

Notice

Consolidated Results as of 31 December 2020

The COVID-19 pandemic inevitably marked the year of 2020. As a reference healthcare provider and leader in the Portuguese private healthcare sector, in 2020 CUF assumed a central role with an effective response to COVID-19 patients, providing beds in several hospitals within CUF's network to support the NHS, while simultaneously assuring access, in quality and safety, to non-COVID patients.

Despite the challenging context, together with the response to the pandemic, CUF materialized the growth of its network with structuring projects, such as the opening of the largest and most emblematic project of its 75 years of existence, the CUF Tejo Hospital, the opening of the second phase of CUF Sintra Hospital and the expansion of CUF Torres Vedras Hospital, totalling an investment of 67.4 million euros in 2020.

As a result of customers' trust and the resilience and effort of the more than seven thousands CUF employees to recover the levels of activity, the 2nd semester of 2020 already reflected an increase in activity compared to the last year's same period. Yet, as expected, taking into account the considerable activity downturn during the 1st semester, which had a significant impact on CUF's consolidated accounts, the overall performance of the year was negative.

The Vila Franca de Xira Hospital, a Public-Private Partnership (PPP) managed by CUF, was also strongly impacted by the pandemic, thus the Operating Result of the public business segment was negative by 20.7 million euros.

CUF presents a negative consolidated Net Profit of 23.8 million euros.

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Share Capital 53,000,000€ • Corporate Number 502 884 665 • Registered under the same number at the Commercial Registry Office of Cascais
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1. 2020 Highlights

- Consolidated Operating Income reached 533.5 million euros, representing a reduction of 24.0% compared to the same period of the previous year. Excluding Braga's PPP activity and its one-off effects in 2019, the decrease in Operating Income vs. 2019 is 6.8%, reflecting the impact of the COVID-19 pandemic.
- EBITDA decrease to 44.3 million euros (-54.7% vis-à-vis 2019), due to the activity decline and to the decision to keep the whole installed capacity available as well as all the human resources (no lay-off was implemented).
- Operating performance led to a consolidated negative Net Profit of 23.8 million euros, which compares with a positive 29 million euros in last year's same period. However, this result was also impacted by impairment losses and provisions related to the PPP contracts of Vila Franca de Xira Hospital and Braga Hospital (13.7 million euros).
- The Net Debt / EBITDA ratio increased from 4.48x, at the end of 2019, to 11.49x, due to the drop at EBITDA level together with the consolidated Net Debt increase by 70.7 million euros, to 509.5 million euros. The rise in Net Debt results from the completion of the investment plan, namely at CUF Tejo, CUF Sintra and CUF Torres Vedras Hospitals, as well as the use of short-term financing lines, due to the context of the COVID-19 pandemic.
- During the second semester, CUF's bondholders consented for the non-compliance with the limit of 6.0x Net Debt / EBITDA ratio, exclusively for the year 2020, replacing it with a maximum limit of 570.0 million euros in Net Debt, which was accomplished.
- The Private segment witnessed a decrease in almost all its healthcare performance indicators, however, it is worth highlighting the recovery in most of these indicators from June onwards. Operating Income of CUF network reached 459.8 million euros in the year 2020, decreasing 6.2% vs. 2019. EBITDA decreased by 36.8%, and its margin deteriorated by 5.3 p.p..
- In the Public Healthcare segment (Vila Franca de Xira Hospital), Operating Income decreased 11.0% at and EBITDA decreased by 10.0 million euros, reaching a negative value of 3.6 million euros.
- Launch of CUF Tejo Hospital in September 2020, with full-fledged clinical services made available from the end of November. With this hospital, CUF reinforces its leading position in providing differentiated healthcare services in Portugal. At the same time, CUF Infante Santo Hospital was closed after the transfer to the new hospital and, in December, the sale of the Travessa do Castro building in Lisbon was concluded.

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- Completion of CUF Torres Vedras Hospital expansion and opening of the new facilities in March, in parallel with the conclusion of the CUF Sintra Hospital, which made its surgical and inpatient facilities available in September. These investments allow to extend the offer of healthcare services and to leverage CUF's positioning in the West Region and in the Greater Lisbon area.
- A final highlight to underline and acknowledge the commitment, dedication and resilience of the more than 7 thousand employees who, in a particularly challenging year, kept CUF's mission alive by serving the Portuguese population.

Additional Remarks

Despite the fact that the past year has been significantly impacted by the COVID-19 pandemic, the pandemic is still far from being controlled. The uncertainty as to its duration still persists and this will naturally have an impact on CUF's activity.

CUF, as a reference healthcare provider, has been in close coordination with the national public authorities, namely the Department of Health (DGS), and cooperation agreements have been signed with the Regional Health Authorities (ARS) foreseeing to strengthen the response capacity of the NHS.

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2. Operating Performance

Healthcare Performance Indicators

(thousands)	Private Healthcare			Public Healthcare ¹		
	2020	2019	Var %	2020	2019	Var %
Appointments	1 869.3	2 191.2	-14.7%	139.5	167.4	-16.7%
Emergencies	225.0	365.9	-38.5%	100.8	144.2	-30.1%
Surgical Patients	45.6	50.5	-9.7%	9.8	11.9	-17.9%
Inpatient Days	138.7	151.9	-8.7%	116.2	113.5	2.4%
Births	4.0	3.8	5.8%	1.9	2.0	-2.3%

¹ Including only Vila Franca de Xira Hospital, since Braga's PPP has ended on 31st August 2019.

Although healthcare indicators had a negative performance throughout the year, except for the number of deliveries performed in the private segment - denoting the strong reliance in CUF, at a particularly remarkable moment - and for the number of inpatient days in the public segment, it is important to analyze the different periods of 2020 according to the pandemic phases.

Since the beginning, CUF sought - in accordance with the Department of Health (DGS) guidelines - to manage the COVID-19 pandemic containment with the need to keep providing healthcare services to the population safely, which caused a significant drop in activity in the March-June period. As a result, Operating Income and EBITDA (both excluding Braga's PPP) decreased by 33.5% and 140.8% vis-à-vis the same period in 2019, respectively.

In the second half of the year, the healthcare performance indicators strongly recovered, particularly in the third quarter, which allowed CUF's financial indicators to improve. Operating Income and EBITDA in this period (both excluding the activity of Braga's PPP) recorded a 5.5% and 1.3% growth, respectively, compared to the same period of the previous year.

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3. Financial Performance

Consolidated Income Statement

(millions of euros)	2020	2019	Var %
Operating Income	533.5	701.5	-24.0%
Operating Costs	(489.1)	(603.6)	-19.0%
EBITDA	44.3	97.9	-54.7%
EBITDA margin	8.3%	14.0%	-5.6p.p.
EBITDA (excl. Braga PPP)	43.3	85.3	-49.2%
EBITDA margin (excl. Braga PPP)	8.1%	12.2%	-4.0p.p.
Amortisations and Depreciations	(40.0)	(39.4)	1.7%
Provisions and Impairment Losses	(14.5)	(4.9)	197.9%
EBIT	(10.3)	53.6	-119.1%
EBIT margin	(1.9%)	7.6%	-9.6p.p.
Financial Results	(18.6)	(16.1)	16.1%
EBT	(28.9)	37.6	-176.9%
Income tax	4.7	(8.6)	-154.6%
Net Profit for the year attributable to non-controlling interests	0.4	0.0	1818.1%
Net Profit for the year attributable to equity holders	(23.8)	29.0	-182.0%

In 2020, CUF's consolidated Operating Income reached 533.5 million euros (-24.0% vs. 2019), while Operating Costs decreased 19.0%. Disregarding Braga's PPP, the reduction in Operating Income would be 6.8% and Operating Costs would have an increase of 0.7%, in relation to the same period of the previous year.

Consolidated EBITDA reached 44.3 million euros (a decrease of 54.7% vs. 2019) and the EBITDA margin stood at 8.3%, reflecting the activity drop motivated by the COVID-19 pandemic.

Consolidated EBIT was negative by 10.3 million euros (a reduction of 119.1% vs. 2019) and the EBIT margin was negative by 1.9%. It should be noted that EBIT was influenced by the account of impairment losses and provisions related to Vila Franca de Xira Hospital losses foreseen in 2021 until the end of the contract (9.9 million euros), and related to the management transition of Braga Hospital (3.8 million euros). Additionally, there was an increase of 0.6 million euros in depreciation due to the investment made in the CUF Tejo, CUF Sintra and CUF Torres Vedras Hospitals.

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4. Financial Position

Consolidated Balance Sheet

(millions of euros)	2020	2019	Var %
Non-current assets	652.0	622.1	29.9
Goodwill	47.4	46.1	1.4
Intangible assets	19.8	10.0	9.8
Tangible assets	445.1	445.0	0.2
Right of use ¹	125.3	109.0	16.3
Investments in associates	1.1	1.9	-0.8
Other investment	2.1	2.0	0.1
Deferred tax assets	10.3	5.5	4.8
Other debtors	0.7	0.4	0.3
Other assets	-	2.2	-2.2
Current assets	235.5	289.1	-53.5
Inventories	20.8	14.9	5.9
Trade Receivables and advances to suppliers	81.1	93.0	-11.9
Other financial assets	7.7	8.4	-0.7
State and other public entities	9.5	6.9	2.6
Other debtors	6.4	3.0	3.4
Other current assets	42.5	67.4	-24.9
Other financial instruments	23.5	35.2	-11.7
Cash and cash equivalents	44.0	60.3	-16.3
Assets held for sale	7.8	-	7.8
Total Assets	895.3	911.2	-15.9

¹ As of 31st December of 2020 and 2019, 28.6 million euros and 28.5 million euros refer, respectively, to operating leases and are a result of the IFRS 16 applied in 2019.

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(millions of euros)	2020	2019	Var %
Equity	106.8	126.0	-19.2
Share Capital	53.0	53.0	0.0
Reserves + retained earnings	74.9	40.0	34.9
Consolidated Net Profit	-23.8	29.0	-52.8
Non-controlling interests	2.6	3.9	-1.3
Liabilities			
Financial Liabilities	577.1	534.3	42.8
Borrowings	471.6	446.2	25.5
Lease creditors ²	105.4	88.1	17.3
Other Liabilities	211.5	250.9	-39.4
Employee benefits	1.2	1.3	0.0
Provisions	16.6	20.6	-3.9
Deferred tax liabilities	11.4	17.8	-6.4
Derivative financial instruments	0.3	0.8	-0.5
Other financial liabilities	2.5	2.4	0.1
Trade payables and advances from clients	88.1	106.4	-18.2
State and other public entities	6.8	8.9	-2.2
Other creditors	6.3	14.3	-8.0
Other liabilities	78.1	78.4	-0.3
Total Liabilities	788.5	785.2	3.3
Liabilities + Equity	895.3	911.2	-15.9

4.1. Investment (CAPEX)

In 2020, the total investment amounted to 96.8 million euros (excluding the IFRS 16 effect).

Expansion CAPEX reached 67.4 million euros (works and equipment at CUF Tejo Hospital, CUF Sintra Hospital (phases 2 and 3) and expansion of CUF Torres Vedras Hospital). Recurring investment amounted to 20.8 million euros (3.9% of consolidated Operating Income), essentially

² As of 31st December of 2020 and 2019, 29.6 million euros and 29.0 million euros, refer, respectively, to operating leases and are a result of the IFRS 16 applied in 2019.

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comprising the replacement of clinical equipment and other innovations and technological updates in CUF units. IT investment achieved 8.6 million euros, namely to reorganize the core systems.

4.2. Debt and Main Financial Ratios

Gross Debt reached 577.1 million euros at the end of 2020, representing an increase of 42.8 million euros vs. 2019, which is largely explained by the financing needed to fund CUF's expansion plan and the short-term financing lines obtained to meet the cash needs in the context of the pandemic.

In March 2020, a 33.0 million euros financing contract with Bank of China was executed. With this operation, CUF implemented its refinancing strategy, and until 2023, besides the existing short-term financing lines, no other significant refinancing will occur.

	2020	2019
Financial Autonomy	11.9%	13.8%
Solvency	13.5%	16.0%
Net Debt ³ (million of euros)	509.5	438.9
Net Debt ³ / EBITDA	11.49	4.48
EBITDA / Financial Expenses	2.42	5.86

Financial Autonomy decreased, compared to December 2019, to 11.9%, which is justified by the Equity reduction due to the negative results.

The Net Debt / EBITDA ratio increased from 4.48x to 11.49x in 2020, explained by the negative impact of the COVID-19 pandemic on CUF's operating performance, coupled with the increase in Debt.

CUF bond loans placed on financial markets limit Net Debt / EBITDA ratio to 6.0x, as of the audited annual consolidated accounts. During the second half of the year, anticipating that the Net Debt / EBITDA ratio would exceed the limit of 6.0x at the end of 2020, CUF obtained, from the bondholders, a consent for non-compliance, exclusively for the year 2020, agreeing, on the other hand, that CUF's Net Debt should be below 570.0 million euros, with CUF ending the year below this limit.

Oeiras, April 23, 2021

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³ Considers Gross Debt (Borrowings and Leases) deducted from Cash and Cash Equivalents and Other Financial Instruments.

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