allowed us to correctly determine which appropriate financing mechanisms were foreseeable.

More than 20,000 patients were analyzed among multiple pathologies, in the areas of outcomes, costs and *benchmark*, with reference to the best international results and the objective of developing payment for value models, always in a vision of balance of the ecosystem with a view to its progressive sustainability. One of the pieces of evidence of this methodology was the consolidation of the model of PROMs (Patient Reported Outcomes Measures), questionnaires that were created and validated scientifically by specialized international entities and validated linguistically for Portuguese.

PROMs are an instrument of added value in this model of value in health, due to the sensitivity and specificity of the information in the doctor-patient relationship, making patients actively involved in their own care and encouraging them to participate in making decisions about their treatment plan and evolution of their results and care.

The Luz Saúde Group developed a unique platform for the collection of information directly from patients, through an independent interaction mechanism, for the collection of PROMs, already with evidence of several years of experience.



> strategic and business vision

> Luz Saúde's strategy

Results obtained through PROMs

Hip

Mobility: 63% (6 months) | 71% (1 year) | Pain: 76% (6 months) | 82% (1 year)

Knee

Mobility: 35% (6 months) | 61% (1year) | Pain: 67% (6months) | 78% (1year) | Significant improvement in all dimensions of Quality of Life

Cataract

Impact Quality of Vision: CatQuest 9F Pre vs Post-Surgical Score Variation: 3.0 (Benchmark-Health Cluster Portugal 2.5)

The evaluation of the data collected is based on international best practices for benchmarking purposes, using the most advanced mechanisms of Artificial Intelligence.

Knee

- Best average change 22.04 (Benchmark: OECD Health at Glance 2021)

Cataract

- Percentage of patients with corrected visual acuity post-op. ≥ 0.5 : 95% (Benchmark: Health Cluster Portugal 94%)

Endometriosis

- Reduced rate of new surgery at 3 years: 1.5% (Benchmark: Obstetrics/Gynecology Journal 2008: 4.3%)

Pancreas

- In-hospital mortality rate (30 days): 3.5% (Benchmark: Annals of surgery 2020: 4%)
- Decreasing rate of costs associated with greater

compliance with ERAS criteria and compliance with better outcomes.

Spine

- Reduced rate of new surgery at 3 years: 4.3% (Benchmark: Nature Scientific Reports: 6.3%)

Pregnancy and Childbirth

- Caesarean section rate: 50.2%; 36.2% of the caesarean sections had previous caesarean sections and 5.2% were vaginal deliveries after caesarean section.

Colorectal surgery

- In-hospital mortality rate: 0.7% (Benchmark: JAMA 2017: 0.8%)

The results obtained so far in the units of the Hospital da Luz network in the more than 30 pathologies analyzed prove the view that the VBHC model is the best for our patients, professionals, and stakeholders, in a sustainable health ecosystem.

Globally, the VBHC model in the Hospital da Luz network has allowed:

- Progressively improve the results of the treatment of specific diseases, measurable at each step of the value chain, reducing inefficiency, with elimination of acts or steps that are proven not to add value;
- Significantly reduce the variance of action with an impact on the overall costs of each disease or area already included in the model;
- Guide all stakeholders – patients, healthcare professionals and partners – towards a balanced ecosystem, for the diseases and areas already covered.

outlook for 2023

For 2023, we intend to continue to expand the VBHC model, building on the results obtained so far and introducing new areas of pathology evaluation and analysis.

For Luz Saúde, following the VBHC model is to ensure a provision of health care that is proven to create value for patients. We intend to remain at the forefront of innovation and research in healthcare, constantly looking for new and better ways to meet the needs of our patients and all stakeholders, in an ecosystem of greater balance.

> strategic and business vision

> Luz Saúde's strategy

our training, research and innovation strategy - Hospital da Luz Learning Health

In 2015, Luz Saúde Group made the decision to shift its innovation management paradigm from "early-adopter" to "innovator", by creating the Hospital da Luz Learning Health (HLLH). HLLH is dedicated to training, research and innovation, with the aim of fostering an innovation culture within the group and contributing to the discovery of new solutions for the challenges facing the healthcare sector.

Training of today's and tomorrow's healthcare professionals

The HLLH is responsible for the training of Group employees, for the development and implementation of training programs open to external parties, and within the scope of the Medicine course at the Catholic University of Portugal.

The HLLH has been consolidating its position as the School for the Healthcare Professionals of the Future, by designing high-quality training programs that integrate simulation components or experiential training whenever appropriate, and aim to accompany and support continuous professional development, incorporating the latest trends in the industry. Online channels are frequently used to ensure easy and convenient access to training programs.

The volume, diversity, relevance, and quality of the developed training have been increasing since 2015, with a growing number of courses or events reaching an ever-expanding audience.

	2015	2016	2017	2018	2019	2020	2021	2022
Number of training actions (events and courses)	147	266	239	299	380	247	498	362
Number of participants	5 381	7 318	6 747	7 517	14 400	9 128	45 695	52 853
Training volume (# hours)	40 913	47 998	56 447	51 363	67 485	35 060	52 388	78 710
Training evaluation (0 - 5)	n.d.	n.d.	4,10	4,39	4,43	4,45	4,50	4,54

Translational research in the fields of clinical medicine and health sciences

Translational research in the fields of clinical medicine and health sciences is promoted and supported by HLLH at both scientific and administrative levels (contractual, financial, and operational). HLLH is responsible for coordinating clinical studies and trials in various units of the Group, whether they are promoted by the industry or initiated by the researcher.

Since 2015, the practice of research within the Luz Saúde Group has made substantial progress in several indicators: the number of clinical trials conducted annually in the private units of the Luz Saúde Group has doubled, and the number of proposed research studies each year is now five times higher.

	2015	2016	2017	2018	2019	2020	2021	2022
Number of ongoing clinical trials	24	31	35	40	42	47	52	51
Number of research studies submitted	13	16	26	26	52	43	51	66

Currently, Luz Saúde Group has six clinical research groups with well-defined lines of investigation, which have been organizing themselves to achieve high levels of scientific production and external funding.

In the latest ranking published by DGEEC (General Directorate of Education and Science Statistics) of hospital institutions with the highest expenses in R&D activities for 2021, Luz Saúde Group appears in 3rd place in total investment with 8.9 million euros (2nd place in 2020 with 6.9 million euros), reaching 4th place in Clinical Medicine with 5.6 million euros and 1st place in the field of Health Sciences with 3.1 million euros. Considering only private hospitals, Luz Saúde Group is always ranked in 1st place.

"...the number of clinical trials conducted annually in the private units of the Luz Saúde Group has doubled, and the number of proposed research studies each year is now five times higher."



> strategic and business vision

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Data Science Research and Innovation

Regarding data science research and innovation, HLLH has been contributing to the development of a data platform of quality (uniform, complete, and cataloged) and diversified (clinical records, image data, pathological anatomy) data. Based on this platform, artificial intelligence algorithms and tools are developed, which have an impact on scientific knowledge as well as clinical practice, operations, and management, regarding efficiency, effectiveness, and value creation for clients.

Grupo Luz Saúde is currently a reference in Portugal in data science research applied to health, collaborating with academic entities of national and international excellence. Through HLLH, the group is also a member of the Center for Responsible AI, one of the largest responsible artificial intelligence consortia globally, supported under the Recovery and Resilience Program (PRR).

Open Innovation

HLLH has been supporting the development of startups in the areas of healthcare provision and management, in collaboration with various entities in Portugal's

innovation ecosystem. This commitment is now reinforced by the development of a Test Bed within the National Network supported by the PRR, which will be fundamental in enhancing the rapid and effective evolution of new solutions to higher TRLs.

Training and Simulation Center

HLLH is responsible for managing and coordinating the Training and Simulation Center located at Hospital da Luz Lisboa, an extraordinary physical resource serving all areas of activity. This center, the largest and best equipped in Portugal, designed to allow the creation of various clinical simulation scenarios, is a multiplier factor in learning effectiveness and a cornerstone in Human Factors research, as well as in the development and testing of new solutions.

Católica-Luz Clinical Academic Center

HLLH is the entity of the Luz Saúde Group responsible for coordinating the Católica-Luz Clinical Academic Center in all its areas of activity and for fully implementing the clinical internships of the medical undergraduate degree at the Catholic University of Portugal in the Hospital da Luz network.

perspectives for 2023

In 2023, HLLH intends to continue its growth and consolidate its activity, positioning itself as a center of excellence in shaping the future of healthcare and training new professionals. HLLH will improve and expand its educational offerings for healthcare professionals, at the undergraduate, graduate and postgraduate levels. The current training plan in place at Hospital da Luz Lisbon, which includes mandatory training in various applicable certification systems, will be implemented across all Group units. Additionally, the development of educational paths, particularly the educational path for intermediate management, will continue.

The medical undergraduate degree at the Catholic University of Portugal, which has Hospital da Luz as its Uni-

versity Hospital, will enter its third year of teaching, and for the first time, students will have contact with patients in a hospital setting. From the fourth year, students will begin their hospital internships. Therefore, it will be essential to finalize the process of "welcoming and integrating" these students into the Group units, incorporating simulated training to be carried out at the Training and Simulation Center.

HLLH will continue to invest in the areas of Artificial Intelligence and Data Science as engines of research and innovation, reinforcing the construction of the digital twin and the development of AI tools with implementation in the business.

Furthermore, HLLH will continue to encourage, support, and participate in the development of translational and clinical research projects in strategic areas of the Luz Saúde Group, with ambitious goals of opening more clinical trials and publishing scientific knowledge.

Finally, HLLH will continue the end-to-end digitization of its educational processes, improving the quality of services provided, freeing up resources for higher value-added activities, and facilitating activity monitoring through the development and implementation of operational and performance indicators on the Luz Saúde Business Intelligence (BI) platform.

> strategic and business vision

> main risks and uncertainties for Luz Saúde

The Group is exposed to several risks as a result of its operations. Luz Saúde, SA, as the parent entity of the Luz Saúde Group and whose main activity is the development and participation in businesses in the health area, is largely dependent on the activity and performance of the other entities that make up the Luz Saúde Group.

financial risks

The Company strongly depends on the financial structure of its subsidiaries and their ability to generate sufficient cash flow to distribute dividends, pay interest, reimburse the loans made by the Company or settle the services rendered. In this capacity, the Company is exposed to the Group's risks on a global basis.

The table below summarizes the most significant financial risks to which the Group is exposed, as well as how these are monitored and the management objectives to be followed to mitigate them.

These risk factors, as well as their impact on the Group's operations and management by the Group, can be detailed as follows:

credit risk

Credit risk results from the possibility of financial losses arising from a debtor's default on contractual obligations established with the Group within the scope of its activity.

The Group's exposure to credit risk relates essentially to balances receivable arising from operating activities and monetary funds managed within the scope of the Group's treasury activity.

Monitoring of credit risk arising from operational activity is carried out through permanent monitoring of debtor portfolios and their outstanding balances. This approach is complemented by guiding procedures for the purposes of risk assessment in the customer acceptance phase, in their classification and in the definition of associated credit limits, as well as in terms of collection procedures and circuits.

The monitoring of the Group's credit risk profile, namely regarding the evolution of credit exposures and monitoring of losses due to bad debts, is carried out regularly by the Operational and Financial areas of each of the units, with the Financial and Audit Department being responsible for monitoring of sectoral exposure levels at Group level. At the end of 2022, regarding commercial operations, the Group had a bad debt ratio of 14.6%, and a provision for impairment of 12.5%.

Regarding the management of monetary funds, the Group maintains as a guiding principle to align the counterparty where it deposits its cash, the financial entities where it has used financing lines, in order to create a natural cover for a potential credit event that may occur at the level of the entity where the funds are deposited.

Risk	Exposure	Monitoring	Management
Credit risk	<ul style="list-style-type: none"> Customers and other accounts receivable Bank deposits 	<ul style="list-style-type: none"> Analysis of exposure and risk concentration of the loan portfolio Monitoring of the loan portfolio balance age Monitoring the risk rating of banks with relevant exposure 	<ul style="list-style-type: none"> Concentration of bank deposits with the Group's financing entities Definition of customer acceptance procedures and credit limits Evaluation of the history of financing lines used by the Group's financial entities
Liquidity risk	<ul style="list-style-type: none"> Interest-bearing liabilities Other payables 	<ul style="list-style-type: none"> Analysis of historical and forecast cash flows Compliance with financial ratios 	<ul style="list-style-type: none"> Management of credit lines to finance the needs of the Company and the Group Permanent monitoring of treasury forecasts
Market risk - interest rate and currency risk	<ul style="list-style-type: none"> Interest-bearing liabilities 	<ul style="list-style-type: none"> Monitoring of interest rates Sensitivity analyzes 	<ul style="list-style-type: none"> Contracting of risk hedging financial instruments Establishment of adequate strategies for each area of the business
Capital risk	<ul style="list-style-type: none"> Operating result Financial debt 	<ul style="list-style-type: none"> Monitoring leverage ratios 	<ul style="list-style-type: none"> Safeguarding the Group's ability to continue operating Adequate remuneration of shareholders Capital cost optimization



> strategic and business vision

> main risks and uncertainties for Luz Saúde

liquidity risk

Liquidity risk arises from the potential inability to finance the Group's assets and operations, or to meet contracted liabilities on their due dates.

The monitoring and management of liquidity at the Group level is centralized in the Financial and Audit Department. This management aims to maintain a satisfactory level of cash and credit lines available, to meet financial needs in the short, medium, and long term.

To assess the global exposure to this type of risk, reports are drawn up to make it possible to identify specific cash shortages and activate the mechanisms aimed at covering them, in order to guarantee the fulfillment of all the Group's responsibilities towards the entities with which it relates in your activity.

market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates or stock exchange trends, could affect the Group's results and financial position. Given that the Group is not exposed to relevant exchange rate risks or operations carried out in the securities markets, the objective defined in terms of market risk management is essentially centered on monitoring the evolution of interest rates that influence financial liabilities remuneration and its optimization, seeking a balance between the maturity of the debt, the Company's capacity/need to generate/access cash flows and the levels of remuneration of the

liabilities that the Company and the Group can/need to access in the market.

In this way, the Group monitors exposure to interest rate risk, by simulating adverse scenarios that could negatively affect the Group's results. In addition, through the control policy adopted, the Group seeks to select the appropriate strategies for financing its operations, with the aim of mitigating the negative impact that changes in interest rates may have on the Group's performance.

A substantial part of the financing lines contracted by the company are remunerated based on variable rates given by the reference index plus a spread.

To balance the exposure to changes in interest rates, the Group contracts cash flow risk hedging instruments, with the objective of fixing the interest rates of some of the financing lines available, and thus mitigating the exposure to risk of interest rate fluctuations.

The instruments contracted taking into account the level of financial debt that the Group has on 31 December 2022, and considering the level of effectiveness that they are expected to have (taking into account the expected positive future evolution of interest rates in the European Union) allow us to say that the Group at the end of the 2022 financial year, and considering a time horizon of 12 months, has approximately 47% of its financial debt without exposure to interest rate risk (2021: 52%).

capital risk

Capital risk is a broader concept than capital shown on the face of the balance sheet. The Group's objectives in relation to capital management include:

- i. safeguards the Group's ability to continue operating and thus provide returns for shareholders and benefits for other stakeholders;
- ii. maintain a solid capital structure to support the development of its business;
- iii. maintain an optimal capital structure that allows reducing the cost of capital;

The Group monitors capital risk by following a set of ratios, namely *Gearing*, *Net Debt/EBITDA* and *Return on Equity*. These indicators assess the Group's financial leverage capacity and ability to generate adequate returns for the remuneration of its shareholders.



> strategic and business vision

> main risks and uncertainties for Luz Saúde

“...The growth of energy and products prices, in a context of inflation, the maintenance of some difficulties in supply chains and geopolitical instability subject Luz Saúde to a significant increase in their production costs.”

financial risks

economic environment

Luz Saúde's income comes from activities located in Portugal. As a result, operating results are, and are expected to remain, significantly affected by financial, economic, and political developments in Portugal, or directly or indirectly affecting Portugal. In 2022, the impact of the Covid-19 pandemic was significantly reduced compared to the previous two years, as a result of the success of vaccination campaigns. In fact, there was a recovery in the use of healthcare services to similar or even higher levels than those seen in 2019.

As a result of the additional strain caused by the pandemic response in 2020 and 2021, public healthcare services struggled in 2022 from multiple access problems to emergency care, caused by closing numerous obstetric emergency services and significant increase in waiting times of adult pediatric emergency services. At a social level, Portugal follows the trends in Europe with an increase in the average life expectancy due to improved living conditions and access to advances in medicine, which translates into an aging population that has new health problems and new and chronic diseases. We face a longevity scenario associated with a higher level of purchase. The demand for health care will tend to increase and Luz Saúde needs to be able to adapt and respond to the evolution of socioeconomic changes in demand. Given this socioeconomic context, Luz Saúde has

adopted a strategy of expansion and technological innovation.

However, the negative impacts of the invasion of Ukraine by the Russian, in February 2022, have reinforced some effects of the previous pandemic crisis and create new risks of an economic nature. The growth of energy and products prices, in a context of inflation, the maintenance of some difficulties in supply chains and geopolitical instability subject Luz Saúde to a significant increase in production costs. The improvement of operational efficiency is, in this scenario, the most appropriate response.

competition

The health sector in Portugal is competitive and competition between hospitals and other healthcare providers has intensified in recent years, especially due to the growth of the private healthcare provider offer. Hospitals compete on factors such as reputation, clinical excellence, technology, customer satisfaction and price. Luz Saúde also faces competition from other healthcare providers such as public hospitals, outpatient clinics, and diagnostic and therapeutic centers, and may also face competition from international healthcare providers, who may begin to provide in the future services in Portugal.

In addition, in recent years the healthcare sector in Portugal has witnessed a consolidation movement as healthcare providers seek greater operational efficiency as a result of the contraction of the economy and the adverse behavior of the financial markets. This is

expected to continue to be verified, with a growing increase in the availability of healthcare with different resources through telematic and digital means, which represent the entry of new entities into the market acting in a massive way, with easy penetration capacity and no specific regulation. In fact, nothing is known about how entities that limit themselves to offering health care by telematic or digital means guarantee the technical-professional adequacy of those who perform the care, register, treat, and share the personal and clinical information of patients or how they ensure continuity of care or referral to care services, when necessary. In addition, there are issues relating to the attribution of responsibility – professional, civil, or criminal – for the provision of unnecessary, inappropriate or wrong care.

If in the future the competition increases, and / or if it starts to provide services that Luz Saúde cannot provide, competition may attract patients who would otherwise have used Luz Saúde health units, which may adversely affect the volume of patients, prices, global market share and Luz Saúde margins. If these conditions are met, the financial position, results of operations or future prospects of Luz Saúde may be adversely affected.



> strategic and business vision

> main risks and uncertainties for Luz Saúde

“Luz Saúde is pioneer in the promotion of technological innovation and knowledge, seeking to satisfy the demand with better diagnoses and better treatments.”

operational risks

clinical risks

The activity of Luz Saúde involves the treatment of patients with infectious diseases. On the other hand, the process of providing healthcare can produce a multiplicity of iatrogenic effects with negative impacts on the health conditions of Luz Saúde’s clients. A person who is healthy, or not infected, can contract serious transmissible diseases because of their stay or visit to a hospital, including those of Luz Saúde. This may give rise to significant claims for compensation initiated against Luz Saúde and reputational damages. In addition, these infectious agents can also infect professionals and thus significantly reduce the treatment and care capacity at Luz Saúde’s medical units in the short, medium, and long term. In addition to compensation claims, any of these events may directly entail limitations on the activities of Luz Saúde hospitals as a result of quarantine, closure of parts of hospitals for sterilization, regulatory restrictions on permits and authorizations, or withdrawal of those, and may result indirectly, due to reputational damages, in a reduction of the demand for Luz Saúde’s healthcare units. Any of these factors or events may have a material adverse effect on Luz Saúde’s businesses, financial position, results of operations or future prospects.

Luz Saúde through a Risk Management area seeks to disseminate, share, and implement best practices in

monitoring and managing clinical risks to prevent and mitigate the occurrence of the risks described.

information security and information systems

Luz Saúde’s information systems are essential for several critical areas of the Group’s operations, including the health information system, customer billing, electronic document management systems, clinical and non-clinical material management, accounting and audit, logistics, human resources, among other areas. Any failure of the system, failure of the electrical supply or other disturbance that causes an interruption in the service or availability of its information systems or related infrastructures may adversely affect the business, financial condition, results of operations or future prospects of Luz Saúde.

In addition, Luz Saúde servers are potentially vulnerable to cyber-attacks, weather or natural disasters, intrusions, and similar disruptions caused by unauthorized access. The occurrence of any of these events may result in interruptions, delays, loss or corruption of data or unavailability of systems and may expose Luz Saúde to liability as a result of any theft or misuse of personal data stored on the systems.

The introduction of technological innovations associated with service platforms, as well as the reinforcement of technical safety measures in networks and systems are critical aspects that the Group follows

on a constant basis to monitor and mitigate the described risks.

technological innovation

Luz Saúde is pioneer in the promotion of technological innovation and knowledge, seeking to satisfy the demand with better diagnoses and better treatments. The monitoring of innovation determines the evolution and the consequent success of the organization.

Investment in research and development is a strategic focus of Luz Saúde and a way to mitigate the risk of a decreasing demand. Following the beginning of the activity of the first private medical course in Portugal, in 2021, in association with other partners, making Hospital da Luz Lisboa a University Hospital, the Clinical Academic Center - Associação CAC Católica Luz -, a private non-profit association aimed at enhancing the already existing synergies between the Portuguese Catholic University, Luz Saúde Group, Hospital da Luz, GLSMED Learning Health and União das Misericórdias Portuguesas, was officially recognized in 2022, thus maintaining its position of leadership and innovation of medicine in our country and in Europe.

Through Hospital da Luz Learning Health (HLLH), Luz Saúde developed partnerships with universities in a talent retention perspective and fostered new cooperation agreements focused on training, research, and innovation in the areas of health care delivery and management. HLLH also supports startups in the



> strategic and business vision

> main risks and uncertainties for Luz Saúde

healthcare sector by promoting the development of innovative products and services, namely through its Clinical Simulation Center, one of the largest and most advanced in Europe, inaugurated in 2021.

Technological advances in medicine continue to happen rapidly. In order to compete for doctors and patients with other healthcare providers, Luz Saúde has to constantly evaluate its needs in terms of medical equipment and update the equipment in line with the technological advances verified and the needs of the clients. The cost of such equipment represents a significant investment expense. If Luz Saúde does not have the capacity to acquire new technology, in such a way that medical professionals cannot provide the necessary services or eventually leave Luz Saúde hospitals, this may have a material adverse effect on business, financial condition, operating results and in the future perspectives of Luz Saúde.

business relationships

Luz Saúde's payers are mainly private health insurance companies (through private or employer health insurance policies) and public health subsystems (health plans for current and retired civil servants and their dependents).

With the end of the public-private partnership of Hospital de Loures, on January 18th 2022, Luz Saúde ceased to have any direct financial dependence to the Ministry of Health, except for some contractual matters still pending, namely those related to closing

previous years accounts and pending results of ongoing arbitrations.

The future success of Luz Saúde depends, in part, on its ability to maintain good relations with the Paying Entities. If the relationship between Luz Saúde and Paying Entities deteriorates, Luz Saúde may be unable to negotiate favorable pricing agreements and / or your business may be adversely affected.

Luz Saúde is also exposed to the risk that the Paying Entities may reject, alter, delay or fail to comply with payment requests submitted in the course of providing services to patients covered by relevant health plans. This risk may be caused by human or computer error, system and process compatibility failures between Luz Saúde and Paying Entities, or in financial difficulties, such as liquidity constraints and insolvency problems on the part of the Paying Entities.

talent management

The performance of Luz Saúde depends on the ability to attract and retain physicians and other health professionals such as nurses and experienced, high-quality health technicians. The recruitment and retention of doctors and other qualified health professionals compete with other public and private health care providers, including those located in other EU countries.

The reputation, qualifications, skills and ability of healthcare professionals in the various units is critical

to their ability to attract and retain clients. Thus, the success of Luz Saúde's activity depends on the number and quality of physicians and other health professionals and on the maintenance of good professional relations with them.

Compensatory package, hospital reputation, size and composition of the client base, management and strategy of the hospital, quality of equipment and facilities, quality and number of doctors and support staff and leading position in the market are factors considered important by people for the decision-making about their employer's choice.

Matters such as the definition of career plans, definition and development of skills profiles, professional growth through on the job training or through participation in

“... the success of Luz Saúde's activity depends on the number and quality of physicians and other health professionals and on the maintenance of good professional relations with them.”



> strategic and business vision

> main risks and uncertainties for Luz Saúde

“The future success of Luz Saúde depends, in part, on its ability to maintain good relations with the Paying Entities.”

training programs (in e-learning format or face-to-face), participation in relevant sectoral events for the professionals of Luz Saúde, or the organization of internal actions that aim to promote the inclusion and participation of all employees in the Group's strategy, are part of the talent management policy promoted by the Group, through the Human Resources Department.

evolution of the SARS-COV2 pandemic

In 2020, extending into 2021, a new risk emerged with a huge impact on the activity of the Group's units: the SARS-CoV-2 pandemic.

After the profound operational changes that took place in 2020, the year 2021, especially in the months of January and February, began with the biggest wave of cases recorded in our country. The preparation and experience acquired allowed the impact on the Luz Saúde Group units to be lower than previously recorded. The operating models tested in the previous year were maintained, with the separation of patients by type and massive testing of patients and professionals, allowing the current operation to have the lowest impact possible.

From the second quarter of 2021 onwards, it was possible to start a clear recovery of activity in all units of the Group, with the year ending with a higher activity than that seen in 2019, in all areas except for emergencies. This situation was reinforced in 2022,

with all care lines presenting significant growth, except for clinical pathology, with a drastic reduction of Covid-19 testing.

The Infection Control Coordinating Group, together with the Groups of each of the units, maintained its fundamental role for, with the support of the Board of Directors, allowing the elaboration and implementation of technical standards, processes, and procedures in the approach to patients who tested positive for COVID-19, in the use of personal protective equipment, in the cleaning and disinfection of spaces and surfaces, among others.

As the risk of exposure to SARS-CoV-2 has not yet been mitigated, 2023 will predictably be a year of greater normalization of life in the country, essentially the result of the success of the vaccination campaign, allowing us to foresee that it will be possible to maintain the evolution of activity in the different units of Luz Saúde Group.

Hospital Beatriz Angelo management contract termination risks

The public private partnership of Hospital de Loures ended at 00h:00m of January 18, 2022, according to the information transmitted to SGHL on January 17, 2020, by the Contracting Public Entity - Regional Health Administration of Lisboa and Vale do Tejo (ARSLVT) - that the Management Contract would not be renewed for an additional period of 10 years.

The process of transferring the establishment to public management was clearly hindered by the delay in the creation by the Government of the new managing body (Hospital de Loures EPE) and the appointment of the respective Board of Directors, which only occurred a little more than a month before the effective date of the transmission. However, virtually all matters relating to such transmission are already closed by mutual agreement, under the terms of the Transmission Agreement and its Addendums, meanwhile signed between the parties - SGHL, ARSLVT and Hospital de Loures EPE -, and the process is expected to be considered closed during the first half of 2023.

In terms of the main issues with a relevant financial impact, the most relevant are the Arbitrage Courts that are currently taking place, as well as the request for financial rebalancing already requested because of the effect that the pandemic had on HBA activity. Regarding the recognition of the right of Hospital Beatriz Ângelo to finance the medicine for HIV / AIDS patients provided by the hospital's pharmacy, the Arbitrage Court ruled favorably, sentencing the Contracting Public Entity to the payment of ~ € 26 million.

The Arbitrage Court constituted to resolve the disputes related to billing topics and to what SGHL considers to be a breach of contract by the Portuguese State, decided in favor of the Portuguese State, with a financial impact of ~ € 7 million.

Additionally, the Group understands that, as a result of the COVID-19 pandemic (and the acts that were determined in this context), the activity carried



> strategic and business vision

> main risks and uncertainties for Luz Saúde

out within the scope of the Management Contract celebrated between the Portuguese State and the Group company, SGHL – Sociedade Gestora do Hospital de Loures, S.A., for the management of Hospital Beatriz Ângelo under a PPP regime, was significantly affected, with a negative impact on the financial conditions for the development of the aforementioned contract. This impact resulted in both a decrease in revenues and an increase in expenses.

The decrease in revenues was due, amongst other reasons, to the cancelation of the clinical activity in HBA (for a long period of time the only activity was the one considered by the administrative authorities as urgent or of priority), whereas the increase in expenses not covered by the obligations or risks contractually assumed by SGHL under the Management Contract with a clear impact on its activity and on its financial balance was due, for example and in addition to other relevant causes in this context, to the extraordinary and unforeseen reinforcement of the human resources and materials necessary to combat and/or mitigate the spread of the SARS-CoV-2 virus. Therefore, the constraints of different nature (social, sanitary, administrative, and legal) arising from the measures adopted to combat the COVID-19 pandemic unequivocally implied a significant increase in expenses as well as a sharp reduction in revenue.

Consequently, the Group understands that, under the terms of the Management Contract, there is a right to receive a compensation for the financial rebalancing of the contract related to the operations carried out over the years 2020, 2021 and 2022 (during the term of the

Management Contract). As there is still no convergence of positions with the ARS-LVT regarding the right to receive this compensation, the Group chose not to record any revenue associated with it, having however triggered the foreseen mechanisms in the Management Contract to have its right recognized.

There is also an arbitration process regarding the financing of the new treatment of Hepatitis B, abruptly and suspended with no fundament by the State, whose value is ~ €2 million.

“From the second quarter of 2021 onwards, it was possible to start a clear recovery of activity in all units of the Group, with the year ending with a higher activity than that seen in 2019, in all areas except for emergencies. This situation was reinforced in 2022, with all care lines presenting significant growth, except for clinical analyses, with a drastic reduction of Covid-19 testing.”



strategic and business vision



environmental information

Organizations devote special attention to resource and energy efficiency because of concerns with the sustainable development of the environment, so that future generations will be able to meet their needs. Efforts have been made to disseminate information on environmental protection in the Luz Saúde units: energy efficiency; resource efficiency to minimize the environmental impact on energy, gas and water; reduction of gas and liquid emissions and the appropriate triage of waste, among others.

The activities of some of Luz Saúde's subsidiaries are governed by specific waste treatment legislation and all the applicable rules and directives have been complied with at each site and for each specific activity. In addition, a series of training sessions have taken place for employees of various Luz Saúde units on the

separation and treatment of various types of hospital waste. When relevant, the subsidiaries outsourced the destruction of medical and toxic waste to specialized companies, as prescribed by law. In 2022, during the course of business, the Group did not incur significant environmental costs. No environmental liabilities have been recorded in the financial statements, nor has any environmental contingency been disclosed given Management's belief that, on that date, there are no obligations or contingencies arising from past events with significant material costs for the company.

The creation, in 2022, of the Luz Saúde Sustainability Office will allow a consolidated management of all aspects related to this dimension, covering, in a structured way, the issues related to Environmental, Social and Governance Sustainability of Luz Saúde group.

"The creation, in 2022,
of the Luz Saúde
Sustainability Office will allow
a consolidated management
of all aspects related to this
dimension..."



> strategic and business vision

> outlook for 2023

“Luz Saúde will remain active in realizing opportunities for consolidation and expansion in the national market.”

Throughout 2023, Luz Saúde will focus on the growth of the new units in its network (Hospital da Luz Clínica da Covilhã and Hospital da Luz Clínica de Santa Maria da Feira, which opened in 2022; Hospital da Luz Clínica da Carreira (Funchal) and Hospital da Luz Clínica Luisa Todi (Setúbal) which start operating in 2023) and those in which there have been expansion processes (Hospital da Luz Lisboa) or renovation (Hospital da Misericórdia de Évora, whose renovation will end in 2023) in order to boost growth and improve profitability.

At the same time, Luz Saúde will remain active in realizing opportunities for consolidation and expansion in the national market.

It is also expected that in the course of 2023 the Arbitration Court will start regarding the request for financial rebalancing, due to the effects that the pandemic had on the activity of HBA. The various constraints (social, health, administrative and legal)

resulting from the measures adopted to combat the COVID-19 pandemic unequivocally implied the marked increase in expenses, as well as a sharp reduction in revenue. As there was no convergence of positions between the SGHL and the ARSLVT, the constitution of the Arbitration Court began, which is expected to take place between 2023 and 2024.

The commitment to digitizing processes and optimizing operational structures will continue to be intensified, with the return on investments already made in the My Luz and Luz 24 platforms, which have registered substantial growth in recent years, maintaining the effort to carry out not only scheduled and urgent video consultations, as well as the implementation of structured clinical programs, primarily based on digital media, in the areas of well-being and General and Family Medicine.

The training area will also remain a focus of the Luz Saúde Group, namely with the attribution of training

suitability to more specialties at Hospital da Luz Lisboa (distinction awarded by Ordem dos Médicos), which, along with the evolution of Hospital da Luz Lisboa to University Hospital and the intense postgraduate training at Hospital da Luz Learning Health, reveals the Group's focus on training and retaining talent. Reinforcement will also continue to be made in the training of non-clinical professionals.

The commitment to sustainability will also be maintained, through the implementation of the commitment 'Sustainable Development Goals 2030' of the United Nations, at the level of the Group and its units. By defining a phased implementation strategy for these SDG2030, the objective is to mainstream the ESG (Environment, Social and Governance) approach both in the Luz Saúde holding and in the Group's units.

With regard to the international expansion of Luz Saúde, the Group is actively analyzing opportunities for expansion to other geographies, in the context of the shareholder Fidelidade/Fosun.

governance

Leia o código QR e acesse à LUZ Paint (exclusivo para clientes app MY LUZ).

Excellence
A reference
in health
since 2000

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governance

Luz Saúde's
governance

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governance

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committee

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management
team

LUZ SAÚDE

> governance

> Luz Saúde's governance

The Company is currently organized according to a corporate governance model inspired by the traditional model called "monista latino", with the General Assembly, the Board of Directors, the Fiscal Council, the Statutory Auditor and the Secretary of the Company as the corporate bodies.

The **General Assembly** is the corporate body constituted by the universality of the Company's shareholders, to which functions assigned in accordance with the provisions of the Commercial Companies Code are incumbent.

In accordance with paragraph 1(a) and paragraphs 2 and 3, all of article 278 and

article 413(2) (a) of the CCC, the Company maintained the Board of Directors as the sole management body, referring the Company's supervision to a **Audit Board** and a **Statutory Auditor**. In this model, the company's supervisory body has organic autonomy in relation to the management body (board of directors).

The Board of Directors shall consist of a minimum of five and a maximum of nineteen directors, elected by the General Meeting, for periods of four years.

The company's day-to-day management is delegated to the **Executive Board**, thus approaching the Anglo-Saxon-inspired government model. Through this delegation of powers, it is intended to ensure greater efficiency in the conduct of day-to-day business.

The Company also has the support of the **Remuneration Committee**, which is responsible for setting the remuneration of the holders of the company's corporate bodies and has an active role in the evaluation of the performance of executive directors, since it is responsible for setting their variable remuneration.

Considering the activity carried out by the Company, several committees were also set up to support the Executive

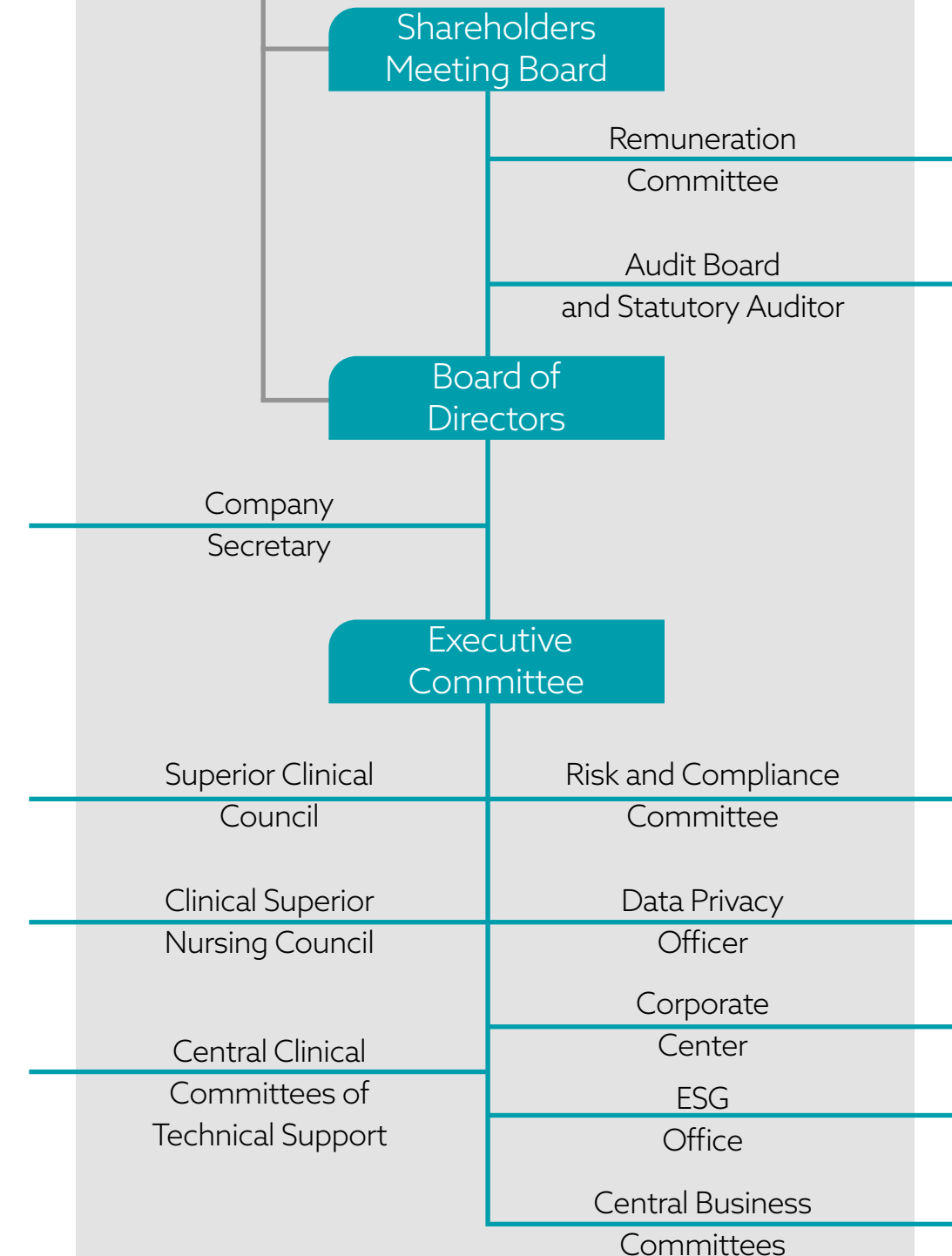
Committee. From an operational point of view, the Superior Clinical Council, the Clinical Superior Nursing Council and the Central Clinical Committees of Technical Support were constituted. In corporate matters, a Sustainability Office and a Risk and Compliance Committee have been set up. A Data Protection Officer ensures security, data protection and privacy.

There is also a Complementary Grouping of Companies ("ACE"), resulting from the combination of the Group's companies that exploit health units (except for SGHL - Sociedade Gestora do Hospital de Loures, S.A.), which has the function of providing shared services to the Company's subsidiaries, through all its Central Directorates.

The Society owns and is responsible for the management of twenty-eight health units, which include twenty-six private and clinical hospitals in Mainland Portugal and Madeira, a specialized rehabilitation care hospital and a senior residence.

The Company also owns GLSMED Trade, a company that distributes products, equipment and medical devices of Grupo Luz Saúde, and GLSMED Learning Health, which focuses on the basic and advanced training of students and professionals in the area of healthcare delivery and management.

LUZ SAÚDE ORGANIZATIONAL MODEL





>
governance

>
executive
committee



Isabel Vaz
(CEO)



João Novais
(CFO)



Tomás Fonseca
(COO)



Ivo Antão
(CITO)



Artur Vaz
(CRO)

>
governance

>
executive
committee

>
central
departments



Isabel Vaz
(CEO)



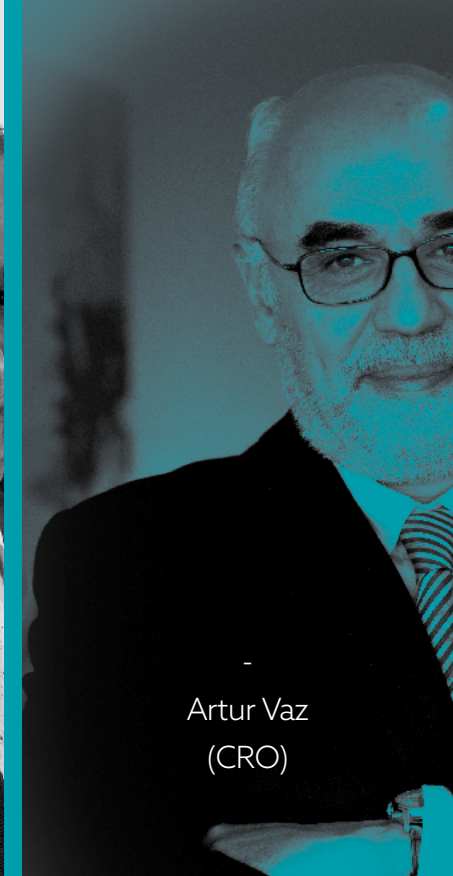
João Novais
(CFO)



Tomás Fonseca
(COO)



Ivo Antão
(CITO)



Artur Vaz
(CRO)

FRANCISCO MOTA
Strategy and Business Analytics

JOÃO FERREIRA REBELO
Legal and Compliance

CRISTINA MESQUITA
Clinical Operations Design and Control

DAVID VIEIRA
Information Systems and Technologies

JOSÉ VARELA GONÇALVES
Risk Management

ANABELA LOBO DE CARVALHO
Human Resources

NUNO PIRES
Finance and Auditing

LUÍS MARTINS
Commercial

HENRIQUE BENTES
Infrastructures, Maintenance and
Equipment

TÂNIA RAMOS
Accreditation and Quality Certification

FRANCISCA LEITE
Training, Research and Innovation

ANA FREIRE DE ANDRADE
Finance and Administrative Services

EVE JOKEL
International Patient Services

PEDRO PATRÍCIO
Central Imaging Diagnostic Business

MARISA MORAIS
Marketing and Communication

PEDRO LIMA
Logistics and Operational Support

TOMÁS LINO
Business Development

FILIPE COSTA
Value Based Healthcare
Management

CLÁUDIA SANTOS
Pharmacy and Drugs Management

JORGE HUMBERTO SOUSA
Enterprise-Wide Nursing Programs

GABRIELA VALIDO
Central Negotiation Procurement

NÉLSON BRITO
Client Experience

PETRA MATIAS
Hospital da Luz Digital

> governance > management team

Accreditation and Quality Certification (Clinical Audit)

Monitors the effectiveness of the implementation of national and international quality benchmarks, through compliance tests in Luz Saúde units. Its main objective is to ensure clinical excellence in the provision of health care, by maintaining and/or implementing these same references.

Business Development

Responsible for managing projects that allow the Group to increase its activity, through expansions, acquisitions, or construction of new units. Additionally, participates in the analysis of some business development opportunities for existing units, as well as in the preparation of Luz Saúde's financial forecasts.

Central Imaging Diagnostic

Develops the strategy, manages and supervises the imaging diagnostic centers of the Group's units. It follows the innovation and market trends of the world medical image, manages the equipment park, ensures the adoption and compliance of radiological protection programs and participates in the projects of advanced image post-processing information systems.

Central Negotiation Procurement

Procurement and negotiation of medical devices, current drugs and medical and general equipment needed by the Group's hospitals and clinics. Through careful selection of business partners, it promotes the creation of long-term partnerships,

based on principles of ethics, trust and mutual commitment. Develops new types of cooperation and initiatives in areas such as innovation and research, risk sharing, training and dissemination of best clinical practices.

Client Experience

Responsible for managing the digital ecosystem of the Hospital da Luz network - MY LUZ - and for maintaining and developing the CRM tool, ensuring a 360° view of customers. Ensures remote access for customers to health care at the units, through the management of the Contact Center, as well as the urgent triage service LUZ 24. Together with hospitals and clinics, continuously reviews the defined processes, to improve the customer's experience.

Clinical Operations Design and Control

It is responsible for increasing the efficiency of the use of assistance resources, in a perspective of maximizing efficiency not only in an individual logic but also collectively. It involves the analysis of flows, circuits, and activities of operating processes, leading to their redesign, simplification, and automation.

Commercial

Its mission is to maintain, negotiate and manage the prices and conditions for the provision of health care with health service paying entities, in various areas and purposes, considering the price and margins criteria established. It ensures the agreement and consistency of the operational

and contractual rules, necessary for the good execution of contracts, with the Units of the Group and the agreed entities. Participates, manages and maintains private pricing policy, in accordance with the Group's strategy and competition assessment. Participates and supports the development, placement and/or holding of local conventions or new products in the Group's units.

Enterprise-Wide Nursing Programs

Responsible for the implementation of evidence-based best practices in nursing, with a focus on creating value for internal and external customers, through a process of consensus and development at Luz Saúde units. Coordinates the Superior Council of Nursing, a clinical decision-making body, and collaborates in projects of the central departments that require nursing participation.

Finance and Auditing

Responsible for financial management, ensuring financing of operations, internal and external financial reporting, budget management, monitoring and coordination of accounting and tax policies and procedures, as well as financial audit work at Luz Saúde.

Financial and Administrative Services

Responsible for the shared accounting services, treasury management and current accounts of the customers of the various Luz Saúde business units. Performs all the billing activity to the various financing entities and participates in the preparation of budgets for clients. Supports the

> governance > management team

preparation and control of the annual budgets of Luz Saúde units.

Hospital da Luz Digital

Responsible for providing remote health care in a safe, simple and intuitive way; operationalizes scheduled and urgent video consultations throughout the Hospital da Luz network, provides the health monitor for sharing data between the client and the doctor (for an integrated view and complete healthcare) and provides video consultations in various parts of the country.

Human Resources

Defines and implements the policies related to the management of human resources at Luz Saúde, based on strategic guidelines defined by the Executive Committee and in close coordination with all the Group's business units, with the aim of being able to attract, develop and retain exceptional people.

Information Systems and Technologies

Designs, implements, and maintains the Group's information systems and technologies, using its own resources or using technological partners. Integrates applications developed internally with solutions acquired on the market, to allow Luz Saúde to accelerate the transformation of its IT and to have the capacity for innovation. It is responsible for the continuous training of employees in good practices and for the modernization and technological reinforcement, to be able to protect, detect, respond, and recover in the event of a threat.

Infrastructure, Maintenance and Equipment

Responsible for monitoring and managing the life cycle of infrastructure and equipment in Hospital da Luz network, for the maintenance and management of buildings, consumption (water, electricity, gas), medical and non-medical equipment. Participates in and supports the licensing processes at different levels, the Group's engineering commission and all units of the Hospital da Luz network in the areas of its specialty.

International Patient Services

Defines the strategy and manages support services for international clients throughout the Hospital da Luz network. Responsible for publicizing this service, in collaboration with the Marketing and Communication Department, with a focus on promoting it among international communities connected to Portugal. Develops agreements with international entities to facilitate the access of foreign clients.

Legal and Compliance

Provides legal advice to the entities of the Luz Saúde Group, contributes to the management bodies, central departments, business units and respective employees to comply with the applicable legislation and the rules and procedures (external and internal) in force, to mitigate risks and avoid losses resulting from activity. It advises the Board of Directors, the Executive Committee, and the Supervisory Board on matters of corporate governance and supports the Group in matters of

data protection and privacy, through a specialized team including the Data Protection Officer.

Logistics and Operational Support

Operates on four main areas: supply chain management (purchase/distribution of medical devices and all logistical operations at Luz Saúde units); hotel management (provision of activity support services, such as cleaning, surveillance, food, clothing, waste management, disinfestation, car parks, vending, concession of spaces and management of central buildings); consumption management (implementation of the best practices for recording, monitoring and analyzing consumption); and management of the sterilization center.

Marketing and Communication

Defines and implements the marketing strategy in its various aspects: relational, product, channel, internal marketing, events, partnerships, communication, and corporate image. Responds to the production of content and its promotion, either through external channels (media and advertising), or through Luz Saúde's own communication channels, such as social networks, websites, corporate channel, corporate magazines, newsletters and Scientific publications.

Pharmacy and Drugs Management

Operational structure to support the Group's units, in the scope of management, quality and safety of the drug circuit, coordination of resources, definition of processes and compliance with legal requirements and good practices. Defines

> governance > management team

the strategy of ensuring maintenance and sustainability of the supply chain of medicines, the optimization and standardization of therapeutic protocols, maximizing efficiency, safety and profitability.

Risk Management

Ensure the functioning of risk management processes, with integrity and homogeneity throughout the Group. Responsible for promoting systematic and consistent use of risk management strategies in an integrated perspective of continuous improvement of quality and customer safety, contributing to the development of a culture of safety, sharing learning and change.

Strategy and Business Analytics

Collects and processes operational and financial information from the Group's different business units, using the Business Intelligence tool. Also responsible for the Transformation Office, supporting the implementation of the strategy defined by the Executive Committee based on the management of the Group's eight signature processes.

Superior Clinical Council

It is the structure responsible for the clinical coordination of the Luz Saúde Group units and for the clinical support to complaints with legal involvement.

Sustainability Office

Luz Saúde aims to create a positive impact on people, society and on the planet, through

innovation and the provision of excellent healthcare, ensuring the responsible management of resources and care for the people, health professionals and communities where it operates. It is up to the Sustainability Office to mainstream this ESG approach.

Training, Research, and Innovation

Operates in several areas: training of health professionals, clinical and health science research, data science and innovation. Responsible for the Training and Simulation Centre, for the connection to the Católica-Luz Clinical Academic Centre and collaborates with entities in the R&D+I ecosystem in Portugal.

Value Based Healthcare

Implements the Value Based Healthcare program in the Group's hospitals and clinics: healthcare provided according to best practices, which are proven to achieve the best clinical results from the perspective of patients, with the lowest variation in costs used for maximum efficiency in the total care cycle.

Luz Saúde performance

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Luz Saúde's
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other
information

Innovation

Moving forward to the future at the speed of light

LUZ SAÚDE

> Luz Saúde performance

> operacional performance

- "Turnover grew by 10.6% reaching €599.1 million..." -

- Activity grew compared to 2021, in all service lines, with special emphasis on emergencies;

- Turnover grew by 10.6% reaching €599.1 million (2021: €541.8 million, excluding the impact of public segment operations), with special emphasis on the growth of the units in which the Group has invested in recent years namely Lisbon, Oeiras, Vila Real and Torres de Lisboa;

- EBITDA with an increase of 26.9% to €81.6 million (2021: €64.3 million), as a result not only of the increased level of activity, but essentially due to an improvement in the EBITDA margin which in 2022 reached 13.6% (compared to 11.9% in 2021);

- Net profit reaches €26.7 million, with a growth of 63.8%;

- Net debt registers a reduction of around 4.4% to €375.6 million, and the net debt / EBITDA ratio reduces to 4.6x;

- In January 2022, the management contract for Hospital Beatriz Ângelo under the Public Private Partnership regime came to an end, with positive effects in terms of the Group's operating profitability, since the operations of the public business segment, which had a negative profitability, are now presented as discontinued operations.

operational performance

Private healthcare

(In thousands of clinical procedures)	2022	2021	Var
Consultations	2 103	1 937	8,6%
Emergencies	393	277	41,9%
Surgeries and deliveries	64	60	6,7%
Imaging	1 199	1 129	6,2%

Activity grew compared to 2021 in all service lines, with special emphasis in the case of emergencies, with a growth of 41.9%, surpassing pre-pandemic levels. In the case of the remaining service lines, it is also important to highlight the growth in consultations +8.6% and surgeries and deliveries +6.7%.

The clinical production numbers presented in 2022 constitute the best performance ever of the private business segment.

>
Luz Saúde
perfor-
mance

>
financial
performance

financial performance

Consolidated income statement

(In: millions of euros)

	31-dec-22	31-dec-21 (restated)	Var.
Operating Income	599,1	541,8	10,6%
Operating costs, without depreciation and amortization	(517,5)	(477,5)	8,4%
EBITDA	81,6	64,3	26,9%
EBITDA margin	13,6%	11,9%	1,7 p.p.
Depreciation and amortization	(38,7)	(34,9)	10,9%
EBIT	42,9	29,3	46,4%
EBIT margin	7,2%	5,4%	1,8 p.p.
Financial Results	(12,2)	(12,2)	0,0%
EBT	30,6	17,2	77,9%
Taxes	(2,4)	0,6	(500,0%)
Income from continuing operations	28,2	17,8	58,4%
Income from discontinued operations	(1,5)	(1,4)	7,1%
Net income for the year	26,7	16,3	63,8%
Net income attributable to non-controlling interests	(0,2)	(0,3)	(33,3%)
Net income attributable to shareholders of Luz Saúde	26,9	16,6	62,0%
EPS (euros)	0,281	0,174	61,5%

–
"Activity grew compared to 2021 in all service lines, with special emphasis in the case of emergencies, with a growth of 41.9%..."
–

> Luz Saúde performance

> financial performance

turnover

Turnover grew by 10.6% reaching €599.1 million in 2022 (2021: €541.8 million, considering the public business segment presented as discontinued operations).

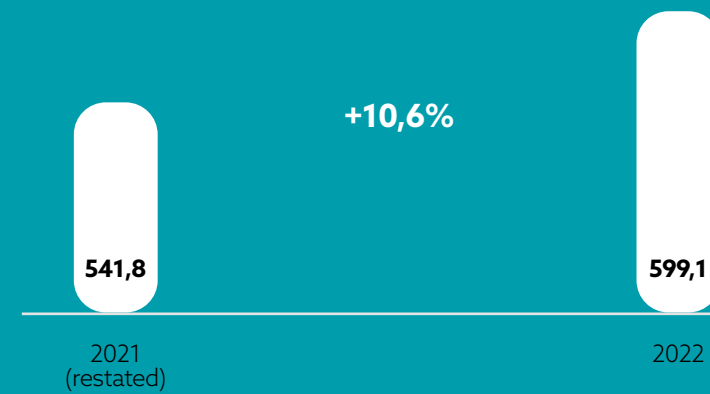
turnover by segment

The growth in turnover was based on the private health care business segment, which grew by 10.6% compared to 2021, reaching a turnover of €583.0 million, with special emphasis on the growth of the units in that the Group has invested in recent years, namely Lisbon +15.6%, Oeiras +12.9%, Vila Real +12.6% and Torres de Lisboa +10.2%.

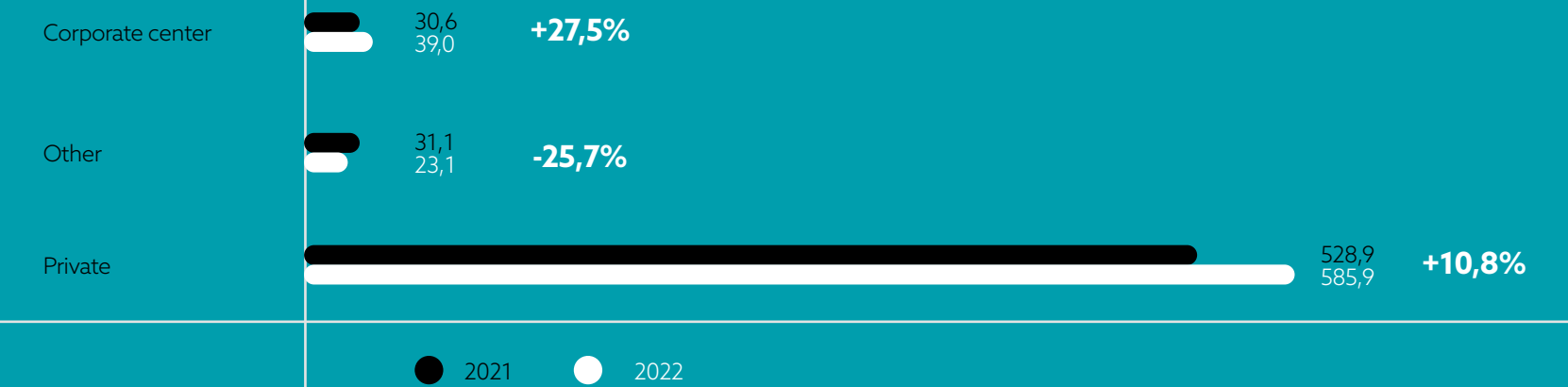
The other businesses segment, turnover in 2022 amounted to €22.6 million, registering a decrease of around 26.6%, essentially due to a slowdown in the business of selling medical devices, which reached peaks of activity in periods of higher incidence of the COVID-19 pandemic.

“The growth in turnover was based on the private health care business segment, which grew by 10.6% compared to 2021, reaching a turnover of €585.9 million”

TURNOVER
(In million euros)



TURNOVER BY SEGMENT
(In million euros)



> Luz Saúde performance

> financial performance

EBITDA

EBITDA grew 26.9% compared to 2021 reaching €81.6 million. The private segment represents 95.8% of EBITDA reaching €78.1 million in 2022 (2021: €63.9 million). This EBITDA growth was sustained by the growth in the level of activity of all units and by the significant improvement in the EBITDA margin, as a result of the effort made by management to contain the growth of the cost structure, which in 2022 was covered with increased difficulties as a result not only of the inflationary pressures that the economy in global terms has suffered, but in particular the salary pressure that the labor market in the health area has been subject.

net income

Net profit compared to 2021 grew 63.8% to €26.7 million, essentially due to the operational contribution of ongoing operations and in particular the private healthcare segment.

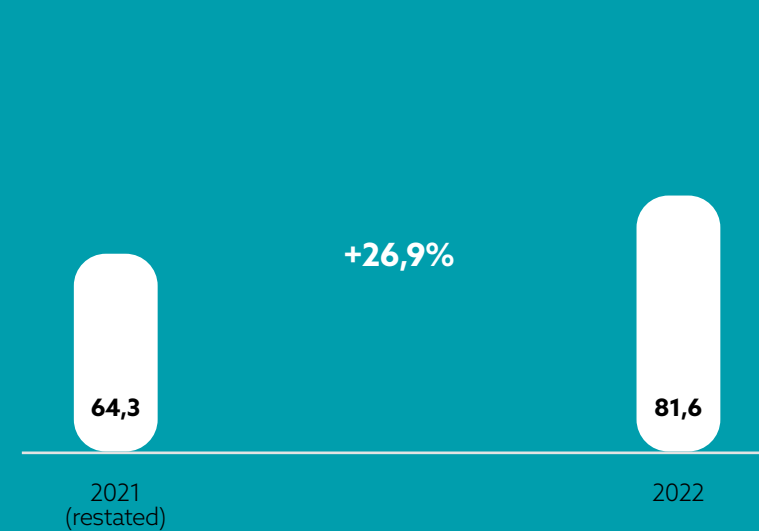
Depreciation and amortization, compared to 2021, of around 10.9%, as a result of the maintenance of the investment level, with special emphasis on the investment made in the expansion of the health care network (opening of the clinics in Santa Maria da Feira and Covilhã).

The financial results maintained their stable level compared to 2021, despite the worsening of financing conditions, with the interest rate fixing operations contracted in the past for part of the Group's debt having contributed to this performance.

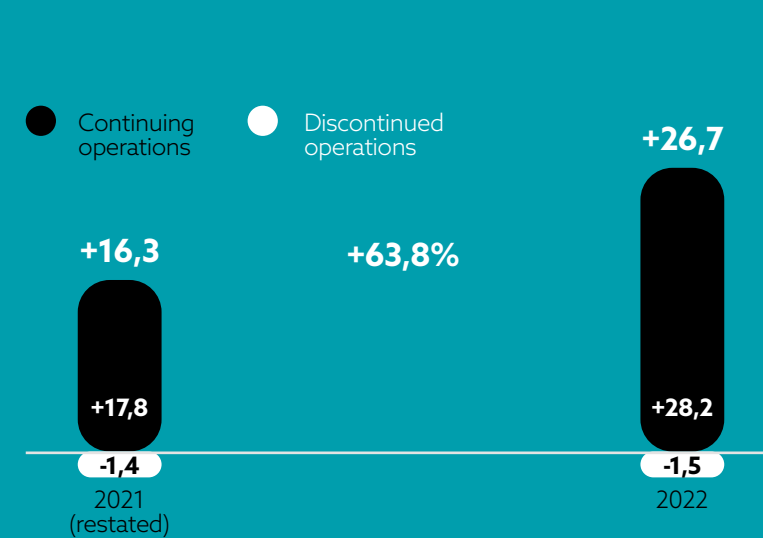
In terms of income tax, the growth in results had a direct impact on the increase in the income tax charge. A growth that was mitigated by the use of the different tax benefits, with particular emphasis on SIFIDE, reflecting the continued commitment of the Group to Research and Development activities.

“Net profit compared to 2021 grew 63.8% to €26.7 million, essentially due to the operational contribution of ongoing operations and in particular the private healthcare segment.”

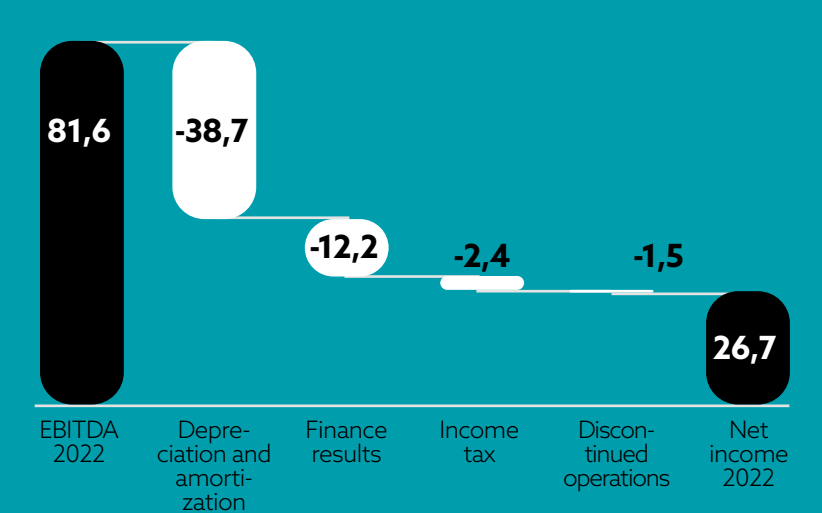
EBITDA
(In million euros)



NET INCOME
(In million euros)



FROM EBITDA TO NET INCOME
(In million euros)



> Luz Saúde performance

> financial performance

The discontinued operations refer in full to the operations of the public health care segment from January 1 to 18, 2022 (and the entire year of 2021), which resulted from the end of the management contract of Hospital Beatriz Ângelo in public-private partnership regime and are now presented as discontinued operations.

capital expenditure

In 2022, Luz Saúde maintained a high level of investment in fixed assets (€50.8 million), of which around €17.7 million (2021: €15.7 million) were invested in the expansion of the provision of health care network. Highlighting the opening of the Santa Maria da Feira and Covilhã units, the launch of new projects (Figueira da Foz, Leiria and Vila Franca de Xira) and the expansion of existing projects (Évora, Funchal and Setúbal).

On a cumulative basis over the last five years, the Group invested around €333.3 million, of which around 60% was invested in projects to expand the health care network.

financing

In terms of financing operations, 2022 was marked by a reduction in net debt of around €17.4 million, even though the Group maintained the investment levels of the previous year.

The net debt / EBITDA ratio recorded a relevant improvement, going from 6.12 (based on restated EBITDA) to 4.60. Much contributed to this sharp improvement, on the one hand, the positive evolution of the Group's performance in terms of growth in its results, and on the other hand, the effort made to reduce net debt.

"In terms of financing operations, 2022 was marked by a reduction in net debt of around €17.4 million..."

CAPEX EVOLUTION
(In million euros)



NET DEBT
(In million euros)



NET DEBT / EBITDA
(In million euros)



> Luz Saúde performance



subsequent events

Between December 31, 2022 and the date of approval of this report, there were no relevant events that are not reflected in this report.

profit allocation proposal

In the year ended 31 December 2022, consolidated net income was €26,699,316.92 and net income in the individual accounts was €16,428,237.42.

The amount of the individual net profit results from the fact that the company has, in accordance with the applicable accounting standards, recognized, in the accounts for the year, an amount of €1,233,000.00 as an amount allocated to the distribution of profits to Employees and Executive Directors of the society. In the case of Executive Directors, the determination of this value depends on the decision of the company's Remuneration Committee.

As such and in accordance with the legal and statutory requirements, the Board of Directors proposes that the net profit for the year 2022, in the global amount of €16,428,237.42, calculated based on the individual financial statements, be applied as follows:

- (i) Legal Reserve: €821.411,87
- (ii) Unrestricted Reserve: €15.606.825,55

authorizations granted for transactions between the company and its directors

No authorizations have been granted for transactions between the company and its directors under Article 397 of the Portuguese Companies Code.

other information

information on shareholdings of members of the management and supervisory bodies in the company's share capital as of 31 december 2022

Luz Saúde, SA hereby discloses, pursuant to article 447(5) of the Portuguese Companies Code, that no members of the management and supervisory bodies hold any shareholdings in the Company, as at 31 December 2022.

statutory auditors

The Statutory Auditors, Ernst & Young Audit & Associados - SROC, S.A., have no shareholding as at 31 December 2022, having made no transactions with any Luz Saúde, SA securities.

>
Luz Saúde
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information
about
own shares

During the period between 31 December 2021 and 31 December 2022 there were no transactions with Luz Saúde own shares. On 31 December 2022, Luz Saúde, SA didn't hold any own shares.

Lisbon, 14 April 2023

(Jorge Manuel Baptista Magalhães Correia)

(Miguel Barroso Abecasis)

(Ivo Joaquim Antão)

(Isabel Maria Pereira Aníbal Vaz)

(Rogério Miguel Antunes Campos Henriques)

(João Paulo da Cunha Leite de Abreu Novais)

(Fang Yao)

(Vitor Manuel Lopes Fernandes)

(Tomás Leitão Branquinho da Fonseca)

(Lingjiang Xu)

(Artur Aires Rodrigues de Morais Vaz)



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Oncology Center

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consolidated statement of comprehensive income for the year ended 31 December 2022

In thousands of Euros

	Notes	31-dec-22	31-dec-21 (restated*)
Continuing operations			
Revenue from services rendered	3.2	588 289	529 973
Sale of goods	3.2	3 791	9 617
Other operating income	4	6 974	2 233
Total operating income		599 054	541 823
Inventories consumed and sold	5	(85 028)	(83 891)
Cost of services and materials	6	(271 409)	(245 362)
Personnel expenses	7	(149 165)	(134 611)
Other operating expenses	8	(9 000)	(6 700)
Provisions, net of reversals	14.1	(3 102)	(4 716)
Impairment, net of reversals	14.2	284	(2 283)
Depreciation and amortization	12	(38 748)	(34 920)
Operational income		42 886	29 340
Finance income	9	1 502	475
Finance costs	9	(13 743)	(12 660)
Profit before income tax		30 645	17 155
Income tax	10.1	(2 445)	627
Profit for the year from continuing operations		28 200	17 782
Discontinued operations			
Loss for the year from discontinued operations	17	(1 501)	(1 443)
Profit for the year		26 699	16 339

*comparative amounts for 2021, restated to present the public business segment operations as discontinued operations

Notes are an integral part of these consolidated financial statements

	Notes	31-dec-22	31-dec-21 (restated*)
Other comprehensive income			
Items that maybe reclassified to profit or loss			
Cash flow hedges, net of tax	16	4 493	225
Other comprehensive income for the year		4 493	225
Comprehensive income for the year		31 192	16 564
Profit / (Loss) attributable to:			
Equity holders of the parent		26 870	16 616
Non-controlling interests	13.4	(171)	(277)
Profit / (Loss) attributable to Equity holders of the parent:			
From continuing operations		28 371	18 059
From discontinued operations		(1 501)	(1 443)
Comprehensive income / (loss) attributable to:			
Equity holders of the parent	13.2	31 363	16 841
Non-controlling interests	13.4	(171)	(277)
Basic earnings / (loss) per share:			
From continuing operations	13.3	0,297	0,189
Total attributable to equity holders of the parent	13.3	0,281	0,174
Diluted earnings / (loss) per share:			
From continuing operations	13.3	0,297	0,189
Total attributable to equity holders of the parent	13.3	0,281	0,174

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consolidated balance sheet as at 31 December 2022

In thousands of Euros

	Notes	31-dec-22	31-dec-21
Assets			
Non-current assets			
Property, plant and equipment	12.1	349 633	353 370
Right-of-use assets	12.2	112 057	96 951
Intangible assets	12.3	158 697	155 250
Deferred tax assets	10.4	8 741	20 275
Other assets	11.4	2 702	2 760
Other receivables	11.1	1 713	1 638
Investments in associates	12.4	-	851
Derivative financial instruments	16	4 327	-
Financial assets at fair value through profit or loss	12.5	12 604	8 979
Total non-current assets		650 474	640 074
Current assets			
Inventories	11.2	15 091	18 956
Other assets	11.4	6 004	6 647
Trade and other receivables	11.1	109 757	143 427
Current income tax receivable	10.3	1 731	-
Cash and cash equivalents	13.5	47 352	36 090
		179 935	205 120
Assets from discontinued operations	17	40 506	7 030
Total current assets		220 441	212 150
Total assets		870 915	852 224

Notes are an integral part of these consolidated financial statements

	Notes	31-dec-22	31-dec-21
Equity			
Equity and reserves			
Share capital		95 542	95 542
Share premium		61 796	61 796
Reserves and retained earnings		138 510	107 147
Total equity attributable to equity holders of the parent	13.2	295 848	264 485
Non-controlling interests	13.4	1 007	1 178
Total equity		296 855	265 663
Liabilities			
Non-current liabilities			
Borrowings	13.6	249 696	269 911
Lease liabilities	13.6	84 582	77 283
Derivative financial instruments	16	-	2 466
Provisions	14.1	10 085	21 594
Total non-current liabilities		344 363	371 254
Current liabilities			
Trade payables	11.3	33 360	34 732
Other payables	11.3	80 099	82 527
Borrowings	13.6	67 034	65 012
Current income tax payable	10.3	-	196
Lease liabilities	13.6	21 681	16 877
Deferred income and other current liabilities	14.3	11 360	12 628
		213 534	211 972
Liabilities directly associated with assets from discontinued operations	17	16 163	3 335
Total current liabilities		229 697	215 307
Total liabilities		574 060	586 561
Total equity and liabilities		870 915	852 224

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consolidated statement of cash flows for the year ended 31 December 2022

In thousands of Euros

	Notes	31-dec-22	31-dec-21 (restated*)
Operating activities			
Receipts from customers		583 297	553 808
Payments to suppliers		(345 166)	(337 387)
Payments to employees		(83 123)	(75 722)
Cash flow generated from operations		155 008	140 699
Income tax (paid) / received	10	(3 116)	1 224
Other net payments related with operating activities		(62 828)	(54 772)
Net cash inflow from operating activities of continuing operations		89 064	87 151
Net cash inflow/(outflow) from operating activities of discontinued operations		3 877	(11 741)
Net cash inflow from operating activities		92 941	75 410
Investing activities			
Proceeds from:			
Sale of business unit	4	7 315	767
Disposal of property, plant and equipment		49	28
Investment grants		3	1
Interest received		15	-
Payments related with:			
Investments in associates	12.4	-	(54)
Property, plant and equipment		(22 629)	(27 755)
Intangible assets		(4 859)	(2 966)
Acquisition of non-controlling interests		-	(53)
Acquisition on other financial assets	12.5.1	(3 000)	(1 750)
Net cash outflow from investing activities of continuing operations		(23 106)	(31 782)
Net cash outflow from investing activities of discontinued operations		(326)	(585)
Net cash outflow from investing activities		(23 432)	(32 367)

*comparative amounts for 2021, restated to present the public business segment operations as discontinued operations

Notes are an integral part of these consolidated financial statements

	Notes	31-dec-22	31-dec-21 (restated*)
Financing activities			
Proceeds from:			
Borrowings		712 701	1 040 890
Other financing proceeds		-	(29 550)
Payments related with:			
Borrowings		(692 451)	(1 058 398)
Lease liabilities	12.2.2	(29 197)	(20 497)
Interest and other similar expenses	9	(9 419)	(10 837)
Other financing payments		-	13 000
Net cash outflow from financing activities of continuing operations		(18 366)	(65 392)
Net cash (outflow)/inflow from financing activities of discontinued operations		(2 950)	13 003
Net cash outflow from financing activities		(21 316)	(52 389)
Change in cash and cash equivalents		48 193	(9 346)
Changes in the consolidation scope, transfer to discontinued operations		(69)	-
Cash and cash equivalents at the beginning of the year	13.5	453	9 799
Cash and cash equivalents at the end of the year	13.5	48 577	453

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consolidated statement of changes in equity for the year ended 31 December 2022

In thousands of Euros

	Share capital	Share premium	Reserves and retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 1 January 2021	95 542	61 796	90 300	247 638	1 503	249 141
Transactions with owners in their capacity as owners						
Acquisition of non-controlling interests	-	-	6	6	(48)	(42)
Total transactions with owners in their capacity as owners	-	-	6	6	(48)	(42)
Profit for the year	-	-	16 616	16 616	(277)	16 339
Other comprehensive income for the year	-	-	225	225	-	225
Balance at 31 December 2021	95 542	61 796	107 147	264 485	1 178	265 663
Balance at 1 January 2022	95 542	61 796	107 147	264 485	1 178	265 663
Profit for the year	-	-	26 870	26 870	(171)	26 699
Other comprehensive income for the year	-	-	4 493	4 493	-	4 493
Balance at 31 December 2022	95 542	61 796	138 510	295 848	1 007	296 855

Notes are an integral part of these consolidated financial statements



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notes to the conso- lidated financial statements

A reporting entity, relevant events, and changes in the current year

1. reporting entity

Luz Saúde, SA (hereinafter "Luz Saúde" or "Company" and together with its subsidiaries named as "Group") is a limited liability company, with registered office in Lisbon, Rua Carlos Alberto Mota Pinto 17 - 9º floor, registered at the Lisbon Commercial Registry Office with the number 504 885 367, being the parent company of Luz Saúde Group. The Group is composed by companies that operate in healthcare industry, in the management of acute hospitals, outpatient clinics, residential hospitals and a senior residence with services.

Luz Saúde is controlled by Fosun International Holdings Ltd (Fosun) through Fidelidade - Companhia de Seguros, SA (Fidelidade).

1.1. relevant events of 2022

The Group's activity throughout 2022, its financial position and economic performance were impacted by the following events:

- On 18 January 2022, Hospital Beatriz Ângelo (HBA) Management Contract ended. On that date, the Group (through its subsidiary SGHL) transferred the management of HBA together with all rights, obligations and employees to the Public Contracting Entity - Administração Regional de Saúde de Lisboa e Vale do Tejo (ARS-LVT). From that date the Group presents this business segment as a discontinued operation, classifying the assets and liabilities of this business segment as assets and liabilities from discontinued operations.
- Throughout March 2022, the Group initiated operations in two new clinics located in Santa Maria da Feira and Covilhã. These two new clinics will work in a hub-and-spoke model feeding respectively their closest facilities, namely Hospital da Luz Arrábida and Hospital da Luz Coimbra. The opening of these facilities aligns with our strategy of proximity, providing convenience of access to our care to the populations further away from our hospitals. This strategy also provides better access to follow-up care by our clinicians, ensuring maximum convenience for our patients.
- On 26 September 2022, a Shares and Shareholder Credits Contract Sale was concluded for the sale of 100% of the share capital and voting rights of the subsidiary Casas de Carnaxide. The company that owned and managed a senior residence in Carnaxide. With this operation, the Group released the business and the inherent assets of this operation for €7.25 million and realized a gain with the operation of €3.4 million.

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1.2, companies included in the consolidation and changes in consolidation scope

1.2.1. Group as at 31 december 2022

As at 31 december 2022, the Group includes the following companies:

	Registered office	Interest held ⁽¹⁾		Segment
		31-dec-22	31-dec-21	
Parent company:				
Luz Saúde, SA	Lisbon	-	-	Corporate center
Subsidiaries:				
Capital Criativo Health Care Investments II, SA ("CCHCI II")	Lisbon	100,00%	100,00%	Private
Casas da Cidade - Residências Sénior de Carnaxide, SA ("CASAS CARNAXIDE")	Oeiras	-	100,00%	Other activities
Casas da Cidade - Residências Sénior, SA ("CASAS")	Lisbon	100,00%	100,00%	Other activities
CRB - Clube Residencial da Boavista, SA ("CRB")	Oporto	100,00%	100,00%	Private
GLSMED Learning Health, SA ("GLSLH")	Lisbon	100,00%	100,00%	Other activities
GLSMED Trade, SA ("GLST")	Lisbon	100,00%	100,00%	Other activities
HME - Gestão Hospitalar, SA ("HME")	Évora	100,00%	100,00%	Private
Hospital da Luz Arrábida, SA ("HAG")	V. N. Gaia	100,00%	100,00%	Private
Hospital da Luz Aveiro, SA ("HLA")	Aveiro	95,71%	95,71%	Private
Hospital da Luz Centro Clínico da Amadora, SA ("HL-CCA")	Amadora	100,00%	100,00%	Private
Hospital da Luz Coimbra, SA ("HLC")	Coimbra	100,00%	100,00%	Private
Hospital da Luz Guimarães, SA ("HLG")	Guimarães	100,00%	100,00%	Private
Hospital da Luz Oeiras, SA ("HLO")	Oeiras	100,00%	100,00%	Private
Hospital da Luz, SA ("HLL")	Lisbon	100,00%	100,00%	Private
Hospital Residencial do Mar, SA ("HRM")	Loures	75,00%	75,00%	Private
HOSPOR - Hospitais Portugueses, SA ("HOSPOR")	Póvoa de Varzim	100,00%	100,00%	Private
Luz Saúde - Serviços, ACE ("ACE") ⁽²⁾	Lisbon	100,00%	100,00%	Corporate center
Luz Saúde - Unidades de Saúde e de Apoio à Terceira Idade, SA ("USATI")	Lisbon	100,00%	100,00%	Mix ⁽³⁾
RML - Residência Medicalizada de Loures, SGPS, SA ("RML")	Lisbon	75,00%	75,00%	Private
Hospital da Luz Funchal, SA ("HLF")	Funchal	81,35%	81,35%	Private
SGHL - Sociedade Gestora do Hospital de Loures, SA ("SGHL")	Lisbon	99,99%	99,99%	Public
Surgicare - Unidades de Saúde, SA ("SURGICARE")	Lisbon	100,00%	100,00%	Private
Vila Lusitano - Unidades de Saúde, SA ("VLUSITANO")	Lisbon	75,00%	75,00%	Private

(1) the percentage of interest held includes the percentage directly and indirectly held by Luz Saúde, SA in each subsidiary.

(2) Luz Saúde - Serviços, ACE, constituted without share capital, on 31 December 2022, groups twelve subsidiaries of the Group. The percentage indicated refers to the votes held.

(3) Luz Saúde - Unidades de Saúde e de Apoio à Terceira idade, SA belongs simultaneously to the Private and Other activities segments.

1.2.2. changes in the consolidation scope

In 2022, the subsidiary Casas de Carnaxide (see note 17) and the associate Genomed (see note 12.4.1) were disposed, changing the composition of the Group compared to the corporate structure on 31 December 2021.

Without affecting the Group's corporate structure, it should be noted that with the ending on 18 January 2022 of the HBA Management Contract, the Group transferred the management and all assets, rights, obligations and workers assigned to the hospital unit to the Contracting Public Entity - ARS-LVT, as such from that date the assets and liabilities of this business segment were reclassified to discontinued operations (note 17).



1.2.3. restatement of the comparative

With the end of the HBA Management Contract and its transfer to the public sector scope, the Group began presenting the assets and liabilities that resulted from this contract and that were not transmitted to the public sector, under discontinued operations. In accordance with IFRS 5. Comparative figures for the profit or loss and cash flows statements were restated.

The changes in the comparative figures in the profit or loss, can be presented as follows:

	31-dec-21 (published)	31-dec-21 (discontinued operations)	31-dec-21 (restated)
Operating income	664 958	(123 135)	541 823
Operating costs	(603 972)	126 409	(477 563)
	60 986	3 274	64 260
Depreciation and amortization	(35 705)	785	(34 920)
Total operating result	25 281	4 059	29 340
Financial result	(12 317)	132	(12 185)
Profit before income tax	12 964	4 191	17 155
Income tax	3 375	(2 748)	627
Profit for the year from continuing operations	16 339	1 443	17 782
Profit for the year from discontinued operations	-	(1 443)	(1 443)
Profit for the year	16 339	-	16 339

The changes in the comparative year in the statement of cash flows, can be presented as follows:

	31-dec-21 (published)	31-dec-21 (discontinued operations)	31-dec-21 (restated)
Net cash inflow from operating activities	75 410	11 741	87 151
Net cash outflow from investing activities	(32 367)	585	(31 782)
Net cash outflow from financing activities	(52 389)	(13 003)	(65 392)



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1.3. subsequent events

No relevant subsequent events for reporting purposes occurred between 31 December 2022 and the date of approval of these financial statements by the Board of Directors.

2. financial statements approval

These financial statements were approved and authorized for disclosure by the Board of Directors on 14 April 2023, they are still subject to the approval by the General Shareholders' Meeting, under the terms of the commercial legislation in force in Portugal.

B performance for the year 2022

3. revenue and report by segments

[POLICY]

REPORT BY SEGMENTS

An operating segment is a component of the Group: (i) which develops business activities from which it can earn revenue and incur in expenses; (ii) whose operating results are, on a regularly basis, reviewed by the Group's chief operating decision maker for the purpose of making decisions on the allocation of resources to the segment and the assessment of its performance; and (iii) for which separate financial information is available.

The amounts reported in each segment arise from all the subsidiaries that are included in each segment presented in note 1.2.1, as well as from the elimination of transactions between subsidiaries of the same segment.

Segment information is presented consistently with the internal reporting produced and made available to the Executive Committee and to the Board of Directors of Luz Saúde based on which they monitor the Group's operations, using total revenue and operating profit or loss by business segment as the main monitoring measures. Financial results and income tax are not analyzed in terms of business segment, as they are dependent on decisions taken at Group level.

REVENUE

Revenue or income is recognized whenever economic benefits are likely to flow to the Group and it can be reliably estimated, being measured at the fair value of the consideration received or receivable, net of discounts granted and taxes. The revenue associated with the transaction is recognized with reference to the stage of completion of the transaction at the reporting date.

Healthcare revenue

The scope of healthcare services rendered in the private segment, revenue is recognized based on the activity produced in the period (as it is understood that in the majority of the activities the fulfillment of the performance obligation is substantially completed at the time of the medical act) valued by the price lists defined for each medical procedure performed, regardless of its actual billing.

Sale of goods

In the sale of goods made by the Group, there is only one performance obligation, so revenue is recognized when the goods are transferred to the customer.

The criteria for recognizing the remaining activities are presented in note 21.11.4

[ESTIMATE]

Revenue Valuation

Valuation of the healthcare procedures performed is estimated based on the price lists agreed with the clients, with the final amount of the consideration being billed only after acceptance by the client, a condition that for a part of the revenue is only known in the following year. The amount of revenue to be invoiced on 31 December 2022 amounts to €35.6 million (2021: €49.2 million), being recorded as an accrued income in trade and other receivables heading in the balance sheet (note 11.1).



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notes to the conso- lidated financial statements

3.1. segment reporting

The main activities carried out by the Group are grouped into the following business segments:

- Private healthcare;
- Public healthcare;
- Other activities;
- Corporate center.

Until the year ended 31 December 2021, the main activities developed by the Group were allocated into four business segments: private healthcare, public healthcare, other activities and corporate center. With the end on 18 January 2022 of the HBA Management Contract, the public healthcare segment was reclassified to be presented as discontinued operations (note 17).

As at 31 December 2022, the private healthcare segment included the following business units:

- Thirteen hospitals dedicated to acute differentiated care, namely surgery, inpatient treatments and specialized diagnostics, which are complemented by a strong capacity in the provision of non-acute primary care on an outpatient basis;
- Thirteen outpatient clinics dedicated to non-acute primary care, including clinical consultations in a wide range of medical and surgical specialties, complementary means of diagnostics and therapy (namely in the area of imaging and clinical analysis), and permanent medical care;
- One residential hospital, specialized in the provision of healthcare involving rehabilitation, medical or post-surgical convalescence, neurostimulation and general support for dementias (particular in the case of Alzheimer's disease), long-term care, palliative care and geriatric care, day-center or inpatient basis.

The other activities segment is where the Group includes the other business areas. In this segment, the Group has a senior residence unit, a company that operates in the trading and logistic business, serving

both the Group healthcare units and third parties, and a company dedicated to training, research and innovation, that also operates an innovative simulation center for the training of healthcare professionals.

The corporate center segment provides shared services in the following areas: strategic and operational consulting, human resources, financial services, quality assurance, legal support, IT, maintenance of infrastructures, management of call centers, negotiation and supply, marketing and communication to the units of the different business segments.



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The financial information related to performance for the years ended 31 December 2022 and 2021 for the different business segments is as follows:

DECEMBER 2022

	Private healthcare	Public healthcare	Other activities	Corporate center	Eliminations and adjustments	Consolidated
Operating Income						
Third party customers	582 543	-	9 503	-	34	592 080
Intersegment	503	-	13 068	35 159	(48 730)	-
Other operating income and gains	2 825	-	525	3 808	(184)	6 974
Total operating income	585 871	-	23 096	38 967	(48 880)	599 054
Operating expenses	(540 151)	-	(25 797)	(39 138)	48 918	(556 168)
Operating result by segment	45 720	-	(2 701)	(171)	38	42 886
Finance costs						(13 743)
Finance income						1 502
Financial results						(12 241)
Profit before income tax						30 645
Income tax expense						(2 445)
(Loss) / Profit for the year from continuing operations						28 200
(Loss) / Profit for the year from discontinuing operations	-	(1 501)	-	-	-	(1 501)
Profit/(loss) attributable to non-controlling interests	(170)	(1)	-	-	-	(171)
Profit attributable to equity holders of the parent						26 870

DECEMBER 2021

	Private healthcare	Public healthcare	Other activities	Corporate center	Eliminations and adjustments	Consolidated (restated)
Operating Income						
Third party customers	524 469	-	15 121	-	-	539 590
Intersegment	2 526	-	15 630	30 245	(48 401)	-
Other operating income and gains	1 916	-	364	337	(384)	2 233
Total operating income	528 911	-	31 115	30 582	(48 785)	541 823
Operating expenses	(494 060)	-	(33 328)	(33 878)	48 783	(512 483)
Operating result by segment	34 851	-	(2 213)	(3 296)	(2)	29 340
Finance costs						(12 660)
Finance income						475
Financial results						(12 185)
Profit before income tax						17 155
Income tax expense						627
(Loss) / Profit for the year from continuing operations						17 782
(Loss) / Profit for the year from discontinuing operations	-	(1 443)	-	-	-	(1 443)
Profit/(loss) attributable to non-controlling interests	(276)	(1)	-	-	-	(277)
Loss attributable to equity holders of the parent						16 616



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Regarding the size of the Group's main customers in terms of healthcare service revenue, only one customer represents a percentage greater than 20% of the operating income in the private healthcare segment.

Intersegmental transactions are carried out at arm's length, on a similar basis to transactions with third parties.

other information

DECEMBER 2022

	Private healthcare	Public healthcare	Other activities	Corporate center	Eliminations and adjustments	Consolidated
Depreciation and amortization	32 401	-	1 530	4 913	(96)	38 748
Investment in property, plant and equipment	14 672	-	140	6 796	-	21 608
Investment in intangible assets	69	-	-	5 348	-	5 417

DECEMBER 2021

	Private healthcare	Public healthcare	Other activities	Corporate center	Eliminations and adjustments	Consolidated (restated)
Depreciation and amortization	29 079	-	1 671	4 385	(215)	34 920
Investment in property, plant and equipment	24 502	660	1 141	1 451	-	27 754
Investment in intangible assets	296	-	-	2 324	-	2 620

The Group does not disclose information about the financial position by operating segments since this information is not used by the Board of Directors and the Executive Committee in the decision making process.



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3.2. revenue by activity and timing of revenue recognition

	31-dec-22	31-dec-21 (restated)
Revenue by activity		
Hospitals	536 338	485 232
Outpatient clinics	37 495	30 576
Residential hospitals	8 462	7 399
Senior residences with services	3 672	5 089
Other services	2 322	1 677
	588 289	529 973
Sale of goods	3 791	9 617
	592 080	539 590
Timing of revenue recognition		
At a point in time	532 939	485 851
Over time	59 141	53 739
	592 080	539 590

2022 registered a significant growth in revenue from hospitals and outpatient clinics. This growth in revenue occurred on an overall basis in all healthcare units, with emphasis on HLL, which contributed to 48% of this increase. In the first half of 2022 two new outpatient clinics were opened in Santa Maria da Feira and Covilhã.

The decrease in revenue from senior residences with services is related to the disposal of the Casas de Carnaxide unit (note 17).

The item other services include mainly the amounts related to the operation of car parking and retail stores existing in the Group's hospital units, as well as the revenue associated with the rendering of training services.

3.3. contract assets and liabilities

Contract assets and liabilities can be presented as follows:

	31-dec-22	31-dec-21
Contract assets (note 11.1.2)	-	23 932
Contract liabilities (note 14.2)	(11 360)	(12 628)
	(11 360)	11 304

Until 31 December 2021, the Group accounted for the amounts related to the HBA management contract as contract assets. With the end of this contract, these amounts are no longer considered as such, as it is understood that the Group no longer has performance obligations related to this contract.

4. other operating income and gains

	31-dec-22	31-dec-21 (restated)
Gain on sale of business unit	3 405	-
Operating grants	662	392
Other operating income and gains	2 907	1 841
	6 974	2 233

The item gain on the sale of business unit relates mainly to the gain generated in the sale of Casas de Carnaxide. With this operation, the Group sold the business and the related assets to the operation of Residência Sénior de Carnaxide unit for an amount of €7.25 million, generated a gain of €3.4 million (note 17).

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5. inventories consumed and sold

	31-dec-22	31-dec-21 (restated)
Inventories at 1 January	19 856	20 893
Inventories at 1 January from the public healthcare segment	(3 404)	(3 998)
Inventories at 1 January	16 452	16 895
Purchases	84 481	85 114
Inventory adjustments	312	(1 666)
Inventories at 31 December	(16 217)	(16 452)
Inventories consumed and sold	85 028	83 891

6. cost of services and materials

[ESTIMATE]:

The Group recognizes a monthly estimate for fees to be paid to its employees without a labor contract. This estimate is recorded based on the historic payments, the agreements established with each service provider, the time worked, the number of clinical procedures performed, and the nature of the services rendered. The final calculation of these amounts can occur in a period after the approval of these financial statements and as such there may be differences between the estimated amounts and the final amounts paid. The estimate for fees payable on 31 December 2022 amounts to €36.1 million (2021: €36.5 million), being recognized in the profit or loss, in the heading cost of services and material in the item subcontracts or professional fees (note 11.3).

	31-dec-22	31-dec-21 (restated)
Subcontracts	131 254	116 168
Professional fees	91 368	81 911
Specialized work	15 141	15 055
Maintenance and repair	13 712	12 178
Electricity	2 933	5 713
Fuel and other fluids	2 585	1 355
Security services	2 425	2 645
Travel and accommodation	1 880	1 687
Insurance	1 633	1 511
Advertising	1 594	1 143
Communication	1 563	1 352
Materials	1 199	1 199
Water	904	814
Software use rights	893	547
Cleaning services	418	337
Other materials and services consumed	1 907	1 747
	271 409	245 362

The increase in the caption of cost of services and materials is in line with the growth of the Group's activity, especially in subcontracts and professional fees items. These two items include the amounts paid to healthcare professionals from the different units of the Group, that operate on a service provider basis.

The specialized work is related to the contracting of consultants, most of which are related to IT system consulting costs. Maintenance and repair costs relate to the main infrastructure maintenance contracts operated by the Group.

The changes in electricity and fuel and other fluids items, from 2021 to 2022, are the result of the direct and indirect impact of the armed conflict in Ukraine, while electricity registered a decrease, as a result of

the combination of the following impacts: (i) hedging of energy pricing contracted by the Group in previous years and (ii) the cost reduction of network usage fees. Fuel and other fluids registered a sharp increase due to the evolution of gas price.

7. personnel expenses

[POLICY]

Group personnel are entitled to one month of vacation and one month of vacation allowance, a right acquired in the year prior to their payment. Additionally, according to the performance evaluation system in place, the personnel and Board of Directors executive members may receive a bonus in the case of achievement of certain objectives, a right usually acquired in the year prior to its payment. These commitments are recognized in the statement of profit or loss in the period in which the personnel and Board Directors acquire the referred rights, regardless of the date of their payment. The liability assumed is recognized in liabilities under the caption other accounts payable.

[ESTIMATE]

The Group recognizes a monthly estimate for bonuses and other variable remunerations that considers the objectives agreed with the personnel and corporate bodies members, the achievement of those objectives and the general situation of the Group's businesses. The variable remuneration of the executive members

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[ESTIMATE (continue)]

of the Board of Directors of Luz Saúde is determined by the Remuneration Committee based on the assessment made on the performance of the previous year, among other factors. The current cost estimate for the year recorded under the heading other accounts payable, is prepared based on Management's best estimate of the performance for the current year, with the final value only known in the following year. The amount recorded by the Group on 31 December 2022 to face this liability amounts to €8.3 million (2021: €7.3 million).

	31-dec-22	31-dec-21 (restated)
Corporate body remunerations	4 335	3 280
Personnel wages and salaries	114 676	103 954
Payroll related expenses	24 399	22 162
Other personnel expenses	5 755	5 215
	149 165	134 611

The number and distribution of the Group's personnel by business segment can be presented as follows:

	Average number			Number at 31 December		
	2022	2021 (resta- ted)	Change	2022	2021 (resta- ted)	Change
Private	5 194	5 046	148	5 263	5 120	143
Other	119	156	(37)	122	164	(42)
Corporate center	790	774	16	791	772	19
	6 103	5 976	127	6 176	6 056	120

The remuneration expenses attributed to the members of the governing bodies of the various companies of the Group were as follows:

	31-dec-22	31-dec-21 (restated)
Board of the General Shareholders Meeting	17	26
Audit Board	51	51
Board of Directors	4 267	3 203
	4 335	3 280

The fees of the Auditor (booked in the profit and loss, on the caption cost of services and materials) agreed for the year 2022 can be presented as follows:

	31-dec-22	31-dec-21 (restated)
Audit and statutory audit	349	353
Other assurance services	-	41
Audit related services	-	-
Tax consultancy	-	-
	349	394

8. other operating expenses

	31-dec-22	31-dec-21
Taxes	7 093	5 863
Affiliation fees	294	267
Donations	378	47
Other operating expenses	1 217	477
	9 000	6 700

Taxes includes expenses with VAT supported, property tax and fees and licenses related to the Group's activity, with the increase in this item explained by the increase in VAT supported.

9. finance cost, net

[POLICY]

Finance costs include interest incurred and other bank expenses related to the financing of the Group's operations, being recognized in the statement of profit or loss on an accrual basis.

Finance income include interest, gains from ineffective financial instruments and financial discounts obtained from third parties, being recognized in the period to which they relate. Dividends are also recognized from the moment the obligation to distribute dividends is constituted in the investee.

	31-dec-22	31-dec-21 (restated)
Interest and other financial costs		
Interest expenses	11 100	9 640
Charges for derivative financial instruments (note 16)	754	816
Other financial costs	1 889	2 204
	13 743	12 660
Other financial income		
Other financial income	(416)	(475)
Fair value of derivative financial instruments (note 16)	(1 086)	-
	(1 502)	(475)
Financial cost, net	12 241	12 185

The growth in interest expense is mainly due to the impact of the change in the Euribor index rate in 2022.



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The item other financial costs includes mainly expenses with credit lines contracted by the Group (set up and maintenance fees), recognized through profit or loss applying the effective interest rate method. The decrease in this item is due to the cost of the restructuring operation carried out in December 2021, with the aim of increasing the maturity of the Group debt.

Interest expenses item can be presented as follows:

	31-dec-22	31-dec-21 (restated)
Commercial paper	2 960	3 927
Lease liabilities (note 12.2.2)	3 440	3 189
Bank loans	3 925	1 136
Bond loans	522	456
Other loans	366	932
	11 213	9 640
Capitalized interest	(113)	-
Total interest paid	11 100	9 640

10. income tax

[POLICY]

Income tax includes current and deferred tax. Income taxes are recognized in the statement of profit or loss, except when they are related to items recognized directly in equity, in which case they are also recorded in equity.

Current taxes are those that are expected to be paid based on the taxable income calculated in accordance with the tax rules in force and using the approved or substantially approved tax rate. Deferred taxes are calculated according to the liability method based on the reporting date, on temporary differences between the book values of the assets and liabilities and their tax base, using the tax rates approved or substantially approved at the reporting date and that are expected to be applied when the temporary differences are reversed. Deferred tax assets are recognized only to the extent that it is expected that there will be taxable profits in the future, to use the temporary differences.

Luz Saúde is taxed according to the special tax regime for groups of companies (RETGS), which covers all entities in which the parent company of the tax group participates, directly or indirectly, in at least 75% of the respective share capital and as long as they comply with the requirements established in the Corporate Income Tax Code (CIRC).

The Group offsets deferred tax assets and liabilities whenever: (i) the Group has the legally enforceable right to offset current tax assets and current tax liabilities; (ii) deferred tax assets and liabilities relate to income taxes levied by the same tax authority and on the same taxable entity or on different taxable entities that intend to settle current tax liabilities and assets on a net basis, or realize the assets and settle liabilities simultaneously, in future periods when deferred taxes are expected to be settled or recovered.



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[ESTIMATE]

The calculation of income tax and deferred tax amounts requires certain interpretations and estimates. There are several transactions and calculations for which the determination of the final amount of tax payable is uncertain during the normal business cycle. Other interpretations and estimates could result in a different level of taxes on profits, current and deferred, recognized in the period, of which we highlight:

- the recognition of deferred tax assets only to the extent that it is expected that there will be taxable profits in the future, sufficient to absorb deductible temporary differences. As at 31 December 2022, the Group has tax losses in the approximate amount of €0.8 million (2021: €6.6 million) for which no deferred tax assets have been recognized.

- recognition of current and deferred tax assets in relation to tax credits arising from investment in research and development projects under SIFIDE.

Bearing in mind that the value of the tax credit for each year is only known in the following year, the Group estimates the values of the tax credit based on efforts made in the year and historical approval rates, weighted by a prudence coefficient. As at 31 December 2022, the amount recorded based on an estimated basis amounts to approximately €1.8 million (2021: €3.3 million), from which €0.7 million is included in assets from discontinued operations.

The Tax Authorities are responsible for reviewing the calculation of the tax base made by the Group over a period of four to ten years, in the event of carried forward tax losses (five years for Social Security). It is possible that there may be corrections to the tax returns, mainly resulting from differences in the interpretation of tax legislation. However, the Board of Directors believes that there will be no significant corrections to taxes on profits recorded in the consolidated financial statements.

10.1. income tax on the statement of profit or loss

The breakdown of the income tax charge as at 31 December 2022 and 2021 can be analyzed as follows:

	31-dec-22	31-dec-21 <small>(restated)</small>
Tax reported in the statement of profit or loss, is related with:		
Tax from continuing operations	(2 445)	627
Tax from discontinued operations	446	2 748
Total of tax reported in the statement of profit or loss	(1 999)	3 375
Tax from continuing operations		
Current tax	(4 697)	590
Tax from previous years	(186)	560
Deferred tax asset	4 153	3 753
Deferred tax liability	(1 715)	(4 276)
Total of tax reported in the statement of profit or loss	(2 445)	627

Tax from previous years in 2021 results mainly from the outcome in favor of the Group, of a set of disputes that the group had with the Portuguese Tax Authority (PTA).

10.2. reconciliation of the effective tax rate of income tax

The tax rate reconciliation from continuing operations can be analyzed as follows:

	31-dec-22	31-dec-21 (restated)
Profit for the year from continuing operations	28 200	17 782
Loss for the year from discontinued operations	(1 501)	(1 443)
Income tax expense	(1 999)	3 375
Profit before income tax	28 698	12 964
Income tax rate	21,00%	21,00%
	(6 027)	(2 722)
Local and state surtax	(1 300)	(1 241)
Gain in the sale of a subsidiary	735	-
Autonomous taxation	(525)	(580)
Tax benefits SIFIDE	3 118	4 532
Other tax benefits	905	1 979
Tax from previous years	186	560
Other effects	909	847
	(1 999)	3 375

10.3. reconciliation of current tax in the income statement with current income tax on the balance sheet

	31-dec-22	31-dec-21
Current tax in the statement of profit or loss	(684)	(1 009)
Payments on account	2 344	752
Withholding tax	71	61
Current income tax in the balance sheet	1 731	(196)

10.4. detail of deferred tax assets and liabilities

Deferred tax assets and liabilities as at 31 December 2022 and 2021 can be presented as follows:

The amount presented in the column without effect on profit or loss, is related essentially to the transfer of the public segment operations to discontinued operations.

	31-dec-21	Recognized in the profit or loss	Without effect in the profit or loss	Recognized in equity	31-dec-22
Deferred tax assets					
Valuation of property, plant and equipment	714	(44)	-	-	670
Provisions and impairment losses	8 088	(655)	(3 494)	-	3 939
Tax losses carried forward	6 002	1 215	(4 214)	-	3 003
Derivatives (note 16)	517	-	-	(517)	-
Other	10 080	3 637	(3 170)	-	10 547
	25 401	4 153	(10 878)	(517)	18 159
Deferred tax liabilities					
Valuation of property, plant and equipment	(4 174)	(94)	-	-	(4 268)
Goodwill	(952)	(159)	-	-	(1 111)
Derivatives (note 16)	-	-	-	(678)	(678)
Other	-	(1 462)	(1 899)	-	(3 361)
	(5 126)	(1 715)	(1 899)	(678)	(9 418)
Deferred tax asset/(liability)	20 275	2 438	(12 777)	(1 195)	8 741

	31-dec-20	Recognized in the profit or loss	Without effect in the profit or loss	Recognized in equity	31-dec-21
Deferred tax assets					
Valuation of property, plant and equipment	810	(96)	-	-	714
Provisions and impairment losses	4 876	3 258	(46)	-	8 088
Tax losses carried forward	9 724	(3 601)	(121)	-	6 002
Derivatives (note 16)	577	-	-	(60)	517
Other	8 182	4 192	(2 294)	-	10 080
	24 169	3 753	(2 461)	(60)	25 401
Deferred tax liabilities					
Valuation of property, plant and equipment	(4 487)	169	144	-	(4 174)
Goodwill	(792)	(160)	-	-	(952)
	(5 279)	9	144	-	(5 126)
Deferred tax asset/(liability)	18 890	3 762	(2 317)	(60)	20 275



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The other assets item can be detailed as follows:

	31-dec-22	31-dec-21
SIFIDE	7 712	9 006
Share capital remuneration	582	375
CFEI II	562	610
Other	1 691	89
Other deferred tax assets	10 547	10 080

10.5. tax losses

As at 31 December 2022, the Group has tax losses carried forward of €15.1 million (2021: €35.2 million).

C financial position

11. working capital

11.1. trade and other receivables

[POLICY]

Trade and other accounts receivable are recognized at their fair value and are classified as current assets since they have no implicit interest and are subsequently presented using the amortized cost method, which is estimated to be identical to the nominal value, less impairment losses associated with them. If collection is expected to occur within one year or less after the date of the reporting date, the assets are classified as current assets, otherwise, they are classified as a non-current asset.

A contract asset is a right to receive cash in exchange for goods or services transferred to the customer, which is conditional on the fulfillment of an additional obligations.

[ESTIMATE]

Impairment losses related to doubtful debts are based on the Group's assessment of the probability of recovering the accounts receivable balance (note 15.1) and on the results of the expected credit loss provisioning model applied to credits of an operational nature. Both the valuation process and the expected credit loss simplified provisioning model vary depending on the time of default, the debtor's credit history, the nature of his activity and the deterioration of the debtors' credit situation. As at 31 December 2022 the Group had a provision level for impairment of receivables resulting from its commercial operations of 12.5% (2021: 14.8%). If the debtors' financial conditions deteriorate, impairment losses may be higher than expected.

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	31-dec-22	31-dec-21
Trade receivables		
Trade receivables (note 11.1.1)	52 083	74 876
Accrued income for services rendered (note 11.1.2)	35 564	49 154
Trade receivables - related parties (note 20)	16 753	13 923
Doubtful trade receivables	17 841	19 899
Impairment of trade receivables (note 15.1.1.3)	(15 231)	(23 403)
	107 010	134 449
Other accounts receivable		
Other accrued income (note 11.1.2)	1 258	1 618
State and other public entities (note 11.1.3)	3 328	7 251
Other debtors	292	2 252
Impairment of other receivables (note 15.1.1.3)	(418)	(505)
	4 460	10 616
	111 470	145 065
From which:		
Current	109 757	143 427
Non-current	1 713	1 638

11.1.1. trade receivables

11.1.1.1. classification as trade receivables

Trade receivables are amounts due for services rendered or sales made in the ordinary course of the Group's business. They are generally due for settlement within 30 days and are therefore all classified as current.

11.1.1.2. factoring

[POLICY]

Financial assets are derecognized when (i) the Group's contractual rights to receive future cash flows expire, (ii) the Group has substantially transferred all the risks and benefits associated with its ownership or (iii) nevertheless retains part, but not substantially, of the risks and benefits associated with its ownership of the receivables and the group as transferred the control over its assets.

The Group uses full factoring to anticipate the financial inflow associated with some of its receivables. Full factoring, to the extent that it substantially transfer the rights and risks over the financial assets to third parties (namely credit and default risk and cash flow risk from a contractual date), allows the Group to derecognize these assets. As at 31 December 2022, the amounts derecognized under factoring agreements without recourse amount to approximately €17.4 million (2021: €22.4 million).

11.1.1.3. fair value of trade receivables

Due to the short-term nature of the trade receivable balances presented above, it is considered that their carried amount has no relevant difference to their fair value.

11.1.1.4. trade receivable impairment and credit risk

Information about customer impairment and the group's exposure to credit risk is presented in note 15.1. During the year, an impairment loss of €568 thousand was recognized in the Impairment of receivables, net of reversals (note 14.2).

11.1.2. accrued income

	31-dec-22	31-dec-21
Clinical services to be invoiced	35 564	25 222
Revenue from the management contract of HBA	-	23 932
Total accrued income from services rendered	35 564	49 154
Other accrued income	1 258	1 618
	36 822	50 772

The item revenue from the management contract of HBA, in 2021, refers to (i) the difference between the value of actual annual production and the amounts billed monthly (1/12 of 90% of the agreed annual value), and (ii) the amounts under validation by ARS-LVT on reconciliation payments from previous years. During 2022, the balance was reclassified to be presented as discontinued operations (note 17).

The increase in the clinical services to be invoiced item is due to the increase in activity during 2022.

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11.1.3. state and other public entities

	31-dec-22	31-dec-21
Value Added Tax (VAT)	3 328	6 201
Corporate Income Tax (CIT)	-	1 050
	3 328	7 251

Amounts receivable from the State and Other Public Entities in respect of corporate income tax refer to payments made under the Exceptional Debt Settlement Regime, whose reimbursement took place in 2022, following the outcome of a dispute with the Portuguese Tax Authority (PTA).

Value added tax (VAT) includes the amounts calculated at the level of the Group's operations that entitle it to deduct VAT.

11.2. inventories

[POLICY]

Inventories comprise materials to be used by healthcare units and goods for sale to third parties within the scope of the GLST subsidiary's activity. In both cases materials are valued at the lower of acquisition cost and net realizable value. The acquisition cost comprises the expenses incurred until the storage of the inventories, using the weighted average cost as a costing method.

The net realizable value corresponds to the estimated selling price less estimated selling costs.

	31-dec-22	31-dec-21
Drugs	4 294	6 106
Clinical devices	11 381	12 294
Other	542	1 456
	16 217	19 856
Inventories impairment	(1 126)	(900)
	15 091	18 956

11.2.1. amounts recognized in profit or loss

In note 5 is presented the details of inventories consumed and sold. During the 2022 a loss of €225 thousand was recognized an impairment of inventories, net of reversals (note 14.2).

11.3. trade and other payables

[POLICY]

Trade and other accounts payable include the liabilities related to the acquisition of goods or services, by the Group in the normal course of its activities. If payment is due within one year or less after the reporting date, they are classified as current liabilities, otherwise, they are classified as non-current liabilities.

Trade and other accounts payable, considered as current liabilities, are initially recognized at their fair value less transaction costs incurred and are subsequently measured at amortized cost based on the effective rate method, which is estimated to be identical to its nominal value, ie, at cost.

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11.3.1. trade and other payables

	31-dec-22	31-dec-21
Trade payables		
Trade payable	27 997	29 078
Trade payable - related entities (note 20)	128	353
Fixed asset suppliers	5 235	5 301
Trade payables total	33 360	34 732
Other payables		
Accrued expenses (note 11.3.3)		
Clinical fees payable	36 073	36 453
Personnel related expenses	28 571	26 709
Accrued expenses LURs	553	696
Other accrued expenses	7 483	8 935
	72 680	72 793
Other creditors		
State and Other Public Entities (note 11.3.2)	5 277	6 020
Other creditors	2 142	3 714
	7 419	9 734
Other creditors total	80 099	82 527
Trade and other payables total	113 459	117 259

11.3.1.1. classification as trade payables

Trade payables balances are amounts due for services or goods acquired in the normal course of the Group's business. They are unsecured balances with a payment term between 30 to 60 days.

11.3.1.2. fair value of trade payables

Due to the maturity associated to the balances presented above, it is considered that their carrying value has no material difference to their fair value.

11.3.2. accrued expenses

The item clinical fees payable refers to the liability estimated with professionals without permanent labor contract with the Group. This estimate is recorded based on the historical amounts, the agreements established with each services provider, in work time and number of clinical acts performed.

The item personnel related expenses include the liabilities for personnel's vacation period, vacation allowance and the variable remuneration estimate.

Accrued expenses LURs (lifetime use rights) result from the recognition of the liability associated with lifetime use contracts for senior residences operated by the Group.

11.3.3. state and other public entities

	31-dec-22	31-dec-21
Social security contributions	2 744	3 533
Personal income tax	1 876	2 392
Value added tax (VAT)	657	95
	5 277	6 020

11.4. other current and non-current assets

	31-dec-22	31-dec-21
Deferred expenses	5 908	6 244
Advances to suppliers	2 798	3 163
	8 706	9 407
From which:		
Current	6 004	6 647
Non-current	2 702	2 760



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12. investments

The Group's investment (including property plant and equipment, intangible assets and right-of-use assets) in 2022 reached around €50.8 million (2021: €51.7 million), of which approximately €17.7 million (2021: €15.3 million) refers to expansion investment. The remaining investment refers essentially to the acquisition of clinical equipment for several units of the Group. On 31 December 2022, the Group had assumed investment commitments in the amount of € 2.5 million (2021: €6.9 million).

12.1. property, plant and equipment

[POLICY]

Property, plant and equipment is valued at acquisition/ construction cost less accumulated depreciation and impairment losses. The acquisition/construction cost includes the invoice price, transportation and assembly expenses, financial charges, and exchange rate differences on bank loan, incurred during the construction period, and the indirect costs attributable to it during the construction period.

Gains or losses arising from the disposal of property, plant and equipment are determined by the difference between the disposal value less transaction costs and the carrying amount of the asset, being recorded in the statement of profit or loss under other operating income or other operating expenses.

Property, plant and equipment in progress represent the assets still in the construction phase and are recorded at acquisition cost. These assets are depreciated from the month in which they are fully available to be used for their intended purposes.

Land is not depreciated. Depreciation of the remaining property, plant and equipment assets is calculated using the straight-line method, starting from the month in which the assets are available for use. The depreciation rates used correspond, on average, to the following estimated useful lives:

	Years
Buildings	4 - 40
Basic equipment	2 - 20
Transport equipment	3 - 8
Office equipment	2 - 20
Other property, plant and equipment	3 - 20

Depreciation ceases when the assets are classified as held for sale.

When there is an indication that an asset may be impaired, its recoverable amount is estimated, and an impairment loss is recognized whenever the carried amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the profit or loss, in the caption impairment, net of reversals.

[ESTIMATE]

Depreciation / amortization is calculated on the acquisition cost using the straight-line method, starting from the month in which the asset is available for use. The depreciation / amortization rates used reflect the best knowledge about the estimated useful life. The residual values of the assets and the respective useful lives are reviewed and adjusted, when necessary.

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At 31 December 2022, the property, plant and equipment assets in progress essentially include the investments made in the expansion of the new business units of Clínica da Luz in Setúbal, Clínica da Luz in Funchal, in the construction of a sterilization facility for the southern part of the country and remodeling/ expansion works at Hospital da Luz Torres de Lisboa and Hospital da Misericórdia in Évora.

12.1.1. changes in property, plant and equipment

	Land and buildings	Basic and transport equipment	Office equipment	Other tangible assets	In progress	Total
Acquisition cost						
Balance at 1 January 2021	482 136	178 403	12 421	5 053	3 714	681 727
Additions	-	6 742	405	294	20 313	27 754
Disposals, write-offs and adjustments	(379)	(1 175)	(290)	(7)	(20)	(1 871)
Transfer to assets from discontinued operations (note 17)	(11 441)	(1 262)	(55)	-	(14)	(12 772)
Transfer	3 345	2 277	120	3	(5 744)	1
Balance as at 31 December 2021	473 661	184 985	12 601	5 343	18 249	694 839
Balance at 1 January 2022	473 661	184 985	12 601	5 343	18 249	694 839
Additions	1 639	4 563	584	275	14 547	21 608
Disposals	(149)	(439)	(32)	(3)	-	(623)
Write-offs and adjustments	173	(1 034)	(109)	(21)	(320)	(1 311)
Transfer to assets from discontinued operations (note 17)	(8 704)	(20 586)	(4 001)	-	(1 076)	(34 367)
Transfers	4 466	6 887	175	2	(12 477)	(947)
Balance at 31 December 2022	471 086	174 376	9 218	5 596	18 923	679 199
Accumulated depreciation						
Balance at 1 January 2021	155 455	156 780	11 340	3 950	-	327 525
Depreciation for the financial year	7 963	7 049	553	244	-	15 809
Disposals, write-offs and adjustments	(19)	(1 323)	(272)	2	-	(1 612)
Transfer to assets from discontinued operations (note 17)	(4 859)	(1 163)	(77)	(1)	-	(6 100)
Transfer	-	(5)	5	-	-	-
Balance at 31 December 2021	158 540	161 338	11 549	4 195	-	335 622
Balance at 1 January 2022	158 540	161 338	11 549	4 195	-	335 622
Depreciation for the year	7 899	7 297	416	266	-	15 878
Disposals	-	(261)	(1)	(3)	-	(265)
Write-offs and adjustments	(335)	(1 179)	(146)	(27)	-	(1 687)
Transfer to assets from discontinued operations (note 17)	-	(19 260)	(3 664)	-	-	(22 924)
Transfer	-	(2)	2	-	-	-
Balance at 31 December 2022	166 104	147 933	8 156	4 431	-	326 624
Impairment losses						
Balance at 1 January 2021	5 847	-	-	-	-	5 847
Balance at 31 December 2021	5 847	-	-	-	-	5 847
Balance at 1 January 2022	5 847	-	-	-	-	5 847
Impairment reversal (note 14.2)	(1 077)	-	-	-	-	(1 077)
Transfer to assets from discontinued operations (note 17)	(1 828)	-	-	-	-	(1 828)
Balance at 31 December 2022	2 942	-	-	-	-	2 942
Net book value						
As at 31 December 2021	309 274	23 647	1 052	1 148	18 249	353 370
As at 31 December 2022	302 040	26 443	1 062	1 165	18 923	349 633



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12.1.2. property, plant and equipment as guarantee

Some of the Group's real estate properties, with a net book value on 31 December 2022 of approximately €68.6 million, are mortgaged as collateral to a bank to guarantee one of the Group's finance lines (note 13.6).

Additionally the legal ownership of a set of properties held by the Group with a net value of approximately €234.1 million, is held by the financing banks, as part of the Group's long-term financing activity. Under the terms of the contracts, the Group has the right to repurchase the assets at the end of the contract, or at any moment of the contract, subject to the payment of a pre-agreed additional amount.

12.1.3. impairment losses on property, plant and equipment

The impairment losses can be detailed as follows:

	31-dec-22	31-dec-21
Tivoli Hotel - Porto	-	2 904
Plot of land no. 28 on Av. Marechal Teixeira Rebelo in Lisbon	2 069	2 068
Santa Catarina clinic in Funchal	873	873
	2 942	5 846

During the year it was recognized in the profit or loss under the net impairments item, the reversal of an impairment loss in the amount of €1.1 million (note 14.2) relating to the property known as Hotel Tivoli in Oporto. This asset in 2022 was transferred to assets from discontinued operations caption following the sale process which is in progress (note 17).

12.1.4. carrying amount recognized if the land and buildings were stated at revalued amount

If the Group had opted to present its land and buildings at their revalued amount determined according to an independent appraisal conducted by a specialist market entity, their value would amount to approximately €489 million.

12.2. right-of-use assets

[POLICY]

Each lease agreement made by the Group is assessed to determine whether it gives the right to control the use of an identifiable asset for a specified period in exchange for remuneration, whenever this happens (and beginning on 1 January 2019 onwards) the Group recognizes in its non-current assets an asset for right-of-use and in liabilities the corresponding liability as a liability for lease, from the moment the asset becomes available for use.

The Group enters to lease contracts to use assets in its operating activity such as real estate properties, clinical, medical and administrative equipment and vehicles. Typically lease contracts have a duration of periods of 4 to 10 years, except for real estate properties in which longer periods are considered and the duration of contracts may exceed 20 years, if the options provided for in the contract are exercised by the Group. When applicable, the Group allocates lease payments from the contract to lease components and other than leases, based on the value of each component, except for vehicle leases, in which it was decided not to separate the lease components and not lease, recognizing the two components together as if it were a single lease component.

Right-of-use assets are measured at cost, which comprises the initial measurement value of the lease

liability, any lease payments made on or before the lease start date, less the lease incentives received, any initial direct costs (which includes all the necessary expenses to use the leased asset) and dismantling and replacement costs.

Some lease contracts have variable rents that are determined based on the level of utilization of the underlying assets. Since these contracts include minimum utilization commitments, the Group believes that, for this minimum component, the conditions to consider these contracts as right-of-use assets are met.

Right-of-use assets are depreciated in the same way as property, plant and equipment assets, at the shorter of the assets' useful life and the lease term on a straight-line basis, except when the Group has a purchase option on the underlying asset and it is reasonably certain that that option will be exercised, the asset is depreciated over the underlying asset's useful life.

Additionally, the right-of-use asset is reduced by impairment losses, if any, and adjusted for any remeasurement of leasing liabilities.

12.2.1. right-of-use - amounts recognized in balance sheet

	31-dec-22			31-dec-21		
	Acqui- sition value	Accu- mu- lated depre- ciation	Net value	Acqui- sition value	Accu- mu- lated depre- ciation	Net value
Right of use of assets						
Land and buildings	70 080	(18 614)	51 466	58 433	(16 698)	41 735
Basic equipment	108 054	(49 540)	58 514	96 218	(43 106)	53 112
Office equipment	423	(182)	241	324	(130)	194
Transport equip- ment	5 203	(3 513)	1 690	4 551	(2 816)	1 735
Other assets	246	(100)	146	244	(69)	175
	184 006	(71 949)	112 057	159 770	(62 819)	96 951
Lease liabilities						
Current			21 681			16 877
Non-current			84 582			77 283

In the current year, the Group recognized additions of new right-of-use assets in the amount of €24.6 million (2021: €21.4 million).

The Group has call options on the assets inherent to the above contracts, which at the reporting date have a carrying amount of €56.1 million (2021: €51.3 million). These call options have a very low exercise value, and as such it is very likely that the Group will exercise these options when they reach the end of the lease period.



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12.2.2.
right-of-use
- amounts
recognized
in the statement
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or loss

	31-dec-22	31-dec-21
Depreciation of right-of-use assets		
Buildings	5 521	5 315
Basic equipment	14 231	11 664
Transport equipment	943	1 029
Office equipment	52	42
Other assets	31	30
	20 778	18 080
Financial expenses		
Financial expenses on lease agreements (note 9)	3 440	3 189
	3 440	3 189
Rents		
Expenses with short term contracts	362	337
Expenses with low value contracts	177	150
Expenses with variable income contracts	608	612
Expenses with lease agreements for intangible assets	893	547
	2 040	1 646

In the year 2022, payments made on lease contracts amounted to €29.2 million (2021: €20.6 million).

Lease liabilities are presented in note 13.6.7.

12.3.
intangible
assets

[POLICY]

Intangible assets are recognized at acquisition cost, less accumulated amortization and impairment losses, when applicable. Intangible assets are only recognized when it is probable that they will result in future economic benefits for the Group and that they can be reliably measured.

Intangible assets with defined useful lives are amortized using the straight-line method, starting from the month in which they are available for use. The amortization rates used correspond, on average, to the following estimated useful lives:

	Years
Software	3 - 5
Property rights	3 - 10

Intangible assets with an indefinite useful life (goodwill) are not subject to amortization, being subject to impairment tests in the last quarter of each financial year or at the moment that there is an indication that they may be impaired.

[ESTIMATE]

The Group annually tests for impairment of goodwill recognized as an intangible asset. For this purpose, the Group estimates the recoverable amount of cash-generating units to which goodwill is allocated. The recoverable amount is determined based on the value in use, which results from discounting the estimated future cash flows, using a discount rate that reflects the risk associated with the asset valued. If the future cash flows considered are lower than those estimated, there may be a need to recognize an impairment losses of a significant amount.

12.3.1. changes in intangible assets

	Goodwill	Software	Property rights	In progress	Total
Acquisition costs					
Balance at 1 January 2021	147 677	17 990	87	1 404	167 158
Additions	-	170	-	2 450	2 620
Transfer to assets from discontinued operations (note 17)	-	(6)	-	-	(6)
Transfers	-	2 552	-	(2 552)	-
Balance at 31 December 2021	147 677	20 706	87	1 302	169 772
Balance at 1 January 2022	147 677	20 706	87	1 302	169 772
Additions	-	20	-	5 397	5 417
Transfer to assets from discontinued operations (note 17)	-	(478)	-	-	(478)
Transfers	-	3 031	-	(2 907)	124
Balance at 31 December 2022	147 677	23 279	87	3 792	174 835
Accumulated amortization					
Balance at 1 January 2021	-	12 632	80	-	12 712
Amortizations of the financial year	-	1 815	-	-	1 815
Transfer to assets from discontinued operations (note 17)	-	(5)	-	-	(5)
Balance at 31 December 2021	-	14 442	80	-	14 522
Balance at 1 January 2022	-	14 442	80	-	14 522
Amortizations of the financial year	-	2 093	-	-	2 093
Transfer to assets from discontinued operations (note 17)	-	(477)	-	-	(477)
Balance at 31 December 2022	-	16 058	80	-	16 138
Net book value					
At 31 December 2021	147 677	6 264	7	1 302	155 250
At 31 December 2022	147 677	7 221	7	3 792	158 697

Goodwill results from operations of business combinations, namely acquisitions of healthcare business.

Assets in progress essentially refer to projects for the development/ implementation of new IT solutions.



12.3.2. goodwill

The goodwill in the consolidated balance sheet can be presented as follows:

	Goodwill	
	31-dec-22	31-dec-21
HOSPOR	89 944	89 944
HLC	26 684	26 684
HLG	14 665	14 665
HLTL	8 721	8 721
HLA	3 611	3 611
HLF	3 126	3 126
Other, net	926	926
Total goodwill, net	147 677	147 677

12.3.3. goodwill impairment

The recoverable amount of goodwill is tested annually in the last quarter of each financial year, or whenever there is an indication of a possible loss in value. As mentioned, the recoverable amount is determined based on the value in use of the assets, which is calculated using methodologies based on discounted cash flow techniques (DCF), considering the historical performance, market conditions, future expectations development, time value and risks for each business.

For the purposes of the tests, carried out in the last quarter of 2022 and 2021, the Group defined a set of assumptions to determine the recoverable value

of the investments made, of which the highlight the following:

Year	Calculation method	Projection period	Pre-tax discount rate	Perpetuity growth rate
2022	DCF	5 anos	4,94%	1,8%
2021	DCF	5 anos	3,45%	1,8%

The following should be noted:

- Projected cash flows are based on the budgets prepared by the companies and approved by their respective Board of Directors, which represent the first year of cash flows for the period under analysis;
- Medium and long-term projected cash flows are based on historical performance and business plans and are extended in perpetuity;
- The assumptions used in projecting cash flows for each of the cash-generating units are those to which the recoverable amount of the unit is most sensitive;
- The key assumptions used are a reflection of past experience and external sources of information; and,
- The growth rate used is in accordance with the average long-term growth rate for the market in which the unit operates.

The impairment test includes a sensitivity analyzes to some of the key assumptions used, namely regarding the following variables: (i) growth rate in perpetuity (-1.00 pp) and (ii) discount rate (+0, 50 pp). The result of the sensitivity analyzes did not triggered any indications of impairment.

As a result of these impairment tests carried, the Group concluded that on 31 December 2022 there was no need to recognize additional goodwill impairment losses.

12.4. investments in associates

[POLICY]

Associates are companies over which the Group has significant influence over its financial and operating policies, although it does not have control. Investments in associates are consolidated using the equity method, from the moment the Group acquires significant influence until the moment it ceases. In accordance with this method, financial investments in associated companies are recognized in the consolidated balance sheet at cost and are adjusted periodically by the amount corresponding to the participation in their net results, with a corresponding entry to gains and losses recorded directly in the consolidated statement of profit or loss.

Dividends attributed by associated entities are recorded as a decrease in the respective amount of financial investments, when they are attributed.

12.4.1. changes in investments in associates

	31-dec-22	31-dec-21
Financial investments		
Balance at 1 January	851	857
Charged to the profit or loss		
Equity method	-	(60)
	-	(60)
Without effect on profit or loss		
Realization of equity investments	(239)	54
Transfer to financial assets at fair value through profit or loss	(612)	-
Balance at 31 December	-	851

In April 2022, the Group sold the shares representing 37.5% of the capital of GENOMED, in the amount of €195 thousand. Of this amount, it has already received €53 thousand and the remaining €142 thousand are recorded under other debtors item. The receipt of this amount is contingent upon the receipt by GENOMED of funds from research and development projects already allocated but not yet received.

The investment in HL-SGE (10%) was transferred to the financial assets at fair value through profit or loss caption, since it is understood that the ending of HBA management contract, the Group no longer has significant influence over the associate.

12.5. financial assets at fair value through profit or loss

[POLICY]

The caption financial assets at fair value through profit or loss other financial assets include equity instruments held by the Group related to companies over which it has no control or significant influence. Financial investments are measured at fair value through profit or loss when the Group does not hold them with a long-time strategic purpose and choose not to recognize gains and losses through other comprehensive income.

12.5.1. classification as financial assets at fair value through profit or loss

The Group recognize the following financial assets at fair value through profit or loss:

- investments that do not qualify to be measured at amortized cost;
- financial investments held for trading; and
- financial investments for which the entity has not choose to recognize fair value gains and losses through other comprehensive Income.

Financial assets at fair value through profit or loss, are detailed in:

	31-dec-22	31-dec-21
Financial assets at fair value through profit and loss		
FCR Capital Criativo IV	1 859	1 920
Explorer Growth Fund IV, FCR	1 455	1 500
Iberis Bluetech Fund II FCR	1 452	1 454
FCT - Fundo de Compensação do Trabalho	1 321	1 151
Iberis Bluetech Fund III, FCR	1 000	-
Explorer Growth Fund V, FCR	1 000	-
FCR C2 R&D Growth VI	1 000	-
Explorer Growth Fund III, FCR	962	987
Iberis Bluetech Fund, FCR, EuVECA	888	899
HL-SGE	612	-
UpHill SA	550	550
C2 R&D Growth V	475	490
Other financial assets	30	28
	12 604	8 979

As in previous years, at the end of 2022, and within the scope of its research & development (R&D) and business development areas, the Group invested in three Venture Capital Fund (FCR) with the aim of develop an investment portfolio in entities with a large component of its activity dedicated to investment in research and development.

HL-SGE was until 18 January 2022 presented under the associates caption, on that date due to the termination of the HBA management contract, it is understood that the Group no longer has significant influence on the associate, and therefore it was reclassified to financial assets at fair value through profit or loss.

The payments considered as investment cash flows in the consolidated statement of cash flows do not include expenditures on FCT, as this value is considered to have an operational nature, being classified as such for the purpose of preparing the statement of cash flows.

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12.5.2. amounts recognized in profit or loss

During the year, fair value gains and losses of €0.12 million and €0.15 million were recognized, respectively, in the other financial income and gains and other financial expenses items of the profit or loss.

13. financing of operations

13.1. capital management

The Group aims to maintain an adequate level of equity to allow it to, not only ensure the continuity and development of its activity, but also to provide adequate remuneration for its Shareholders and the optimization of its cost of capital.

Capital structure is monitored based on financial leverage ratios, namely: net debt/invested capital (gearing), and net debt/EBITDA.

Targets to both ratios are a Gearing level below 60% and a Net Debt / EBITDA ratio between 3 and 4.

These ratios, as at 31 December 2022 and 2021, as monitored by the Group, are as follows:

	31-dec-22	31-dec-21
Net debt (note 13.6)	375 641	392 993
Total shareholders' equity	296 855	265 663
Invested capital	672 496	658 656
Gearing (Net debt / Invested capital)	55,9%	59,7%
EBITDA	81 634	60 985
Net debt/EBITDA	4,60	6,44

The net debt/EBITDA ratio presented by the Group, despite having a significant reduction, is still above the target defined by the Group operating decision makers, essentially due to the conclusion of an important investment cycle at the end of 2020, whose businesses are not yet at the growth stage and have not yet reached the expected performance level, having negatively impacted the development of the Group's activities.

13.2. capital

[POLICY]

Capital refers to the nominal value of the common shares issued. Share premium is recognized when the share issue value exceeds its nominal value. The costs of issuing new shares are recognized directly in this heading, net of the respective tax.

Own shares are valued at their acquisition price and recorded as a decrease to equity. When these shares are sold, the amount received, less any direct transaction costs and respective tax, is recognized directly in equity.

Luz Saúde's share capital is composed of 95 542 254 ordinary registered shares with a nominal value of one euro (31 December 2021: 95 542 254 shares).



13.2.1. reserves and retained earnings

As at 31 December 2022, and 2021, the balance of reserves and retained earnings (including comprehensive income for the year) can be presented as follows:

	31-dec-22	31-dec-21
Legal reserve	6 656	5 520
Other reserves	124 698	103 113
Retained earnings	(24 207)	(18 327)
Comprehensive income for the year attributable to the Owners	31 363	16 841
	138 510	107 147

13.2.1.1. non-distributable reserves

Non-distributable reserves include mainly the legal reserve created by the allocation of the net profit from the parent company until the 2021 financial year.

13.2.1.2. other reserves and retained earnings

Other reserves are related with unrestricted reserves constituted by the allocation of profit from the parent company in previous years.

Retained earnings includes the results obtained by the Group in previous years which are not available for immediate distribution to Shareholders.

Distributable reserves

Given that the distribution of earnings to shareholders must be carried out in accordance with the individual financial statements of Luz Saúde, part of the results generated by the Group may have limitations in terms of distribution to Shareholders, so it is recommended that these consolidated financial statements are read together with the individual financial statements of Luz Saúde, to have a better understanding about this matter.

Appropriation of results

According to the proposal presented and approved at the Shareholders Meeting held on 27 May 2022, the individual profit of Luz Saúde, for the year 2021, had the following application:

	Year 2021	Year 2020
Legal reserve	1 136	-
Unrestricted reserves	21 585	5
Statutory profit allocation	22 721	5

13.3. earnings per share

[POLICY]

The earnings per share basic is calculated by dividing the net profit/loss attributable to the Company's Shareholders by the weighted average number of ordinary shares outstanding during the period, excluding the average number of own shares held.

For the calculation of diluted earnings per share, the weighted average number of outstanding ordinary shares is adjusted to reflect the effect of all potential diluting common shares, such as those resulting from convertible debt or options on own shares granted to employees. The dilution effect translates into a decrease in earnings per share, resulting from the assumption that convertible instruments are converted or that the options granted are exercised.

	31-dec-22	31-dec-21
Profit/(loss) from continuing operations attributable to equity holders of the parent	28 371	18 059
Profit/(loss) from discontinued operations attributable to equity holders of the parent	(1 501)	(1 443)
Average number of shares	95 542	95 542
Basic earnings per share from continuing operations	0,297	0,189
Basic earnings per share from discontinued operations	(0,016)	(0,015)
Total basic earnings per share	0,281	0,174

At 31 December 2022 and 2021, the Group does not have / had financial instruments, with a diluting effect, so there is no difference between the basic and diluted loss or earnings per share.

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13.4. non-controlling interests

13.4.1. changes in the year

	31-dec-22	31-dec-21
Balance at 1 January	1 178	1 503
Charged to the statement of profit or loss:	(171)	(277)
No impact in statement of profit or loss		
Acquisition of non-controlling interests	-	(48)
	-	(48)
Balance at 31 December	1 007	1 178

In 2021 the acquisition of non-controlling interests refers to the acquisition of interests in the subsidiary HLA.

13.4.2. detail of non-controlling interests

	31-dec-22	31-dec-21
HLA	612	570
RML	1 123	1 122
SGHL	(44)	(43)
HLF	(684)	(471)
	1 007	1 178

13.4.3. financial information of subsidiaries with non-controlling interests

The summary financial information of subsidiaries with non-controlling interests can be presented as follows:

	HLA	SGHL	RML	HLF
Summarized net assets				
Current assets	16 777	24 467	141	2 074
Current liabilities	(7 995)	(5 130)	(36)	(2 580)
Current net assets/(liabilities)	8 782	19 337	105	(506)
Non-current assets	12 351	9 817	5 559	10 677
Shareholder loans	-	(43 500)	-	(12 460)
Non-current liabilities	(7 304)	(11 766)	-	(1 168)
Net assets/(liabilities)	13 829	(26 112)	5 664	(3 457)
Summarized profit or loss				
Total revenue	23 055	5 499	-	7 819
Profit before income tax	1 190	(1 947)	(27)	(1 546)
Expenses	(313)	446	7	387
Profit / (loss)	877	(1 501)	(20)	(1 159)
Summarized cash flows				
Operating cash flow	3 272	3 877	38	(194)
Investment cash flow	8 020	(326)	-	(1 004)
Financing cash flow	(1 548)	(2 950)	(150)	719
Change in cash and cash equivalents	9 744	601	(112)	(479)



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13.5.
cash
and cash
equivalents

[POLICY]

The amounts included in cash and cash equivalents correspond to the amounts of cash, bank deposits, short term deposits and other, maturing in or less than three months and with an insignificant risk of change in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the amounts recorded in the consolidated balance sheet with a maturity of less than three months from the date of contracting / acquisition, which includes cash, cash and cash equivalents at credit institutions and bank overdrafts.

	31-dec-22	31-dec-21
Cash	1 211	1 186
Bank deposits	46 141	34 904
	47 352	36 090

Due to the maturity associated to the balances presented above, it is considered that their carrying value has no material difference to their fair value.

13.5.1.
reconciliation
of cash and cash
equivalents
with cash
flows statement

For the purposes of preparing the cash flows statement, cash and cash equivalents is composed as follows:

	31-dec-22	31-dec-21 (restated)
Cash and cash equivalents as stated above	47 352	36 090
Bank overdrafts	(247)	(35 692)
Cash and cash equivalents from discontinuing operations	1 472	55
Final balance as stated in the statement of cash flow	48 577	453

13.6.
net debt

[POLICY]

Financial liabilities are recorded (i) initially at fair value less transaction costs incurred and (ii) subsequently at amortized cost, based on the effective interest rate method; or at fair value, whenever the Group decides, upon initial recognition, to designate this financial liability at fair value through profit or loss, under the fair value option.

They are classified as current or non-current liabilities depending on their maturity. If the debt matures less than one year after the reporting date, it is classified as a current liability, if it matures more than one year after the reporting date and its renewal is contractually guaranteed for more than 12 months after the reporting date, it is classified as a non-current liability. Its derecognition occurs when the obligations arising from the contracts end, namely at the time of settlement.

Financial costs are calculated according to the effective interest rate method and recorded in the statement of profit or loss, on an accrual basis.

13.6.1. summarized net debt

	31-dec-22			31-dec-21		
	Current	Non-current	Total	Current	Non-current	Total
Secured						
Commercial paper	27 109	52 750	79 859	-	79 806	79 806
Bank loans	5 746	69 443	75 189	5 320	75 085	80 405
Leases	21 681	84 582	106 263	16 877	77 283	94 160
Factoring	250	-	250	541	-	541
Total secured debt	54 786	206 775	261 561	22 738	232 174	254 912
Unsecured						
Commercial paper	7 453	58 004	65 457	5 000	53 496	58 496
Bank loans	18 777	33 049	51 826	16 369	33 024	49 393
Bond loans	6 722	36 450	43 172	1 194	28 500	29 694
Other loans	977	-	977	36 588	-	36 588
Total unsecured debt	33 929	127 503	161 432	59 151	115 020	174 171
Interest-bearing liabilities	88 715	334 278	422 993	81 889	347 194	429 083
Cash and cash equivalents			(47 352)			(36 090)
Interest-bearing net debt			375 641			392 993

13.6.2. guarantees

13.6.2.1. secured liabilities

Both the commercial paper line and the bank loan lines presented in the table above are guaranteed by the Group's real estate properties, either through mortgages on the properties as in the case of the commercial paper line, or in the case of the bank loans that take the form of real estate leaseback, and consequently the legal possession of the real estate properties belongs to the lenders, with the Group having options to repurchase them. The values of the guarantees are higher than the amounts of the contracted lines.

In lease contracts, the rights over the underlying assets revert to the lenders in case of default since the legal possession of the assets belongs to the lenders over the contract period.

Factoring amounts include advances received relating to amounts granted in the scope of reverse factoring contracts, as well as amounts relating to customer balances assigned to full factoring contracts which at 31 December 2022 according to Group estimates did not meet the criteria to be derecognized.

13.6.2.2. other guarantees

Most of the aforementioned financing lines contain non-financial constraints, the most frequent being:

- negative pledge provisions, in relation to higher value and maturity lines;
- restrictions on the use of capital resources, acquisitions and disposal of assets;
- Pari passu obligations;
- situations of non-compliance, which include cross-default clauses for companies that are under control or in a group relationship with the respective borrower;
- conditions of change of control provisions that require the controlling Shareholder (Fosun Group) to maintain a controlling direct or indirect position in the Company;
- limitations on dividend distributions.

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13.6.3. financial covenants

In terms of financial covenants, the Group is obliged to comply with financial ratios set forth in the financing agreements in force on this date, namely:

- Net debt to EBITDA
- Shareholders' equity to assets

At 31 December 2022, Luz Saúde was not in breach of contracted covenants.

13.6.4. fair value

The credit lines contracted by the Group are subject to market rates (Euribor), with the periodic adjustment of the rates occurring between 1 and 12 months after the reporting date. Consequently, it is understood that the existing differences between the carrying amount and the fair value of the liabilities are not materially relevant.

13.6.5. commercial paper

The commercial paper finance lines available are as follows:

Start date	End date	Subscription underwriting	Program amount	Amount used on 31-Dec-22	Amount used on 31-Dec-21
10/02/2011	28/12/2026	Sim	80 000	80 000	80 000
18/05/2016	30/06/2025	Sim	40 000	40 000	43 000
05/05/2020	01/01/2024	Sim	15 000	15 000	10 000
10/08/2018	10/02/2024	Sim	10 500	10 500	5 500
17/03/2017	17/03/2024	Não	30 000	-	-
				145 500	138 500
Accrued interest and other expenses, net				(184)	(198)
				145 316	138 302

In 31 December 2022, all of the commercial paper lines contracted by the Group are fully utilized, with the exception of the non-subscription underwriting line of €30 million, which is entirely unused.

13.6.6. bank loans

The changes of bank loan facilities held by the Group are as following:

	31-dec-22	31-dec-21
Bank loans at the 1 January	129 798	55 766
New lines:		
Failed Sale and Lease-Back at 15 years	-	68 362
Failed Sale and Lease-Back at 10 years	-	12 539
Other lines	15 000	11 200
Loans reimbursement	(17 796)	(18 162)
Interests and low value credit lines	13	93
Bank loans at 31 December	127 015	129 798

In December 2021, a set of leaseback financing contracts were signed with banks which the Group already financed its operations, in order to extend the maturity of the Group's debt and thus enhance its sustainability levels. These contracts were entered into for periods of 10 to 15 years, and lead to the recognition of a financial liability in accordance with the provisions of IFRS 9.

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13.6.7.
bond
loans

Start date	End date	Amount used on 31-Dec-22	Amount used on 31-Dec-21
18/12/2020	18/12/2027	28 500	30 000
14/12/2022	14/12/2025	15 000	-
		43 500	30 000
	Interest accrued and other expenses, net	(328)	(306)
		43 172	29 694

On 12 December 2022, the Group contracted a bond loan in the amount of €15 million, represented by 150 bonds with a unit value of €100 thousand, called "Luz Saúde 2022-2025".

13.6.8.
lease
liabilities

[POLICY]

Until 31 December 2018, the Group classified its leasing operations as finance leases or operating leases, according to their substance and not their legal form, in accordance with the criteria established in IAS 17 - Leases Operations. When the risks and benefits inherent into the ownership of an asset are transferred to the lessee, were classified as finance leases. All other leasing operations were classified as operating leases.

From 1 January 2019 onwards, lease contracts, previously classified as operational leases gave rise to the recognition of an asset (under right-of-use assets) and a liability from the date the underlying asset became available for use by the Group or on the date on that the investment compromise is assumed. The assets and liabilities arising from a lease are initially measured at present value.

Lease liabilities include the current value of the following lease payments:

- fixed payments (including fixed payments in substance), less lease incentives;
- variable payments, based on an index or rate, initially measured based on an index or rate at the start date;
- expected payments for residual value guarantees;
- exercise value of a call option, when the Group has reasonable certainty of exercising that option;
- payment of penalties for terminating contracts, as long as the Group exercises this option; and
- payments to be made under contract extension options when the Group is reasonably certain of exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be easily determined, the Group's incremental financing rate is used, which is the rate that the lessee would have to pay for obtaining the funds necessary to obtain an asset of a similar value to the right-of-use asset for a similar period, in a similar economic environment, and with similar guarantees.

To determine the incremental financing rate, the Group:

- whenever possible, uses the recent financing conditions obtained from third parties, adjusted to reflect changes in financing conditions since the financing was obtained, for contracts lasting up to 7 years;
- for contracts with a duration of more than 7 years, typically real estate lease contracts, the incremental rate was composed from the aggregation of the interest rate observable in the real estate market, adjusted by the Group's financing rate differential for the market and for the rate of Portuguese Bonds for similar terms.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability value until they come into effect. Adjustments to lease payments based on an index or rate imply a revaluation of the lease liability against the increase in the asset under use rights.

The lease payments are separated from the settlement of the acquisition value and its financial component, in which the financial cost is recorded in the statement of profit or loss during the lease period, in order to produce an effective interest rate.

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[ESTIMATE]

In determining the lease term, the Group considers all the facts that contribute to the exercise or not of the option to extend the lease period.

Thus, extension options are only considered for the purpose of determining the term of the lease of a right-of-use asset if it is reasonably certain that the lease will be extended (or not terminated).

In the case of real estate and equipment leases, in order to assess the extension of a lease, factors such as those referred to below are usually the most relevant in terms of decision making:

- existence of significant penalties for non-termination (or non-extension) of the contract;
- if the improvements made to the asset under lease have a significant value on the date of the potential termination (or non-extension);
- the Group's ability to find a similar asset that allows it to replace the asset underlying the lease.

The lease terms used reflect the best estimate of the life of each lease.

The reassessment of the term of each lease with an extension option is carried out when the option is actually exercised (or not exercised) or the Group is obliged to exercise the option (or not to exercise), or in the event of a significant event or a significant change in circumstances that affect the assessment initially carried out by Management. During the years of 2022 and 2021, there was no financial impact

resulting from the revaluation of the exercise of an option to extend a lease.

The maturity of the lease agreements established by the Group is shown below:

	31-dec-22	31-dec-21
Lease liabilities		
Less than 12 months	21 681	16 877
12-24 months	16 982	16 419
24-36 months	14 259	12 227
36-48 months	10 928	10 229
48-60 months	6 357	10 361
> 60 months	36 056	28 047
	106 263	94 160

13.6.9. factoring

Includes advances received relating to trade receivables balances assigned under reverse factoring contracts, and the amounts related to trade receivables assigned to full factoring which at 31 December 2022 according to the Group's estimates did not meet the criteria for derecognition.

14. others

14.1. provisions

[POLICY]

Provisions are recognized when (i) the Group has a present obligation, due to past events (legal or constructive), (ii) it is likely that a cash outflow will be required and (iii) when the amount of the obligation can be reliably estimated. When one of these requisites is not met, the Group discloses the event as a contingent liability, unless the possibility of an outflow of funds is highly unlikely.

The amount of the provision corresponds to the present value of the obligation, with the financial discount being recorded as a financial expense under the caption finance costs.

Provisions balances are reviewed on the reporting date and are adjusted to reflect the best estimate on that date.

When losses in associated companies exceed the investment made in those entities, the investment's carrying amount is reduced to zero, and future losses are no longer recognized, except to the extent the Group has incurred a legal or constructive obligation to bear those losses on behalf of the associated company, in which case a provision is recorded for impairment of financial assets.

A provision is recognized for litigation in progress when the expenses that will be incurred due to legal proceedings filed by third parties can be reliably estimated. The estimate is based on an assessment of the likelihood of having a cash outflow, based on the opinion of the Group's legal advisors, and the historical in case of recurring operations.

[ESTIMATE]

The Group exercises considerable judgment in recognizing and measuring provisions. Judgment is essential to assess the probability that a given litigation process will be successful. Provisions are set up when the Group expects, with respect to ongoing proceedings, that the loss is probable, that an outflow of funds is plausible and, in turn, can be reasonably estimated. Due to the uncertainties inherent in the valuation process, the actual losses may be different from the estimated losses in the provision. These estimates are subject to change as new information about the process emerges. The provisions set up by the Group are essentially related to tax situations and contractual penalties arising from contracts entered into by the Group. Revisions to the estimates of these losses may affect future results.

14.1.1. change in provisions

The change in the provisions in the years 2022 and 2021 can be presented as follows:

	Litigation	Tax disputes	Liabilities with associates	Contractual penalties	Other risks	Total
Provisions						
Balance at 1 January 2021	839	1 727	400	5 292	897	9 155
Effect on profit or loss						
Additional provisions	824	614	-	4 683	7 955	14 076
Unused amounts reversed	(98)	-	(400)	-	-	(498)
	726	614	(400)	4 683	7 955	13 578
Without effect on profit or loss						
Used	282	(139)	-	-	(1 282)	(1 139)
	282	(139)	-	-	(1 282)	(1 139)
Balance at 31 December 2021	1 847	2 202	-	9 975	7 570	21 594
Balance at 1 January 2022	1 847	2 202	-	9 975	7 570	21 594
Effect on profit or loss						
Additional provisions	-	-	-	-	3 567	3 567
Unused amounts reversed	(462)	(3)	-	-	-	(465)
	(462)	(3)	-	-	3 567	3 102
Without effect on profit or loss						
Transfers	-	-	-	-	1 378	1 378
Classified as discontinued operations	(100)	-	-	(9 975)	(3 443)	(13 518)
Used	(669)	(1 802)	-	-	-	(2 471)
	(769)	(1 802)	-	(9 975)	(2 065)	(14 611)
Balance at 31 December 2022	616	397	-	-	9 072	10 085

In 2021, the effect on profit or loss includes a net increase in provisions of €8.9 million, which refers to the operations of the Public healthcare segment, which in 2022 is presented as a discontinued operation.



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14.1.2. information about provisions

Litigation

In its operations, the Group incurs into operational risks arising from the specificity of its activity, in particular clinical risks. In order to face these risks, the Group contracted an insurance policy that partially mitigates these risks, with a provision being recognized for the estimate payments that the Group may incur.

Tax disputes

The provision for tax disputes is intended to address disputes with Portuguese Tax Authorities, as described in note 18.1.1.3.

Contractual penalties

The provision for penalties is related with risks and contractual penalties considered as probable.

14.2. impairment, net

	31-dec-22	31-dec-21 (restated)
Trade and other receivables (note 15.1.1.3)	568	2 133
Inventories (note 11.2)	225	150
Tangible fixed assets (note 12.1)	(1 077)	-
	(284)	2 283

14.3. deferred income and other current liabilities

[POLICY]

A contract liability is an obligation to transfer goods or services to a customer, for which the Group has already received the amount (or the amount is already due) from the customer. If the customer pays the amount before the Group transfers the goods or services to him, a liability for the contract is recognized upon payment or the payment becomes due (whichever comes first). Contract liability is recognized as revenue when the Group executes the contract.

The Group recognized the following liabilities for customer contract liabilities:

	31-dec-22	31-dec-21
Deferred income LRUs	2 642	5 628
Advances from clients	8 718	7 000
	11 360	12 628

Deferred income LRUs (lifetime rights of use) are related to the business of Senior Residences, the income from the sale of these rights is initially recorded in deferred income and is regularly recognized as revenue on a straight-line basis over the expected life of each client. These balances as well as the amount of advanced from clients meet the criteria to be considered as a contract liability.



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management

15.
financial
risk

In its operations, the Group holds the following financial instruments:

	31-dec-22	31-dec-21
Financial assets		
At amortized cost		
Trade and other receivables (note 11.1)	108 142	137 814
Other assets (note 11.4)	2 798	3 163
Cash and cash equivalents (note 13.5)	47 352	36 090
At fair value through profit or loss		
Financial assets at fair value through profit or loss (note 12.5)	12 604	8 979
Derivative financial instruments		
Used for hedging (note 16)	4 327	-
	175 223	186 046
Financial liabilities		
At amortized cost		
Trade payables (note 11.3)	33 360	34 732
Other payables (note 11.3)	80 099	82 527
Borrowings and bank overdrafts (note 13.6)	316 730	334 923
Lease liabilities (note 13.6)	106 263	94 160
Other liabilities (note 14.3)	8 718	7 000
Derivative financial instruments		
Used for hedging (note 16)	-	2 466
	545 170	555 808

The Group's financial risk management is predominantly controlled by DFA, thus within the scope of its activity DFA identifies, assesses and manages the exposure to the different financial risks in close cooperation with the Group's operating units.

The Board of Directors provides the guiding principles for overall risk management, as well as the policies to be followed in specific areas, such as market risk, credit risk and liquidity risk.

This note provides information on the Group's exposure to each of the aforementioned risks, as well as the Group's goals, procedures and practices for measuring and managing these risks. Further disclosures of a quantitative nature are presented throughout these financial statements.

The identified risks are reviewed regularly to remain adherent to the reality of market conditions and the Group's activities.

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15.1 credit risk

Credit risk arises from the possibility that financial losses may occur due to a debtor's default on contractual obligations with the Group in the course of its business.

The Group's credit risk exposure essentially arises from accounts receivable from its business activities and from monetary funds managed under the Group's treasury activity.

The following table presents the maximum exposure of the Group to the credit risk:

	31-dec-22	31-dec-21
Trade receivables and accrued income (note 11.1)	107 850	136 067
Bank deposits and other cash equivalents (note 13.5)	46 141	34 904
Other receivables (note 11.1)	1 503	2 933
	155 494	173 904

15.1.1. trade receivables and accrued income

In order to monitor credit risk arising from operational activity, management accompanies on a continuous basis its debtors' portfolios and their outstanding balances. This approach is complemented both by

methodologies and tools for assessing and controlling risks associated with the customer acceptance phase, classifying them and defining credit limits, as well as in terms of collection procedures and circuits.

The monitoring of the Group's credit risk profile, namely with regard to the evolution of credit exposures and the monitoring of uncollectible losses, is carried out regularly by DSAF together with the units, and DFA monitors at consolidated level. Compliance with approved credit limits is also subject to regular analysis at each unit.

The Group has defined a credit procedure according to which each new customer is individually analyzed from the point of view of its credit risk prior to its acceptance as a customer. This review involves an analysis of external information and, when available, references from third parties regarding the entity.

As at 31 December 2022, and 2021, the trade receivable by segment is detailed as follows:

	31-dec-22	31-dec-21
Trade receivables and accrued income		
Private healthcare	106 252	94 511
Public healthcare	-	39 743
Other segments and eliminations	1 598	1 813
	107 850	136 067

15.1.1.1. maturity of the private healthcare segment balances

The ageing of the trade receivables balance and accrued income for the private healthcare segment, as at the respective invoice date/service rendered, is detailed as follows:

	31-dec-22	31-dec-21
0-3 months	92 042	77 015
3-6 months	5 393	6 959
6-12 months	5 263	6 639
12-24 months	5 197	6 797
> 24 months	13 863	12 633
	121 758	110 043
Accumulated impairment	(15 506)	(15 532)
	106 252	94 511

15.1.1.2. public healthcare segment

Under the payment system in force at HBA, at the end of each month, the State should settle 90% of 1/12 of the contracted value of annual production (regardless of the actual value of production verified), and the settlement value (which could include the remaining 10% plus any eventual additional

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production carried out above the contracted amount, as there are areas where it is allowed to exceed the defined production limit, such as emergency care and inpatient episodes) should be settled during the next year.

As at 31 December 2022, and although the HBA management contract has already expired, there are still amounts receivable from ARS-LVT under the management contract. Thus, an amount of €22.9 million is recorded under assets from discontinued operations, which is still awaiting the conclusion of the respective validation process.

15.1.1.3. impairment of receivables

Impairment losses for receivables are estimated based on the estimated losses in the portfolio, based on an analysis of the outstanding balances at the reporting date and the matrix for calculating expected losses.

As of 31 December 2022, the Group considers that the amount of bad debts from continuing commercial operations amounts to 14.6% of the customer balance for which it has a level of provision of 12.5%. If the financial conditions of the debtors deteriorate, the impairment losses could be higher than expected.

The changes of impairment receivable on 31 December 2022 and 2021 can be presented as follows:

	31-dec-22		31-dec-21
	Trade re- ceivables	Other re- ceivables	
Impairment of trade and other receivables at 1 January	23 403	505	20 059
Effect on profit or loss			
Additional impairment from the application of the credit loss model	2 114	-	5 747
Reversed	(1 546)	-	(1 305)
	568	-	4 442
Without effect on profit or loss			
Transferred to discontinued operations	(7 646)	(87)	-
Used	(1 094)	-	(593)
Impairment of trade and other receivables at 31 December	15 231	418	23 908

In 2021, the effect on results includes a net increase in impairments of €2.2 million, which refers to the operations of the Public healthcare segment, which in 2022 is presented as a discontinued operation.

15.1.2. bank deposits

The breakdown of bank deposits, according to the rating of the financial institutions where the assets were deposited on 31 December 2022, can be presented as follows (based on Moody's rating):

	31-dec-22	31-dec-21
Rating		
Baa1	-	893
Baa2	1 046	10 490
Baa3	18 143	3 642
Ba2	16 714	12 974
B2	10 103	-
Caa1	-	6 838
Others	135	67
	46 141	34 904

As guiding principle, the Group aims to maintain an alignment between the financial entities where it deposits its funds, and the financial entities where it has financing lines used, in order to create a natural hedge for a potential credit event that may occur at the level of entity where the funds are deposited. Thus, if we consider the net position of the Group's assets and liabilities with banking institutions, the risk of realizing the assets amounts to €135 thousand (2021: €171 thousand).

15.2. liquidity risk

Liquidity risk arises from the potential inability to finance the Group's assets, or from meeting the liabilities contracted on the maturity dates. Prudent liquidity risk management implies the maintenance of amounts in cash and cash equivalents and the availability of contracted credit lines that can be immediately used to meet obligations arising from financial liabilities to be overcome. Liquidity management is centralized in DFA. The aim is to maintain a satisfactory level of cash and cash

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equivalents to meet the financial needs in the short, medium and long term. In order to assess the global exposure to this type of risk, reports are prepared that allow not only to identify the occasional treasury ruptures and to activate the measures that tend to cover them. As of 31 December 2022, the Group hold deposits amounting to €46.1 million (2021: €34.9 million) and available credit lines amounting to €28.8 million (2021: €30.8 million).

Note 13.6 presents the credit lines that the Group has to finance its activity.

15.2.1. maturity of financial liabilities

The contractual maturity of financial liabilities will give rise to the following non-discounted cash flows based on the period between the reporting date and maturity:

	31-dec-22				31-dec-21	
	Finance leases	Bank Loans	Com-mercial paper	Other liabili-ties (*)	Total	Total
Under 12 months	21 681	32 222	34 562	122 428	210 893	208 614
12 to 24 months	16 982	27 300	46 604	-	90 886	120 091
24 to 36 months	14 259	29 920	38 450	-	82 629	43 949
36 to 48 months	10 928	12 490	25 700	-	49 118	37 484
49 to 60 months	6 357	20 982	-	-	27 339	48 356
Over 60 months	36 056	48 250	-	-	84 306	97 314
	106 263	171 164	145 316	122 428	545 171	555 808

(*) Excludes non-financial liabilities

Based on active finance contracts and conditions as at 31 December 2022, the Group's average financing rate is of 4.03% (2021: 2.03%).

15.2.2. unused credit lines

As at 31 December 2022 the Group has unused credit lines, in the form of a bank overdrafts, in the amount of €28.8 million.

15.3. market risk

Market risk refers to the Group exposure to changes in market prices, such as foreign currency exchange rates, interest rates or the evolution of stock exchanges, may affect the Group's results and its financial position.

15.3.1. interest rate risk

The majority of credit lines contracted by the Group are remunerated based on variable rates given by Euribor index plus a spread. In the previous year, in order to balance the exposure to changes in interest rates, the Group contracted some cash flow risk hedging instruments, with the objective of fixing the interest rates of some of the financing lines available to it.

As at 31 December 2022 and considering the level of effectiveness that the financial instruments to hedge the risk of interest rate variation contracted have, the composition of the financial debt according to the interest rate type, is the following:

	31-dec-22	% of Total Debt	31-dec-21	% of Total Debt
Variable interest rate debt	223 020	53%	208 427	49%
Fixed interest rate debt	145 801	34%	156 980	37%
Debt without interest rate exposure	54 172	13%	63 676	14%
	422 993	100%	429 083	100%

Considering that the Group's net income is exposed to changes in market interest rates, and for illustrative purposes only, a 50 pp variation in reference rates and considering all other variables unchanged, would result an impact on net income before tax, on an annual basis, of approximately:

	31-dec-22	31-dec-21
Impact of interest rate variation by 50 p.p. in income before tax	1 115	1 077

A global reform of the main interest rate benchmarks is underway, which foresee the replacement of some benchmarks, including the Euribor, with risk-free alternative rates. The Group presents exposures to Euribor variations in its financial instruments that will be impacted by this global reform. There is currently uncertainty about the timings and methods associated with transitioning interest rate benchmarks. The Group, to date, does not expect a significant impact on its



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risk management policies and on the effects of hedge accounting.

The Group will assess and analyze the concrete potential impacts of the potential change in Euribor when the timings and the respective change methods are implemented and, in particular, in the designated interest rate risk hedging relationships.

15.3.2. price risk

The price risk to which the Group is exposed arises from investments in financial assets at fair value through profit or loss (see note 12.5) which mainly includes investments made in venture capital funds' oriented to research and development or in financial assets at fair value through other comprehensive income (see note 16) which includes a derivative financial instrument to hedge the interest rate risk.

To minimize the price risk arising from investments in financial assets, the group seeks to diversify its investment portfolio in venture capital funds oriented to research and development. Portfolio diversification is done based on the limits established by the Group's Management. Regarding the derivative financial instrument, DFA monitors the evolution of the fair value of the derivative on a monthly basis based on information received from the derivative issuing bank and regularly monitors the evolution of interest rates.

15.3.3. exchange rate risk

The Group is exposed to foreign currency exchange rate risk, resulting from its purchasing activity in international markets, operations mainly carried out in US dollars, and to interest rate risk in relation to financial assets and liabilities.

The main objective defined in terms of market risk management focus essentially on monitoring the exchange rates that influence the financial liabilities to which the Group is exposed, both in terms of the commitments already made and the relevance of this exposure in terms of the Group's distribution chain. The Group's currency exposure at 31 December amounted to €0.53 million (2021: €0.65 million).

15.4. fair value hierarchy

The Group's assets and liabilities measured at fair value are presented in the following table, according to the fair value hierarchy:

2022	Total	Level 1	Level 2	Level 3
Fair value of assets				
Financial assets at fair value through profit or loss	12 604	-	-	12 604
Derivatives	4 327	-	4 327	-
Total assets	16 931	-	4 327	12 604
Fair value of liabilities				
Derivatives	-	-	-	-
Total liabilities	-	-	-	-
2021				
Total Level 1 Level 2 Level 3				
Fair value of assets				
Financial assets at fair value through profit or loss	8 979	-	-	8 979
Total assets	8 979	-	-	8 979
Fair value of liabilities				
Derivatives	2 466	-	2 466	-
Total liabilities	2 466	-	2 466	-

The hierarchy for the purposes of assessing fair value has the following levels and bases of measurement:

- Level 1 - quotes from active liquid markets and to which the Group has access at the reporting date;
- Level 2 - generally accepted valuation models based on observable market inputs;



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- Level 3 - valuation models, that the main inputs are not observable in the market.

The Group's financial instruments carried at fair value are disclosed in notes 12.5 and 16, the fair value of the instruments in note 16 is determined by bank entities based on observable market inputs and used in the generally accepted valuation models and techniques (Level 2) and the fair value of financial assets has been recorded based on the valuation disclosed by the entities in the cases of regulated entities, or in cases where this information is not known at cost, which is estimated not to be materially different to the fair value of the referred assets.

16. derivative financial instruments

[POLICY]

Derivative financial instruments are recognized on the contract date at their fair value, which is assumed to be equal to their acquisition cost on the contract date. Subsequently, the fair value of derivative financial instruments is remeasured on each reporting date, with the gains or losses resulting from this remeasurement being recorded directly in the statement of profit or loss, except for the effects related to cash flow hedging derivatives.

The Group uses financial instruments to hedge the interest rate risk resulting from its financing activity. Derivatives that do not qualify as hedging within the scope of IFRS 9 are recorded as trading. Cash flow hedging derivatives are recorded at fair value and insofar as changes in fair value are effective, they are recognized against reserves in equity. Changes in fair value that are not considered to be hedging, as they are considered inefficient in whole or in part, are immediately recognized in the consolidated statement of profit or loss. The amounts accumulated in reserves are reclassified to results in the periods when the hedged item affects results.

In assessing the existence of an economic relationship between the hedged instruments and the hedging instruments, the Group assumes that the interest rate benchmark (Euribor) will not be changed following the

reform of the interest rate benchmarks as permitted by the changes to IAS 39, IFRS 7 and IFRS 9 related to the reform of the interest rate benchmarks.

The aforementioned policy is applicable to all hedging relationships designated as at 31 December 2022.

The Group will cease to apply the above policy when:
(i) the uncertainty regarding the reform of the interest rate benchmarks with respect to Euribor ceasing; or
(ii) the respective hedging relationship is discontinued.

16.1. derivative classification

In 2015, the Group started using derivative financial instruments to hedge interest rate risks that affect the value of expected future cash flows. The hedged risk is the change in the index that the floating rates incorporates, being applicable to the Group's credit lines.

The derivative financial instruments that are contracted for the purpose of hedging interest rate risk on loans are referred to as cash flow hedging. However, when financial instruments do not meet the criteria to be recognized as hedging instruments, they are classified as held for trading and the change in their fair value is recognized in the profit or loss.

The Group, in its interest rates exposure management, hedges cash flows. These transactions are recorded



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in the balance sheet at fair value and, as far as they are considered effective hedges, changes in fair value are initially recorded in other comprehensive income for the period. If the hedge transactions are found to be ineffective, the resulting profit or loss is recorded directly in gain or loss. Amounts accumulated in equity are transferred to profit or loss when the hedged item affects the income statement, for example, when the future hedged sale materializes. The profit or loss corresponding to the effective component of interest rate swaps hedging variable rate borrowings is recognized in other financial income item (note 9).

16.2. fair value of financial derivatives

The fair value of the financial derivatives recorded can be presented as follows:

	31-dec-22	31-dec-21
Interest rate swap contracts - cash flow hedges	4 327	(2 466)
Interest rate swap contracts - held for trading	-	-
Total	4 327	(2 466)
Non-current		
Interest rate swap contracts - cash flow hedges	4 327	(2 466)
Interest rate swap contracts - held for trading	-	-
Current	-	-

The detail of the fair value per contract can be presented as follows:

31 December 2022

Instrument covered	Notional	Start date	Maturity	Fair value
Commercial paper	80 000	26/11/2015	28/12/2026	4 327
				4 327

31 December 2021

Instrument covered	Notional	Start date	Maturity	Fair value
Commercial paper	80 000	26/11/2015	28/12/2026	(2 466)
				(2 466)

The fair value of the hedge derivative is classified in non-current assets or liabilities, when the maturity of

the hedged transaction is greater than 12 months, and as a current asset or liability when the maturity of the hedged transaction is less than 12 months.

16.3. amounts recognized in profit or loss

The notional of interest rate swap contracts outstanding at 31 December 2022 amounted to €80.0 million (2021: €80.0 million), which are considered in the hedge cash flow transactions. These contracts gave rise to the recognition of the change in its fair value, in the Company equity in the year of 2022, resulting from the part considered efficient for hedging purposes of approximately positive €4.5 million positive (2021: €0.3 million, positive), the financial profit of €1.1 million (2021: cost of €0.4 million) was recognized in the income statement as a result of the change in fair value due to the inefficiency of the contracts and approximately €0.8 million related to accrued interest (2021: €1.2 million). In the statement of comprehensive income, these amounts are presented net of the tax effect.



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17.
discontinued
operations

[POLICY]

A discontinued operation is a component of the Group's business that incorporate operating units and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group, and that:

- (i) represents a business segment, a distinct line of business that is of great importance to the Group and operates in a different form from other operations or that represents an operating geographical area;
- (ii) is an integral part of a single coordinated plan to discontinue that business or (distinct) geographic operating area;
- (iii) or is a subsidiary acquired solely for the purpose of resale;

Classification as a discontinued operation occurs when the operation is disposed /or ceases its operating activity or when it meets the criteria to be classified as held for sale, whichever is earlier.

When an operation is classified as a discontinued operation, the comparative income statement, statement of comprehensive income and cash flow statement are restated as if the operation had been

discontinued from the beginning of the comparative year.

In the income statement, the results are shown in earnings from discontinued operations item and, in the statement of financial position, in the assets from discontinued operations and liabilities from discontinued operations items

[ESTIMATE]

PPP Revenue

The management contract of HBA that was in effect until 18 January 2022, provides that the billing of medical acts rendered is carried out monthly for an amount equivalent to 1/12 of 90% of the total agreed annual amount, the remainder being billed in the following year after completion of the validation process of the between the parties. On each reporting date, part of the services rendered by this business unit are not yet billed and are pending completion of their validation process with the contracting entity.

As of 31 December 2022, and despite the payments provided for in the contract having been made, there are still amounts related to services rendered in the years 2012 to 2022, which are still being validated.

Despite the uncertainty that this represents, the Board of Directors assumed the best estimate for the amounts recorded in accounting terms and has assumed that the impact of closing accounts with the ARS-LVT, for the years 2012 to 2021, and the completion of

the monitoring process for the year 2022, will have no significant effect on the consolidated financial statements. Of the total amounts recorded as an accrued income in the Group's balance sheet as at 31 December 2022, approximately €6.7 million (2021: €11.3 million) refer to values from previous periods which are still in the process of being validated by the ARS-LVT.

The Group believes that, as a result of COVID-19 pandemic (and the acts that were determined in this context), the activity carried out within the scope of the Management Contract established between the Portuguese State and SGHL, for the HBA management under a PPP regime, was significantly affected, with a negative impact on the financial conditions for the development of said contract. This impact resulted in both a decrease in revenues and an increase in expenses

The decrease in revenue was due, namely to the cancellation of HBA activity (maintaining, for long periods of time, only the activity considered by the administrative authorities to be urgent or priority), the increase in expenses not covered by the obligations or contractually assumed risks, that among others, were due to the extraordinary and unforeseen reinforcement of human resources, of the materials necessary to combat and/or mitigate the spread of the SARS-CoV-2 virus, a situation that had a clear impact on activity and financial balance of the management contract.

Considering the constraints of different nature (social, sanitary, administrative and legal) arising from the measures adopted to combat the COVID-19 pandemic



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unequivocally implied an increase in expenses as well as a significant reduction in revenue.

Consequently, the Group believes that, under the terms of the Management Contract, there is a right to receive a compensation for the financial rebalancing of the agreement in relation to the operations carried out up to the reporting date.

Until now, an agreement with the ARS-LVT was not possible, regarding the right to receive this compensation, therefore the Group chose not to register any revenue associated with it, having however triggered the mechanisms foreseen in the Management Contract to see its right recognized.

17.1. disposal of Casas de Carnaxide

On 27 December 2021, the Group entered into a purchase and sale promissory agreement for the senior residence unit known as Casas de Carnaxide. Consequently the assets and liabilities associated with this subsidiary, as of this date, and on 31 December 2021, it have been presented as assets held for sale in assets for discontinued operations and liabilities relating to discontinued operations items.

On 26 September 2022, a Shares and Shareholder Credits Contract Sale was concluded for the sale of 100% of the share capital and voting rights of the subsidiary Casas de Carnaxide. With this operation, the Group divested the business and the inherent assets to its operation for €7.25 million, having realized a gain with the operation of €3.4 million (note 4).

17.2. discontinued operation of HBA

On 18 January 2022, Hospital Beatriz Ângelo (HBA) Management Contract has ended. On that date, the Group, through its subsidiary SGHL, transferred the management of HBA, as well as all rights, obligations and employees assigned to the hospital, to the Public Contracting Entity – Administração Regional de Saúde de Lisboa e Vale do Tejo (ARS-LVT).

As from the date of HBA's transfer to the public scope, and given the extreme relevance to the Group's activity, the assets and liabilities of this business segment are presented as a discontinued operation since they are no longer recovered through continued use.

17.3. other assets held for sale

In the second half of 2022 and following a decision taken by the Group to interrupt the licensing process for the project of a health care unit to be built in the property formerly known as Hotel Tivoli Porto, the Group decided to start an organized process to sell the referred real estate asset in its current state of use and conservation. Thus the assets to be included in this process were reclassified to be presented as assets held for sale in the discontinued operation caption.



17.4. detail of assets and liabilities of discontinued operations

The following table shows the composition of these items on the balance sheet:

	31-dec-22			31-dec-21	
	Total	Other	SGHL	Total	Casas de Carnaxide
Property, plant and equipment	6 828	6 828	-	6 672	6 672
Deferred tax assets	8 052	-	8 052	230	230
Cash and cash equivalents	1 473	-	1 473	55	55
Other assets	24 153	1 025	23 128	73	73
Total assets	40 506	7 853	32 653	7 030	7 030
Deferred income LRUs	-	-	-	(2 213)	(2 213)
Provisions	(10 975)	-	(10 975)	(215)	(215)
Deferred tax liabilities	-	-	-	(514)	(514)
Other liabilities	(5 188)	-	(5 188)	(393)	(393)
Total liabilities	(16 163)	-	(16 163)	(3 335)	(3 335)
Net assets	24 343	7 853	16 490	3 695	3 695

17.5. detail of profit or loss of discontinued operations

	31-dec-22	31-dec-21
	SGHL	SGHL
Operating income	5 499	123 135
Operating costs	(7 376)	(126 409)
	(1 877)	(3 274)
Depreciation and amortization	(68)	(785)
Total operating cost	(1 945)	(4 059)
Financial costs	(2)	(132)
Loss before income tax	(1 947)	(4 191)
Income tax expense	446	2 748
Loss for the year from discontinued operations	(1 501)	(1 443)



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18. contingencies

18.1. contingent liabilities

18.1.1. disputes

The major litigation assets for the Group on the reporting date are summarized below.

18.1.1.1. commercial litigation

• In December 2018, several units of the Group received a communication from their client ADSE regarding the need to credit part of the billing made and paid, relating to services rendered in the years 2015 and 2016, in a total amount of €13.6 million. The Group, supported by its legal advisors, understands that the credit adjustments communicated by the client are not justified and, as such, they are not due, so these consolidated financial statements do not consider the possible impact that the situation described could have. The Group, together with its legal advisors, responded to the communication received, and is awaiting response from the client on this communication.

• In July 2022, the Portuguese Competition Authority (PCA) condemned the Portuguese Association of Private Hospitalization (APHP) and some of its

associates, including Luz Saúde, for an alleged concerted practice, restricting competition, in the contracting of hospital health services by the public health subsystem Instituto de Proteção e Assistência na Doença, I.P. (ADSE). The AdC concluded that these APHP members coordinated the strategy and negotiating position to be adopted in the relations with ADSE, through and with the joint participation of APHP, between 2014 and 2019. The sanction decision resulted in a total fine of €190,995 thousand, of which Luz Saúde was fined €66,209 thousand. Luz Saúde's Board of Directors believes that it has not committed any infringement of competition law, and therefore, supported by its Legal and Compliance Department and respective external legal advisors, has appealed the referred decision. The Board of Directors of Luz Saúde believes that the decision of AdC will eventually be reversed, given that the negotiation process with ADSE, in question in the final decision of AdC, reflected only the methodology adopted for those negotiations which, at the request of ADSE itself, was agreed between ADSE and APHP, on behalf of its members, not questioning the guiding principles and rules of competition law. In a scenario, although not expected, in which the appeal filed by Luz Saúde does not have the expected result, the maintenance of the conviction by the PCA could negatively affect the Issuer in the amount disclosed above, or in any other that may be determined by the Court, following the appeal filed by Luz Saúde.

18.1.1.2. operational litigation

• The Group, through its subsidiaries, is a party to medical liability claims, arising from events during the course of rendering medical services, in the amount of €12.7 million (2021: €12 million). The compensation for damages that may arise from most of the lawsuits are covered by the civil liability insurance contracted by the Group, and as such Management believes that from these situations there should be no material loss for the Group.

18.1.1.3. tax litigation

• Following an inspection, PTA questioned the calculation of the tax benefits considered by two subsidiaries for the years 2013 and 2014 and identified corrections in the amounts of €305 thousand and €530 thousand, respectively. Subsequently, Luz Saúde received a tax assessment of a tax act from the PTA revoking the corrections made. On 31 December 2022 the amount in dispute with regard to these processes amounts to €375 thousands. Management, based on the understanding of its legal and tax consultants, understands that the amounts considered are in accordance with what is prescribed by law and consequently maintained the challenge regarding all the corrections made by the PTA.



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18.1.2. other contingent liabilities

In the Company's Shareholders General Meeting held on 22 January 2014 and considering the continuous management positions held for nearly 15 years by Isabel Maria Pereira Aníbal Vaz, in addition to her role in the promotion of the Group's business development, an award of €850 thousand to the latter was approved in recognition of professional services rendered to the Group. This amount will be paid in one lump sum at the time Isabel Maria Pereira Aníbal Vaz terminates her role as member of the Company's Board of Directors, for any reason outside her responsibility. The payment of the proposed award is autonomous and is not intended to substitute any monetary compensations that may be legally or contractually due because of the termination of corporate management positions by Isabel Maria Pereira Aníbal Vaz, including in the Company, whatever the cause and the moment of termination thereof.

18.2. contingent assets

18.2.1. financial rebalancing of HBA

As a result of the COVID-19 pandemic (and the acts that were determined in this context), the activity carried out within the scope of the Management Contract celebrated between the Portuguese State and for the management of Hospital Beatriz Ângelo under a PPP regime, was significantly affected, with a negative impact on the financial conditions for the development of the aforementioned contract.

This impact resulted in a decrease in revenues and an increase in expenses. The decrease in revenues was due, amongst other reasons, to the cancelation of the clinical activity in HBA (for a long period of time the only activity was the one considered by the administrative authorities as urgent or of priority), the increase in expenses not covered by the obligations or risks contractually assumed by SGHL under the Management Contract with a clear impact on its activity and on its financial balance was due, for example and

in addition to other relevant causes in this context, to the extraordinary and unforeseen reinforcement of the human resources and materials necessary to combat and/or mitigate the spread of the SARS-CoV-2 virus.

Consequently, the Group understands that, under the terms of the Management Contract, there is a right to receive a compensation for the financial rebalancing of the contract related to the operations carried out over the years 2020, 2021 and 2022 (during the term of the Management Contract).

As there is still no convergence of positions with the ARS-LVT regarding the right to receive this compensation, the Group chose not to record any revenue associated with it, having however triggered the foreseen mechanisms in the Management Contract to have its right recognized, estimating an amount of approximately €50 million.

19. responsibilities for guarantees provided

At 31 December 2022, the detail of bank guarantees provided to third parties were as follows:

Company	Beneficiary	31-dec-22	31-dec-21
Luz Saúde, SA	AT	375	2 568
HAG	Banco BPI	1 305	1 600
HLUZ	Banco BPI	1 304	1 600
HLC	Banco BCP	1 422	1 600
HLA	Banco BCP	1 245	1 600
HLO	Banco BCP	1 422	1 600
Luz Saúde, SA	AT	-	1 415
AMAD	Banco BPI	978	1 200
HGUI	Banco BCP	971	1 200
HLC	AT	-	615
HME	SCM Évora	300	300
Other less than €200 thousand	-	530	912
		9 852	16 210

Additionally, in order to guarantee financing lines, there are real guarantees (mortgages) granted to financial entities or in the cases in which financing was celebrated through leaseback operations, the legal possession of the assets was transmitted to the financial institutions, with the Group having repurchase options. This situation is better described in note 12.1.2.

20. related entities

20.1. shareholder structure

On 15 October 2014, because of a public offering process, Fosun International Holdings Ltd, through Fidelidade - Companhia de Seguros, SA, acquired control over Luz Saúde.

Fidelidade - Companhia de Seguros, SA is held at 84.99% by Longrun Portugal, SGPS, SA, which is 100% owned by Millennium Gain Limited, based on Hong Kong. Millennium Gain Limited is 100% owned by Fosun Financial Holdings Limited (Hong Kong), which is 100% owned by Fosun International Limited, a company listed on the Hong Kong Stock Exchange (00656.HK). Fosun International Limited is held at 73.53% by Fosun Holdings Limited, which is owned by Fosun International Holdings, Ltd. at 100%, whose ultimate beneficial owner is Mr. Guo Guangchang.

In January 2018, as a result of an operation carried out between Fidelidade - Companhia de Seguros, SA and Fosun International Ltd, Fosun International Ltd acquired 49.0% of the capital and voting rights of Luz Saúde, and Fidelidade - Companhia de Seguros, SA reduced its ownership to 50.85%. In September 2022, Fidelidade - Companhia de Seguros, SA acquired the shares corresponding to 49.0% of the capital that was held by Fosun International Ltd, with Fidelidade - Companhia de Seguros, SA increasing its ownership to 99.86%.

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20.2. subsidiaries

The interests of the Group in its subsidiaries are shown in note 1.2.1.

20.3. corporate body remunerations

The amounts referring to the remuneration of the Corporate Bodies of the companies integrating the Group are summarized in note 7.

20.4. transactions with related entities

	31-dec-22		31-dec-21	
	Income	Expenses	Income	Expenses
Fosun Group				
Shareholders				
Fidelidade - Companhia de Seguros, SA	27 507	-	22 959	-
Other related entities				
Multicare - Seguros de Saúde, SA	83 708	-	72 239	-
Shanghai Fosun Long March Medical Science Co.,Lt	-	-	-	689
Fosun Sinopharm	-	-	-	1 031
	111 215	-	95 198	1 720

20.5. balances with related entities

	31-dec-22		31-dec-21	
	Assets	Liabilities	Assets	Liabilities
Fosun Group				
Shareholders				
Fidelidade - Companhia de Seguros, SA	4 858	52	3 395	138
Other related entities				
Multicare - Seguros de Saúde, SA	11 586	-	9 913	-
Shanghai Fosun Long March Medical Science Co.,Lt	-	-	615	-
E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.	309	76	-	-
Cares - Companhia de Seguros, SA	-	-	-	215
	16 753	128	13 923	353

20.6. terms and conditions

The amounts presented under income refer mostly to the rendering of healthcare services by Luz Saúde units, namely to insurance companies, at normal market prices.

The amounts recorded in expenses refer to the normal activity of the Group, related with insurance and other services used by Luz Saúde and its subsidiaries, which are acquired at market prices on an arm's length basis.

21. main accounting policies

21.1. basis of presentation of the consolidated financial statements

The consolidated financial statements have been prepared on a going concern basis from the books and accounting records of the companies included in the consolidation (note 1.2.1) based on historical cost, in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union (EU) as of 31 December 2022, modified by the application of the fair value to derivative financial instruments and other financial assets at fair value through profit or loss.

These standards include both the IFRS issued by the International Accounting Standards Board ("IASB") and the International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and their respective interpretations – IFRIC and SIC, respectively issued by the International Financial Reporting Interpretations Committee ("IFRIC") and the Standing Interpretations Committee ("SIC"). These standards and interpretations are together known as IFRS.

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These financial statements are presented in thousands of euros, rounded to the nearest thousand, unless otherwise stated. The euro is the functional and presentation currency.

21.1.1. changes in accounting policies

During 2022, accounting standards and interpretations were approved and published in the Official Journal of the European Union, with application in subsequent years, although their early adoption is permitted. Below, we briefly present the standards or changes adopted by the Group in the preparation of its financial statements, as well as the standards not early adopted.

21.1.1.1. new standards, changes or interpretations applicable to years beginning on or after 1 January 2022

As a result of the European Union (EU) endorsement, the following issues, revisions, amendments and improvements to the Standards and Interpretations occurred, among others, with effect from 1 January 2022, which, when applicable, were adopted by the Group:

Issued (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in the financial years beginning on or after
May 2020	<ul style="list-style-type: none"> Annual improvements 2018 - 2020; IFRS 3: Business Combinations (amendment); IAS 16: Property, Plant and Equipment (amendment); IAS 37: Provisions, Contingent Liabilities and Contingent Assets (amendment) 	1 January 2022

The adoption of these changes to the standards had no significant impact on the Group's financial statements.

21.1.1.2. new standards, amendments and interpretations issued by the IASB, endorsed by the European Union (EU), with application for periods beginning after 1 January 2022

At the date of the approval of this financial statements, the following amendment to the Standards and Interpretations, issued by the IASB, was already endorsed by the EU, however their application is only mandatory for years beginning after 1 January 2022.

Issued (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in the financial years beginning on or after
December 2021	IFRS 17: Insurance contracts - Initial Application of IFRS 17 and IFRS 9 - Comparative Information (amendment)	1 January 2023
June 2020	IFRS 17: Insurance Contracts (new) - including Amendments on June 2020	1 January 2023
February 2021	IAS 8: Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting (amendment)	1 January 2023

Issued (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in the financial years beginning on or after
February 2021	IAS 1: Presentation of Financial Statement and IFRS Practice Statement 2 - Disclosure of Accounting policies (amendment)	1 January 2023
May 2021	IAS 12: Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendment)	1 January 2023

The Group did not carry out the early adoption of the aforementioned amendments and does not expect significant impacts on the financial statements resulting from its adoption.

21.1.1.3. new standards, amendments and interpretations issued by the IASB, which were not endorsed by the European Union (EU) until 31 December 2022

As the date of approval of this financial statements, the following Standards, revisions, amendments and improvements to the Standards and Interpretations, issued by the IASB, were still in the process of approval by the EU:

Issued (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in the financial years beginning on or after
January e July 2020 and October 2022	IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-current Date; Classification of Liabilities as Current and Non-current - Deferral of Effective Date; and Non-current Liabilities with Covenants (amendment)	1 January 2024
September 2022	IFRS 16: Leases - Lease Liability in a Sale and Leaseback (amendment)	1 January 2024



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The impact of the adoption of these changes is being analyzed by the Group, however no significant impacts on the financial statements are expected resulting from the adoption of these standards.

21.2. estimates and judgments used in the preparation of financial statements

IFRS establish a series of accounting treatments and require the Board of Directors to make judgments, estimates and decide which accounting treatment is most appropriate for the Group's operations, thus, the main accounting estimates and judgments used in the preparation of these consolidated financial statements are presented throughout the notes of these consolidated financial statements.

Considering that in many situations there are alternatives to the accounting treatment adopted by the Board of Directors, the financial position and results reported by the Group could be different if a different treatment was adopted. The Board of Directors considers that the choices made are appropriate and that the consolidated financial statements adequately present the Group's financial position, results and cash flows from its operations in all material aspects.

21.3. comparability

The consolidated income and consolidated cash flow statements for the comparative year 31 December 2021, have been restated to include the transfer of the public healthcare business segment to discontinued operations.

21.4. basis of consolidation

These consolidated financial statements include the assets, liabilities, equity, results and cash flows of Luz Saúde and its subsidiaries, and the profit or loss attributable to the Group from the interests in associated companies.

The accounting policies have been applied consistently by all companies of the Group, for all periods covered by these consolidated financial statements.

21.4.1. subsidiaries

Companies over which the Group has control are classified as subsidiaries. Control is normally assumed when the Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to influence those returns through its power over the entity, even if the percentage it holds is less than 50%.

Subsidiary companies are consolidated from the moment the Group takes control over its activities until the moment when that control ceases.

In accordance with the full consolidation method, assets, liabilities, income, expenses and cash flows of the Group companies are consolidated, internal transactions, balances, unrealized gains on transactions and dividends distributed between Group companies are eliminated in the consolidation process. Unrealized losses are also eliminated unless the transaction reveals evidence of impairment of the transacted asset.

Equity and net income of the companies included in the consolidation corresponding to the participation of third parties are disclosed, respectively in a separate line, in the consolidated balance sheet in equity, and in the consolidated statement of profit or loss under the heading non-controlling interests.

The Group uses the acquisition method to account for business acquisitions. The acquisition value of a subsidiary is given by the fair value of the assets delivered, liabilities assumed with the previous holders of the business and equity issued by the Group. The acquisition value includes the fair value of any assets and liabilities that result from any contingent agreements. The identifiable assets and liabilities acquired, and the contingent liabilities assumed in the acquisition of a business are measured at fair value on the acquisition date.

In transactions for the acquisition of additional interests in associated companies resulting in the taking of



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control, the associate becomes consolidated, and the fair value of the interest previously held is considered as part of the purchase price. The difference between the book value of the interest in the associate and its fair value, is recorded in the statement of profit or loss on the date of the acquisition of control. At the time of a partial sale, which results in the loss of control over a subsidiary, any remaining interest is remeasured at market value on the date of the sale and the gain or loss resulting from that revaluation is recorded against results.

Expenses directly attributable to a business acquisition transaction are recognized in the statement of profit or loss when incurred.

21.4.2. goodwill

Goodwill resulting from acquisitions until 1 January 2005 is recorded in intangible assets in the consolidated balance sheet, by the amount determined on the date of transition to IFRS in accordance with previous accounting policies, according to the option permitted by IFRS 1, adopted by Group on the date of transition to IFRS.

After 1 January 2005 the Group started to account for its acquisitions of subsidiaries and associates according to the acquisition method.

Goodwill represents the difference between the acquisition value and the fair value of the Group's portion of the identifiable assets and liabilities

acquired. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets (negative goodwill), the difference is recognized as a gain in the consolidated statement of profit or loss.

Goodwill is recorded in assets at cost and is not amortized. In the case of investments in associates, goodwill is included in the respective amount in the balance sheet determined based on the equity method.

The recoverable amount of goodwill recorded in assets is reviewed annually, in the last quarter, regardless of the existence of indications of impairment. The determined impairment losses are recognized in the consolidated statement of profit or loss, and they cannot be subsequent reversed.

Impairment losses are calculated by comparing the goodwill carried amount with the recoverable amount, which is the highest value between value in use and fair value, net of selling costs.

In the analysis of goodwill impairment, goodwill to be tested is added to the unit or cash-generating units to which it relates. The value in use is determined by discounting the estimated future cash flows of the cash generating unit. The recoverable amount of the cash-generating units to which goodwill is allocated is determined based on the value in use of the assets, being calculated using valuation methodologies, supported by discounted cash flow techniques, considering market conditions, the time value and business risks. The discount rate used to discount cash

flows reflects the Weighted Average Cost of Capital (WACC) pre-tax of the Group for the business segment to which the cash-generating unit belongs.

The gain or loss on the sale of a business includes the carrying amount of goodwill, except when the business to which that goodwill is associated continues to generate benefits for the Group.

21.4.3. non-controlling interests

The interests of non-controlling shareholders are disclosed by the respective proportion of the book value of the identified assets and liabilities. Accumulated losses are attributed to non-controlling interests in the proportion held, which may imply the recognition of negative non-controlling interests.

Transactions with non-controlling interests that do not result in the loss of control are accounted for as equity transactions, that is, as transactions with owners in their capacity as owners. The difference between the fair value of any amount paid and the relevant portion acquired from the book value of the subsidiary's net assets is recorded in equity. Gains or losses on disposals to non-controlling interests are recorded in equity.



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21.4.4. balances and transactions eliminated on consolidation

Balances, transactions, and cash flows between Group companies, as well as unrealized gains and losses resulting from these transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized gains and losses on transactions with associates and jointly controlled entities are eliminated in proportion to the Group's interest in these entities.

21.4.5. associates

All companies over which the Group has significant influence over its financial and operating policies and does not have control or joint control are classified as associates. It is normally assumed that the Group has significant influence when it holds between 20% and 50% of voting rights of the associate. Even when voting rights are less than 20%, the Group may have significant influence through participation in the management of the associate or in the composition of the Boards of Directors with executive powers. Investments in associates are consolidated using the equity method, from the moment the Group acquires significant influence until the moment it ends.

21.4.6. equity method

In accordance with the equity method, the group financial interests are initially recognized in the consolidated balance sheet at cost and are subsequently and periodically adjusted by the amount corresponding to the share in their net income, against gains and losses recorded directly in the consolidated profit and loss. Additionally, financial holdings may also be adjusted by the recognition of impairment losses.

Dividends paid by the subsidiaries are recorded as a decrease in the respective value of the financial investments, at the time they are awarded.

When the value of accumulated losses incurred by an investee and attributable to the Group equals or exceeds the carried amount of the interest and any other medium and long-term interests in that associate, the equity method is discontinued, unless the Group has an obligation legal or constructive obligation to recognize those losses or has made payments on behalf of the associate.

21.5. property, plant and equipment

21.5.1. recognition and measurement

The Group property, plant and equipment is valued at cost less the respective accumulated depreciations and impairment losses. On the date of transition to IFRS, the Group elected to consider the revalued amount of its property, plant and equipment as cost according to the previous accounting policies, this was generally equivalent to the depreciated cost measured according to IFRS, adjusted to reflect changes in the general price index.

Acquisition/construction costs include the invoice price, transport and installation costs, financing costs and exchange rate differences in bank loans, occurring during the construction period, as well as indirect costs attributable to it during the construction period.

Subsequent costs with property, plant and equipment are only recognized if the Group is likely to obtain economic benefits therefrom in the future. All ongoing maintenance and repair expenses are recognized in the consolidated profit and loss when incurred, on an accrual basis.

When there are indications that an asset may be impaired, IAS 36 requires its recoverable amount to be estimated and an impairment loss should be recognized whenever the carrying amount of an asset exceeds its



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recoverable amount. Impairment losses are recognized in the profit and loss. The recoverable amount is the higher of the asset's sale value less any cost of disposal and its value in use. The value in use is calculated based on the discounted value of the future estimated cash flows that can be expected from the asset's continued use and its disposal at the end of its useful life.

Gains or losses arising from the write-off or disposal of property, plant and equipment are measured as the difference between the asset's sale price, less transaction costs, and the asset's carrying amount. They are recorded in the consolidated profit and loss under the caption other operating income or other operating expenses.

Property, plant and equipment in progress represent tangible assets that are still being constructed or installed and are recorded at acquisition cost. Depreciation of these assets starts in the month they become available for use on their intended purpose.

21.5.2. depreciation

Land is not depreciated. Depreciation of the remaining tangible assets is calculated using the straight-line method, starting from the month in which the assets are available for use. The depreciation rates used correspond, on average, to the following estimated useful lives:

	Years
Buildings	4 - 40
Basic equipment	2 - 20
Transport equipment	3 - 8
Office equipment	2 - 20
Other property, plant and equipment	3 - 20

Depreciation ceases when assets are classified as held for sale.

21.6. intangible assets

21.6.1. recognition and measurement

Intangible assets are recognized at the acquisition cost less accumulated amortization and impairment losses, if any. Intangible assets are recognized only when it is likely the Group will obtain economic benefits therefrom in the future that can be reliably measured.

21.6.2. amortization

Intangible assets with a definite useful life are amortized using the straight-line method from the month they become available for use and over the life of the agreement. Intangible assets with indefinite useful lives (goodwill) are not amortized but are tested for impairment in the last quarter of each financial year or whenever there is an indicator of impairment.

21.7. financial instruments

Financial assets and liabilities are recognized in the consolidated balance sheet when the Group becomes part of the corresponding contractual provisions. A financial asset is any asset that is cash, a contractual right to receive cash or an equity instrument from another entity. A financial liability is a liability that is embodied in a contractual obligation to deliver money.

As financial assets, the Group presents in the consolidated balance sheet the items trade receivables and other receivables, financial assets at fair value, derivative financial instruments, other assets and cash and cash equivalents. The Group's financial liabilities are presented under trade payables, loans, lease liabilities, other payables and derivative financial instruments.



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21.7.1. financial assets

21.7.1.1. recognition and measurement

The Group initially measures a financial asset at its fair value plus transaction costs, the other receivables and trade receivables are measured at the transaction price determined under IFRS 15, that is similar to the fair value at the transaction date.

21.7.1.2. subsequent measurement

The subsequent measurement of financial assets depends on their classification, the following categories are being used:

- (i) Financial assets at amortized cost;
- (ii) Financial assets at fair value through profit or loss;
- (iii) Financial assets at fair value through other comprehensive income.

The Group financial assets includes financial assets at amortized cost (trade receivables, other receivables, other assets and cash) and financial assets at fair value through profit or loss. The Group doesn't hold any financial assets at fair value through other comprehensive income.

Financial assets at amortized cost

A financial asset is measured at amortized cost, when both of the following criteria are met (i) the asset is held under a business model with the objective of holding financial instruments to obtain contractual cash flows, and (ii) the asset has cash flows that are 'only capital repayments and interest payments' ("Solely Payments of Principal and Interest" or "SPPI") over the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment tests. Gains or losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:

- (i) financial instruments to obtain cash flows that do not qualify to be measured at amortized cost;
- (ii) capital instruments held for trading purposes;
- (iii) equity instruments for which the Group has decided not to record fair value through other comprehensive income.

Classification is determined on an instrument-by-instrument basis.

Financial assets at fair value through other comprehensive income

The Group measures the following financial assets at fair value through other comprehensive income:

- (i) equity instruments held for purposes other than trading, being considered by the Group at the time of acquisition as strategic investments;
- (ii) debt instruments with cash flows that are only capital repayments and interest payments on the principal amount outstanding and for which the Group's objective is to obtain their contractual and sales cash flows.

The Group does not hold any financial assets in this category.

21.7.1.3. derecognition

Financial assets are derecognized when: (i) the Group's contractual rights to receive their cash flows expire; (ii) the Group has substantially transferred all the risks and rewards of ownership; or (iii) although it retains a portion but not substantially all the risks and rewards of ownership, the Group has transferred control over the assets.



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21.7.2. financial liabilities

21.7.2.1. initial recognition

All financial liabilities are initially recognized at fair value and, in the case of loans, financing and accounts payable, net of directly attributable transaction costs.

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

21.7.2.2. subsequent measurement

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

i. Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the short term. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

ii. Financial liabilities at amortized cost

After initial recognition, trade and other creditors, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method.

21.7.3. derivative financial instruments

Derivative financial instruments are recognized on the contract date at their fair value, which is assumed to be equal to their acquisition cost on the contract date. Subsequently, the fair value of derivative financial instruments is remeasured on each reporting date, with the gains or losses resulting from this remeasurement being recorded directly in the statement of profit or loss, except for the effects related to cash flow hedging derivatives, when they are effective, in which case they are recorded in equity.

The fair value of derivative financial instruments corresponds to their market value, if available, or determined by external entities based on valuation techniques accepted by the market.

The Group uses financial instruments to hedge the interest rate risk resulting from its financing activity. Derivatives that do not qualify as hedging within the scope of IFRS 9 are recorded as trading.

A hedging relationship exists when:

- at the date of inception there is formal documentation of the hedging relationship;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting period;
- in relation to the hedge of a future transaction, the transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect net profit or loss.

Cash flow hedging derivatives are recorded at fair value and insofar as changes in fair value are effective, they are recognized against reserves in equity. Changes in fair value that are not considered to be hedging, as they are considered inefficient in whole or in part, are immediately recognized in the consolidated statement of profit or loss. The amounts accumulated in reserves are reclassified to results in the periods when the hedged item affects results.

In the case of the discontinuation of a hedging relationship for a future transaction, the changes in the derivative's fair value recorded in reserves remain recognized there until the future transaction occurs. When the future transaction is no longer expected to occur, the accumulated gains or losses recorded against reserves are immediately recognized in the statement of profit or loss.



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21.8. impairment

21.8.1. impairment of property, plant and equipment and intangible assets, except goodwill

The Group performs impairment tests on its property, plant and equipment and intangible fixed assets whenever there is an event or change that indicates that the amount for which the asset is registered may not be recovered. Should such indicators exist, the Group determines the recoverable amount of the asset in order to determine the possible extent of the impairment loss. When it is impossible to determine the recoverable amount of a given asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

The recoverable amount of the asset or the cash-generating unit is the greater of (i) its net sale price and (ii) its value in use. The net sale price is the amount that would be obtained from the disposal of the asset in a transaction between independent and knowledgeable parties, less the direct disposal costs. The value in use is derived from the asset's future estimated discounted cash flows during its expected useful life. The discount rate used to update discounted cash flows reflects the time value of money and the specific risk of the asset.

Whenever the carrying amount of the asset or cash-generating unit is higher than its recoverable amount, an impairment loss is recognized. The impairment loss is recorded in the profit and loss under the caption other operating expenses.

When an impairment loss is subsequently reversed, the carrying value of the asset is remeasured to its estimated value and is recognized in the consolidated profit and loss as a deduction under the caption other operating costs. However, the reversal of the impairment loss is limited to the amount that would have been recognized (net of amortization or depreciation) had the impairment loss not been recognized in previous periods.

21.8.2. impairment of financial assets

The Group recognizes impairments for expected credit losses on financial assets not held at fair value through profit or loss. Losses are estimated based on the difference between the net book value of the financial instruments and the cash flows the Group expects to receive, discounted according to the original effective interest rate estimate.

Losses are estimated using two different approaches, which are described below:

(i) the credit risk associated with credits for which there is no significant increase in credit risk compared to initial recognition, is estimated based on a calculation model,

which takes into account the debtor's credit profile, life of the asset on each reporting date and the average expected payment terms for each debtor based on its credit profile. In carrying out the assessment of the provision for losses, the Group takes into account the experience with historical credit losses and specific prospective factors of debtors and the economic environment.

(ii) credits with increased credit risk compared to initial recognition are provisioned based on the economic analysis carried out by the management of each subsidiary, taking into account the credit situation of the debtor, the market in which it operates and its known default history. According to this criterion, the provision for credit risk is constituted on an economic basis taking into account the age of the credit, the internal and external information available about each debtor.

21.9. leases

The Group enters to lease contracts to use assets in its operating activities such as buildings, medical and administrative equipment and vehicles.

Typically, lease contracts have a duration of 4 to 10 years, except in the case of buildings, where longer periods are considered, and the duration of the contracts may exceed 20 years, if the options provided for in the contract are exercised by the Group. When applicable, the Group allocates lease payments from the contract to lease components and other than leases, based on the value of each component, except



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for vehicle leases, in which the Group has chosen not to separate the lease components and non-lease, considering the two components together as if it were a single lease component.

Until 31 December 2018, the Group classified lease operations as finance leases or operating leases, according to their substance and not their legal form, following the criteria defined in IAS 17 - Leases. Operations where the risks and benefits inherent in the ownership of an asset are transferred to the lessee were classified as finance leases. All other leasing operations were classified as operating leases.

As at 1 January 2019, leasing contracts started to be recognized in assets (in right-of-use assets) and in liabilities from the date the underlying asset became available for use by the Group. The assets and liabilities arising from a lease are initially measured at present value.

Lease liabilities include the current value of the following lease payments:

- fixed payments (including fixed payments in substance), less leasing incentives;
- variable payments, based on an index or rate;
- expected payments for residual value guarantees;
- exercise value of a call option, when the Group has reasonable certainty of exercising that option;
- payment of penalties for terminating contracts, provided that the Group exercises this option; and
- payments to be made under contract extension options when the Group is reasonably sure of exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be easily determined, as is the case with leases between group companies, the Group's incremental financing rate is used, which is the rate that the lessee would have to pay for obtaining the necessary funds to purchase an asset of a similar value, to the asset under right of use for a similar period, in a similar economic environment, and with similar guarantees.

To determine the incremental financing rate, the Group:

- whenever possible, it uses the recent financing conditions obtained from third parties, adjusted to reflect changes in financing conditions since the financing was obtained, for contracts lasting up to 7 years;
- for contracts with a duration of more than 7 years, typically building lease contracts, the incremental rate was composed by aggregating the interest rate without observable risk in the real estate market, adjusted by the Group's financing rate differential for the market and for the rate of portuguese bonds for similar terms.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the value of the lease liability until they come into force. Adjustments to lease payments based on an index or rate imply a revaluation of the lease liability against the increase in the right-of-use assets.

Some lease contracts have variable rentals that are determined based on the level of utilization of the underlying assets. Considering the fact that these contracts include minimum utilization commitments, the Group believes that for this minimum component, the conditions are met to consider these contracts as assets under use rights. The lease payments are separated by the settlement of the acquisition value and its financial component, in which the financial cost is recorded in the statement of profit or loss during the lease period, in order to produce an effective interest rate.

Assets under right of use are initially measured at cost, which comprises:

- the value of the initial measurement of the lease liability;
- any lease payments made on or before the lease start date, less the rental incentives received;
- any initial direct costs; and
- dismantling and replacement costs.

Assets under right-of-use are generally depreciated by the minimums, between the useful life of the asset and the lease term, except when the Group has a call option on the underlying asset and it is reasonably certain that this option will be exercised.

Payments associated with short-term leases (term less than 12 months) for equipment and vehicles and contracts for the lease of low-value assets are recognized on a straight-line basis in the statement of profit or loss over the term of this contract.



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When the lease contracts have a sublease agreement associated with it, the Group recognizes a financial liability for all lease payments updated at the incremental rate, and for right-of-use assets to the extent of the agreed sublease.

21.10. inventories

The inventories comprise goods and the subsidiary and consumer materials and are valued at the lower of the acquisition cost and the net realizable value. The acquisition cost comprises the expenses incurred until the storage of inventories, using the weighted average cost as a costing method.

The net realizable value corresponds to the estimated selling price less estimated selling costs.

The differences between the acquisition cost and the net realizable value, if lower, are recorded in other operating expenses and losses in the statement of profit or loss.

21.11. revenue

Revenue or income is recognized whenever economic benefits are likely to flow to the Group and can be reliably estimated, being measured at the fair value of the consideration received or receivable, net of discounts granted and taxes. The revenue associated with the transaction is recognized with reference to the stage of completion of the transaction at the reporting date.

21.11.1. healthcare services rendered

In the case of the activity developed within the scope of healthcare service rendered in the private segment, revenue is recognized based on the activity produced in the period, because it is understood that in most activities the fulfillment of the performance obligation is substantially completed at the time of the medical act, duly valued by the price lists defined for each act of the provision, regardless of its actual billing.

In the case of the activity performed in the healthcare service rendered in the public segment (under the PPP regime), revenue is recognized by the appreciation of the activity produced, measured based on a table contracted with the Contracting Public Entity. According to the contract, invoicing is done monthly for an amount equivalent to 1/12 of 90% of the agreed annual value for each year, with an adjustment invoice for the value of the actual production, in the six months following the end of each year. The difference between the amounts billed and the actual production is recorded in other accounts payable or receivable according to the accrual accounting regime.

21.11.2. senior residencies

Within the scope of the activity developed by the senior residences, revenue is recognized based on the Lifetime Use Rights (ROU's). This recognition is made according to the characteristics of each type of contract:

- In ROU's without the right to transfer titleholder, or with the right to only one transfer, the contract value is initially accounted for in deferred income, with income from the member's entry into the Club being imputed for a period that takes into account taking into account the age of the partner (or of the transferee, if this is possible) at the date of entry, taking into account the average life expectancy defined by the GRF95 tables;
- In ROU's with the right to unlimited transmissions, the contract value is immediately recognized as profit, with an increase in costs being recorded against sales costs, corresponding to the unit's peril in the total cost of buildings, which is subsequently recognized in income in the same period as the depreciation period of the corresponding tangible fixed assets.



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21.11.3. training services

The revenue associated with the training services rendered are recognized, at its value net of taxes and discounts, on the date of the training events contracted with customers (ie on the date on which the significant risks and benefits are transferred to the customer), thus, the amounts billed and charged up to the date of the event are deferred in the balance sheet.

21.11.4. sale of goods

In the sale of goods made by the Group, there is only one performance obligation, so revenue is recognized when the goods are transferred to the customer's possession.

21.11.5. trade credits receivable and contract assets and liabilities

Trade credits receivable represent rights to amounts for which there is no performance obligation to be fulfilled.

In accordance with IFRS 15, in cases where there are performance obligation to be complied with, balances receivable from customers (recognized in accounts

receivable from customers and accrued income) or balances already received (as advances or income deferred), results to contract assets and contract liabilities, respectively. In both cases the Group, despite recording assets and liabilities, for the balances with customers, considers that they are still conditional as the Group has not yet fulfilled all the performance obligations agreed with the customers.

21.12. accrual basis

The Group companies record their income and expenses in accordance with the accrual accounting regime, whereby income and expenses are recognized when they occur regardless of when they are received or paid. The differences between the amounts received and paid and the corresponding expenses and income are recorded under the headings other accounts receivable or other accounts payable, respectively.

21.13. finance costs and income

Finance income include interest and financial discounts obtained from third parties, being recognized in the period to which they relate. Dividends are also recognized when the obligation to distribute dividends is constituted in the reporting company.

Financial costs include interest paid and other bank

costs and are also recognized in the period to which they relate.

21.14. income tax

Income tax is recognized according to IAS 12 – Income Taxes and includes both current and deferred tax. Taxes on profits are recognized in the consolidated profit and loss, except when related to items directly recognized in equity, in which case they are also reported in equity.

Current taxes are those that are expected to be paid based on the taxable income calculated in accordance with the tax rules in force and using the approved or substantially approved tax rate.

Deferred taxes are calculated by using the balance sheet liability method on temporary differences between the carrying values of assets and liabilities and their tax base, using the tax rates approved or substantially approved as at the reporting date and which are expected to be applied when the temporary differences are reversed.

Deferred tax liabilities are recognized for all temporary taxable differences with the exception of non-deductible goodwill for tax purposes, for differences arising from the initial recognition of assets and liabilities that affect neither accounting nor taxable profits, and for differences related to investments in subsidiaries to the extent they are unlikely to be reversed in the future. Deferred tax assets are recognized only to the extent it



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is likely that future taxable profit will be able to use the temporary deductible differences.

The Group is taxed according to the special tax regime for corporate groups, which covers all the companies in which the parent company of the tax group directly or indirectly holds at least 75% of the respective share capital and as long as these companies meet the requirements established in the Corporate Income Tax Code. The remaining subsidiaries that do not fall under the Group's special tax regime are taxed individually, according to their respective taxable income and applicable tax rates.

Current taxes are determined based on the accounting results adjusted according to the tax law in force. Currently, companies resident in Portugal are subject to a corporate income tax rate of 21%, plus a municipal surcharge of up to a maximum of 1.5% of taxable profits, and a State surcharge of 3% of taxable profits between €1.5 million and €7.5 million, 5% on taxable profits between €7.5 million and €35 million, and 9% on taxable profits above €35 million.

The payment of income tax is made on the basis of self-assessment declarations that are subject to inspections and eventual adjustment by the tax authorities during the period of four years from the year to which they relate. Tax losses for a given year, which are also subject to inspection and adjustment for a period of four to ten years, and can be used against tax profits of future fiscal years, without time limit. From 2014 until 31 December 2022, the deduction of taxable losses is capped at 70% of the taxable profit assessed in the

tax year in which the taxable losses are used. This limit was increased by 10 p.p. for tax losses in the 2020 and 2021 tax periods. From the tax periods beginning on or after 1 January 2023, the annual limit for the deduction of tax losses was reduced to 65%. This change applies to the deduction of losses from taxable profits for tax periods beginning on or after January 1, 2023, as well as to tax losses from tax periods prior to 1 January 2023, for which the deduction period is still in progress. As of 2017, the rules for the use of tax losses were revoked, which provide for the deduction, in the first place, of those that were also generated in the first place (FIFO criteria). It is possible to deduct first the taxable losses which carry forward period ends first.

Pursuant to IAS 12, the Group offsets deferred tax assets and liabilities whenever: (i) the respective company has a legally enforceable right to offset assets against current taxes and liabilities against current taxes; (ii) the deferred tax assets and liabilities relate to income taxes levied by the same tax authority and on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously in future periods in which deferred taxes are expected to be settled or recovered.

21.15. provisions, contingent assets and contingent liabilities

Provisions are recognized when (i) the Group has a present obligation, due to past events (legal or constructive), (ii) it is likely that a cash outflow will be required and (iii) when the amount of the obligation can be reliably estimated.

When one of these requisites is not met, the Group discloses the event as a contingent liability, unless the possibility of an outflow of funds is highly unlikely.

The amount of the provisions corresponds to the present value of the obligation, with the financial update being recorded as a financial expense under the caption interest and other financial expenses and losses.

Provisions are revised on the reporting date and are adjusted to reflect the best estimate on that date.

When losses in associated companies exceed the investment made in those entities, the investment's carrying amount is reduced to zero, and future losses are no longer recognized, except to the extent the Group has incurred a legal or constructive obligation to bear those losses on behalf of the associated company, in which case a provision is recorded for impairment of financial assets.



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A provision is recognized for litigation in progress when the expenses that will be incurred due to legal proceedings filed by third parties can be reliably estimated. The estimate is based on an assessment of the likelihood of having a cash outflow, based on the opinion of the Group's legal advisors.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when it is likely they will generate a future economic benefit.

21.16. segment reporting

Pursuant to IFRS 8, an operating segment is a component of the Group: (i) that engages in business activities from which it may earn revenue and incur expenses; (ii) whose operating results are regularly reviewed by the Group's chief operating decision-maker for the purpose of making decisions about allocating resources to the segment and assessing its performance; and (iii) for which separate financial information is available.

Segment information is reported consistently with the internal management information model used by the Group. For reporting purposes, exist four operating segments: private healthcare, public healthcare, other activities and corporate center.

21.17. earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the company shareholders by the weighted average number of ordinary shares outstanding during the period, excluding the average number of treasury shares held.

To calculate diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to reflect the impact of all potential diluting effects, such as those resulting from convertible debt or options over own shares granted to employees. The dilution results in lower earnings per share, due to the assumption that convertible instruments are converted or the granted options are exercised.

21.18. dividend distribution

The distribution of dividends is recognized as a liability from the time they are approved by the company's General Shareholders Meeting until they are paid to shareholders.

21.19. consolidated statement of cash flows

The consolidated statement of cash flows is prepared using the direct method, through which cash inflows and outflows in operating, investing and financing activities are disclosed.

21.20. subsequent events

Events that occur after the closing date, up to the date of approval of the consolidated financial statements by the Board of Directors, and that provide additional information on conditions that existed at the closing date of accounts are reflected in the financial statements. Events occurring after the closing date that are indicative of conditions that arose after the date of the financial report are disclosed in the notes to the consolidated financial statements, when considered relevant.



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21.21.
employee
benefits

21.21.1.
liabilities
with holidays,
subsidies
and bonuses

Pursuant to Portuguese legislation, employees are currently entitled to one-month holiday and one-month holiday allowance. This right is earned in the year prior to the year payment is made.

Under the performance assessment system in place, employees may come to earn a bonus should they attain certain goals. This right is usually earned in the year prior to the year payment is made.

Liabilities are recognized in the consolidated profit and loss in the period in which the employees earn the referred right, regardless of the date of payment. The obligation is recognized under liabilities in the caption other payables.

the certified
accountant

(Sónia Amoedo Matos)

the board
of directors

(Rogério Miguel Antunes Campos Henriques)

(Jorge Manuel Baptista Magalhães Correia)

(Vitor Manuel Lopes Fernandes)

(Isabel Maria Pereira Aníbal Vaz)

(Artur Aires Rodrigues de Moraes Vaz)

(Fang Yao)

(Ivo Joaquim Antão)

(Lingjiang Xu)

(João Paulo da Cunha Leite de Abreu Novais)

(Miguel Barroso Abecasis)

(Tomás Leitão Branquinho da Fonseca)



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glossary

ACE	Luz Saúde – Serviços, A.C.E.
ADC	Portuguese competition authority
ADSE	Instituto de Proteção e Assistência na Doença, I.P.
APHP	Associação Portuguesa de Hospitalização Privada
ARS-LVT	Administração Regional de Saúde de Lisboa e Vale do Tejo
AT	Portuguese tax authority
Invested Capital	Sum of net debt and shareholders equity
CASAS	Casas da Cidade – Residências Sénior, S.A.
CASAS CARNAXIDE	Casas da Cidade – Residência Sénior de Carnaxide, S.A.
CCHCI II	Capital Criativo Health Care Investment II, SA
CFEI II	Extraordinary tax credit to investment
CIRC	Corporate income tax code
DCF	Discounted Cash-Flows
DFA	Finance and audit department
DSAF	Financial and administrative services department
Net debt	Total financial debt net of cash and cash equivalents
DUVs	Lifetime use right
EBITDA	Earnings Before Interest Tax Depreciation and Amortization
FCR	Venture capital funds
FCT	Fundo de Compensação de Trabalho
Fidelidade	Fidelidade Companhia de Seguros, S.A.
Fosun International	Fosun International Limited
GENOMED	Genomed - Diagnósticos de Medicina Molecular, S.A.
GLSLH	GLSMED Learning Health, S.A.
GLST	GLSMED Trade, S.A.
HAG	Hospital da Luz Arrábida, S.A.
HBA	Hospital Beatriz Ângelo
HLA	Hospital da Luz Aveiro, S.A.
HLC	Hospital da Luz Coimbra, S.A.

HL-CCA	Hospital da Luz – Centro Clínico da Amadora, S.A.
HLF	Hospital da Luz Funchal, S.A.
HLG	Hospital da Luz Guimarães, S.A.
HLL	Hospital da Luz, S.A.
HLO	Hospital da Luz – Oeiras, S.A.
HME	HME – Gestão Hospitalar, S.A.
Hospor	Hospor – Hospitais Portugueses, S.A.
HRM	Hospital Residencial do Mar, S.A.
HRM Gaia	Hospital Residencial do Mar Gaia
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
IFRIC	IFRS Interpretation Committee
IFRS	International Financial Reporting Standards
IMI	Property tax
CIT	Corporate income tax
VAT	Valued added tax
Luz Saúde	Luz Saúde, S.A.
Multicare	Multicare – Seguros de Saúde, S.A.
PPP	Public-private-partnership
RETGS	Special regime of group taxation
RML	RML – Residência Medicalizada de Loures, SGPS, SA
SGHL	SGHL – Sociedade Gestora do Hospital de Loures, S.A.
SIC	Standing Interpretation Committee
SIFIDE	Tax benefits scheme for research and development
NHS	Public national healthcare system
SURGICARE	SURGICARE – Unidades de Saúde, SA
USATI	Luz Saúde Unidades de Saúde e de Apoio à Terceira Idade, S.A.
WACC	Weighted average cost of capital



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LUZ SAÚDE, S.A.
AUDIT BOARD REPORT AND OPINION
31 DECEMBER 2022

(free translation from the original version in Portuguese language. In case of doubt, the Portuguese version prevails)

In accordance with applicable laws, bylaws and the mandate that we are entrusted, we present the report on the supervision activity and the opinion on the financial statements, prepared by the Board of Directors and under its responsibility.

During the year, we monitored the company's activity, taking all the steps necessary to fulfill the duties to which we are obliged, and we verify the regularity of the accounting records and the compliance with applicable legal and statutory laws, having carried out the verifications deemed appropriate.

We obtained from the Board of Directors and other corporate bodies periodically information and clarification on the activity of the company and the progress of its business.

We appreciated the Management Report and the individual and consolidated financial statements for the financial year, as well as the Statutory Audit Report, with which we agree.

According with foregoing, the Audit Board issues the following:

OPINION

- That the Management Report and the individual and consolidated financial statements for the financial year be approved, as presented by the Board of Directors;
- That the proposal for profit allocation contained in the Management Report be approved;

The Audit Board thanks the Board of Directors and the other governing bodies for the good collaboration received throughout the financial year.

Lisbon, 28 april 2023.

The Audit Board,

Vasco Jorge Valdez Ferreira Matias – Chairman

Carlos Fernando Tomé da Silva Westerman – Member

João Filipe Gonçalves Pinto- Member



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Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Luz Saúde, S.A. (the Group), which comprise the Consolidated Balance Sheet as at 31 December 2022 (showing a total of 870,915 thousand euros and a total equity of 296,855 thousand euros, including a net profit for the year of 26,699 thousand euros), the Consolidated Income Statement by Nature, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Luz Saúde, S.A., as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 18 of the Notes to the consolidated financial statements, which indicates that in July 2022, the Competition Authority (AdC) condemned Luz Saúde, S.A. of alleged concerted practice, restrictive of competition in the contracting of hospital health services by the Institute for Protection and Assistance in Disease, I.P. (ADSE, I.P.), resulting in a fine to Luz Saúde, S.A., in the amount of approximately 66,209 thousand euros. It is the conviction of the Board of Directors of Luz Saúde, S.A. that the decision of the AdC will eventually be reversed, and it is not likely that an outflow of resources that incorporate economic benefits will be required to settle such obligation. If this does not occur, it is not possible at this stage for the Board of Directors of Luz Saúde, S.A., to estimate with sufficient reliability the amount of the possible obligation related. Our opinion is not modified in respect of this matter.

Responsibilities of management and the supervisory body for the consolidated financial statements

Management is responsible for:

- ▶ the preparation of consolidated financial statements that presents a true and fair view of the Group's financial position, financial performance and cash flows in accordance with the with the International Financial Reporting Standards as endorsed by the European Union;
- ▶ the preparation of the Management Report in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and

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Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número
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Luz Saúde, S.A
Statutory and Auditor's Report
(Translation from the original document in Portuguese language
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31 December 2022

- ▶ assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion; and
- ▶ communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes the verification that the information contained in the Management Report is consistent with the consolidated financial statements.



Luz Saúde, S.A
Statutory and Auditor's Report
(Translation from the original document in Portuguese language
In case of doubt, the Portuguese version prevails)
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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

Lisbon, 21 April 2023

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Ricardo Miguel Barrocas André - ROC nº 1461
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balance sheet as at 31 December 2022

Amounts expressed in thousand of Euros

	Notes	31-dec-22	31-dec-21
Assets			
Non-current assets			
Property, plant and equipment	3.1	1 947	2 057
Right-of-use assets	3.2	589	818
Intangible assets	3.3	10 178	6 588
Deferred tax assets	16.4	5 143	4 106
Other non-current assets	4.3	1 695	1 799
Other receivables	4.1	1 713	1 638
Investments in subsidiaries and associates	3.4	526 972	525 523
Derivative financial instruments	9	4 327	-
Assets at fair value through profit or loss	6.1	6 927	3 382
Total non-current assets		559 491	545 911
Current assets			
Other current assets	4.3	796	495
Trade receivables	4.1	3 160	3 943
Other receivables	4.1	15 713	16 312
Income tax receivable	16.3	2 032	66
Cash and cash equivalents	5.3	2 505	3 851
Total current assets		24 206	24 667
Total assets		583 697	570 578

The accompanying notes are an integral part of these financial statements

	Notes	31-dec-22	31-dec-21
Shareholders' equity			
Equity and reserves			
Share capital		95 542	95 542
Share premium		61 796	61 796
Reserves and retained earnings		149 999	129 078
Total Shareholders' equity	5.2	307 337	286 416
Liabilities			
Non-current liabilities			
Borrowings	5.4	172 710	184 594
Lease liabilities	5.4	349	554
Derivative financial instruments	9	-	2 466
Deferred tax liabilities	16.4	678	-
Provisions	6.2	18	18
Total non-current liabilities		173 755	187 632
Current liabilities			
Trade payables	4.2	4 890	3 037
Other payables	4.2	11 682	12 430
Borrowings	5.4	85 764	80 782
Lease liabilities	5.4	269	281
Total current liabilities		102 605	96 530
Total liabilities		276 360	284 162
Total shareholders' equity and liabilities		583 697	570 578

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statement of comprehensive income for the year ended 31 December 2022

Amounts expressed in thousand of Euros

	Notes	31-dec-22	31-dec-21
Revenue from services rendered	10	4 798	3 981
Other operating income	11	670	62
Operational income		5 468	4 043
Costs of services and materials	12	(2 094)	(2 366)
Personnel expenses	13	(3 142)	(2 188)
Other operating expenses		(174)	(128)
Depreciation and amortization	3	(2 987)	(2 446)
Operating income		(2 929)	(3 085)
Financial income	14	26 772	37 438
Finance expenses	15	(6 882)	(8 708)
Impairment of investments in subsidiaries, net of reversals	3.4	(4 080)	(4 740)
Profit before income tax		12 881	20 905
Income tax expense	16.1	3 547	1 817
Profit for the year		16 428	22 722
Other comprehensive income:			
Items that maybe reclassified to results			
Fair value of cash flow hedges, net of tax	9	4 493	225
Other comprehensive income for the year		4 493	225
Comprehensive income for the year		20 921	22 947

The accompanying notes are an integral part of these financial statements

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statement of cash flows for the year ended 31 December 2022

Amounts expressed in thousand of Euros

	Notes	31-dec-22	31-dec-21
Operating activities			
Receipts from customers	17.1	21 103	18 377
Payments to suppliers	17.2	(16 735)	(20 379)
Payments to employees		(1 278)	(966)
Cash flow generated / (used) in operations		3 090	(2 968)
Income tax received		420	5 688
Other receipts/(payments) related with operating activities		(1 594)	(3 918)
Net cash flow generated / (used) in operating activities		1 916	(1 198)
Investing activities			
Proceeds from:			
Investments in subsidiaries	17.3	8 807	-
Loans to subsidiaries		30 306	47 829
Interest received		6 090	11 423
Dividends	14	20 373	31 002
Payments related with:			
Property, plant and equipment and intangible assets		(6 179)	(3 797)
Investments in subsidiaries		(6 250)	(357)
Loans to subsidiaries		(39 685)	(33 968)
Other financial assets	17.7	(3 000)	-
Net cash flow generated in investing activities		10 462	52 132

The accompanying notes are an integral part of these financial statements

	Notes	31-dec-22	31-dec-21
Financing activities			
Proceeds from:			
Borrowings	17.4	722 395	906 663
Financing receipts from related entities	17.5	98 450	56 750
Payments related with:			
Borrowings	17.4	(691 833)	(999 143)
Lease liabilities		(293)	(303)
Interest and other similar expenses		(6 704)	(8 370)
Financing payments to related entities	17.5	(100 700)	(34 450)
Net cash flow generated / (used) in financing activities		21 315	(78 853)
Change in cash and cash equivalents		33 693	(27 919)
Cash and cash equivalents at the beginning of the year		(31 188)	(3 269)
Cash and cash equivalents at the end of the year		2 505	(31 188)

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statement of changes in equity for the year ended 31 December 2022

Amounts expressed in thousand of Euros

	Notes	Share capital	Share premium	Reserves and retained earnings	Total
Balance as at 1 January 2021		95 542	61 796	106 131	263 469
Profit for the year		-	-	22 722	22 722
Other comprehensive income for the year		-	-	225	225
Total comprehensive income for the year		-	-	22 947	22 947
Balance as at 31 December 2021	5.2	95 542	61 796	129 078	286 416
Balance as at 1 January 2022		95 542	61 796	129 078	286 416
Profit for the year		-	-	16 428	16 428
Other comprehensive income for the year		-	-	4 493	4 493
Total comprehensive income for the year		-	-	20 921	20 921
Balance as at 31 December 2022	5.2	95 542	61 796	149 999	307 337

The accompanying notes are an integral part of these financial statements



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A. entity

1.reporting entity

Luz Saúde, SA (hereinafter referred to as "Luz Saúde" or "Company") is a limited liability company, with registered office in Lisbon, at Rua Carlos Alberto da Mota Pinto nº17 - 9º floor, registered at the Commercial Registry Office with the tax ID 504 885 367, whose corporate purpose is the development and participation in healthcare businesses in a direct and indirect way.

Luz Saúde is controlled by Fosun International Holdings Ltd ("Fosun") through Fidelidade - Companhia de Seguros, SA ("Fidelidade").

2. financial statements approval

These financial statements were approved and authorized for disclosure by the Board of Directors on April 14, 2023. These financial statements are still subject to the approval of the General Shareholders' Meeting, under the terms of the Portuguese commercial legislation.

B. financial position

3.investments

3.1. property, plant and equipment

[POLICY]

Property, plant and equipment is valued at cost less accumulated depreciation and impairment losses. Subsequent expenses with tangible assets are recognized only if it is probable that they will result in future economic benefits for the Company. All current maintenance and repair expenses are recognized as an expense under cost of services and materials.

Depreciation of tangible fixed assets is calculated using the straight-line method, starting from the month in which the assets are available for use. The depreciation rates used correspond, on average, to the following estimated useful lives:

	Years
Basic equipment	2-20
Other property, plant and equipment	3-20

Depreciation ceases when the assets are classified as held for sale.

When there is an indication that an asset may be impaired, its recoverable amount is estimated, an

impairment loss is recognized whenever the carry amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

[ESTIMATE]

Depreciation is calculated on the acquisition cost using the straight-line method, starting from the month in which the asset is available for use. The depreciation rates used reflect the best knowledge about the estimated useful life. The residual values of the assets and the respective useful lives are reviewed and adjusted, when necessary.

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The changes in property, plant and equipment can be presented as follows:

	Basic equipment	In progress	Total
Acquisition cost			
Balance as at 1 January 2021	3 430	620	4 050
Additions	-	1 165	1 165
Transfers	1 563	(1 563)	-
Balance as at 31 December 2021	4 993	222	5 215
Balance as at 1 January 2022	4 993	222	5 215
Additions	-	831	831
Transfers	747	(747)	-
Balance as at 31 December 2022	5 740	306	6 046
Accumulated depreciation			
Balance as at 1 January 2021	2 457	-	2 457
Depreciation for the year	701	-	701
Balance as at 31 December 2021	3 158	-	3 158
Balance as at 1 January 2022	3 158	-	3 158
Depreciation for the year	941	-	941
Balance as at 31 December 2022	4 099	-	4 099
Net book value			
As at 31 December 2021	1 835	222	2 057
As at 31 December 2022	1 641	306	1 947

Fully depreciated tangible fixed assets amount to €2.7 million (2021: €2.2 million).

As at 31 December 2022, the Company has no material commitments related to the acquisition of property, plant and equipment.

3.2. right-of-use assets

[POLICY]

The Company enters into lease contracts to use assets in its operating activity, such as buildings and vehicles. Typically, these lease contracts are made for periods of 4 to 10 years. When applicable, the Company allocates contract lease payments to lease components, and non-lease payments are recognized based on the value of that component, except for vehicle leases, where the Company has chosen not to separate lease and non-lease components, registering the two components together as if they were a single lease component.

From 1 January 2019 onwards, building and vehicle lease contracts started to be recognized in assets (right-of-use assets) and in liabilities, from the date the underlying asset became available for use by the Company.

Right-of-use assets are measured at cost, which comprises:

- the value of the initial measurement of the lease liability;
- any lease payments made on or before the lease start date, less the rental incentives received;
- any initial direct costs; and
- dismantling and replacement costs.

Right-of-use assets are generally depreciated at the shorter of the assets' useful life and the lease period,

except when the Company has a purchase option on the underlying asset and it is reasonably certain that this option will be exercised.

When the lease contracts have an associated sublease agreement, the Company recognizes a financial liability for all lease payments discounted at the incremental rate, and a financial asset, for the right-of-use to the extent of the agreed sublease.

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3.2.1. right-of-use assets changes for the year

	Buildings	Transport equipment	Total
Acquisition cost			
Balance as at 1 January 2021	989	221	1 210
Additions	37	73	110
Balance as at 31 December 2021	1 026	294	1 320
Balance as at 1 January 2022	1 026	294	1 320
Additions	-	59	59
Balance as at 31 December 2022	1 026	353	1 379
Accumulated depreciation			
Balance as at 1 January 2021	137	89	226
Depreciation for the year	207	69	276
Balance as at 31 December 2021	344	158	502
Balance as at 1 January 2022	344	158	502
Depreciation for the year	206	82	288
Balance as at 31 December 2022	550	240	790
Net book value			
As at 31 December 2021	682	136	818
As at 31 December 2022	476	113	589

3.2.2. impact on the statement of profit or loss

	31-dec-22	31-dec-21
Depreciation of right-of-use assets		
Buildings	206	207
Transport equipment	82	69
	288	276
Financial expenses		
Financial expenses on lease contracts	20	26
	20	26
Rents		
Expenses with short-term contracts	1	1
Expenses with low value contracts	7	-
Expenses with lease agreements for intangible assets	60	4
	68	5

In 2022, payments made on lease contracts amounted to €293 thousand (2021: €303 thousand).

The lease liabilities are presented in note 5.4.7.

3.3. intangible assets

[POLICY]

Intangible assets are recorded at acquisition cost, less accumulated amortization and impairment losses, when applicable. Intangible assets are only recognized when it is probable that they will result in future economic benefits for the Company and they can be measured reliably. Intangible assets with defined useful lives are amortized using the straight-line method, starting from the month in which they are available for use. The amortization rates used correspond, on average, to the following estimated useful lives:

	Years
Software	3 - 5

Intangible assets with undetermined useful lives are not subject to amortization, being subject to impairment tests in the last quarter of each financial year or when there is an indication that they may be impaired.

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	Software	In pro- gress	Total
Acquisition costs			
Balance as at 1 January 2021	9 145	1 313	10 458
Additions	-	2 432	2 432
Transfers	2 532	(2 532)	-
Balance as at 31 December 2021	11 677	1 213	12 890
Balance as at 1 January 2022	11 677	1 213	12 890
Additions	-	5 348	5 348
Transfers	2 768	(2 768)	-
Balance as at 31 December 2022	14 445	3 793	18 238
Accumulated amortisation			
Balance as at 1 January 2021	4 833	-	4 833
Amortizations of the year	1 469	-	1 469
Balance as at 31 December 2021	6 302	-	6 302
Balance as at 1 January 2022	6 302	-	6 302
Amortizations of the year	1 758	-	1 758
Balance as at 31 December 2022	8 060	-	8 060
Net book value			
As at 31 December 2021	5 375	1 213	6 588
As at 31 December 2022	6 385	3 793	10 178

Intangible assets in progress refer to IT projects that are being developed. The increase in this item when compared to the previous year can be explained by the development of a new software application that supports the clinical and administrative operations of health care units.

Fully amortized intangible fixed assets amount to €4.9 million (2021: €4.5 million).

As of 31 December 2022, the Company has no materially commitments related to the acquisition of intangible assets.

3.4. investment in subsidiaries and associates

[POLICY]

Financial investments in equity interests and equity loans to subsidiaries are recognized at acquisition cost, less impairment losses when applicable.

Loans to subsidiaries are classified as non-current assets, when they have a maturity over 12 months from the reporting date or when the payment term is less than 12 months and there is an intention of the Company to renew the loan for a longer period. They are measured at amortized cost, determined in accordance with the effective interest rate method. When there is evidence that they are impaired (ie when financial investments deteriorate significantly in terms of their financial position), the corresponding impairment loss is recorded in the statement of profit or loss.

[ESTIMATE]

A financial impairment is recognized when the book value of an investment exceeds the present value of future cash flows. The calculation of the present value its future cash flows and the decision to consider permanent impairment involves judgment and is dependent of the future prospected for the subsidiaries. For the purposes of impairment testing, market prices, if available, or other valuation assumptions are based on information available from

subsidiaries. In order to determine whether there is a permanent impairment, Luz Saúde considers the ability and intention to hold the investment for a reasonable period that is sufficient to recover the fair value up to (or above) the balance sheet value, including in the analysis factors such as the expected results of the subsidiary or associate, the economic and regulatory environment, the status of the industry and the market in which they operate.

The caption of investments in subsidiaries and associates can be presented as follows:

	Shares	Equity loans	Loans	Accu- mulated impair- ment	Net book value
Acquisition cost					
Balance as at 1 January 2021	129 946	286 646	216 953	(89 474)	544 071
Additions	53	13 404	32 864	(4 740)	41 581
Decrease	-	(600)	(59 529)	-	(60 129)
Balance as at 31 December 2021	129 999	299 450	190 288	(94 214)	525 523
Balance as at 1 January 2022	129 999	299 450	190 288	(94 214)	525 523
Additions	5 750	2 500	19 106	(4 080)	23 276
Decrease	(5 591)	(4 554)	(13 321)	2 250	(21 216)
Transfers	(14)	(597)	-	-	(611)
Balance as at 31 December 2022	130 144	296 799	196 073	(96 044)	526 972
Net book value					
As at 31 December 2021	129 999	299 450	190 288	(94 214)	525 523
As at 31 December 2022	130 144	296 799	196 073	(96 044)	526 972

3.4.1. investments in subsidiaries and associates by entity

	Registered office	% of shareholding	Shares	Equity loans	Loans	Accumulated impairment	Total 31-dec-22	Total 31-dec-21
Subsidiaries								
Casas da Cidade - Residências Sénior, SA ("CASAS")	Lisbon	100,00%	200	490	-	-	690	690
Hospital da Luz Oeiras, SA ("HLO")	Oeiras	100,00%	2 250	-	-	-	2 250	250
GLSMED LEARNING HEALTH, SA ("GLSLH")	Lisbon	100,00%	2 050	2 800	215	(2 890)	2 175	2 265
GLSMED TRADE, SA ("GLST")	Lisbon	100,00%	2 050	-	3 000	-	5 050	9 126
HME - Gestão Hospitalar, SA ("HME")	Évora	100,00%	2 149	-	18 765	(15 772)	5 142	2 172
Hospital da Luz Arrábida, SA ("HAG")	V. N. Gaia	100,00%	8 240	-	4 450	-	12 690	9 420
Hospital da Luz Aveiro, SA ("HLA")	Aveiro	95,71%	4 805	-	-	-	4 805	4 805
Hospital da Luz - Centro Clínico da Amadora, SA ("HL-CCA")	Amadora	100,00%	2 100	11 200	-	(9 705)	3 595	2 795
Hospital da Luz Guimarães, SA ("HLG")	Guimarães	100,00%	7 488	10 050	-	-	17 538	19 038
Hospital da Luz, SA ("HLL")	Lisbon	100,00%	3 683	6 480	-	-	10 163	10 163
HOSPOR - Hospitais Portugueses, SA ("HOSPOR")	Póvoa de Varzim	100,00%	35 450	6 500	37 800	-	79 750	82 750
Luz Saúde - Unidades de Saúde e de Apoio à Terceira Idade, SA ("USATI")	Lisbon	100,00%	41 800	175 200	64 130	-	281 130	273 630
RML - Residência Medicalizada de Loures, SGPS, SA ("RML")	Lisbon	75,00%	5 362	-	-	-	5 362	5 512
SGHL - Sociedade Gestora do Hospital de Loures, SA ("SGHL")	Lisbon	100,00%	3 247	38 179	43 500	(67 537)	17 389	21 838
Surgicare - Unidades de Saúde, SA ("SURGICARE")	Lisbon	100,00%	6 087	19 800	-	-	25 887	25 887
Hospital da Luz Funchal, SA ("HLF")	Funchal	81,35%	3 133	-	12 460	(140)	15 453	13 048
Capital Creativo Health Care Investment II, SA ("CCHCI II")	Lisbon	100,00%	50	26 100	11 753	-	37 903	34 633
Casas da Cidade - Residências Sénior de Carnaxide, SA ("CASAS CARNAXIDE")	Oeiras	-	-	-	-	-	-	6 591
			130 144	296 799	196 073	(96 044)	526 972	524 613
Associates								
GENOMED - Diagnósticos de Medicina Molecular, SA ("GENOMED")	Lisbon	-	-	-	-	-	-	299
HL - Sociedade Gestora do Edifício, SA ("HL-SGE")	Oeiras	-	-	-	-	-	-	611
			-	-	-	-	-	910
Total investments in subsidiaries and associates			130 144	296 799	196 073	(96 044)	526 972	525 523



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3.4.2. changes in subsidiaries and associates

	Shares	Equity loans	Loans	Impairment	Total
Balance at 1 January 2022	129 999	299 450	190 288	(94 214)	525 523
Share capital increase					
HME	2 000	-	-	-	2 000
HLO	2 000	-	-	-	2 000
GSLT	1 750	-	-	-	1 750
	5 750	-	-	-	5 750
Disposal/transfer of shares					
CASAS CARNAXIDE	(5 346)	(3 000)	(495)	2 250	(6 591)
GENOMED	(245)	(54)	-	-	(299)
HL-SGE	(14)	(597)	-	-	(611)
	(5 605)	(3 651)	(495)	2 250	(7 501)
Reinforcement / (reimbursement) of equity loans					
GLSLH	-	1 500	-	-	1 500
HL-CCA	-	1 000	-	-	1 000
HLG	-	(1 500)	-	-	(1 500)
	-	1 000	-	-	1 000
Reinforcement / (reimbursement) of loans					
USATI	-	-	7 500	-	7 500
HAG	-	-	3 270	-	3 270
CCHCI II	-	-	3 270	-	3 270
HME	-	-	2 660	-	2 660
HLF	-	-	2 406	-	2 406
RML	-	-	(150)	-	(150)
GLSLH	-	-	(900)	-	(900)
SGHL	-	-	(2 950)	-	(2 950)
HOSPOR	-	-	(3 000)	-	(3 000)
GLST	-	-	(5 826)	-	(5 826)
	-	-	6 280	-	6 280
Impairment losses					
HL-CCA	-	-	-	(200)	(200)
GLSLH	-	-	-	(690)	(690)
SGHL	-	-	-	(1 500)	(1 500)
HME	-	-	-	(1 690)	(1 690)
	-	-	-	(4 080)	(4 080)
Balance as at 31 December 2022	130 144	296 799	196 073	(96 044)	526 972



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The shares in HL-SGE (10%) were transferred to financial assets at fair value through profit or loss, as it is understood that with the end of the HBA management contract, the Group no longer has significant influence over this investee.

3.4.3. impairment of subsidiaries

The recoverable amount of investments in subsidiaries and associates (financial instruments and non-current accounts receivables) is tested annually in the last quarter of each financial year, or whenever there is an indication of a possible impairment. The recoverable amount is determined based on the higher between the carried amount of the assets in accordance with the financial information prepared by each subsidiary and its value in use.

The value in use is calculated using discounted cash flows (DCF), considering the historical performance of the business, the market conditions, the future expectations for the development of each business, the time value and the business risks.

For the purposes of the tests, carried out in the last quarter of 2022 and 2021, the Company defined a set of assumptions to determine the recoverable amount of the investments made, of which the highlight the following:

Year	Calculation method	Projection period	Pre-tax discount rate	Perpetuity growth rate
2022	DCF	5 anos	4,69%	1,8%
2021	DCF	5 anos	3,45%	1,8%

The following should be noted:

- Projected cash flows are based on the budgets prepared by the subsidiaries which represent the first year of cash flows for the period under analysis;
- Medium and long-term projected cash flows are based on historical performance and business plans and are extended in perpetuity, wherever applicable;
- The assumptions used in projecting cash flows for each of the cash-generating units are those to which the recoverable amount of the unit is most sensitive;
- The key assumptions used are a reflection of past experience and external sources of information; and,
- The growth rate used is in accordance with the long-term expected average growth rate for the market in which the unit operates.

Based on the tests carried out, the Company increased its impairment allowance. The details of impairment losses per subsidiary can be presented in the table below:

	31-dec-22	31-dec-21
SGHL	67 537	66 037
HME	15 772	14 082
HL-CCA	9 705	9 505
GLSLH	2 890	2 200
HLF	140	140
CASAS CARNAXIDE	-	2 250
Total impairment in financial investments	96 044	94 214

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3.4.4. summarized
financial information
of the main subsidiaries

	HAG	HLL	HOSPOR	SGHL
Summarised net assets				
Current assets	21 435	93 440	29 171	24 467
Current liabilities	(28 504)	(66 578)	(29 739)	(5 130)
Current net assets/(liabilities)	(7 069)	26 862	(568)	19 337
Summarised results				
Non-current assets	42 471	185 510	145 541	9 817
Shareholder loans	(4 450)	-	(37 800)	(43 500)
Non-current liabilities	(9 670)	(185 885)	(27 511)	(11 766)
Net assets/(liabilities)	21 282	26 487	79 662	(26 112)
Summarised cash flows				
Total revenue	71 543	251 344	107 503	5 138
Profit before income tax	11 111	16 174	5 494	(1 947)
Income tax expense	(3 145)	(4 005)	(1 489)	446
Net profit/(loss)	7 966	12 169	4 005	(1 501)
Summarised cash flows				
Operating cash flow	14 555	33 321	20 222	3 877
Investment cash flow	(2 093)	(2 866)	(2 902)	(326)
Financing cash flow	(9 638)	(24 777)	(10 941)	(2 950)
Change in cash and cash equivalents	2 824	5 678	6 379	601

4.
working capital

4.1.
trade and
other receivables

[POLICY]

Trade and other receivables classified as current assets have no implicit interest and are presented using the amortized cost method, which is considered to be similar to the nominal value, less the associated impairment losses. If collection is expected to occur within a year of the reporting date, they are classified as current assets. Impairment losses are recorded in the statement of profit or loss in accordance with the expectation of default or when there is objective evidence that the Company will not collect all the amounts receivable, and will be subsequently reversed through the statement of profit or loss, if in a later period there is a decrease in the estimated loss amount.

[ESTIMATE]

Impairment losses related to doubtful receivables are based on the Company's assessment of the probability of recovering the accounts receivable balances. This assessment is made based on the ageing of the receivable, the debtor's profile and the deterioration of the credit situation of the debtors. If the financial conditions of debtors deteriorate, impairment losses may be higher than expected.

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Trade and other receivable include mainly amounts receivable from the Company's subsidiaries in respect of the services rendering, the reimbursement of expenses supported by the Company on behalf of the subsidiaries, and interest on shareholders loans granted. The balance can be presented as follows:

	31-dec-22	31-dec-21
Trade receivables	87	101
Trade receivables - related entities (note 4.1.1)	3 162	3 910
Impairment of trade receivables (note 4.1.2)	(89)	(68)
Trade receivables	3 160	3 943
Other receivables - related entities (note 4.1.1)	5 053	6 098
Tax group - related entities (note 4.1.1)	9 131	9 216
State and other public entities	578	147
Accrued income	559	753
Other debtors	2 105	1 736
Total other receivables	17 426	17 950
	20 586	21 893
From which:		
Current	15 713	16 312
Non-current	1 713	1 638

Considering the short maturities associated with the balances presented above, it is considered that their book value has no significant difference to fair value.

The balance with State and other public entities refers only to VAT to be recovered.

4.1.1. trade and other receivables from related entities

	31-dec-22				31-dec-21			
	Trade receivables	Other receivables Tax group	Other receivables	Total	Trade receivables	Other receivables Tax group	Other receivables	Total
Subsidiaries								
HOSPOR	406	1 376	1 424	3 206	562	1 465	2 345	4 372
HAG	409	2 840	11	3 260	430	2 880	2	3 312
USATI	671	-	2 026	2 697	778	-	2 438	3 216
HLL	245	4 230	-	4 475	513	2 652	-	3 165
SGHL	9	6	-	15	188	1 466	-	1 654
HME	102	10	618	730	82	9	549	640
GLST	39	85	242	366	62	321	95	478
ACE	292	-	-	292	391	-	-	391
HLF	43	1	371	415	53	6	304	363
HLA	207	189	-	396	164	91	-	255
HLO	40	266	-	306	87	167	-	254
HLC	263	23	-	286	217	-	-	217
SURGICARE	124	-	-	124	144	-	62	206
CCHCI II	6	-	311	317	4	-	199	203
HL-CCA	51	6	2	59	-	5	29	34
VLUSITANO	26	59	-	85	32	96	-	128
HLG	142	10	-	152	124	-	-	124
GLSLH	20	15	42	77	8	13	53	74
CASAS CARNAXIDE	-	-	-	-	22	5	17	44
CASAS	14	7	-	21	15	24	-	39
HRM	9	8	-	17	17	16	-	33
CRB	18	-	-	18	13	-	-	13
RML	26	-	6	32	4	-	5	9
	3 162	9 131	5 053	17 346	3 910	9 216	6 098	19 224

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Tax group includes the balances related to Tax Group income tax (CIT) payable by the Company's subsidiaries that are part of the Tax Group led by Luz Saúde regarding the taxable earnings and autonomous taxation on operations for the year 2022.

4.1.2. impairment of receivables

	31-dec-22	31-dec-21
Impairment of receivables as at 1 January	68	68
Effect in the statement of profit or loss		
Increase	21	-
Reversal of impairment	-	-
Impairment of receivables as at 31 December	89	68

4.1.3. other debtors

The balance of this item refers mainly to the current value of the financial support granted to Universidade Católica Portuguesa in the amount of €1.713 thousand.

4.2. trade and other payables

[POLICY]

Trade and other payables present the liabilities regarding the purchase of services in the normal course of the Company's operations. If payment is due within a year or less, they are classified as current liabilities, otherwise, they are classified as non-current liabilities. Trade and other payables are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest rate method, which considering the short maturities of these liabilities it is equal to its nominal value. Gains or losses are recognized in profit or loss when liabilities are derecognized, as well as through the amortization process at the effective interest rate.

	31-dec-22	31-dec-21
Trade payables - current	4 890	3 037
Total trade payables	4 890	3 037
State and other public entities	89	69
Personnel	2 600	2 095
Other accruals	790	1 462
Other payables	117	185
Tax group	8 062	8 552
Other payables	24	67
Total other payables	11 682	12 430
	16 572	15 467

Considering the maturities associated with the balances presented above, it is considered that its book value has no material difference to fair value.

The item of personnel includes the liability for vacation period and vacation allowance and variable remuneration of the Board of Directors executive members and employees.

Other accruals refer essentially to liabilities assumed with the contracting of services related to the Company's activity.

The tax group item refers to the income tax loss generated in 2022, by the Company's subsidiaries that are part of the tax group led by Luz Saúde.

4.3. other current and non-current assets

	31-dec-22	31-dec-21
Deferred expenses	2 171	2 109
Advances to suppliers	320	185
	2 491	2 294
From which:		
Current	796	495
Non-current	1 695	1 799

5. financing

5.1. capital management

In the scope of its regular activity, the Company manages the Group's corporate debt, with the main business units having independent operational treasury management. The Company's objectives in relation to capital management are:

- Safeguard of the Company's ability to continue operating and thus provide returns for Shareholders and benefits for other stakeholders;
- Maintain a solid capital structure to support the development of its activity and of the Group it leads;
- Maintain an optimal capital structure that allows the Company to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company can adjust the amount of dividends payable to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt. Capital ratios are usually measured based on the Company's consolidated accounts.

5.2. equity

5.2.1. share capital

Luz Saúde's share capital is represented by 95 542 254 ordinary shares with a nominal value of €1 (31 December 2021: 95 542 254 shares).

5.2.2. share premium

Share premiums are related to the share capital increases undertaken by the Company in 2004, 2005 and 2006 in the amounts of €12 500 thousand, €7 500 thousand and €61 600 thousand, respectively. During the 2011 financial year, these funds were partially used in the amount of €33 870 thousand, following a Shareholders Meeting resolution, to cover losses carried forward, leaving a balance of €47 730 thousand.

In addition the share capital increase that took place in February 2014, €15 493 thousand was recorded as share premiums from which €1 427 thousand were deduced in respect of transaction costs with the share capital increase. Thus this heading amounts to €61 796 thousand.

5.2.3. reserves and retained earnings

As of 31 December 2022, and 2021 the amount in reserves and retained earnings (which include also the comprehensive income for the year) can be presented as follows:

	31-dec-22	31-dec-21
Non-distributable reserves		
Legal reserve	6 656	5 520
Other reserves	124 698	103 113
Accumulated losses	(2 276)	(2 502)
Comprehensive income for the year	20 921	22 947
	149 999	129 078

5.2.3.1. non-distributable reserves

The non-distributable reserves includes the legal reserve created by allocation of the net profit of each financial year.

5.2.3.2. other reserves

Other reserves relate to the unrestricted reserves created by the allocation of the net profit from previous years, available to be distributed to shareholders. The distribution of these reserves is limited by the debtor balance of the caption accumulated losses.

5.2.3.3. profit allocation

According to the proposal presented and approved at the Shareholders General Meeting held on May 27, 2022, the net profit of Luz Saúde, for the year 2021, had the following allocation:

	2021 Year-end	2020 Year-end
Legal reserve	1 136	-
Unrestricted reserves	21 586	5
Statutory profit allocation	22 722	5

5.2.3.4 accumulated losses

Accumulated losses includes, among other, the effectiveness of derivative financial instruments and the result generated in previous years from the purchase and sale of treasury shares held under the stock compensation plan.

5.3. cash and cash equivalents

[POLICY]

The amounts included in the item caption cash and cash equivalents correspond to the amounts of cash, bank deposits, term deposits and other, maturing in or less than three months of the reporting date and which can be immediately mobilized and with an insignificant risk of change in value. Bank overdrafts are presented as current loans in liabilities.

	31-dec-22	31-dec-21
Cash	1	1
Immediately available bank deposits	2 504	3 850
	2 505	3 851

Considering the short maturities associated with the balances presented above, it is considered that its book value has no material difference to the fair value. For the purposes of preparing the cash flow statement, cash and cash equivalents is detailed as follows:

	31-dec-22	31-dec-21
Cash and cash equivalents as presented above	2 505	3 851
Bank overdrafts	-	(35 039)
Balance in the statement of cash flow	2 505	(31 188)

5.4. interest-bearing liabilities

[POLICY]

Interest-bearing liabilities include mainly the Company's credit lines, whether in the form of bank loans, bond loan or commercial paper programs, as well as lease liabilities. These liabilities are recognized at fair value and are subsequently measured at amortized cost calculated using the effective interest rate method. They are classified in current or non-current liabilities depending on their maturity, thus, if the debt matures in less than a year, it will be classified as a current liability, if it is more than a year it will be classified as a non-current liability. Derecognition occurs when the obligations arising from the contracts end, namely at the time of settlement. Financial charges are calculated according to the effective interest rate and, recorded in the statement of profit or loss, on an accrual basis.

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	31-dec-22			31-dec-21		
	Current	Non-current	Total	Current	Non-current	Total
Secured						
Commercial paper	27 250	52 750	80 000	-	80 000	80 000
Leases	269	349	618	281	554	835
Total secured debt	27 519	53 099	80 618	281	80 554	80 835
Unsecured						
Commercial paper	39 574	58 000	97 574	34 808	53 500	88 308
Bank loan	12 218	25 510	37 728	9 741	22 594	32 335
Bond loan	6 722	36 450	43 172	1 194	28 500	29 694
Other loans	-	-	-	35 039	-	35 039
Total unsecured debt	58 514	119 960	178 474	80 782	104 594	185 376
Interest-bearing liabilities	86 033	173 059	259 092	81 063	185 148	266 211

As at December 31, 2022, the Company has unused credit lines in the form of bank overdraft, amounting to €27.5 million.

5.4.1. commercial paper

[POLICY]

Commercial paper programs that do not have underwriting clauses are classified in current liabilities, although it is expected that the bank responsible for the organization of the program, will be able to renew the current balance. Commercial paper programs with a maturity of more than 12 months after the reporting date are classified as non-current, whenever the Group has the capacity to control the renewal of current emissions until the maturity of the programs and these have underwritten commitment by the organizer.

The commercial paper financing lines that the Company has are the following:

Start date	End date	Subscription underwriting	Program amount	Amount used on 31-Dec-22	Amount used on 31-Dec-21
10/02/2011	28/12/2026	Sim	80 000	80 000	80 000
05/05/2020	01/01/2024	Sim	15 000	15 000	10 000
18/05/2016	30/06/2025	Sim	40 000	40 000	43 000
10/08/2018	10/02/2024	Sim	10 500	10 500	5 500
17/03/2017	17/03/2024	Não	30 000	-	-
06/11/2021	06/11/2024	Não	35 000	32 250	30 000
				177 750	168 500
			Accrued interest and other related expenses, net	(176)	(192)
				177 574	168 308

The commercial paper program due in 2026 (amounting €80.0 million) is secured by the mortgage of part of the building of Hospital da Luz in Lisbon.

Of the amount used in December 2022, the amount of €32.25 million, relates to balances with related entities: Hospital da Luz (€13 million), Hospital da Luz Aveiro (€10.5 million), CRB (€ 2.5 million), Vila Lusitano (€2 million), Hospital da Luz Guimarães (€1 million), Hospital da Luz Oeiras (€2.75 million) and Casas da Cidade (€0.5 million).

The interests supported in the amount of €333 thousand refer to the interest paid to related entities (note 20).

5.4.2. bank loans

Start date	End date	Amount used on 31-Dec-22	Amount used on 31-Dec-21
31/03/2022	31/03/2025	15 000	-
21/11/2019	21/11/2026	8 000	10 000
23/11/2018	23/05/2025	5 608	7 814
22/04/2019	22/04/2025	6 702	10 000
09/10/2017	09/10/2023	2 300	4 562
		37 610	32 376
	Accrued interest and other expenses, net	118	(41)
		37 728	32 335

5.4.3. bond loans

Start date	End date	Amount used on 31-Dec-22	Amount used on 31-Dec-21
18/12/2020	18/12/2027	28 500	30 000
14/12/2022	14/12/2025	15 000	-
		43 500	30 000
	Interests and other related expenses, net	(328)	(306)
		43 172	29 694

5.4.4. maturity of the interest-bearing loans

As at 31 December 2022 and 2021, the commercial paper, bond loan, bank loan and bank overdrafts presented the following maturities based on the contracted maturity date:

	31-dec-22				31-dec-21			
	Commercial paper	Borrowings	Bond loans	Other loans	Commercial paper	Borrowings	Bond loans	Other loans
Up to 12 months	66 824	12 218	8 072	-	34 808	9 741	1 194	35 039
12-24 months	46 600	9 802	8 400	-	80 750	9 861	3 000	-
24-36 months	38 450	13 708	7 200	-	13 600	7 580	3 000	-
36-48 months	25 700	2 000	3 000	-	13 450	3 153	3 000	-
More than 48 months	-	-	16 500	-	25 700	2 000	19 500	-
	177 574	37 728	43 172	-	168 308	32 335	29 694	35 039

5.4.5. guarantees

Most of the aforementioned financing lines contain financial constraints / covenants that are common in financing agreements. Typical non-financial constraints included are:

- negative pledge provisions, in relation to the lines with the highest value and maturity;
- restrictions on the use of capital resources, acquisitions and disposal of assets;
- Pari passu obligations;
- conditions of non-compliance with responsibilities, which include cross-default clauses in relation to

companies that are under control or in a group relationship with the respective borrower;

- Change of control provisions that requires that the Fosun Group maintains control, direct or indirect, in the Company; and,
- Dividend distribution limits.

In terms of real estate guarantees, one of the commercial paper line disclosed above is secured by a mortgage on one of the Group's real estate properties. The amount secured is greater than the amounts of the contracted line.

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5.4.6. financial covenants

The Company is obliged to comply with financial ratios, established in the financing agreements in force on this date, calculated on the basis of its consolidated accounts, namely:

- Net debt / EBITDA
- Equity to assets

As at 31 December 2022, the Company was not in breach of the contracted covenants.

5.4.7. leases

[POLICY]

Until 31 December 2018, the Company classified its leasing operations as finance leases or operating leases, according to their substance and not their legal form, in accordance with the criteria established in IAS 17 - Leases. Operations where the risks and benefits of the ownership of the asset were transferred to the lessee, were classified as finance leases. All other leasing operations were classified as operating leases.

From 1 January 2019 onwards, leasing contracts, began to be recognized both in assets (under right-of-use assets) and in liabilities from the date the underlying asset became available for use by the Company. The assets and liabilities arising from a

lease are initially measured at present value of lease payments:

- fixed payments (including fixed payments in substance), less leasing incentives;
- variable payments, based on an index or rate;
- expected payments for residual value guarantees;
- exercise value of a purchase option, when the Company has reasonable certainty of exercising that option;
- payment of penalties for terminating contracts, as long as the Company exercises this option; and
- payments to be made under contract extension options when the Company is reasonably certain of exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be easily determined, the Company 's incremental financing rate is used, which is the rate that the lessee would have to pay for obtaining the funds necessary to obtain an asset of a similar value to the right-of-use asset for a similar period, in a similar economic environment, and with similar guarantees.

To determine the incremental financing rate, the Company whenever possible, uses the recent financing conditions obtained from third parties, adjusted to reflect changes in financing conditions since the financing was obtained, for contracts lasting up to 7 years.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability value until

they come into effect. Adjustments to lease payments based on an index or rate imply a revaluation of the lease liability against the increase in the right-of-use assets.

The lease payments are separated into its acquisition value and its financial component, in which the financial cost is recorded in the statement of profit or loss during the lease period, in order to produce an effective interest rate.

Lease liabilities have the following maturities:

	31-dec-22	31-dec-21
Less than a year	269	281
Between one to five years	349	554
More than five years	-	-
	618	835



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6. other

6.1. financial assets at fair value through profit or loss

[POLICY]

This note includes the equity instruments held by the Company related to companies on which has no control or significant influence. These financial assets are measured at fair value through profit or loss when the Company holds them without a long-term strategic purpose.

	31-dec-22	31-dec-21
Financial assets at fair value through profit or loss		
FCR Capital Criativo IV	1 859	1 920
Iberis Bluetech Fund III	1 000	-
Explorer Growth Fund V	1 000	-
FCR C2 R&D Growth VI	1 000	-
Iberis Bluetech Fund, FCR, EuVECA	888	899
HL-Sociedade Gestora do Edifício, SA	612	-
Uphill, SA	550	550
FCT - Fundo compensação do trabalho	18	13
	6 927	3 382

As in previous years, at the end of 2022, as part of its strategy to promote innovation and development, the Company invested in three Venture Capital Funds (VCF) which aim to develop an investment portfolio in entities with a large component of its

activity dedicated to investment in research and development.

Until January 18, 2022, HL-SGE was presented under the caption Investment in subsidiaries and associates, on that date as a result of the termination of the HBA management contract, the Group considers that no longer has significant influence over the investee, and as such the investment has been reclassified to financial assets at fair value through profit or loss.

6.2. provisions

[POLICY]

Provisions are recognized when the Company (i) has a present, legal or constructive obligation, (ii) it is probable that its payment will be required and (iii) when a reliable estimate of the value of that obligation can be made. When one of these requirements is not met, the Company discloses the events as a contingent liability, unless the possibility of an outflow of funds is remote. Provisions are reviewed at the reporting date and are adjusted to reflect the best estimate at that date. Contingent assets are not recognized in the financial statements but are disclosed when a future economic benefit is probable.

[ESTIMATE]

The Company exercises considerable judgment in recognizing and measuring provisions. Judgment is essential to assess the probability that a given process will be successful. Due to the uncertainties inherent in the valuation process, the actual losses may be different from the estimated losses in the provision. These estimates are subject to change as new information about the processes is known. Revisions to the estimates of these losses may affect future earnings.

The provisions caption did not register any movement in 2022.



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C.
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risk
management

7.
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risk

Luz Saúde main activity is the development and participation in the healthcare business, the Company is largely dependent on the financial structure of its subsidiaries and their ability to generate sufficient cash flow to carry out distribution of dividends, payment of interest, repayment of loans made by the company and payment of the services rendered by the Company.

The Company is exposed to the following types of risk as a result of its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note provides information on the Company's exposure to each of the aforementioned risks, as well as its goals, procedures and practices for measuring and managing these risks. Further disclosures of a quantitative nature are presented throughout these financial statements.

The identified risks are reviewed regularly to ensure they reflect real market conditions and are consistent with the Company's activities.

7.1.
credit
risk

Credit risk arises from the possibility that financial losses may occur due to a client's default on contractual obligations with Luz Saúde during its business.

The Company's exposure to credit risk is essentially related to the balances receivable from its subsidiaries arising from the Company's operating and investment activity, as well as from the liquidity managed within the Company's treasury activity.

The following table presents the maximum exposure of the Group to the credit risk:

	31-dec-22	31-dec-21
Trade receivables and accrued income	557	786
Trade receivables and accrued income - related entities	3 162	3 910
Financial investments - loans to associates	196 073	190 288
Other receivables	2 105	1 736
Other receivables - related entities	14 184	15 314
Trade and receivables	216 081	212 034
Bank deposits and cash equivalents	2 504	3 850
	218 585	215 884

7.1.1.
trade
receivables

Monitoring of the credit risk arising from operating and investment activities, relevant credit risk is limited to transactions with related entities of the Company.

Monitoring the activity of the subsidiaries by the Company's management enables a detailed monitoring of this risk.

7.1.2.
bank
deposits

The breakdown of bank deposits, according to the rating of the financial institutions where assets were deposited, can be presented as follows (taking as based on Moody's rating observable in the market as at 31 December 2022):

	31-dec-22	31-dec-21
Rating		
Baa1	-	84
Baa2	423	530
Baa3	404	183
Ba2	135	2 704
B2	1 435	-
Caa1	-	301
Other	107	48
	2 504	3 850

As guideline, the Company tries to maintain an alignment between the financial institutions where deposits its cash equivalents, and the financial

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institutions with credit lines to finance the operations, in order to create a natural hedge to prevent the risk of a potential credit event that may occur at the level of counterparty where the funds are deposited.

7.2. liquidity risk

Liquidity risk arises from the possible inability to finance the Company's assets or from meeting the liability contract on the maturity date. The aim is to maintain a satisfactory level of cash flow to meet the financial needs, in the short, medium and long term. To assess overall exposure to this type of risk, reports are prepared to enable the Company to identify occasional treasury deficits and activate the measures intended to cover them.

To finance its business, the Company has the credit lines referred to in note 5.4.

The maturity of the financial liabilities will give rise to the following non-discounted monetary flows, excluding interest, based on the remaining period until maturity on the balance sheet date:

	31-dec-22				31-dec-21	
	Bank Loans	Commercial paper	Bond loans	Other liabilities (*)	Total	Total
Under 12 months	12 218	66 824	8 072	17 190	104 304	99 369
12 to 24 months	9 802	46 600	8 400	-	64 802	93 611
24 to 36 months	13 708	38 450	7 200	-	59 358	24 180
36 to 48 months	2 000	25 700	3 000	-	30 700	19 603
49 to 60 months	-	-	16 500	-	16 500	29 704
Over 60 months	-	-	-	-	-	17 496
	37 728	177 574	43 172	17 190	275 664	283 963

(*) Excludes non-financial liabilities

7.3. market risk

Market risk refers to the Company exposure to changes in market prices, such as foreign exchange rates, interest rates or developments in the capital markets which may affect the Company's results and financial position. As the Company is not exposed to foreign exchange or capital market risks, the goal of its market risk management policies focus mainly on monitoring changes in interest rates that affect interest-bearing liabilities with floating interest rates.

Most credit lines contracted by the Company are exposed to floating interest rates, given by the market index contracted plus a spread.

In previous years in order to balance the exposure to changes in interest rates, the Company has contracted hedging instruments to mitigate the cash

flow risk, in order to fix the interest rates of some of the credit lines in use.

Considering the level of financial debt that the Company has at 31 December 2022 and considering the effectiveness that these instruments may have (considering the actual level of interest rates), the Company will have about 44% of its financial debt exposed to variable interest rate (2021: 55%).

Considering that the Company's result is exposed to variations in market interest rates, and for illustrative purposes only, a variation of 50 b.p. in the reference rates and holding all other variables constant would result in an impact on the result before tax, on an annual basis, of approximately:



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	31-dec-22	31-dec-21
Impact of a 50 b.p. change in interest rate	563	879

An overall reform of the main interest rate benchmarks is underway, which will replace some benchmarks, including Euribor, for alternative risk-free rates. The Company presents exposures to Euribor variations in its financial instruments that will be impacted by this reform. There is currently uncertainty about the timing and methods associated with the transition of interest rate benchmarks. The Company, presently, does not expect a significant impact on its risk management policies and on the effects of hedge accounting.

The Company will assess and analyze the potential impacts of the potential change from Euribor when the timings and the respective methods of change became effective and, in particular, in the designated interest rate risk hedging relationships.

8. financial instruments by category

The hierarchy for the purposes of assessing fair value should have the following levels and basis of measurement:

	31-dec-22	31-dec-21
Financial assets		
Financial assets at amortized cost		
Loans	196 073	190 288
Trade and other receivables	20 008	21 746
Cash and cash equivalents	2 505	3 851
Derivative financial instruments		
Used for hedging	4 327	-
Financial assets at fair value through profit or loss		
Other financial assets	6 927	3 382
	229 840	219 267
Financial liabilities		
Liabilities at amortized cost		
Trade payables	4 890	3 037
Other payables	11 682	12 430
Borrowings and bank overdrafts	258 474	265 376
Lease liabilities	618	835
Derivative financial instruments		
Used for hedging	-	2 466
	275 664	284 144

- Level 1 - quotes from active liquid markets and to which the Company has access at the reporting date;
- Level 2 - generally accepted valuation models based on observable market inputs;
- Level 3 - valuation models, that the main inputs are not observable in the market.

The Company's financial instruments carried at fair value are disclosed in notes 6.1 and 9.

The fair value of the instruments in note 9 was determined by bank entities based on observable market inputs and used in the generally accepted valuation models and techniques (level 2), regarding to financial assets at fair value through profit or loss, the fair value was determined based on the value of the investment units disclosed by the management entities of the funds in which the company invested, with reference to the half-year or quarterly accounts prior to the reporting date.

9. derivative financial instruments

[POLICY]

Derivative financial instruments are recognized on the contract date at their fair value, which is assumed to be equal to their acquisition cost on the contract date. Subsequently, the fair value of derivative financial instruments is remeasured on each reporting date, with the gains or losses resulting from this remeasurement being recorded directly in the statement of profit or loss, except with respect to the effects relating to cash flow hedging derivatives.

The Company uses financial instruments to hedge the interest rate risk resulting from its financing activity. Derivatives that do not qualify as hedging within the scope of IFRS 9 are recorded as trading. Cash flow hedging derivatives are recorded at fair value and insofar as changes in fair value are effective for hedging purposes, they are recognized against reserves in equity. Changes in fair value that are not considered to be hedging, as they are considered inefficient in whole or in part, are immediately recognized in the statement of profit or loss. The amounts accumulated in reserves are reclassified to results in the periods when the hedged item affects results.

The fair value of the hedging derivative is classified as a non-current asset or liability when the maturity of the hedged operation is greater than 12 months, and as a current asset or liability when the maturity of the hedged operation is less than 12 months.

In assessing the existence of an economic relationship between the hedged instruments and the hedging instruments, the Company assumes that the interest rate benchmark (Euribor) will not be changed following the reform of the interest rate benchmarks as permitted by the changes to IAS 39, IFRS 7 and IFRS 9 related to the reform of the interest rate benchmarks.

The aforementioned policy is applicable to all hedging relationships designated as of 31 December 2022.

The Group will cease to apply the above policy when:
(i) the uncertainty regarding the reform of the interest rate benchmarks with respect to Euribor ceasing; or
(ii) the respective hedging relationship is discontinued.

The Company uses derivative financial instruments to hedge interest rate risks affecting the value of the expected future cash flows. The hedged risk is the change in the index that the floating rate incorporates, being applicable to all the Company's credit lines.

The fair value of these instruments have been determined by banking entities based on observable inputs on the market and used in valuation models generally accepted (Level 2), can be presented as follows:

	31-dec-22	31-dec-21
Interest rate swap contracts - cash flow hedges	4 327	(2 466)
Interest rate swap contracts - held for trading	-	-
Total	4 327	(2 466)
Non-current		
Interest rate swap contracts - cash flow hedges	4 327	(2 466)
Interest rate swap contracts - held for trading	-	-
Current	-	-

The detail of fair value per contract can be presented as follows:

Covered instrument	Notional	Start date	End date	Fair value
Commercial paper	80 000	26/10/2016	28/04/2025	4 327
				4 327

Trading derivatives are classified in current assets or current liabilities according to their fair value at the reporting date.

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The notional interest rate swap contract outstanding at 31 December 2022 amounted to €80.0 million (2021: €80 million), all of which are considered as cash flow hedges. These contracts resulted in the recognition of a change in fair value in Company's equity in 2022 arising from the part considered as efficient for hedging purposes of approximately €4.5 million, (2021: €0.3 million, positive), in addition were recognized in the statement of profit or loss, revenue of €1 million (2021: €0.4 million, negative expense) due to the effect arising from changes in fair value considered not to be efficient for hedging purposes and €0.8 million related to accrued interest (2021: €1.2 million). These amounts are presented net of the tax impact.

D. performance in 2022

10. revenue from services rendered

[POLICY]

Revenue or income is recognized whenever economic benefits are likely to flow to the Company and can be estimated reliably, being recorded with reference to the stage of completion of the transaction at the reporting date, based on the activity produced in the period, valued according to the established agreements, regardless of the time of their actual billing.

The amount of revenue for services rendered comes entirely from services rendered direct and indirectly to Luz Saúde's subsidiaries, in the areas of marketing, financial, procurement, information technology, tax, legal and business and strategy development, according to the Group business segments:

	31-dec-22	31-dec-21
Revenue from services rendered to related entities		
Private segment	3 874	3 158
Corporate center	701	527
Public segment	23	76
Others	200	220
	4 798	3 981
Revenue based on timing of recognition		
At a point in time	-	-
Over time	4 798	3 981
	4 798	3 981

The increase in revenue from the private segment, results from the increase in services provided in terms of the use of shared software by companies in the private segment.

11. other operating income and gains

In 2022 this caption includes essentially the gain originated in the sale of the investment in the subsidiary Casas de Carnaxide in the amount of €659 thousand. The sale of this subsidiary was concluded in September 2022 by the total amount of €7.250 thousand.

12. materials and services consumed

	31-dec-22	31-dec-21
Specialised work	894	1 143
Advertising	246	466
Professional fees	189	169
Maintenance and repair	145	143
Insurances	67	93
Traveling expenses	94	53
Transportation and accommodation	46	23
Materials	25	17
Rents	68	5
Other materials and services consumed	320	254
	2 094	2 366

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13. personnel expenses

[POLICY]

Personnel liabilities are recognized in the statement of profit or loss in the period in which employees acquire the rights, regardless of the date of their payment. The responsibility is recognized in liabilities under the heading other accounts payable, namely:

- Vacation and vacation allowance: According to the Portuguese legislation, employees are entitled to one month of vacation and one month of vacation allowance, a right acquired in the year prior to their payment;
- Variable remuneration: Through the performance evaluation system in place, employees may receive a bonus if they meet certain objectives, a right usually acquired in the year prior to their payment.

[ESTIMATE]

The Company recognizes on a monthly basis an estimate for bonuses that considers the objectives agreed with employees and executive members of the Board of Directors, the achievement of those objectives and the overall status of the Company's activity. Current expense estimate is recorded under the heading other accounts payable, being prepared based on Management's best estimate, based on the performance of the current year. Final value to be paid is only known in the following year.

Personnel expenses can be presented as follows:

	31-dec-22	31-dec-21
Corporate body remunerations	1 672	1 133
Personnel wages and salaries	971	725
Payroll related expenses	348	294
Other personnel expenses	151	36
	3 142	2 188

The average number of Company employees in 2022 was 9 (2021: 9).

The fees agreed with the Statutory Auditor is registered in the income statement in the caption materials and services consumed (note 11), and can be presented as follows:

	31-dec-22	31-dec-21
Audit and statutory audit	98	70
	98	70

14. finance income

[POLICY]

The Company classifies dividends received, interest and financial discounts obtained from third parties as finance income, being these revenues recognized in the year to which they relate.

Finance income is recognized in the statement of profit or loss on an accrual basis during the period to which they relate. Dividends are recognized when the right to receive is established.

	31-dec-22	31-dec-21
Dividends	20 366	31 002
Interest from loans to subsidiaries	5 048	6 124
Fair value of derivatives (note 9)	1 086	-
Other interests	272	312
	26 772	37 438

The amount of dividends received has the following detail:

	31-dec-22	31-dec-21
HAG	9 129	18 081
HLL	8 387	4 697
HLO	1 750	-
GLST	1 100	8 224
	20 366	31 002

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The amount of interest from loans to subsidiaries can be detailed as follows:

	31-dec-22	31-dec-21
USATI	2 024	2 438
HOSPOR	1 424	2 345
HME	608	533
HLF	371	304
CCHCI II	311	199
GLST	242	95
GLSLE	42	53
CASAS CARNAXIDE	12	17
HAG	11	2
HL-CCA	2	71
RML	1	5
SURGICARE	-	62
	5 048	6 124

15. finance cost

[POLICY]

Finance costs include interest incurred and other bank expenses and are recognized in the year to which they relate, using the amortized interest cost method, thus the initial costs of assembly, commissions and stamp tax incurred with medium and long-term loans are deferred over the expected term of the loans and recognized based on the respective interest. Finance costs are recognized in the statement of profit or loss on an accrual basis during the period to which they relate.

	31-dec-22	31-dec-21
Interest expenses from commercial paper	3 383	4 036
Expenses from derivatives (note 9)	754	816
Interest expenses from loans	1 078	786
Interest expenses from bond loans	522	456
Other finance costs	1 145	2 614
	6 882	8 708

The caption other finance costs mainly includes expenses incurred with commissions from financing agreements. The decrease in this item compared to 2021 is due to the financial restructuring operation that the Company undertook in December 2021 and which originated an amount of non-recurring expenses as a result of the early termination of a set of financing lines.

16. income tax

[POLICY]

Income tax for the financial period is recognized according to IAS 12 – Income Taxes and includes both current and deferred tax. Taxes on profits are recognized in the statement of profit or loss, except when related to items directly recognized in equity, in which case they are also reported in equity.

Current taxes are those expected to be paid based on taxable income, calculated according to the tax laws in force and the tax rate approved or substantially approved.

Deferred tax liabilities are recognized for all temporary taxable differences with the exception of non-deductible differences arising from the initial recognition of assets and liabilities that affect neither accounting nor taxable profits, and for differences related to investments in subsidiaries to the extent they are unlikely to be reversed in the future. Deferred tax assets are recognized only to the extent it is likely that future taxable profit will be able to absorb the temporary deductible differences.

Luz Saúde is taxed according to the special tax regime for groups of companies (RETGS), which covers all entities in which the parent company of the tax group, Luz Saúde participates, directly or indirectly, in at least 75% of the investee share capital and, provided that they comply with the requirements of the Corporate Income Tax Code (CIRC).



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Current tax is determined based on the accounting profit adjusted in accordance with the tax legislation in force. Currently, entities resident in mainland Portugal are subject to Income Tax at a rate of 21%, plus a municipal surcharge of up to a maximum of 1.5% on taxable profit, and a state surcharge of 3% applicable to taxable profit between €1.5 million and €7.5 million, 5% applicable to taxable profit between €7.5 million and €35 million, and 9% applicable to taxable profit in excess of €35 million.

The payment of income tax is made on the basis of self-assessment returns that are subject to inspections and eventual adjustment by the tax authorities during the period of four years from the year to which they relate.

Tax losses for a given year, which are also subject to inspection and adjustment for a period of four to ten years, and can be used against tax profits of future fiscal years, without time limit. From 2014 until December 31, 2022, the deduction of taxable losses is capped at 70% of the taxable profit assessed in the tax year in which the taxable losses are used. Said cap is increased by 10b.p. on taxable losses assessed in the years of 2020 and 2021. For tax periods beginning on or after 1 January 2023, the annual limit for the deduction of tax losses was reduced to 65%. This change applies to the deduction of losses from taxable profits for tax periods beginning on or after January 1, 2023, as well as to tax losses from tax periods prior to January 1, 2023, for which the deduction period is still in progress. As of 2017, the rules for the use of tax losses were revoked, which provide for the deduction,

in the first place, of those that were also generated in the first place (FIFO criteria). It is possible to deduct first the taxable losses which carry forward period ends first.

[ESTIMATE]

The calculation of income tax and deferred tax amounts requires certain interpretations and estimates. There are several transactions and calculations for which the determination of the final amount of income tax payable is uncertain during the normal business cycle. Other interpretations and estimates could result in a different level of income tax recognized in the period.

Additionally, the Portuguese Tax Authorities are responsible for reviewing the calculation of the taxable income made by the Company over a period of four, to ten years in the event of reportable tax losses (five years for Social Security). Thus, it is possible that may be corrections to the tax returns, mainly resulting from differences in the interpretation of tax legislation. However, the Board of Directors believes that there will be no significant adjustments to income tax recorded in the financial statements.

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16.1. corporate income tax in the statement of profit or loss

The income tax caption in the statement of comprehensive income can be presented as follows:

	31-dec-22	31-dec-21
Current tax	(30)	(30)
Tax from previous years	193	715
Deferred tax	3 384	1 132
Total income tax in the statement of profit or loss	3 547	1 817

The tax from previous years essentially includes the amount received by the end of an existing dispute with the Portuguese Tax Authorities (PTA), regarding financial charges paid by the Company in previous years in relation to its financial investments.

16.2. reconciliation of the effective income tax rate

	31-dec-22	31-dec-21
Profit for the year	16 428	22 722
Income tax expense	(3 547)	(1 817)
Profit before income tax	12 881	20 905
Tax rate	21,00%	21,00%
	(2 705)	(4 390)
Untaxed dividends	4 277	6 510
R&D tax incentive (SIFIDE)	2 475	-
Tax from previous years	193	715
Impairment from financial investments	(857)	(995)
Autonomous taxation	(30)	(30)
Other less relevant items, net	194	7
	3 547	1 817

Luz Saúde as the Parent Company of a tax group, has recorded in its liabilities the amounts of tax payable calculated on a stand alone basis by the entities that are included in the tax group, minus adjustments arising from the taxation under the RETGS regime, and in its assets the amounts receivable from each subsidiary related to its individual tax liability.

The parent company is responsible for performing the payments on account, additional payments on account and special payment on account, as well as the global calculation and self-assessment of income tax.

16.3. reconciliation of current tax in the statement of profit or loss with the tax on the balance sheet

	31-dec-22	31-dec-21
Current tax on the statement of profit or loss of the Company	(30)	(30)
Liability in respect of companies that are part of the tax group	(282)	(590)
Payments on account and withholding tax	2 344	686
Current income tax on the balance sheet	2 032	66

16.4. changes in deferred tax

	31-Dec-21	Charged to profit or loss	Utilized	Charged to equity	31-dec-22
Deferred tax assets					
Impairment on financial investments	2 195	-	-	-	2 195
Tax losses carried forward	1 069	761	(1 830)	-	-
Provisions and adjustments	-	2 475	-	-	2 475
Derivatives	517	-	-	(517)	-
Other	325	148	-	-	473
	4 106	3 384	(1 830)	(517)	5 143
Deferred tax liabilities					
Derivatives	-	-	-	(678)	(678)
	-	-	-	(678)	(678)
	4 106	3 384	(1 830)	(1 195)	4 465

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	31-dec-20	Charged to Profit or loss	Utilized	Charged to equity	31-dec-21
Deferred tax assets					
Impairment on financial investments	2 195	-	-	-	2 195
Tax losses carried forward	-	1 069	-	-	1 069
Derivatives	577	-	-	(60)	517
Other	262	63	-	-	325
	3 034	1 132	-	(60)	4 106

During 2022, the Company incurred expenses which, in its understanding, are eligible for the purpose of benefiting from SIFIDE II in accordance with the applicable legislation for expenses with research and development (R&D). The Company will formalize the submission of an application to this tax incentive, for which it will determine an overall amount of expenses on R&D activities and an estimated tax credit. Given that the R&D expenses for the year 2022, as well as the respective tax credit, will still be subject to certification by the ANI, the estimated tax credit value is therefore subject to possible corrections depending on the decision of this competent entity. The Company believes that the approval of this tax credit is highly probable and is not aware of any aspect that could contribute to its non-approval.

Regarding 2022, it is estimated that the application to be submitted will allow obtaining a tax credit already registered in the amount of €2.475 thousand.

17. cash flow additional information

17.1. receipts from costumers

This caption includes not only the amounts received for the provision of services, but also the amounts of recharged expenses invoiced by the Company to its subsidiaries for expenses incurred on their behalf (2022: €11.7 million; 2021: €11.9 million).

17.2. payments to suppliers

This caption includes the amounts paid for services rendered to the Company in the course of its regular operation and the amounts to be reimbursed by its subsidiaries for expenses incurred on their behalf.

17.3. proceeds from investments in subsidiaries

This caption includes the amounts received related to: (i) the sale of shares in Casas da Cidade Carnaxide (note 11) (€7,069 thousand) and Genomed (€53 thousand) (ii) the reimbursement of equity loans in the amount of €1.554 thousand and (iii) the amount of €131 thousand related to equity reimbursement made by IBERIS BLUETECH, FCR, EuVECA fund.

17.4. proceeds and payments from borrowings

Includes the amounts of new financing obtained, repayments of financing lines, and the commercial paper emissions made under active commercial paper programs.

17.5. financing proceeds and payments from / to related entities

Includes the commercial paper issued by the Company and subscribed by the Company's subsidiaries, as part of the current treasury management process.

17.6. investments in subsidiaries and associates

Includes the amounts invested by the Company in equity instruments (shares and equity loans) of its subsidiaries.

17.7. payments related with other financial assets

Includes the amounts invested in the acquisition of participation units of three investment funds that invest in research and development projects (note 6.1).



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E.
other
information

18. disputes
and contingent
liabilities

18.1.
disputes

• In July 2022, the Portuguese Competition Authority (PCA) condemned the Portuguese Association of Private Hospitalization (APHP) and some of its associates, including Luz Saúde, for an alleged concerted practice, restricting competition, in the contracting of hospital health services by the public health subsystem Instituto de Proteção e Assistência na Doença, I.P. (ADSE). The AdC concluded that these APHP members coordinated the strategy and negotiating position to be adopted in the relations with ADSE, through and with the joint participation of APHP, between 2014 and 2019. The sanction decision resulted in a total fine of €190,995 thousand, of which Luz Saúde was fined €66,209 thousand. Luz Saúde's Board of Directors believes that it has not committed any infringement of competition law, and therefore, supported by its Legal and Compliance Department and respective external legal advisors, has appealed the referred decision. The Board of Directors of Luz Saúde believes that the decision of AdC will eventually be reversed, given that the negotiation process with ADSE, in question in the final decision of AdC, reflected only the methodology adopted for those

negotiations which, at the request of ADSE itself, was agreed between ADSE and APHP, on behalf of its members, not questioning the guiding principles and rules of competition law. In a scenario, although not expected, in which the appeal filed by Luz Saúde does not have the expected result, the maintenance of the conviction by the PCA could negatively affect the Issuer in the amount disclosed above, or in any other that may be determined by the Court, following the appeal filed by Luz Saúde.

• Following an inspection, PTA questioned the calculation of the tax benefits considered by two subsidiaries for the years 2013 and 2014 and identified corrections of €305 thousand and €530 thousand, respectively. Later, Luz Saúde received a Review of the tax act from the PTA revoking the corrections made. At December 31, 2022, the amount in dispute amounts to €375 thousand. Management, based on the understanding of its legal and tax consultants, understands that the amounts considered are in accordance with what is prescribed by law and consequently maintained the challenge regarding all the corrections made by the PTA.

18.2.
contingent
liabilities

In the Company's Shareholders General Meeting held on 22 January 2014 and considering the continuous management positions held for nearly 15 years by Isabel Maria Pereira Aníbal Vaz, in addition to her role in the promotion of the Group's business development, an award of €850 thousand to the latter was approved in recognition of professional services rendered to the Group. This amount will be paid in one lump sum at the time Isabel Maria Pereira Aníbal Vaz terminates her role as member of the Company's Board of Directors, for any reason outside her responsibility. The payment of the proposed award is autonomous and is not intended to substitute any monetary compensations that may be legally or contractually due as a result of the termination of corporate management positions by Isabel Maria Pereira Aníbal Vaz, including in the Company, whatever the cause and the moment of termination thereof.

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19. guarantees

In 31 December 2022 the company had a bank guarantee provided to the Portuguese Tax Authorities in the total amount of €375 thousand (2021: two guarantees in the total amount of €3 983 thousand).

Some of the Commercial Paper agreements are entered into, both by the Company and some of its subsidiaries, and therefore there is joint responsibility for the payment of amounts underwritten by any of the parties under those programs. On 31 December 2022, the programs in force, respective issuers and amounts used by the subsidiaries, were the following:

	Amount used by the subsidiaries	Total amount used
Luz Saúde and HLL	-	10 500
	-	10 500

Additionally, the following guarantees were granted for subsidiaries:

- Some loans contracted by the subsidiaries include control clauses by Luz Saúde, under which banks may request the early repayment of their loans, but there are no financial obligations on the part of Luz Saúde;
- The company is guarantor in most of the leasing agreements entered by its subsidiaries.

20. related entities

On 15 October 2014 and following the takeover bid for Luz Saúde's share capital, Fosun International, Ltd through Fidelidade - Companhia de Seguros S.A. has taken control over Luz Saúde.

The Company's financial statements are included in the consolidated financial statements of Fidelidade - Companhia de Seguros, SA with its headquarters in Largo do Calhariz nr 30, in Lisbon.

Fidelidade - Companhia de Seguros, SA is held at 84.99% by Longrun Portugal, SGPS, SA, which is 100% owned by Hong Kong-based Millennium Gain Limited. The latter is wholly owned by Fosun Financial Holdings Limited (Hong Kong), which is wholly owned by Fosun International Limited, a company listed on the Hong Kong Capital Market (00656.HK). This is held at 73.53% by Fosun Holdings Limited, which in turn is held by Fosun International Holdings, Ltd., whose ultimate beneficial owner is Mr. Guo Guangchang.

In January 2018, as a result of an operation carried out between Fidelidade - Companhia de Seguros, SA and Fosun International Ltd, Fosun acquired 49.0% of the capital and voting rights of Luz Saúde and Fidelidade reduced its participation to 50,85%. In September 2022, Fidelidade reacquired the shares corresponding to 49.0% of the capital that was held by Fosun increasing its stake to 99.86%.

The remuneration of the members of the corporate bodies is disclosed in note 13.

In addition to the information presented in the table below, balances and transactions with Group entities are presented in the notes 4.1, 4.2, 10, 13 e 14.

The amounts reported as income are the services rendered to related entities within the normal business, at normal market rates. The expenses result from interest paid on commercial paper subscribed by the Company's subsidiaries in order to apply temporary cash surpluses.



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Balances and transactions with Group related entities at 31 December are as follows:

	31-dec-22				31-dec-21			
	Current Assets	Current liabilities	Revenue	Expenses	Current Assets	Current liabilities	Revenue	Expenses
HAG	3 260	-	9 549	-	3 312	-	18 387	19
HLL	4 475	13 003	8 832	89	3 165	11 453	5 168	14
USATI	2 697	-	3 096	-	3 216	25	3 258	-
HOSPOR	3 206	-	1 987	-	4 372	-	2 766	-
HLO	306	2 750	1 838	4	254	1 000	91	9
GLST	366	-	1 453	-	478	-	8 436	-
HME	730	-	692	-	640	-	599	-
ACE	292	-	701	1	391	2 001	527	2
HLF	415	-	462	-	363	-	387	-
HLC	286	-	386	-	217	29	273	-
CCHCI II	317	-	329	-	203	-	217	-
HLA	396	10 502	177	151	255	8 501	146	6
SURGICARE	124	-	213	-	206	-	238	-
HLG	152	1 000	142	6	124	1 505	118	13
GLSLH	77	-	92	-	74	-	107	-
HL-CCA	59	-	91	-	34	-	151	-
VLUSITANO	85	2 000	30	32	128	2 450	23	-
RML	32	-	19	-	9	-	23	-
CRB	18	2 501	27	42	13	2 609	28	38
CASAS	21	500	24	8	39	500	23	7
SGHL	15	-	23	-	1 654	-	76	-
HRM	17	-	22	-	33	-	22	-
CASAS CARNAXIDE	-	-	27	-	44	-	43	-
	17 346	32 256	30 212	333	19 224	30 073	41 107	108
Trade receivables (note 4.1)	3 162	-	-	-	3 910	-	-	-
Other debtors (note 4.1)	14 184	-	-	-	15 314	-	-	-
Commercial paper (note 5.4.1)	-	32 256	-	333	-	30 073	-	108
Services rendered (note 10)	-	-	4 798	-	-	-	3 981	-
Interests (note 15)	-	-	5 048	-	-	-	6 124	-
Dividends (note 14)	-	-	20 366	-	-	-	31 002	-
	17 346	32 256	30 212	333	19 224	30 073	41 107	108

Os saldos não correntes são apresentados na nota 4.3.



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21. main accounting policies

The most significant accounting policies are described in the notes to these financial statements. The accounting policies presented were applied consistently in all periods covered by these financial statements.

21.1. basis of presentation of financial statements

The financial statements have been prepared on a going concern basis from the company's accounting records and based on historical cost, pursuant to International Financial Reporting Standards ("IFRS"), as adopted by the European Union on 31 December 2022, modified by the application of the fair value to derivative financial instruments and financial assets at fair value through profit or loss.

These standards include both the IFRS issued by the International Accounting Standards Board ("IASB") and the International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and their respective interpretations - IFRIC and SIC, respectively issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee ("SIC"). These standards and interpretations are together known as IFRS.

The financial statements are presented in thousands of euros rounded to the nearest thousand except otherwise stated. Euro is the functional and presentation currency.

21.2. changes in accounting policies

During 2022, accounting standards and interpretation were approved and published in the Official Journal of the European Union, with application in subsequent years, although their early adoption is permitted. Below, we briefly present the standards or changes adopted by the Company in the preparation of its financial statements, as well as the standards not early adopted.

21.2.1. new standards, amendments, or interpretations applicable to financial years beginning on or after 1 January 2022

Resulting from the endorsement by the European Union (EU), the following new standards, amendments, changes and improvements to the Standards and Interpretations occurred, with effect from 1 January 2022, which, when applicable, were adopted by the Company:

Issued (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in the financial years beginning on or after
May 2020	<ul style="list-style-type: none"> Annual Improvements 2018-2020: (amendment); IAS 16: Property, plant and equipment (amendment); IAS 37: Provisions, contingent liabilities and contingent assets (amendment). 	1 January 2022

The adoption of these amendments to the standards, had no significant impact on the Company's financial statements.

21.2.2. new standards, amendments and interpretations issued by the IASB, endorsed by the European Union (EU), with application to the periods beginning after 1 January 2022

At the date of approval of these financial statements, the following standards, interpretations and amendments to the standards and interpretations issued by the IASB was already endorsed by the EU, however their application is only mandatory for the years beginning after 1 January 2022.

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Issued (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in the financial years beginning on or after
December 2021	IFRS 17: Insurance contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (amendments)	1 January 2023
June 2020	IFRS 17: Insurance Contracts (new) – including Amendments on June 2020	1 January 2023
February 2021	IAS 8: Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting (amendments)	1 January 2023
February 2021	IAS 1: Presentation of Financial Statement and IFRS Practice Statement 2 – Disclosure of Accounting policies (amendments)	1 January 2023
May 2021	IAS 12: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments)	1 January 2023

The Company did not carry out the early adoption of the aforementioned amendment, and do not expect significant impacts on the financial statements resulting from their adoption.

21.2.3.
new standards,
amendments and
interpretations issued
by the IASB and not
endorsed by
the European Union (EU)
until 31 December 2022

At the date of approval of these financial statements, the following standards, revisions, amendments and improvements to the Standards and Interpretations, issued by the IASB were still pending approval by the EU:

Issued (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in the financial years beginning on or after
January e July 2020 and October 2022	IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-current Date; Classification of Liabilities as Current and Non-current – Deferral of Effective Date; and Non-current Liabilities with Covenants (changes)	1 January 2023
September 2022	IFRS 16: Leases – Lease Liability in a Sale and Leaseback (changes)	1 January 2024

The impact of the adoption of these standards and amendments is currently under analysis by the Company, however, no material impacts are expected to the financial statements.

21.3.
estimates
and judgments
used in the
preparation
of the financial
statements

IFRS establish a series of accounting treatments and require the Board of Directors to make the necessary judgments, estimates and decide which accounting treatment is the most appropriate to the Company's operations. Thus, the main accounting estimates and judgments used in the preparation of these financial statements are presented throughout the following notes, namely:

- Impairment of investments in subsidiaries and associates (note 3.4.3)
- Recoverability of deferred tax assets (note 16.6)

- Impairment of accounts receivables (note 4.1)

Considering that in many situations there are alternatives to the accounting treatment adopted by the Board of Directors, the financial position and results reported by the Company could be different if a different treatment was adopted. The Board of Directors considers that the choices made are appropriate and that the financial statements adequately present the Company's financial position, results and cash flows from its operations in all materially relevant aspects.

21.4.
property, plant
and equipment

21.4.1.
recognition
and valuation

Tangible assets are valued at cost less the respective accumulated depreciations and impairment losses.

Acquisition/construction costs include the invoice price, transport and instalment costs, financing costs and other related expenses, occurring during the construction period, as well as indirect costs attributable to it during the construction period.

Subsequent expenses with property, plant and equipment are only recognized if the company is likely to obtain economic benefits in the future.



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All ongoing maintenance and repair expenses are recognized in the profit or loss when incurred, on an accrual basis.

When there is indication that an asset may be impaired, IAS 36 requires its recoverable amount to be estimated and an impairment loss recognized whenever the book value of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

The recoverable amount is determined as the higher of the sale value of the asset, less any expenses related with the sale and its value in use, which is calculated based on the current value of the estimated future cash flows expected to obtain from the continued use of the asset and its disposal at the end of its useful life.

Gains or losses arising from the write-off or disposal of property, plant and equipment are measured as the difference between the asset's sale price, less transaction costs, and the asset's carrying value. They are recorded in the statement of profit or loss under the caption other operating income and gains or other operating expenses.

Property, plant and equipment in progress represent tangible assets that are still being constructed or installed and are recorded at acquisition cost. Depreciation of these assets begins in the month they become available for use for their intended purpose.

21.4.2. depreciation

Depreciation of tangible assets is calculated using the straight-line method, from the month the assets are available for use. The depreciation rates used reflect, on average, the estimated useful lives of the assets:

	Years
Administrative equipment	2-20
Other tangible assets	3-20

Depreciation ceases when the assets are classified as assets held for sale.

21.5. intangible assets

Intangible assets are recognized at the acquisition cost less accumulated amortization and impairment losses, when applicable. Intangible assets are recognized only when it is likely Luz Saúde will obtain economic benefits in the future that can be reliably measured. Intangible assets with a definite useful life are amortized using the straight-line method from the month they become available for use and over the life of the asset. Intangible assets with undetermined useful lives (goodwill) are not amortized but are tested for impairment in the last quarter of each financial year or whenever there is an indicator of impairment.

21.6. financial investments in subsidiaries

Financial investments in subsidiaries are presented at their acquisition cost less impairment losses, when applicable.

21.7. financial instruments

21.7.1. financial assets

21.7.1.1. recognition and measurement

The Company initially measures a financial asset at its fair value plus transaction costs, the other receivables and trade receivables are measured at the transaction price determined under IFRS 15, that is similar to the fair value at the transaction date.



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21.7.1.2. subsequent measurement

The subsequent measurement of financial assets depends on their classification, the following categories are being used:

- (i) Financial assets at amortized cost;
- (ii) Financial assets at fair value through profit or loss;
- (iii) Financial assets at fair value through other comprehensive income (OCI).

The Company financial assets includes financial assets at amortized cost (trade receivables, other receivables and cash) and financial assets at fair value through profit or loss. The Company doesn't hold any financial assets at fair value through other comprehensive income.

Financial assets at amortized cost

A financial asset is measured at amortized cost, when both of the following criteria are met (i) the asset is held under a business model with the objective of holding financial instruments to obtain contractual cash flows, and (ii) the asset has cash flows that are 'only capital repayments and interest payments ("Solely Payments of Principal and Interest" or "SPPI") over the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment tests. Gains or losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through profit or loss

The Company classifies the following financial assets at fair value through profit or loss:

- (i) financial instruments to obtain cash flows that do not qualify to be measured at amortized cost;
- (ii) capital instruments held for trading purposes;
- (iii) equity instruments for which the Company has decided not to record fair value through other comprehensive income.

Classification is determined on an instrument-by-instrument basis.

Financial assets at fair value through other comprehensive income

The Company measures the following financial assets at fair value through other comprehensive income:

- (i) equity instruments held for purposes other than trading, being considered by the Company at the time of acquisition as strategic investments;
- (ii) debt instruments with cash flows that are only capital repayments and interest payments on the principal amount outstanding and for which the Company objective is to obtain their contractual and sales cash flows.

The Company does not hold any financial assets in this category.

21.7.1.3. derecognition

Financial assets are derecognized when: (i) the Company contractual rights to receive their cash flows expire; (ii) the company has substantially transferred all the risks and rewards of ownership; or (iii) although it retains a portion but not substantially all the risks and rewards of ownership, the Company has transferred control over the assets.

21.7.2. financial liabilities

21.7.2.1. initial recognition

All financial liabilities are initially recognized at fair value and, in the case of loans, financing and accounts payable, net of directly attributable transaction costs.

The Company's financial liabilities include suppliers and other accounts payable, loans and financing, including bank overdrafts and derivative financial instruments.



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21.7.2.2. subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the short term. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities at amortized cost

After initial recognition, trade and other creditors, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method.

21.8. impairment

21.8.1. impairment of tangible assets, intangible assets, except goodwill

The Company performs impairment tests on its tangible and intangible fixed assets whenever there is an event or change that indicates that the amount for which the asset is registered may not be recovered. In the event of such evidence, the Company determines the recoverable amount of the asset, in order to determine the possible extent of the impairment loss. When it is not possible to determine the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which that asset belongs is estimated.

The recoverable amount of the asset or cash-generating unit consists of the largest of (i) the net selling price and (ii) the value in use. The net selling price is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable entities, less expenses directly attributable to the sale. The value in use arises from the estimated and discounted future cash flows of the asset during its expected useful life. The discount rate used to update discounted cash flows reflects the current value of capital and the specific risk of the asset.

Whenever the carrying amount of the asset or cash-generating unit is greater than its recoverable amount, an impairment loss is recognized. The impairment loss is recorded in the consolidated statement of profit or loss, under other operating expenses and losses.

When an impairment loss is subsequently reversed, the book value of the asset is updated to its estimated value, being recognized in the statement of profit or loss as a deduction to the item other operating expenses and losses. However, the reversal of the impairment loss is made up to the limit of the amount that would be recognized (net of depreciation or amortization) had the impairment loss not been recorded in previous periods.

21.8.2. impairment of financial assets

The Company recognizes impairments for expected credit losses on financial assets not held at fair value through profit or loss. Losses are estimated based on the difference between the net book value of the financial instruments and the cash flows the Company expects to receive, discounted according to the original effective interest rate estimate.

Losses are estimated using two different approaches, which are described below:

(i) Credits with increased credit risk compared to initial recognition are provisioned based on the economic analysis carried out by the management



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of each subsidiary, considering the credit situation of the debtor, the market in which it operates and its known default history. According to this criteria, the provision for credit risk is recognized on an economic basis considering the age of the credit, the internal and external information available about each debtor;

(ii) The credit risk associated with credits for which there is no significant increase in credit risk compared to initial recognition, is estimated based on a calculation model, which takes into account the debtor's credit profile, life of the asset on each reporting date and the average expected payment terms for each debtor based on its credit profile. In carrying out the assessment of the provision for losses, the Company takes into account the experience with historical credit losses and specific prospective factors of debtors and the economic environment.

21.9. derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, which is presumed to be equal to its acquisition cost on that date, and subsequently, re-measured at their fair value at each reporting date, being the gains or losses generated in the remeasurement recognized in the statement of profit or loss, except for derivatives designated as a cash flow hedging instruments.

The fair value of derivative financial instruments is the market value of the instrument, when available, or determined by external entities based on valuations methods generally accepted in the market.

The Company uses financial instruments to hedge the interest rate risk from its financing activity. The derivative that do not qualify for hedging in accordance with IFRS 9 are registered as trading instruments.

A hedging relationship exists when:

- At the date of inception there is formal documentation of the hedging relationship;
- The hedge is expected to be highly effective;
- The effectiveness of the hedge can be reliably measured;
- The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting period;
- In relation to the hedge of a future transaction, the transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect net profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument related to a forecast transaction is discontinued, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of profit or loss.

21.10. leases

The Company uses lease agreements to use assets in its operating activities such as medical and administrative equipment and vehicles.

Typically, lease agreements are made for periods of 4 to 10 years. When applicable, the Company allocates lease payments from the contract to lease components and other than leases, based on the value of each component, except for vehicle leases, where the Company has chosen not to separate the lease components and non-lease, registering the two components together as if it were a single lease component.

Until 31 December 2018, the Company classified leasing operations as finance leases or operating leases, according to their substance and not their legal form, fulfilling the criteria defined in IAS 17 - Leases. Operations where the risks and benefits inherent in the ownership of an asset are transferred to the lessee were classified as finance leases. All



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other leasing operations were classified as operating leases.

From 1 January 2019 onwards, lease contracts started to be recognized in assets (with the name of assets under right of use) and in liabilities from the date the underlying asset became available for use by the Company. The assets and liabilities arising from a lease are initially measured at present value of the following lease payments:

- fixed payments (including fixed payments in substance), less leasing incentives;
- variable payments, based on an index or rate;
- expected payments for residual value guarantees;
- exercise value of a call option, when the Company has reasonable certainty of exercising that option;
- payment of penalties for terminating contracts, as long as the Company exercises this option, and
- payments to be made under contract extension options when the Company is reasonably sure of exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be easily determined, as is the case for leases between group companies, the Company's incremental financing rate is used, which is the rate that the lessee would have to pay for obtaining the funds necessary to obtain an asset of a similar value to the asset under right of use for a similar period, in a similar economic environment, and with similar guarantees.

To determine the incremental financing rate, the Company:

- whenever possible, uses the recent financing conditions obtained from third parties, adjusted to reflect changes in financing conditions since the financing was obtained, for contracts lasting up to 7 years.
- for contracts with a duration of more than 7 years, typically building leases, the incremental rate was composed from the aggregation of the risk-free interest rate observable in the real estate market adjusted by the differential of the funding rate the market and the Portuguese OT rate for similar maturities for similar maturities

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability value until they come into effect. Adjustments to lease payments based on an index or rate, imply a reassessment of the lease liability against the increase in the asset under usage rights.

The lease payments are separated by the settlement of the acquisition value and its financial component, in which the financial cost is recorded in the statement of profit or loss during the lease period, in order to produce an effective interest rate.

Assets under right of use are measured at cost, which comprises:

- the value of the initial measurement of the lease liability;
- any lease payments made on or before the lease

start date, less the rental incentives received;

- any initial direct costs; and
- dismantling and replacement costs.

Right-of-use assets are generally depreciated by the lesser, between the useful life of the asset and the lease term, except when the Company has a call option on the underlying asset and it is reasonably certain that this option will be exercised.

Payments associated with short-term leases (term less than 12 months) for equipment and vehicles and contracts for the lease of low-value assets are recognized on a straight-line basis in the statement of income over the term of this contract.

When the lease contracts are associated with a sublease agreement, the Company recognizes a financial liability for all lease payments updated at the incremental rate, and financial assets for rights of use to the extent of the agreed sublease.



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21.11. revenue

Revenue is recognized whenever it is likely that the company will obtain economic benefits that can be reliably measured.

Revenue is recognized with reference to its stage of completion as of the transaction date, based on the activities performed in the period, valued in accordance with the prices established for each service, independently of the moment of invoicing.

As a service Company and the Parent Company of a Group, the Company enters into agreements with suppliers that render services across the various Group companies. Costs invoiced by suppliers directly to Luz Saúde under these agreements are entirely transferred to the subsidiaries and are recorded in the statement of profit or loss as a decrease of Luz Saúde's costs.

Dividends are recognized from the moment in which the right to receive payment is granted.

21.12. accrual basis

Luz Saúde recognize their revenue and expenses on an accrual basis. Therefore, revenue and expenses are recognized when generated regardless of when they are collected or paid. Differences between the

amounts collected and paid and the corresponding expenses and revenue are reported in the statement of financial position under the captions other receivables or other payables, respectively.

21.13. employee benefits

21.13.1. liabilities with holidays, subsidies and bonus

Pursuant to Portuguese legislation, employees are currently entitled to one-month holiday and one-month holiday allowance. This right is earned in the year prior to the year payment is made.

Under the performance assessment system in place, employees may come to earn a bonus should they achieve certain goals. This right is usually earned in the year prior to the year payment is made.

Liabilities are recognized in the profit and loss in the period in which the employees earn the referred right, regardless of the date of payment. The obligation is recognized under liabilities in the caption other payables.

21.14. finance costs and income

Finance income includes interest and financial discounts obtained from third parties and are recognized in the period in which they occur.

Finance costs include interest expenses and other banking expenses, being recognized in the financial period in which they occur, using the amortized cost method, through which the initial costs, commissions and stamp duty incurred with medium/long term loans are deferred for the period estimated of the loans and recognized according to the respective interest.

21.15. income tax

Income tax for the financial period is recognized according to IAS 12 – Income Taxes and includes both current and deferred tax. Taxes on profits are recognized in the statement of profit or loss, except when related to items directly recognized as equity, in which case they are also reported as equity.

Current taxes are those expected to be paid based on taxable income, calculated according to the tax laws in force and the tax rate approved or substantially approved in each jurisdiction.



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Deferred taxes are calculated according to the liability method based in the balance sheet on the reporting date, on temporary differences between the carrying amounts of assets and liabilities and their tax base.

Deferred tax liabilities are recognized for all temporary taxable differences with the exception of non-deductible for differences arising from the initial recognition of assets and liabilities that affect neither accounting nor taxable profits, and for differences related to investments in subsidiaries to the extent they are unlikely to be reversed in the future. Deferred tax assets are recognized only to the extent it is likely that future taxable profit will be able to use the temporary deductible differences.

Luz Saúde is taxed according to the special regime for the taxation of groups of companies (RETGS), which covers all entities in which the parent company of the tax group, Luz Saúde participates, directly or indirectly, in at least 75% of the investee share capital and, provided that they comply with the requirements of the Corporate Income Tax Code.

Current taxes are determined based on the accounting results adjusted according to the tax law in force. Currently, companies' resident in Portugal are subject to a corporate income tax rate of 21%, plus a municipal surcharge of up to a maximum of 1.5% of taxable profits, and a State surcharge of 3% of taxable profits between €1.5 million and €7.5 million and 5% on taxable profits between €7.5 million and €35 million, and 9% on taxable profits above €35 million.

Pursuant to IAS 12, the Company offsets assets and liabilities against deferred tax whenever: (i) the respective company has a legally enforceable right to offset assets against current taxes and liabilities against current taxes; (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority and on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously in future periods in which deferred taxes are expected to be settled or recovered.

The income tax payment is based on self-assessment tax returns that are subject to inspection and possible adjustment by the tax authorities during the period of four years, from the year to which they refer. Tax losses for a given year, which are also subject to inspection and adjustment for a period of 10 years and can be deducted from the tax profits of future years, without time limit. As of 2014 and until December 31, 2022, the deduction of tax losses is limited to 70% of the taxable income in the year in which the deduction is made. This limit has been increased by 10 b.p. for tax losses ascertained in the 2020 and 2021 tax periods. Starting with tax periods beginning on or after January 1, 2023, the annual limit for the deduction of tax losses has been reduced to 65%. This change applies to the deduction of losses from taxable profits for tax periods beginning on or after January 1, 2023, as well as to tax losses from tax periods prior to January 1, 2023, for which the deduction period is still in progress. As of 2017, the rules for the use of tax losses that provide for the

deduction, first, of those that were also generated first (FIFO criterion) were repealed. Therefore, the first deduction is now allowed for those losses whose carry forward period runs out first.

21.16. provisions, contingent assets and contingent liabilities

Provisions are recognized when (i) Luz Saúde has a present obligation (legal or constructive), (ii) it is likely that its payment will be required and (iii) when the amount of the obligation can be reliably estimated. When one of these conditions is not met, the Company discloses the event as a contingent liability, unless the possibility of an outflow of funds is highly unlikely.

The amount of provisions corresponds to the present value of the obligation, with the financial discount being recorded as a financial expense in the item other finance cost.

Provisions are revised on the reporting date and are adjusted to reflect the best estimate on that date.

A provision is recognized for litigation in progress when the costs that will be incurred due to legal proceedings filed by third parties can be reliably estimated. The estimate is based on an assessment of the likelihood of having to make payment, based on the opinion of the Company's legal advisors.



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Contingent assets are not recognized in the financial statements but are disclosed when it is likely they will generate a future economic benefit.

21.17. share capital

Share capital refers to the nominal value of ordinary share issued.

Share premiums is recognized, when the share issue value exceeds the nominal value of each share, by the amount of the excess referred, net of the expenses related with the new shares issued.

Treasury shares acquired are valued at their acquisition price and recorded as a decrease in equity. At the time of disposal, the amount received, less any direct transaction costs, is recognized directly in equity.

21.17.1. non-distributable reserves

Legal reserves

According to the commercial legislation in force, at least 5% of the result must be allocated to the constitution or reinforcement of the legal reserve until it represents at least 20% of the share capital.

The legal reserve is not distributable except in the event of liquidation and can only be used to absorb losses, after all other reserves have been exhausted, or for incorporation in the share capital.

21.18. dividend distribution

The distribution of dividends is recognized as a liability from the time they are approved by the Company's General Shareholders Meeting until they are paid to the shareholder.

21.19. cash flow statement

The cash flow statement is prepared using the direct method, by which cash inflows and outflows relative to operating, investment and financing activities are reported.

21.20. subsequent events

Events occurring after the closing date, up to the date of approval of the financial statements by the Board of Directors, and which provide additional information on conditions that existed at the date of the financial reporting are reflected in the financial statements. Events occurring after the closing date that are indicative of conditions that arose after the financial reporting date are disclosed in the notes to the financial statements, if they are considered material.



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22. subsequent events

No subsequent events relevant for reporting purposes occurred between 31 December 2022 and the date of approval of these individual financial statements at the Board of Directors meeting.

the certified accountant

(Sónia Amoedo Matos)

the board of directors

(Jorge Manuel Baptista Magalhães Correia)

(Isabel Maria Pereira Aníbal Vaz)

(Fang Yao)

(Lingjiang Xu)

(Miguel Barroso Abecasis)

(Rogério Miguel Antunes Campos Henriques)

(Vitor Manuel Lopes Fernandes)

(Artur Aires Rodrigues de Moraes Vaz)

(Ivo Joaquim Antão)

(João Paulo da Cunha Leite de Abreu Novais)

(Tomás Leitão Branquinho da Fonseca)



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glossary

ACE	Luz Saúde – Serviços, A.C.E.
APHP	Associação Portuguesa de Hospitalização Privada
ARS-LVT	Administração Regional de Saúde de Lisboa e Vale do Tejo
AT	Portuguese tax authority
Capital Investido	Somatório de passivos remunerados e total do capital próprio
CASAS	Casas da Cidade – Residências Sénior, S.A.
CASAS CARNAXIDE	Casas da Cidade – Residência Sénior de Carnaxide, S.A.
CCHCI II	Capital Criativo Health Care Investment II, SA
CIRC	Corporate income tax code
DCF	Discounted Cash-Flows
DFA	Finance and audit department
DSAF	Financial and administrative services department
Net debt	Total financial debt net of cash and cash equivalents
DUVs	Lifetime use right
EBITDA	Earnings Before Interest Tax Depreciation and Amortization
FCR	Venture capital funds
FCT	Fundo de Compensação de Trabalho
Fidelidade	Fidelidade Companhia de Seguros, S.A.
Fosun International	Fosun International Limited
GENOMED	Genomed - Diagnósticos de Medicina Molecular, S.A.
GLSLH	GLSMED Learning Health, S.A.
GLST	GLSMED Trade, S.A.
HAG	Hospital da Luz Arrábida, S.A.
HBA	Hospital Beatriz Ângelo
HLA	Hospital da Luz Aveiro, S.A.
HLC	Hospital da Luz Coimbra, S.A.
HL-CCA	Hospital da Luz – Centro Clínico da Amadora, S.A.
HLF	Hospital da Luz Funchal, S.A.
HLG	Hospital da Luz Guimarães, S.A.

HLL	Hospital da Luz, S.A.
HLO	Hospital da Luz – Oeiras, S.A.
HME	HME – Gestão Hospitalar, S.A.
Hospor	Hospor – Hospitais Portugueses, S.A.
HRM	Hospital Residencial do Mar, S.A.
HRM Gaia	Hospital Residencial do Mar Gaia
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IMI	Property tax
CIT	Corporate income tax
VAT	Valued added tax
Luz Saúde	Luz Saúde, S.A.
Multicare	Multicare – Seguros de Saúde, S.A.
PPP	Parceria Público Privada
RETGS	Special regime of group taxation
RML	RML – Residência Medicalizada de Loures, SGPS, SA
SGHL	SGHL – Sociedade Gestora do Hospital de Loures, S.A.
NHS	Public national healthcare system
SURGICARE	SURGICARE – Unidades de Saúde, SA
USATI	Luz Saúde Unidades de Saúde e de Apoio à Terceira Idade, S.A.
WACC	Weighted average cost of capital



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LUZ SAÚDE, S.A.
AUDIT BOARD REPORT AND OPINION
31 DECEMBER 2022

(free translation from the original version in Portuguese language. In case of doubt, the Portuguese version prevails)

In accordance with applicable laws, bylaws and the mandate that we are entrusted, we present the report on the supervision activity and the opinion on the financial statements, prepared by the Board of Directors and under its responsibility.

During the year, we monitored the company's activity, taking all the steps necessary to fulfill the duties to which we are obliged, and we verify the regularity of the accounting records and the compliance with applicable legal and statutory laws, having carried out the verifications deemed appropriate.

We obtained from the Board of Directors and other corporate bodies periodically information and clarification on the activity of the company and the progress of its business.

We appreciated the Management Report and the individual and consolidated financial statements for the financial year, as well as the Statutory Audit Report, with which we agree.

According with foregoing, the Audit Board issues the following:

OPINION

- That the Management Report and the individual and consolidated financial statements for the financial year be approved, as presented by the Board of Directors;
- That the proposal for profit allocation contained in the Management Report be approved;

The Audit Board thanks the Board of Directors and the other governing bodies for the good collaboration received throughout the financial year.

Lisbon, 28 april 2023.

The Audit Board,

Vasco Jorge Valdez Ferreira Matias – Chairman

Carlos Fernando Tomé da Silva Westerman – Member

João Filipe Gonçalves Pinto- Member



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(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Luz Saúde, S.A. (the Entity), which comprise the Balance Sheet as at December 31, 2022 (which show a total of 583,697 thousand euros and a total equity of 307,337 thousand euros, including a net profit for the year of 16,428 thousand euros), and the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of Luz Saúde, S.A., as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and with other standards and technical directives of the Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 18 of the Notes to the individual financial statements, which indicates that in July 2022, the Competition Authority (AdC) condemned Luz Saúde, S.A. of alleged concerted practice, restrictive of competition in the contracting of hospital health services by the Institute for Protection and Assistance in Disease, I.P. (ADSE, I.P.), resulting in a fine to Luz Saúde, S.A., in the amount of approximately 66,209 thousand euros. It is the conviction of the Board of Directors of Luz Saúde, S.A. that the decision of the AdC will eventually be reversed, and it is not likely that an outflow of resources that incorporate economic benefits will be required to settle such obligation. If this does not occur, it is not possible at this stage for the Board of Directors of Luz Saúde, S.A., to estimate with sufficient reliability the amount of the possible obligation related. Our opinion is not modified in respect of this matter.

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

- ▶ the preparation of financial statements that presents a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards as endorsed by the European Union;
- ▶ the preparation of the Management Report in accordance with the applicable laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessment of the Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Entity's financial reporting process.

Sociedade Anónima - Capital Social 1.340.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número
A member firm of Ernst & Young Global Limited



Luz Saúde, S.A.
Statutory Auditor's Report
(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)
December 31, 2022

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- ▶ communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

Our responsibility includes the verification of the consistency of the Management Report with the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management Report

Pursuant of article 451º, n.º 3, al. e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with laws and regulations in force, the information contained therein is in agreement with the audited financial statements and, taking into consideration our assessment and understanding of the Entity, we have not identified any material misstatement.

Lisbon, 21 April 2023

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Ricardo Miguel Barrocas André - ROC n.º 1461
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LUZ SAÚDE

MOVING MEDICINE FORWARD

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