La Tour Holding SA Annual report

2020

Management report

Corporate Information

La Tour Holding SA (formerly HDLT Holding SA) owns and operates the largest private hospital in the Canton of Geneva, Hôpital de La Tour.

Hôpital de La Tour has an estimated market share of 29% in terms of private inpatient admissions in Geneva. Its focus is to provide medical services of outstanding quality to private inpatients, as well as offering state-of-the-art outpatient services to all patients with private or basic insurance. Hôpital de La Tour is also included in the Canton of Geneva's hospital list and is mandated to receive patients without additional private health insurance in certain specialties. Outpatient services are available to all those with basic national health insurance (LAMal and LAA).

Hôpital de La Tour overview

Founded in 1976, Hôpital de La Tour is a private, independent, human-sized facility offering high-level acute care. Committed to delivering the best possible quality of life to its patients, La Tour places continuous improvement and medical excellence at the heart of its priorities. The hospital's ambitions are backed by highly skilled doctors and nursing staff, as well as state-of-the-art infrastructure.

Hôpital de La Tour has developed and expanded over the years to become Geneva's largest private full-service hospital in terms of beds, patient days and revenue, enjoying a unique position as the only hospital on Geneva's more densely populated right bank. As a leading institution in the canton of Geneva, Hôpital de La Tour stands apart from other private clinics mainly for its activities, with an organisational structure similar to that of a university hospital. In fact, it is the only private institution in French-speaking Switzerland to offer 24/7 emergency care, internal medicine, intensive and continuous care, as well as pulmonary services for acute care. It is also equipped with an intermediate neonatal care unit and a sports-medicine facility as part of the Swiss Olympic Medical Center.

Hôpital de La Tour provides patients comprehensive care, as well as personalised support. Thanks to a team based approach and all specialists practising in the same place, La Tour is able to deliver the best possible treatment for each patient specific condition as well as his overall health. La Tour teams are constantly challenging themselves to stay competitive and to offer tailored support that surpasses the highest expectations, they are motivated by the care they provide and the difference they're able to make in patients' health. Every day, they deliver optimal care where human values are recognised, ensuring that each patient's experience is as pleasant as possible.

A strategy based on quality and medical outcomes

Hôpital de La Tour places quality of care and patient safety at the heart of its priorities. To achieve this goal, La Tour develops quality indicators to monitor its clinical results and implement actions that will enable it to constantly achieve better outcomes. That is the reason why each patient treated at Hôpital de La Tour benefits from an unrivalled quality of care and the best treatment adapted to his or her health condition.

La Tour Healthcare services

Healthcare services cover all the specialties needed to ensure patients total safety and well-being. These include:

- an orthopaedics and traumatology department with 11 joint specialists, ensuring a high-quality patient outcomes;
- a sports-medicine facility as part of the Swiss Olympic Medical Center featuring a rehabilitation unit and high-tech infrastructure to help patients improve their mobility and speed up their recovery;
- a cancer centre equipped with the latest technology;
- a centre dedicated to women, mothers and children, offering cutting-edge expertise for high-risk pregnancies and childbirth complications;
- a metabolism and obesity centre;
- a centre dedicated to cardio-pulmonary diseases.

The leading private teaching hospital in the French speaking part of Switzerland

Positioned as the leading private teaching hospital in the French speaking part of Switzerland, medical education is a core activity of Hôpital de La Tour with currently 11 accredited training programs in post-graduate medical education in the specialties of general internal medicine, emergency medicine, family practice, cardiology, pulmonary, paediatrics, neonatology, orthopaedics, sports medicine, pain management and further. There are 52 residents and fellows trained each year and also new training programs in the process of obtaining accreditation.

There is a close collaboration with the Medical Faculty of Geneva University offering pre-graduate medical education within different medical services of Hôpital de La Tour to around 100 medical students per year. Staff physicians also hold academic appointments within the Medical School. Their commitment to teaching assures the ongoing improvement in the quality of medical education, which will ultimately enhance patient care and safety.

Ongoing training of nursing & paramedical staff

Hôpital de La Tour is strongly committed to training future generations of health care professionals in all main specialties such as nursing, physical therapy, ergotherapy, midwifery, medical imaging or nutrition as well as training as paramedics and OR technicians. As part of its partnership with Health teaching institutions (ES, HES and its partner institutions (Heds Geneva, Ecole de la Source Lausanne) and IFSIS in neighbouring France. Hôpital de La Tour has a number of accredited training instructors supervising each year over 200 health care students.

Hôpital de La Tour genuinely believes in on going professional training as a means of constantly improving its patient services and employee satisfaction. Alongside a large spectrum of continuous medical education offers, Hôpital de La Tour focuses on developing skills that allow flexibility and responsiveness mainly in regards to patients' safety, medical excellence expertise and in anticipation of needs for new patient services.

Hôpital de La Tour's activity in 2020

2020 was an unprecedented year for Hôpital de La Tour, as for many in the health care sector. The COVID-19 crisis naturally impacted all activities, but La Tour continued to reach for its goals in line with its unchanged vision of a private hospital that inspires trust well beyond the borders of its region and consolidates and strengthens expertise through interdisciplinary healthcare teams, driving its medical and nursing staff to care for patients.

Consolidated operating income for La Tour totalled 239'997 KCHF (-0.3 % compared to prior year) and consolidated EBITDA stood at 48'387 KCHF (-5.2% compared to prior year).

COVID-19 Health Crisis

Hôpital de La Tour has always been able to deliver care to critical patients. As a result, it has played a key role in the framework introduced by the canton to deal with the COVID-19 health crisis. Hôpital de La Tour has a range of acute care services, which allows it to handle surgical and medical cases that require intensive and/or intermediate care. It has collaborated with HUG for many years through various cooperation agreements and common protocols, including an intensive care cooperation agreement according to which Hôpital de La Tour offers support to HUG when needed.

Therefore, at the start of the pandemic, La Tour invited HUG surgical teams to its facilities to work in collaboration with its own teams. HUG was thus able to transfer part of their urgent care services to La Tour facilities. About 50 doctors were involved, primarily chief physicians, attending physicians, chief residents and residents to whom Hôpital de La Tour made its infrastructure immediately available. The pandemic further strengthened the relationship between the two institutions and confirmed La Tour's expertise in advanced fields. In particular, Hôpital de La Tour was the only other option available in Geneva for highly specialized medicine, including general surgery (pancreas, liver, gastrectomy), thoracic surgery, and ENT and maxillofacial surgery, for patients with tracheostomies. The hospital also provided surgical care to patients requiring breast surgery and cardiovascular surgery.

The additional costs related to these efforts and to making resources available, while foregoing all non-urgent activities during the first wave, were significant. Activities were resumed over the remainder of the year; however, it was not enough to make up for the losses caused by the health crisis.

Mission and Values

During this unusual year, La Tour redefined its mission and values by clearly expressing them in a new promise (tagline): **caring for you like ourselves.** In addition to their expertise, Hôpital de La Tour teams care for their patients' health by offering them the same care they would wish for themselves or a loved one. Filled with goodwill, team spirit, openness and courage, they are working every day toward a common goal: enabling those who entrust them with their health to regain their quality of life as quickly as possible. The hospital intended to reaffirm this drive, shared by every nurse and doctor, to offer the best expertise and care to each patient.

Official Recognition as a Partner Hospital of «Smarter medicine - Choosing Wisely Switzerland»

In late May, the association «Smarter Medicine – Choosing Wisely Switzerland» recognized Hôpital de La Tour as one of its partner hospitals. La Tour thus became the first private Swiss establishment to receive this recognition in appreciation for its efforts in the fight against unnecessary or harmful medical procedures.

Awarded the Highest Swiss Certification in Medical Training

Hôpital de La Tour's general internal medicine training program earned the highest Swiss certification in the field of medical training through the accreditation "ISFM training center in general internal medicine, category A." La Tour is now the only private establishment in the Lake Geneva region to have earned this recognition, which attests to its 40-year commitment to medical training.

Expansion of Sports Medicine and Rehabilitation Services

Hôpital de La Tour wanted to expand its sports medicine and rehabilitation services in La Côte to give more patients in the region access to its expertise. To do this, the facility began offering daily sports medicine consultations in Nyon, provided by the same sports medicine physicians as those of the Swiss Olympic Medical Center at its headquarters in Meyrin, in cooperation with a renowned physical therapy practice. At the same time, it entered into a partnership with Harmony Fitness so that patients can have their rehabilitation at a Harmony center close to their home or place of work. This partnership also means that Harmony Fitness trainers follow Hôpital de La Tour's best protocols and work directly with the physical therapists and sports medicine physicians caring for each patient.

Key infrastructures

189 beds
1 certified intensive care unit with 10 beds
1 certified intermediate care unit with 4 beds
11 operating theatres
2 catheter labs
24/7 emergency services
4 delivery rooms
1 neonatal unit
1 sterilisation unit certified ISO 9001

State-of-the-art equipment

1 linear accelerator for radiation therapy (Varian Edge)
1 dedicated radiation therapy scanner
2 ultrasound rooms
1 mammography room
4 conventional radiography rooms
1 EOS system (whole of spine and lower extremities)
2 spectral scanners
4 MRI scanners
1 SPECT-CT scanner
1 PET-CT digital scanner
1 mineralometry scanner
Da Vinci Xi ®
O-arm™

1 100
employees

511
independent physicians

60
medical specialities

7 563
inpatient admissions

6 630
surgeries

499
deliveries

46 508
inpatient days

339 486
outpatient visits

38 790
emergency visits

Our plans for 2021

Strategy based on continuous improvement and medical excellence

In 2021, Hôpital de La Tour will pursue the strategy first adopted in 2019, by continuing to invest in developing medical excellence. Specifically, Hôpital de La Tour will invest in technology to measure patient reported outcomes. Efforts will focus on measuring outcomes that matter to patients to drive continuous improvement, so providing patients with the right choice of medical options so they can regain the best qualityof life.

Did you know ?

52

residents and fellows trained every year

Board of Directors of La Tour Holding SA

Name	Function	Domicile [country]	Citizenship
Evgenia Paizi	President, Chairman	Chambésy [CH]	Greece/Switzerland
John Spiro Latsis	Member	Bellevue [CH]	United Kingdom
Mira Isabella Petalas	Member	Geneva [CH]	Switzerland
Christopher Potter	Member	Commugny [CH]	United Kingdom
Aris Serbetis	Member	Collonge-Bellerive [CH]	Greece
Damien Tappy	Member	Coppet [CH]	Switzerland
Jean-Dominique Vassalli	Member	Collonge-Bellerive [CH]	Switzerland

Members of the Executive Management of Hôpital de La Tour SA

Rodolphe Eurin
CEO

Julien Heider
COO

Mehdi Bensouda
CFO

Dr med. François Cerruti
Chief Medical Officer

Axelle Alibert
Director of Strategic Projects

Jérôme Dayon
Director of nursing

Laure de Carné
Director of Human Ressources

Risk assessment

On a yearly basis, the Board of Directors conducts and approves an assessment of the risks facing the Group, with the participation and input of the Management. Identified risks are assessed according to their likelihood, severity and mitigation. Adequate measures to mitigate and manage risks are determined and responsibility is delegated to the management for the implementation of such measures.

Internal audits ensure the adequate implementation of such actions and findings are forwarded to the Board of Directors so that progress and identified risks can be monitored objectively and independently from Management.

Consolidated balance sheet

Amounts expressed in '000 CHF	Note	**31.12.2020**	31.12.2019
ASSETS			
Current assets			
Cash and cash equivalent		43 360	28 558
Trade receivables	[4]	44 850	46 455
Tax receivable		63	722
Other receivables		442	512
Inventories	[5]	6 309	6 392
Prepaid expenses		4 355	3 112
Total current assets		**99 378**	85 751
Non-current assets			
Property, plant and equipment	[6]	379 501	405 272
Goodwill	[7]	90 532	97 972
Intangible assets other than goodwill	[7]	9 536	6 714
Financial assets		1 626	462
Total non-current assets		**481 194**	510 420
TOTAL ASSETS		**580 572**	596 171

Consolidated balance sheet

Amounts expressed in '000 CHF	Note	**31.12.2020**	31.12.2019
LIABILITIES AND SHAREHOLDERS'EQUITY			
Current liabilites			
Trade payables		19 815	17 534
Other payables		8 357	9 356
Accrued taxes		2 894	2 263
Accrued expenses	[9]	14 115	18 784
Provisions	[15]	3 779	10 912
Bank loans	[10]	0	154 250
Other loan	[14]	0	20 000
Total current liabilities		**48 961**	233 099
Non-current liabilities			
Loans from parent company	[11]	157 510	170 450
Bank loans	[10]	180 000	0
Bond loan	[12]	82 000	82 000
Other loan	[13]	20 000	20 000
Provisions	[15]	3 274	0
Deferred tax liabilities	[8]	27 196	28 426
Total non-current liabilities		**469 980**	300 876
TOTAL LIABILITIES		**518 941**	533 975
Shareholders' equity			
Share capital	[17]	60 012	60 012
Capital reserve		443	443
Retained Earnings		1 176	1 741
Total Shareholders' equity		**61 631**	62 196
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		**580 572**	596 171

Consolidated income statement

Amounts expressed in '000 CHF	Note	**31.12.2020**	31.12.2019
INCOME STATEMENT			
INCOME			
Net income		229 819	236 464
Other operating income	[18]	10 178	4 218
Total income		**239 997**	240 682
EXPENSES			
Personnel expenses	[19]	-85 084	-85 762
Doctors fees		-39 894	-38 814
Medical material and supplies		-45 058	-43 152
Rental expenses		-2 691	-2 896
Other operating expenses		-18 882	-19 005
Total expenses		**-191 610**	-189 629
Earnings before interest, taxes, depreciation,		**48 387**	51 053
amortization and non-operating items)		**20%**	21%
Depreciation	[6]	-30 989	-34 291
Amortization	[7]	-9 343	-9 056
Operating Result		**8 055**	7 706
Financial expenses		-6 428	-10 366
Financial incomes		17	3
Financial Result		**-6 411**	-10 363
Ordinary Result		**1 644**	-2 657
Other non-operating expenses		93	-1 081
Other non-recurring expenses		0	0
Total non-operating expenses		**93**	-1 081
NET INCOME BEFORE TAX		**1 737**	-3 738
Current taxes		-3 532	-2 670
Deferred taxes	[8]	1 230	20 766
Net (loss)/ profit for the year		**-565**	14 358
Earnings per share (EPS) expressed in CHF per share:	[17]		
Registered shares - Basic earnings per share		-9	239
Registered shares - Diluted earnings per share		-9	239

Consolidated cash flow statement

Amounts expressed in '000 CHF	Note	**2020**	2019
NET (LOSS) / PROFIT FOR THE YEAR		-565	14 356
Adjusting items			
Increase (decrease) in provisions	[15]	-937	625
Depreciation of property, plant and equipement	[6]	30 989	34 291
Loss on disposal of property, plant and equipement	[6]	370	0
Amortization on intangible assets	[7]	9 343	9 056
Taxation		2 302	-18 096
Financial result		6 411	10 366
Working capital adjustments			
Decrease (increase) in accounts receivable	[4]	1 605	5 474
Decrease (increase) in inventories		83	-757
Decrease (increase) in other current assets		654	-856
Increase (decrease) in accounts payable		2 281	-13 176
Increase (decrease) in other current liabilities		-7 391	12 818
Income taxes payment		-2 241	-1 740
Utilazation of provision	[15]	-2 921	0
Net cash flow from operating activities		**39 982**	52 361
Increase in financial assets		-1 164	0
Disposal of property, plant and equipement	[6]	600	0
Purchase of property, plant and equipement	[6]	-6 187	-5 454
Purchase of intangible assets	[7]	-4 725	-6 140
Net cash flow from investing activities		**-11 476**	-11 594
Repayment of other loan from parent company	[14]	-20 000	0
Repayment of parent company loans		-12 940	-15 660
Repayment of bank loans	[10]	-154 250	0
Proceeds from new bank loan	[10]	180 000	0
Interest paid		-4 357	-10 364
Refinancing costs paid		-2 157	0
Net cash flow from financing activities		**-13 704**	-26 024
Net increase (decrease) in cash and cash equivalents		**14 802**	14 743
Cash and cash equivalents, beginning of the period		28 558	13 815
Cash and cash equivalents, end of the period		43 360	28 558

Consolidated change in equity statement

Amounts expressed in '000 CHF	Share capital	Capital reserve	Retained earnings	Total Equity
Balance at 31.12.2018	60 012	443	-12 617	47 838
Profit for the year	0	0	14 358	14 358
Balance at 31.12.2019	60 012	443	1 741	62 196
Loss for the year	0	0	-565	-565
Balance at 31.12.2020	**60 012**	**443**	**1 176**	**61 631**

Notes

1. Corporate Information

La Tour Holding SA ("the Company"), a limited company, incorporated on 15 February 2013 in Geneva Switzerland, is based at 24, quai du Seujet, 1201 Geneva. On 26 February 2013, it acquired the group of companies owning and operating Hôpital de La Tour, the largest private hospital in the Canton of Geneva, Clinique de Carouge and Centre Médical de Meyrin. The assets and the businesses related to Clinique de Carouge and Centre Médical de Meyrin are no longer part of the group as they were sold at book values on 01.06.2020 and 01.09.2020 respectively. The impact on 2020 net result is not significant.

2. Activity of the Group

The main activity of the Company and its consolidated subsidiaries (collectively "the Group") is to operate hospitals in Geneva, Switzerland.
In 2020, the Group employed 958 full time equivalent employees (2019: 939) and worked with more than 500 independent attending physicians with admission rights.

3. Consolidated Financial Statements

3.1 Basis of preparation

The consolidated financial statements give a true and fair view of the financial position, results of operations and cash flows of the Group. They have been prepared in accordance with the complete set of Swiss GAAP Accounting and Reporting Recommendations (Swiss GAAP RPC) and are based on the subsidiaries' annual financial statements at 31 December 2020 prepared using uniform classification and accounting policies. The consolidated financial statements are prepared under the going concern assumption, based on the historical cost principle.
There is no segment reporting because the Group operates in a single business sector (medical) and a single geographical place (Geneva).

3.2 Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its wholly owned subsidiaries, after elimination of all material inter-company transactions and balances. Subsidiaries are consolidated from the date the parent obtains control until such time as control ceases.
The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets acquired, equity instruments issued or exchanged and liabilities undertaken at the date of acquisition. Costs related to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of income.

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed below for 2019 and 2020:

Name	Place of incorporation	% equity interets and voting rights
La Tour Immobilière Sàrl	Meyrin, Switzerland	100
Hôpital de la Tour SA (previously named La Tour Hôpital Privé SA)	Meyrin, Switzerland	100
Permanence de la Clinique de Carouge SA	Meyrin, Switzerland	100

Permanance de la Clinique de Carouge SA is a dormant entity that is different from the business of Clinique de Carouge that was sold on 01.06.2020.

3.3 Summary of significant accounting policies

3.3.1 Basis of presentation

The consolidated financial statements are presented in thousand Swiss francs ('000 CHF), which is the Group's functional and presentation currency. Other Group companies also have Swiss francs as their functional currency.

3.3.2 Estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. If in future, such assumptions and estimates deviate from the actual circumstances, the original assumptions and estimates will be modified as appropriate in the period in which the circumstances change.

The key assumptions and estimates which have a risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

- Impairment of non-financial assets

  The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit, and chooses a suitable discount rate in order to calculate the present value of those cash flows.

- Claims relating to services rendered

  In the case of litigation and claims relating to services rendered, the amount that is ultimately recorded is the result of an assessment of a number of variables, and relies on Management's informed judgement about the circumstances surrounding the past provision of services. It also relies on expert legal advice. Changes in estimates are reflected in the income statement in the period in which the change occurs.

- Contingent liabilities

  The Group has various outstanding contingent liabilities; management judgment is required in order to determine the probability of materialisation of the underlying risk, and to determine whether or not a provision should be recorded. The determination of the provision, if any, is also subject to management judgment.

3.3.3 Balance sheet

3.3.3.1 Cash and cash equivalents

Cash and cash equivalents with original maturities of three months or less comprise cash in hand, deposits in postal and bank accounts. They are stated at nominal value.

3.3.3.2 Trade and other receivables

Receivables are carried at nominal value less allowance for doubtful receivables. The allowance is based on the aging of trade receivables, specific risks and historical loss experience. Given the significant number of patients, the Group provides its receivables on a statistical basis, based on historical observations. Receivable balances which are overdue for more than 210 days from the date of the end of treatment are analysed and those for which there is a risk of non-payment are fully provisioned.

3.3.3.3 Inventories

Inventories, which are principally composed of medical material and drugs, are valued at the lower of cost and net realizable value, determined using the weighted average cost. When necessary, provision is made for obsolete, slow moving and defective stocks.

3.3.3.4 Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.
Major additions and improvements that significantly increase values or asset lives are capitalized.
Borrowing costs related to construction-in-progress, premises and equipment, and costs of maintenance and repairs of fixed assets, are charged to the consolidated statement of income as incurred.
Assets under construction are not depreciated until the asset is available to be put into service.
Depreciation is computed on a straight-line basis over the estimated useful life of assets, other than land (which is not depreciated), as follows:

Designation	Number of years
Goodwill	20
Lands and buildings	40
Fixtures and Fittings	4 to 20
Medical equipments	4 to 10
Other fixed assets	4 to 10
Intangible assets	3

Fixed assets are de-recognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of income in the period the asset is de-recognized.
The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year-end.

3.3.3.5 Intangible assets

- Goodwill

  Goodwill acquired in a business is initially measured at cost, being the excess of the cost of the business acquisition over the Group's interest in the fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Goodwill is stated at cost less accumulated amortization calculated on a straight-line basis over 20 years and less any accumulated impairment losses. Goodwill residual value, useful life and method of amortization are reviewed, and adjusted if appropriate, at each financial year-end.

- Other intangible assets

Other intangible assets of the group are mainly composed of software, they are stated at cost less accumulated amortization calculated on useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period is of 3 years and the amortization method is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.
Assets under construction are not amortized until the asset is available to be put into service.
Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is de-recognized.

3.3.3.6 Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated statement of income. Capitalized leased assets are depreciated over the shorter of the useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating leases payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

3.3.3.7 Investments and other financial assets / liabilities

Purchases and sales of financial assets are recognized on the trade date, which is the date when the Group commits to purchase or sell the asset.

3.3.3.8 Impairment of financial assets

The Group assesses at each financial year end whether a financial asset or group of financial assets is impaired.

3.3.3.9 Trade and other payables

Trade and other payables are recognized at nominal value.

3.3.3.10 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.3.3.11 Employee benefits

The Group entities contribute to various benefit plans according to Swiss law. Pension plans from autonomous pensions institutions are accounted for in line with Swiss GAAP RPC 16. At the reporting date, it is assessed if the Group has an economic benefit or obligation based on the financial statements of the funds.

3.3.3.12 Share-based capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.3.4 Consolidated statement of income

3.3.4.1 Revenue recognition

Net revenue includes the inflow of economic benefits from sale of goods and services within the scope of ordinary business during the period under review. Any revenue reductions such as discounts have been deducted from net revenue reported. All intercompany revenue is eliminated during consolidation. Revenue is recognized if significant risks and rewards of ownership have been transferred or services have been rendered and the recoverability of the related receivable is sufficiently secured.

3. 3. 4. 2. Financial items

Interest income and expenses are recognized on an accrual basis.

Financing costs are deferred and amortized over the remaining life of the debt.

The Group uses derivative financial instruments such as interest rates cap to manage its exposure to changes in floating interests' rates. The Group does not enter into derivative or other financial transactions which are unrelated to its business needs or for speculative purposes. Interests rate cap are accounted as cash-flow hedge and their cost are deferred and amortized over the remaining life of the debt.

3.3.4.3 Taxes

Income taxes comprise current and deferred taxes.

- Current income taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

- Deferred income taxes

Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are measured at the tax rate expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or carry forward of unused tax losses can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. Trade receivables

Amounts expressed in '000 CHF	**31.12.2020**	31.12.2019
Trade receivables	51 474	54 206
Allowance for doubtful receivables	-6 624	-7 751
TOTAL TRADE RECEIVABLES	**44 850**	**46 455**

5. Inventories

Inventories are mainly composed of drugs and medical supplies.

6. Property, Plant and equipment

Amounts Expressed in '000 CHF	Lands and buildings	Fixtures and Fittings	Medical equipments	Assets under construction	Other fixed assets	Total
COST						
31.12.2018	471 892	19 446	57 806	1 934	11 844	562 922
Additions	0	840	1 801	6 123	529	9 293
Transfers	0	1 177	570	-1 822	75	0
Disposals	0	0	-440	0	0	-440
31.12.2019	471 892	21 463	59 737	6 235	12 448	571 775
Additions	0	0	0	6 144	0	6 144
Transfers	1 978	1 080	2 557	-6 190	619	44
Disposals	0	-1 005	-2 145	-620	-1 857	-5 627
31.12.2020	**473 870**	**21 537**	**60 149**	**5 569**	**11 210**	**572 336**
ACCUMULATED DEPRECIATION						
31.12.2018	-99 987	-5 858	-21 306	0	-5 499	-132 650
Disposals	0	0	440	0	0	440
Depreciation	-24 758	-2 474	-5 340	0	-1 720	-34 292
31.12.2019	-124 745	-8 332	-26 206	0	-7 219	-166 501
Disposals	0	980	1 874	0	1 804	4 657
Depreciation	-21 791	-2 346	-5 393	0	-1 460	-30 989
31.12.2020	**-146 536**	**-9 698**	**-29 725**	**0**	**-6 875**	**-192 833**
NET BOOK VALUE						
31.12.2018	371 905	13 588	36 500	1 934	6 345	430 272
31.12.2019	347 147	13 131	33 531	6 235	5 229	405 274
31.12.2020	**327 334**	**11 840**	**30 424**	**5 569**	**4 335**	**379 502**

Interest expenses related to B2 building have been expensed in the consolidated income statement.

7. Intangible assets

Amounts expressed in '000 CHF	Goodwill	Assets under construction	Other intangible assets	Total
COST				
31.12.2018	148 819	1 765	5 103	155 687
Additions	0	1 336	5 131	6 467
Transfers	0	1 443	-1 443	0
31.12.2019	148 819	4 544	8 791	162 154
Additions	0	3 380	1 382	4 762
Transfers	0	-3 037	3 000	-37
31.12.2020	**148 819**	**4 886**	**13 173**	**166 879**
ACCUMULATED DEPRECIATION				
31.12.2018	-43 406	0	-5 006	-48 412
Amortization	-7 441	0	-1 615	-9 056
31.12.2019	-50 847	0	-6 621	-57 468
Amortization	-7 441	0	-1 902	-9 343
31.12.2020	**-58 288**	**0**	**-8 523**	**-66 811**
NET BOOK VALUE				
31.12.2018	105 413	1 765	97	107 275
31.12.2019	97 972	4 544	2 170	104 686
31.12.2020	**90 532**	**4 886**	**4 650**	**100 068**

During 2020, KCHF 1'382 (2019: KCHF 858) of internal costs have been capitalised as intangible assets.

8. Deferred tax assets and liabilities

The Swiss federal tax reform and Geneva cantonal tax reform were approved in 2019 resulting in a decrease of the blended cantonal and federal tax rate from 24% to 14%. This change impacted the companies of the group and required a revaluation of the deferred tax assets and liabilities to the newly enacted tax rates at the date of enactment. As a result the new tax rate of 14% was applied for the measurement of deferred tax at 31.12.2019 and 31.12.2020. Since December 2017, tax losses to be carried forwards amount to 0. The following table shows the movements in deferred tax assets and liabilities together with the effect of tax rate change in 2019:

Amounts expressed in '000 CHF	Deferred tax assets	Deferred tax liabilities	Net
Credited/(charged) to income statement	357	2 168	2 525
31.12.2018	2 490	-51 682	-49 192
Credited/(charged) to income statement	-2 490	1 439	-1 051
Effect of tax rate change (TRAF)	0	21 817	21 817
31.12.2019	0	-28 426	-28 426
Credited/(charged) to income statement	0	1 230	1 230
31.12.2020	**0**	**-27 196**	**-27 196**

9. Accrued expenses

Amounts expressed in '000 CHF	31.12.2020	31.12.2019
Accrued interests	1 724	2 001
Accrued personnel expenses	2 736	2 493
Other accrued expenses	9 655	14 290
TOTAL ACCRUED EXPENSES	**14 115**	**18 784**

Following a court decision related to the hospitalisation planning from 2013 to 2019, Geneva and Vaud Cantons had to reimburse insurers in relation to invoices from the hospital. Those reimbursements were paid to the hospital by the cantons in 2019 and 2020 and then reimbursed to the insurers. The decrease in the other accrued expenses is related to the payment by the hospital to insurers in 2019 and 2020.

10. Bank loans

The Group has the following committed bank loans and facilities outstanding:

Amounts expressed in '000 CHF	Total	Less than 1 year	Between 1 to 5 years	More than 5 years
Bank loans	154 250	0	154 250	0
31.12.2019	154 250	0	154 250	0
Amounts expressed in '000 CHF	Total	Less than 1 year	Between 1 to 5 years	More than 5 years
Bank loans	180 000	0	0	180 000
31.12.2020	**180 000**	**0**	**0**	**180 000**

The maturity of the bank loans which were outstanding at 31.12.2019 was 31.12.2021. However early repayment of these loans (KCHF 154'250) occurred on 31.01.2020. These loans had a floating interest rate.
The Group signed a new Credit Facilities Agreement on 29.01.2020. The Group was granted a senior non-amortizing term loan of CHF 180'000'000 with a maturity date of 29.01.2026 and a floating interest rate. The maturity date can be extended by one year and the amount of the loan can be increased by CHF 60'000'000. The loan's covenants were adhered to in 2020.

The facility is secured collectively by:

- Transfer to the banks of the mortgage certificates with a minimum nominal amount of CHF 198'000'000 million over the Charged Real Estate Properties ;
- Assignment of all intercompany loans ;
- Guarantee from La Tour Holding SA ;

The Group has entered into two related interest rates cap cash flow hedges on 10th March 2020 with start dates on 31.07.2020 and end date on 31.01.2026. Each interest rate cap has a distinct strike and notional amount. The combined two interest rates cap hedge the entirety of the CHF 180'000'000 non-amortizing term loan from the Credit Facilities Agreement signed on 29.01.2020. This amount is amortized as financial expense over the length of the hedged loan. The charge for 2020 amounted to CHF 201'000 and the remaining value as of 31.12.2020 represents CHF 1'005'000 accounted for as prepaid expenses.

11. Loans from parent company

The parent company Pronia Health SCA SICAR (previously named Pronia Holding SA) had granted a facility for a total amount of CHF 200 million, of which CHF 158 million (2019: 164 million) has been drawn as of 31 December 2020. The loan is unsecured and the interest level is adjusted on an annual basis according to the annual tax circular of the Swiss Federal Tax Administration (in 2020 amounting to 2.5% on the first million and to 0,75% on the balance) and the maximal interest deduction authorized as per the thin capitalization rules of the Swiss Federal Tax Administration. The facility is repayable on 31 December 2035.

On 9 October 2018 Pronia Holding (Luxembourg) SA had granted a loan for an amount of CHF 21.5 million. The remaining balance as per 31 December 2019 was 5.8 million and the loan was fully repaid in 2020. The loan was unsecured and the interest level adjusted on an annual basis according to the annual tax circular of the Swiss Federal Tax Administration (in 2020 amounting to 2.5% on the first million and 0.75% on the balance) and the maximal interest deduction authorized as per the thin capitalization rules of the Swiss Federal Tax Administration. The facility was repayable on 30 September 2023.

In 2015, the company issued a convertible loan, amounting to CHF 0.6 million. As specific milestones were not achieved at 31 December 2018 ("Milestone Date"), the loan could not be converted into shares of the Company and according to the contract's terms was renewed as a simple non-interest-bearing shareholder loan as per 31.12.2019. As per 31.12.2020, the loan was again renewed as a simple non-interest-bearing shareholder loan.

12. Bond loan

On November 30, 2015, the company issued a bond (ISIN: CH0299477387) for a nominal value of CHF 82 million with a maturity date on June 30, 2022 and a redemption at par. Interest rate is fixed at 2.50 % p.a., payable annually on June 30.

13. Other loan in the non-current liabilities

The company issued loan notes for a total nominal value of CHF 20 million. The loan notes bear interest at 4.25% and are repayable on 31 July 2027.

14. Other loan in the current liabilities

In 2018, the company issued an additional loan for a total nominal value of CHF 20 million. The loan bears interest at 6% and had a final maturity as of 31 December 2021. The loan was fully repaid in January 2020.

15. Provision

Amounts expressed in '000 CHF	2020	2019
Opening balance	10 912	10 287
Addition of the period	2 910	625
Reversal of the period	-3 847	0
Utilization of the period	-2 921	0
TOTAL PROVISION	**7 053**	**10 912**
Short-term portion	3 779	10 912
Long-term portion	3 274	0

Provisions were booked in 2019 in relation to errors lasting over a period of 10 years. The provisions were booked with a restatement in a retrospective approach. The main impacts of these restatements in 2019 were a correction of the equity as per 31 December 2017 by KCHF 6'677 (over-invoicing of KCHF 8'810 with a deferred tax asset of KCHF 2'133) and a correction of 2018 result of KCHF 1'120 (over-invoicing of KCHF 1'477 with a deferred tax asset of KCHF 357).

In 2020, the Group reached several settlements regarding the risks identified in 2019 for amounts below the provisions. The differences were booked as a provisions reversal in the revenues amounting to KCHF 3'847. Further amounts were added to the provisions in relation to risks identified in 2020. The short term portion of the provisions is based on the Group's appraisal of amounts that will be paid out in 2021. The long-term portion of the provisions corresponds to the risks for which there is no foreseeable cash out so far.

The movements in provisions in the cash-flow statement, which were previously included in the variation of other liabilities, are now presented separately. Prior year information has been reclassified for comparison purpose.

16. Pension fund liability

The eligible Swiss employees of the Group are all affiliated to a pension plan in Switzerland. The Group sponsors an independent pension plan separate from the obligatory Swiss social security plans. Retirement benefits are based on contributions, computed as a percentage of salary, adjusted for the age of the employee and shared 50% / 50% by employee and employer. In addition to retirement benefits, the plan provides death and long-term disability benefits to the employees.

Financial detailed information is as follows:

Amounts expressed in '000 CHF	Fondation de prévoyance de La Tour SA	
	2020	2019
Surplus	**0**	0
Economic part of the group	**0**	0
Change of economic part impacting current result	**0**	0
Employer's contributions concerning business period	**4 341**	4393
Pension costs within personnel expenses	**4 341**	4393

The total pension fund expense in 2020 included in Personnel expenses amounts to kCHF 4'341 (2019: KCHF 4'393).

Fondation de Prévoyance de La Tour SA pension fund reported a cover ratio of 107.3% as per 31.12.2019. The technical interest rate used is 2.0% in 2019 (2018: 2.0%).

The cover ratio as well as technical interest rate are not yet known at the end of 2020 but the cover ratio will exceed 100%. The pension fund liability of the Group as per December 31, 2020 amounted to KCHF 2'085 (2019: KCHF 2'183).

17. Shareholders' Equity

At 31 December 2019 and 2020, the share capital of the company amounts to CHF 60'012'000, fully paid, divided into 60'012 registered shares of nominal value CHF 1'000. In 2020, the EPS was negative and amounted to a loss of CHF 9 (2019: profit of CHF 239), corresponding to the net loss for the year divided by the number of shares.

18. Other operating income

Amounts expressed in '000 CHF	2020	2019
Canton COVID compensation	5 758	0
Other operating income	4 420	4 218
TOTAL OTHER OPERATING INCOME	**10 178**	4 218

In relation to the organisation of the COVID 19 crisis by Geneva Canton and the allocation of cases among public and private acute care facilities, Geneva Canton has paid a compensation to a selection of private clinics and hospital. The Group's corresponding income in 2020 was KCHF 5'758. The increase in other operating income is also due to various donations received during the year to support the Hospital.

19. Personnel expenses

Amounts expressed in '000 CHF	2020	2019
Salaries and wages	73 923	72 488
Short time compensation	-1 502	0
Social benefits	12 101	12 242
Other personnel costs	562	1 031
TOTAL PERSONNEL EXPENSES	**85 084**	85 762

20. Commitments and contingencies

Operating lease commitments

The Group has entered into operating leases for the use of administrative offices or physician offices. These rental contracts have duration between 1 and 12 years with a tacit renewal option included in the contracts. Guarantees for a total of KCHF 422 (2019: KCHF 462) were issued in favour of various third parties.

Future minimum rentals payable under non-cancellable operating leases are as follow:

Amounts expressed in '000 CHF	2020	2019
Due within 12 months	1 641	2 793
Due in 2-5 years	4 575	6 881
Due beyond 5 years	3 194	663
TOTAL NON-CANCELLABLE OPERATING LEASES	**9 410**	10 337

Contingent liabilities

One of the Group companies entered into a renewed agreement with the Association d'aide aux enfants malades du pavillon Gourgas («the Association») on 16 March 2009 (the old agreement was signed on 17 September 1991) whereby it was agreed that should the Company withdraw certain facilities, including hospital beds, and support to the Association then it would be obliged to repay CHF 9 million that the Association initially invested in the construction of the hospital.

Given its activity, the Group is potentially exposed to claims from patients. There are currently no claims outstanding against the Group that, in management's view, could materially affect the consolidated accounts.

The Group pays for the right to dispose of premises located in Meyrin since April 2019. The contract has not been signed by the parties as of the date of the issue of the annual report. Based on the latest working version of the lease agreement, The Group commitment would amount to KCHF 20'000.

Hospitalisation planning litigation (2013-2019)

Following a court decision related to the hospitalisation planning from 2013 to 2019, Geneva and Vaud Cantons had to reimburse insurers in relation to invoices from the hospital. Those reimbursements were paid to the hospital by the cantons in 2019 and 2020. The repayment by Hôpital de la Tour SA to insurers follows an allocation key based on the cost weight of each patient invoice. Some insurers expressed that the amount reimbursed was not sufficient but none have made any claims toward the Hospital.

21. Audit fees

Total audit fees paid to PricewaterhouseCoopers SA for the audit of the Company and the Group financial statements in 2020 amounted to KCHF 130 (2019: KCHF 135). Fees for other services including the audit of coding and consulting services amounted to KCHF 120 (2019: KCHF 13).

22. Related party

Donations amounting to CHF 1'126'002 were received from related parties. The amount was fully used to pay an exceptional bonus to the employees of the Group in 2020.

23. Approval of financial statements and subsequent events

The Board of Directors is responsible for the preparation and presentation of the financial statements. These financial statements were authorised for issue by the Board of Directors on 27 April 2021.

There are no events, after balance sheet date, other than the ones already mentioned above, that could materially impact financial statement

Report of the statutory auditor

to the General Meeting of La Tour Holding SA

Geneva

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of La Tour Holding SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020, consolidated income statement, consolidated cash flow statement, consolidated change in equity statement 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 of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

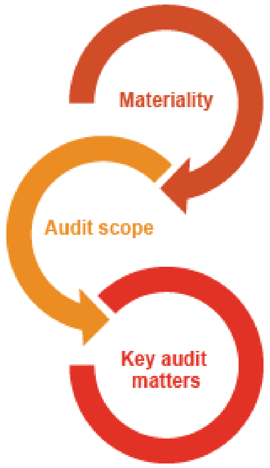
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 1’200’000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We concluded full scope audit work at three reporting units in Switzerland.

Our audit scope addressed 100% of the Group’s revenue.

As key audit matter the following area of focus has been identified:

- Valuation of goodwill

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2, Switzerland
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 1'200'000
How we determined it	2,5 % of earnings before interest, tax, depreciation and amortisation (EBIT before depreciation and amortization)
Rationale for the materiality benchmark applied	We chose EBIT before depreciation and amortization as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and is a generally accepted benchmark within the hospital industry.

We agreed with the Board of Directors that we would report to them misstatements above CHF 120'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates two private clinics – Hôpital de la Tour and Permanence de la Clinique de Carouge - in one single geographical location – Switzerland. The Group’s financial statements are a consolidation of four reporting units, comprising the Group’s holding entity, one operating entity, one entity owning the operating buildings and one dormant entity. We conducted full scope audit procedures on three Group entities (excluding the dormant one) and those audit procedures addressed 100% of the Group's revenues and 100% of the Group’s assets.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill

Key audit matter	How our audit addressed the key audit matter
Goodwill which resulted from the acquisition of Hôpital de La Tour SA and La Tour Immobilière Sàrl is amortised over a period of 20 years in accordance with Swiss GAAP FER. We considered the assessment of the carrying value of goodwill as of 31 December 2020 to be a key audit matter for the following reasons: • As of 31 December 2020, the consolidated balance sheet discloses goodwill of CHF 90.5 million, which is a significant amount. • In addition, the value of goodwill is judgmental by essence. Please refer to the notes to the consolidated financial statements, specifically the valuation principles (note 3.3.3.5) and the details of the goodwill (note 7).	We evaluated management's process applied to account for goodwill and to assess the carrying value of goodwill, by performing the following procedures: • Discussion with management on the approach to account for the goodwill. • Analytical procedures to identify a potential indication of impairment and to assess the goodwill's useful life. • Comparison of the goodwill carrying values with the investment values in the stand-alone financial statements. • Calculation of the annual amortization expense. • Recognition of the annual amortization expense in the consolidated financial statements. On the basis of the procedures performed, we concluded that management's process to account for goodwill and to assess the carrying value of goodwill was reasonable.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 Swiss law and Swiss Auditing Standards 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Marc Secretan
Audit expert
Auditor in charge

Nicolas Biderbost
Audit expert

Geneva, 30 April 2021

Enclosure:

- Consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated change in equity statement and notes)

Financial report - Annual financial statements of La Tour Holding SA

Balance sheet

Amounts expressed in '000 CHF	Note	31.12.2020	31.12.2019
ASSETS			
Current assets			
Cash and cash equivalents		12 649	4 588
Other receivables and prepayments		101	10
Total current assets		**12 750**	4 598
Non-current assets			
Investments	[2]	311 165	311 165
Loans to subsidiaries	[3]	0	10 310
Total non-current assets		**311 165**	321 475
TOTAL ASSETS		**323 915**	326 073

Amounts expressed in '000 CHF	Note	31.12.2020	31.12.2019
LIABILITIES AND SHAREHOLDERS'EQUITY			
Current liabilites			
Other payables		0	1 577
Accrued expenses			
due to shareholders		1 152	153
due to third parties		1 593	1 848
Loans from subsidiaries	[4]	15 848	0
Total current liabilities		**18 592**	3 578
Non-current liabilites			
Interest-bearing liabilities			
due to shareholders	[5]	157 510	170 450
due to third parties	[6]	20 000	20 000
bond loan	[7]	82 000	82 000
Total non-current liabilities		**259 510**	272 450
TOTAL LIABILITIES		**278 103**	276 028
Shareholders' equity			
Share capital	[8]	60 012	60 012
Capital reserve		276	276
Accumulated deficit		-14 475	-10 243
Total Shareholders' equity		**45 813**	50 045
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		**323 915**	326 073

Income statement

Amounts expressed in '000 CHF	Note	**2020**	2019
INCOME			
Financial income		72	396
Guarantee fees and commission income		73	871
Total Income		**145**	1 267
EXPENSES			
Financial expenses		-4 107	-4 036
Other operating expenses		-81	-854
Non-operating expenses		-190	-107
Total Expenses		**-4 377**	-4 997
RESULT BEFORE TAX		**-4 232**	-3 730
Income tax		0	0
Net result for the period		**-4 232**	-3 730
Accumulated deficit, beginning of the period		**-10 243**	-6 513
ACCUMULATED DEFICIT, END OF THE PERIOD		**-14 475**	-10 243

Notes

La Tour Holding SA ("the Company"), a limited company, incorporated on 15 February 2013 in Geneva Switzerland, is based at 24, quai du Seujet, 1201 Geneva. On 26 February 2013, it acquired the group of companies owning and operating the largest private hospital in the Canton of Geneva: Hôpital de La Tour.

The company had no employees during the year.

1. Significant accounting policies

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO).

Investments in subsidiaries

Investments in subsidiaries are valued individually at acquisition cost less an adjustment for impairment where appropriate.

All other assets and liabilities

All other assets and liabilities are recorded at nominal value.

2. Investments

Amounts expressed in '000 CHF	Place of incorporation (Switzerland)	Book value 31.12.2020	% equity interest and voting rights	Book value 31.12.2019	% equity interest and voting rights
Direct Investments					
Hôpital de la Tour SA (previously named La Tour Hôpital Privé SA)	Meyrin	48 475	100%	48 475	100%
La Tour Immobilière Sàrl	Meyrin	262 690	100%	262 690	100%
Total		**311 165**		**311 165**	
Indirect investments					
Permanence de la Clinique de Carouge SA			100%		100%

3. Loans to subsidiaries

Amounts expressed in '000 CHF	31.12.2020	31.12.2019
Hôpital de La Tour SA	0	10 310
TOTAL LOANS TO SUBSIDIARIES	**0**	10 310

4. Loans from subsidiaries

Amounts expressed in '000 CHF	31.12.2020	31.12.2019
Hôpital de La Tour SA	15 848	0
TOTAL LOANS FROM SUBSIDIARIES	**15 848**	0

5. Interest-bearing liabilities due to shareholders

The parent company Pronia Health SCA SICAR (previously named Pronia Holding SA) has granted a facility for a total amount of CHF 200 million, of which CHF 158 million (2019: 164 million) has been drawn as of 31 December 2020. The loan is unsecured and the interest level is adjusted on an annual basis according to the annual tax circular of the Swiss Federal Tax Administration (in 2020 amounting to 2.5% on the first million and to 0,75% on the balance) and the maximal interest deduction authorized as per the thin capitalization rules of the Swiss Federal Tax Administration. The facility is repayable on 31 December 2035.

On 9 October 2018 Pronia Holding (Luxembourg) SA had granted a loan for an amount of CHF 21.5 million. The remaining balance as per 31 December 2019 was 5.8 million and the loan was fully repaid in 2020. The loan was unsecured and the interest level adjusted on an annual basis according to the annual tax circular of the Swiss Federal Tax Administration (in 2020 amounting to 2.5% on the first million and 0.75% on the balance) and the maximal interest deduction authorized as per the thin capitalization rules of the Swiss Federal Tax Administration. The facility was repayable on 30 September 2023.

In 2015, the company issued a convertible loan, amounting to CHF 0.6 million. As specific milestones were not achieved at 31 December 2018 ("Milestone Date"), the loan could not be converted into shares of the Company and according to the contract's terms was renewed as a simple non-interest-bearing shareholder loan as per 31.12.2019. As per 31.12.2020, the loan was again renewed as a simple non-interest-bearing shareholder loan.

6. Interest-bearing liabilities due to third parties

The company issued loan notes for a total nominal value of CHF 20 million. The loan notes bear interest at 4.25% and are repayable on 31 July 2027.

7. Bond loan

On November 30, 2015, the company issued a bond (ISIN: CH0299477387) for a nominal value of CHF 82 million with a maturity date on June 30, 2022 and a redemption at par. Interest rate is fixed at 2.50 % p.a., payable annually on June 30.

8. Share capital

The share capital of the company as of December 31, 2020, amounts to CHF 60'012'000, fully paid, divided into 60'012 registered shares of nominal value CHF 1'000.

The Company has no treasury shares in 2020 and 2019.

9. Approval of financial statements and subsequent events

The Board of Directors is responsible for the preparation and presentation of the financial statements. These financial statements were authorised for issue by the Board of Directors on 27 April 2021.

There are no events, after balance sheet date, other than the ones already mentioned above, that could materially impact financial statement

Report of the statutory auditor

to the General Meeting of La Tour Holding SA

Geneva

Report on the audit of the financial statements

Opinion

We have audited the financial statements of La Tour Holding SA, which comprise the balance sheet as at 31 December 2020, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

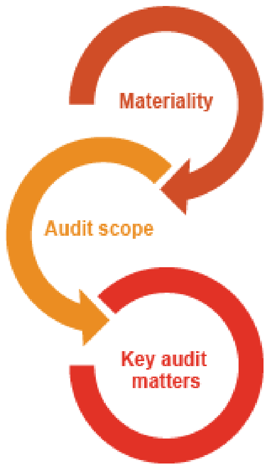
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and 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 provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 1'200'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

- Valuation of investments in subsidiaries

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2, Switzerland
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 1'200'000
How we determined it	0,4 % of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the most relevant financial information of the company and it is a generally accepted benchmark for holding entities.

We agreed with the Board of Directors that we would report to them misstatements above CHF 120'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in subsidiaries

Key audit matter	How our audit addressed the key audit matter
Investments in subsidiaries are valued individually at acquisition cost less an adjustment for impairment where appropriate. We considered the assessment of the carrying value of investments in subsidiaries as of 31 December 2020 to be a key audit matter for the following reasons: • As of 31 December 2019, the balance sheet discloses investments in subsidiaries of CHF 311 million, which is a significant amount. • In addition, judgement is required to assess the value of the buildings owned by the subsidiary La Tour Immobilière Sàrl. Please refer to the notes to the financial statements, specifically the valuation principles (note 1) and the details of the investments (note 2).	We discussed with management the method used in assessing the carrying value of the investments in subsidiaries. We found that management had followed their defined process for impairment testing purposes which is subject to oversight and challenge by the Board of Directors. The valuation of the investment in Hôpital de La Tour SA is supported by the net assets disclosed in the statutory financial statements of this subsidiary, which is higher than the book value of the investment. The investment value in La Tour Immobilière Sàrl was externally appraised based on the building value. Such value was determined by a third party and we have verified the independence, competencies and results of the appraiser. We consider the valuation process and the assumptions applied by management to be adequate and a sufficient basis for the impairment testing of investments in subsidiaries.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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 Swiss law and Swiss Auditing Standards 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Marc Secretan	Nicolas Biderbost
Audit expert Auditor in charge	Audit expert

Geneva, 30 April 2021

Enclosures:

- Financial statements (balance sheet, income statement and notes)

ADDITIONAL INFORMATION

Information for bondholders:

ISIN: CH0299477387
Contact person: Mehdi Bensouda, CFO
mehdi.bensouda@latour.ch
http://www.la-tour.ch/en/

Addresses:

La Tour Holding SA
Quai du Seujet 24
CH - 1201 Genève

Hôpital de La Tour
Avenue J. D. Maillard 3
CH - 1217 Meyrin / Genève
T +41 22 719 61 11

Hôpital de La Tour
Avenue J.-D. Maillard 3
CH—1217 Meyrin/Genève
T +41 (0) 22 719 61 11
F +41 (0) 22 719 61 12