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INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
MED LIFE S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of Med Life S.A. and its subsidiaries (the Group), with registered office in 365, Calea Grivitei, District 1, Bucharest, identified by unique tax registration code 8422035 which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the consolidated financial statements.

2. The consolidated financial statements as at December 31, 2020 are identified as follows:

• Net assets	RON	268,906,545
• Net profit for the financial year	RON	63,763,684

3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Order 2844/2016, with subsequent amendments for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named "the Regulation") and Law 162/2017 ("the Law"). 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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, 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.

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<table>
<tr><th>KEY AUDIT MATTER</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Recognition of leases under IFRS 16</td><td></td></tr>
<tr><td>
The Company has adopted IFRS 16 as of January 1st, 2019. On adoption date, the impact lead to an increase in total assets of RON 146.4 million and an increase in total liabilities of RON 146.4 million for the opening balance sheet.
The current period is the second financial year in which the Company has applied IFRS 16.
The Company has identified during the current year errors in respect of management estimates applied in the adoption of IFRS 16, starting January 1, 2019. As a result, it has restated previously reported financial information in relation to measurement under IFRS 16.
Further information is set out in Note 3.8 and Note 14 to the consolidated financial statements.
In accounting for IFRS 16 the management of the Company has applied significant judgments and management estimates for determining:

lease term applied to its identified lease agreements;
the discount rate to be applied in measurement of right–of–use assets and lease liabilities;
the application of exemptions and practical expedients for similar type of contracts characteristics to be accounted on a portfolio basis;
lease modifications;
measurement in a consistent manner of rent concessions received during the financial year as a result of COVID-19;
subsequent measurement of key elements from lease contracts which influence the valuation of the right-of-use asset and lease liability.

We have defined the recognition of leases under IFRS 16 as a key audit matter owing to the significant effort required in auditing the various significant management assumptions, judgements and estimates applied, as presented above, in particular subsequent assessment over lease contracts key elements which impacts the measurement of right–of–use assets and lease liabilities.
</td><td>
In responding to the key audit matter identified we have assessed the following:

we have obtained an understanding of relevant controls over the identification of new leases, the underlying lease data and subsequent modifications;
we have verified the accuracy of the underlying lease data by agreeing a sample of leases to supporting information made available by the Company including leases modification;
we have evaluated the completeness of lease contracts by testing the reconciliation to the Company’s operating lease commitments and by analysing the most significant service contracts to assess whether they contained a lease under IFRS 16;
we have verified the mathematical accuracy of the IFRS 16 calculations for a sample of leases through recalculation of the right–of–use assets, lease liability, depreciation charge and finance cost. Where lease modification took place, we have evaluated the impact triggered;
we have evaluated the judgment applied by the Company in estimating the discount rate used for the measurement of right–of–use asset and lease liability;
we have analysed the information used by the Company in accounting for IFRS 16 in the consolidated financial statements elements on a portfolio basis, applied in cases where lease contracts with similar characteristics have been identified;
we have assessed the material implications of COVID 19 applicable to the Company in accounting for IFRS 16, in particular lease incentives and impairment triggers;
we have evaluated the key elements analysed by the Company, based on which restatement for previous reported financial period was performed, presentation of these elements in the statement of financial position in accordance with IAS 1 “Presentation of Financial Statements” and key disclosures required by IAS 8 “Accounting policies, Changes in accounting estimates and Errors”.

We have also evaluated the material disclosures presented in the notes to the consolidated financial statements as required by IFRS 16.
</td></tr>
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Other information - Administrator's Consolidated Report

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators' Consolidated report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements for the year ended December 31, 2020, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   With respect to the consolidated Administrator's report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, with subsequent amendments.

   On the sole basis of the procedures performed within the audit of the consolidated financial statements, in our opinion:

   a) the information included in the administrators' report for the financial year for which the consolidated financial statements have been prepared is consistent, in all material respects, with these consolidated financial statements;

   b) the administrators' report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, with subsequent amendments;

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the financial statements prepared as at December 31, 2020, we are required to report if we have identified a material misstatement of this consolidated Administrator's report . We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the consolidated financial statements, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. 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 consolidated financial statements.

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11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 consolidated 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

    - Obtain sufficient 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.

12. We communicate with those charged with governance 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.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We have been appointed by the General Assembly of Shareholders on 22 April 2019 to audit the consolidated financial statements of Med Life S.A. for the financial year ended December 31, 2020. The uninterrupted total duration of our commitment is 12 years, covering the financial years ended 31 December 2009 until 31 December 2020.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.

- No non-audit services referred to in Article 5 (1) of EU Regulation No. 537 / 2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Irina Dobre.

Irina Dobre, Audit Partner

For signature, please refer to the original Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under AF 3344

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under FA 25

The Mark Building, 84-98 and 100-102 Calea Griviței,
8th Floor and 9th Floor, District 1
Bucharest, Romania
13 April 2021

MED LIFE GROUP

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY EUROPEAN UNION

(TOGETHER WITH INDEPENDENT AUDITOR’S REPORT AND ADMINISTRATORS’ REPORT)

Free translation from the original Romanian version.

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Free translation from the original Romanian version.

MED LIFE GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020
(all the amounts are expressed in RON, unless otherwise specified)

	Note	December 31, 2020	December 31, 2019 *Restated	January 1, 2019 *restated
ASSETS				
Non current assets				
Goodwill	**4**	147,256,824	96,007,730	82,378,647
Intangible assets	**5.3**	46,755,678	43,275,568	39,647,014
Tangible assets	**5**	535,672,488	491,151,660	458,033,010
Right-of-use assets	**13**	146,821,194	133,169,294	146,435,936
Other financial assets	**5.5**	27,940,022	80,970,942	10,599,596
TOTAL NON-CURRENT ASSETS		**904,446,206**	**844,575,194**	**737,094,204**
Current Assets				
Inventories	**6**	53,058,518	43,390,267	31,070,480
Receivables	**7**	121,079,030	100,323,815	78,957,879
Other receivables		15,822,146	20,770,400	13,117,114
Cash and cash equivalents	**8**	81,970,397	37,688,896	33,722,339
		271,930,091	**202,173,378**	**156,867,812**
Assets classified as held for sale	**9**	-	381,665	381,665
Prepayments	**10**	7,117,566	7,224,106	6,186,462
TOTAL CURRENT ASSETS		**279,047,657**	**209,779,149**	**163,435,939**
TOTAL ASSETS		**1,183,493,863**	**1,054,354,343**	**900,530,142**
LIABILITIES & SHAREHOLDER'S EQUITY				
Current Liabilities				
Trade and other payables	**11**	151,690,134	165,133,428	131,744,422
Overdraft	**15**	27,127,907	29,011,944	30,911,018
Current portion of lease liability		41,166,069	40,425,758	36,696,515
Current portion of long term debt	**15**	46,436,217	24,802,015	23,162,490
Current tax liabilities		5,467,450	308,391	729,572
Provisions	**13**	7,209,494	1,749,188	2,458,957
Other short term liabilities	**12**	35,230,733	56,629,297	27,578,281
Liabilities directly associated with assets classified as held for sale	**9**	-	363,318	458,785
TOTAL CURRENT LIABILITIES		**314,328,004**	**318,423,339**	**253,740,040**
Long Term Debt				
Lease liability	**14**	147,097,180	141,065,745	145,214,124
Other long term debt		18,119,743	22,851,746	19,253,369
Long term debt	**15**	414,696,592	345,952,241	287,013,365
TOTAL LONG-TERM LIABILITIES		**579,913,515**	**509,869,732**	**451,480,858**
Deferred tax liability	**26**	20,345,799	19,162,671	16,436,342
TOTAL LIABILITIES		**914,587,319**	**847,455,742**	**721,657,240**
SHAREHOLDER'S EQUITY				
Issued capital and share capital	**16**	82,027,012	81,495,470	81,495,470
Treasury shares		(666,624)	(2,699,804)	(6,056,105)
Reserves	**18**	124,211,557	108,709,302	93,906,109
Retained earnings		35,701,579	(3,356,485)	(9,994,660)
Equity attributable to owners of the Group		**241,273,524**	**184,148,483**	**159,350,814**
Non-controlling interests	**19**	27,633,021	22,750,118	19,522,088
TOTAL EQUITY		**268,906,545**	**206,898,601**	**178,872,902**
TOTAL LIABILITIES AND EQUITY		**1,183,493,863**	**1,054,354,343**	**900,530,142**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

(all the amounts are expressed in RON, unless otherwise specified)

	Note	12 months ended December 31, 2020	2019 *Restated
Sales	**20**	1,077,448,351	967,380,307
Other operating revenues	**21**	9,274,762	7,648,949
Operating Income		**1,086,723,113**	**975,029,256**
Consumable materials and repair materials		(189,975,286)	(158,167,211)
Third party expenses (including doctor's agreements)		(281,469,012)	(264,544,662)
Salary and related expenses	**23**	(277,035,208)	(291,414,807)
Social contributions	**23**	(10,767,730)	(10,526,204)
Depreciation		(102,897,388)	(90,481,076)
Impairment losses and gains (including reversals of impairment losses)	**7**	(10,888,049)	1,167,475
Other operating expenses	**22**	(104,579,312)	(103,719,253)
Operating expenses	**21,22**	**(977,611,985)**	**(917,685,738)**
Operating Profit		**109,111,128**	**57,343,518**
Finance cost	**24**	(23,252,552)	(20,646,561)
Other financial expenses	**24**	(7,307,417)	(11,574,446)
Financial result	**24**	**(30,559,969)**	**(32,221,007)**
Result Before Taxes		**78,551,159**	**25,122,512**
Income tax expense	**26**	(14,787,475)	(8,337,027)
Net Result		**63,763,684**	**16,785,485**
Owners of the Group		56,702,860	13,611,276
Non-controlling interests	**19**	7,060,824	3,174,209
Earnings per share			
Basic and diluted earnings per share (RON)	**17**	0.43	0.10
Other comprehensive income items that will not be reclassified to profit or loss			
Gain on revaluation of equity instruments		-	655,437
Deferred tax on other comprehensive income components		-	(104,870)
TOTAL OTHER COMPREHENSIVE INCOME		**-**	**550,567**
Total other comprehensive income attributable to:			
Owners of the Group		-	550,567
Non-controlling interests		-	-
TOTAL COMPREHENSIVE INCOME		**63,763,684**	**17,336,052**
Total comprehensive income attributable to:			
Owners of the Group		56,702,860	14,161,843
Non-controlling interests	**18**	7,060,824	3,174,209

Mihail Marcu,
CEO

Adrian Lungu,
CFO

(all the amounts are expressed in RON, unless otherwise specified)

	Note	12 months ended December 31, 2020	2019 *Restated
Net profit before taxes	**26**	**78,551,159**	**25,122,512**
Adjustments for			
Depreciation		102,897,388	90,481,076
Provisions for risks and charges		5,460,306	(709,768)
Interest revenue	**24**	(50,893)	(69,900)
Interest expense	**24**	23,252,552	20,646,561
Allowance for doubtful receivables	**7**	10,888,049	(1,167,475)
Financial Discounts	**24**	-	5
Other non-monetary gains	**21, 24**	(3,712,076)	(3,789,152)
Unrealized exchange gain / loss		7,392,342	9,260,113
Goodwill impairment	**4.27**	90,706	-
Operating cash flow before working capital changes		**224,769,532**	**139,773,971**
Decrease / (increase) in accounts receivable		(35,539,764)	(16,815,577)
Decrease / (increase) in inventories		(9,968,002)	(2,044,361)
Decrease / (increase) in prepayments		1,018,264	(725,989)
Increase / (decrease) in accounts payable		(19,743,767)	11,944,565
Cash generated from working capital changes		**(64,233,268)**	**(7,641,362)**
Cash generated from operations		**160,536,264**	**132,132,609**
Income Tax Paid		(9,716,112)	(6,134,448)
Interest Paid		(22,207,210)	(19,514,509)
Interest received		50,893	69,899
Net cash from operating activities		**128,663,835**	**106,553,551**
Investment in business combination	**4.27**	(23,769,813)	(53,182,778)
Additional participation interest acquired	**4.27**	-	(1,532,500)
Purchase of intangible assets	**5**	(5,962,689)	(3,020,776)
Purchase of property, plant and equipment	**5**	(83,116,171)	(50,681,033)
Net cash used in investing activities		**(112,848,673)**	**(108,417,087)**
Cash flow from financing activities			
Increase in Loans	**15**	101,692,813	63,121,293
Payment of loans	**15**	(25,118,546)	(14,533,110)
Financial Lease payments		(43,857,062)	(40,315,278)
Dividends paid to NCI	**19**	(701,987)	(186,698)
Payments for purchase of treasury shares		(3,548,879)	(2,256,114)
Net cash in financing activities		**28,466,339**	**5,830,093**
Net change in cash and cash equivalents		**44,281,501**	**3,966,557**
Cash and cash equivalents at the beginning of the period		37,688,896	33,722,339
Cash and cash equivalents at the end of the period		**81,970,397**	**37,688,896**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

MED LIFE GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(all the amounts are expressed in RON, unless otherwise specified)

	Paid and registered	**Paid, registered after year end**	**Share capital**	**Treasury shares**	**Share premium**	**General reserves and other reserves**	**Revaluation Reserve**	**Accumulated Results**	***Attributable to owners of the parent***	**Non-controlling interests**	***Total Equity***
Balance as at December 31, 2019	**5,023,000**	**513,271**	**5,536,271**	**(2,699,804)**	**75,959,199**	**13,406,769**	**95,302,534**	**(419,909)**	**187,085,059**	**23,180,510**	**210,265,569**
Correction of error (net of tax)	-	-	-	-	-	-	-	(2,936,575)	(2,936,575)	(430,393)	(3,366,968)
***Restated total equity at the beginning of the financial year**	**5,023,000**	**513,271**	**5,536,271**	**(2,699,804)**	**75,959,199**	**13,406,769**	**95,302,534**	**(3,356,485)**	**184,148,483**	**22,750,118**	**206,898,601**
			-								
Recognition of other reserves for fiscal purposes	-	-	-	-	-	661,005	-	(661,005)	-	-	-
Recognition of other reserves	-	-	-	-	-	14,659,044	182,206	(14,659,044)	182,206	-	182,206
Increase in share capital through incorporation of reserves	27,681,352	-	27,681,352	-	(27,681,352)	-	-	-	-	-	-
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made	-	-	-	-	-	-	-	-	-	-	-
Subsequent acquisition of NCI	-	-	-	-	-	-	-	(2,324,748)	(2,324,748)	(1,475,933)	(3,800,681)
Distribution of dividends	-	-	-	-	-	-	-	-	-	(701,987)	(701,987)
Net release of own shares used for acquiring additional NCI	-	-	-	2,033,180	-	-	-	-	2,033,180	-	2,033,180
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made	-	-	-	-	531,542	-	-	-	531,542	-	531,542
			-								
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**56,702,860**	**56,702,860**	**7,060,824**	**63,763,684**
			-								
Deferred tax related to other elements of the overall result	-	-	-	-	-	-	-	-	-	-	-
Profit of the year	-	-	-	-	-	-	-	56,702,860	56,702,860	7,060,824	63,763,684
			-								
Balance as at December 31, 2020	**32,704,352**	**513,271**	**33,217,623**	**(666,624)**	**48,809,388**	**28,726,817**	**95,484,740**	**35,701,579**	**241,273,524**	**27,633,022**	**268,906,545**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

(all the amounts are expressed in RON, unless otherwise specified)

	Paid and registered	**Paid, registered after year end**	**Share capital**	**Treasury shares**	**Share premium**	**General reserves and other reserves**	**Revaluation Reserve**	**Accumulated Results**	***Attributable to owners of the parent***	**Non-controlling interests**	***Total Equity***
Balance as at December 31, 2019	**5,023,000**	**513,271**	**5,536,271**	**(6,056,105)**	**75,959,199**	**11,644,268**	**82,261,841**	**(9,994,660)**	**159,350,814**	**19,522,088**	**178,872,902**
Recognition of other reserves for fiscal purposes	-	-	-	-	-	1,762,501	-	(1,762,501)	-	-	-
Recognition of other reserves	-	-	-	-	-	-	13,040,693	-	13,040,693	-	13,040,693
Net release of own shares used for acquiring additional NCI	-	-	-	4,011,738	-	-	-	-	4,011,738	-	4,011,738
Increase from own shares valuation	-	-	-	(655,438)	-	-	-	-	(655,438)	-	(655,438)
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	-	-	-	2,279,703	2,279,703
Subsequent acquisition of NCI	-	-	-	-	-	-	-	(5,761,167)	(5,761,167)	(2,039,185)	(7,800,352)
Distribution of dividends	-	-	-	-	-	-	-	-	-	(186,698)	(186,698)
Acquisition of own shares	-	-	-	-	-	-	-	-	-	-	-
			-								-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14,161,843**	**14,161,843**	**3,174,209**	**17,336,052**
Deferred tax related to other elements of the overall result	-	-	-	-	-	-	-	-	-	-	-
Profit of the year *restated	-	-	-	-	-	-	-	14,161,843	14,161,843	3,174,209	17,336,052
Balance as at December 31, 2019	**5,023,000**	**513,271**	**5,536,271**	**(2,699,804)**	**75,959,199**	**13,406,769**	**95,302,534**	**(3,356,485)**	**184,148,483**	**22,750,118**	**206,898,601**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

(all the amounts are expressed in RON, unless otherwise specified)

1. DESCRIPTION OF THE BUSINESS

Med Life S.A. ("Med Life" or the "Parent Company" or the "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania. The Company's activity resides in the performance of healthcare services activities through medical centres located in Bucharest, Brasov, Cluj, Braila, Sibiu, Timisoara, Iasi, Galati and Constanta.

Medlife Group is offering a large range of medical service having opened 22 Hyperclinics in Bucharest, Timisoara, Brasov, Arad, Iasi, Galati, Craiova, Braila, Sibiu, Cluj, Constanta and Oradea, 53 Clinics, 10 hospitals – located in Bucharest, Sibiu, Arad and Brasov, 33 Laboratories, 14 Pharmacies and 12 Dental Clinics. The Group has also more than 130 private Clinic partners around Romania.

Medlife is the leading health care services providers in Romania, having a significant market share at a national level. The registered office of Medlife is located in Bucharest, Calea Grivitei, no. 365.

The ultimate parent of the Group is Med Life SA.

Details of Med Life SA's subsidiaries at December 31, 2020 and December 31, 2019 are as follows:

	Name of subsidiary	**Principal Activity**	**Place of operation**	**December 31, 2020**	**December 31, 2019**
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83.01%	83.01%
2	Medapt SRL (indirectly)	Medical Services	Brasov, Romania	83.01%	83.01%
3	Histo SRL (indirectly)	Medical Services	Brasov, Romania	49.81%	49.81%
4	Policlinica de Diagnostic Rapid Medis SRL (indirectly)	Medical Services	Sfantu Gheorge, Romania	66.41%	66.41%
5	Bahtco Invest SA	Development of building projects	Bucharest, Romania	100%	100%
6	Med Life Ocupational SRL	Medical Services	Bucharest, Romania	100%	100%
7	Pharmalife-Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
8	Med Life Broker de Asigurare si Reasigurare SRL	Insurance broker	Bucharest, Romania	99%	99%
9	Accipiens SA	Rental activities	Bucharest, Romania	73%	61%
10	Genesys Medical Clinic SRL (indirectly)	Medical services	Bucharest, Romania	73%	61%
11	Bactro SRL (indirectly)	Medical services	Deva, Romania	73%	61%
12	Transilvania Imagistica SA (indirectly)	Medical services	Oradea, Romania	73%	61%
13	Biofarm Farmec SRL (indirectly)	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
14	RUR Medical SA (indirect)	Medical services	Bucharest, Romania	83.01%	100%
15	Biotest Med SRL	Medical services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical services	Bucharest, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	90%
18	Ultratest SA (directly and indirectly)	Medical services	Craiova, Romania	76%	76%
19	Diamed Center SRL	Medical Services	Bucharest, Romania	100%	100%
20	Prima Medical SRL	Medical Services	Craiova, Romania	100%	100%
21	Stem Cells Bank SA	Medical Services	Timisoara, Romania	100%	100%
22	Dent Estet Clinic SA	Dental healthcare activities	Bucharest, Romania	60%	60%
23	Green Dental Clinic SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	31%	31%

(all the amounts are expressed in RON, unless otherwise specified)

24	Dentist 4 Kids SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	31%	31%
25	Dent A Porter SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	31%	31%
26	Dentestet Kids SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	32%	32%
27	Aspen Laborator Dentar SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	45%	45%
28	Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	90%	90%
29	Almina Trading SA	Medical services	Targoviste, Romania	80%	80%
30	Anima Specialty Medical Services SRL	Medical services	Bucharest, Romania	100%	100%
31	Anima Promovare si Vanzari SRL (indirectly)	Medical services	Bucharest, Romania	100%	100%
32	Valdi Medica SA	Medical services	Cluj, Romania	55%	55%
33	Clinica Polisano SRL	Medical services	Sibiu, Romania	100%	100%
34	Solomed Clinic SA	Medical services	Pitesti, Romania	80%	80%
35	Solomed Plus SRL (indirectly)	Medical services	Pitesti, Romania	80%	80%
36	Ghencea Medical Center SA	Medical services	Bucharest, Romania	100%	90%
37	Sfatul medicului SRL	Medical platform	Bucharest, Romania	100%	100%
38	RMC Dentart (indirectly)	Dental healthcare activities	Budapest, Hungary	51%	51%
39	RMC Medical (indirectly)	Medical services	Budapest, Hungary	51%	51%
40	RMC Medlife	Holding	Budapest, Hungary	51%	51%
41	Badea Medical SRL	Medical services	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SA	Medical services	Bucharest, Romania	75%	75%
43	Centrul medical Micromedica SRL	Medical services	Piatra Neamt, Romania	100%	100%
44	Micromedica Targu Neamt SRL (indirectly)	Medical services	Targu Neamt, Romania	100%	100%
45	Micromedica Bacau SRL (indirectly)	Medical services	Bacau, Romania	100%	100%
46	Micromedica Roman SRL (indirectly)	Medical services	Roman, Romania	100%	100%
47	Medrix Center SRL (indirectly)	Medical services	Roznov, Romania	100%	100%
48	Spitalul Lotus SRL	Medical services	Ploiesti, Romania	100%	100%
49	Labor Maricor SRL	Medical Services	Bacau, Romania	100%	0%
50	Centrul Medical Matei Basarab SRL*	Medical Services	Bucharest, Romania	100%	0%
51	Farmachem Distributie SRL*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	75%	0%
52	CED Pharma SRL*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	0%
53	KronDent SRL (indirect)*	Dental healthcare	Brasov, Romania	36%	0%

* The control over these companies will be obtained in the first semester of 2021 and will be consolidated starting with 2021.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 Initial application of new amendments to the existing standards effective for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Material - adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020),

- **Amendments to IFRS 3 "Business Combinations"** - Definition of a Business - adopted by the EU on 21 April 2020 (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period),

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"** - Interest Rate Benchmark Reform - adopted by the EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020),

- **Amendments to IFRS 16 "Leases"** - Covid-19-Related Rent Concessions beyond 30 June 2021 (effective for annual reporting periods beginning on or after 1 April 2021. Earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued.)
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- **Amendments to References to the Conceptual Framework in IFRS Standards** adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020).

The adoption of amendments to the existing standards has not led to any material changes in the Group's financial statements, except for Covid-19-Related Rent Concessions.

*In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:
a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c) There is no substantive change to other terms and conditions of the lease.
In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.
In the current year, the Group 0068as applied Amendments to IFRS 16 "Leases" - Covid-19-Related Rent Concessions in advance of its effective date The practical expedient has been applied to all qualifying rent concessions received for buildings. The management elected not to apply the practical expedient for rent concessions received for vehicles. Please see Note 16 for the impact recognized in profit or loss that arise from rent concessions to which the Group (lessee) has applied the practical expedient. Please see note 14 – Leases for further details.

2.2 Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorization of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **Amendments to IFRS 4 Insurance Contracts "Extension of the Temporary Exemption from Applying IFRS 9"** adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023),

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance**

Contracts" and IFRS 16 "Leases" - Interest Rate Benchmark Reform — Phase 2 adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021).

2.3 New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at 31 December 2020 (the effective dates stated below is for IFRS as issued by IASB):

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

- **IFRS 17 "Insurance Contracts"** including amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 16 "Property, Plant and Equipment"** - Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022),

- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** - Onerous Contracts — Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022);

- **Amendments to IFRS 3 "Business Combinations"** - Reference to the Conceptual Framework with amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022),

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

- **Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Group's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements, if applied as at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements of the Group are set out below.

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Accounting

Standards for Financial Reporting ("IFRSs") as adopted by the European Union ("EU").

The accounting policies applied in these financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2019, except for the adoption of new standards effective as of January 1st 2020.

Additionally, the consolidated financial statements have been prepared in accordance with Order 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU with subsequent amendments.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These consolidated financial statements have been prepared to serve the Group as consolidated financial statements.

The Group maintains its accounting records in Romanian Lei ("RON") and maintains the accounting books in accordance with the Regulations on Accounting and Reporting issued by the Ministry of Finance in Romania. The accompanying consolidated financial statements are based on the statutory accounting records of the individual entities and have been adjusted to present the consolidated financial statements in accordance with IFRS.

3.3 Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the Group will be able to realize its assets and discharge its liabilities in the normal course of business. The Group will continue its activity according to the normal course of business in the foreseeable future without encountering the impossibility of continuing its activity or without the significant decrease of its activity.

For the purposes of assessing liquidity and going concern, the Group has modelled scenarios reflecting suitable assumptions over the next 12–month period that serve to inform the decisions the Group takes regarding future cost savings, cash generation, debt covenants and levels of investment. The Group's financial performance to date in FY21 across all divisions has been ahead of the modelled scenarios.

In addition, due to the proactive response taken by the Group to improve its liquidity position, since the beginning of the pandemic crisis, the cashflows of the Group have remained stable, demonstrating the financial discipline across the Group and the conservative approach taken when modelling scenarios.

As part of the Group's proactive response to maintaining its liquidity position and optimising its response to the crisis, a broad range of consequent actions was taken including:

• All non-urgent and non-committed capital programmes have been postponed or reduced during the initial months of the pandemic;
• Non-essential administrative costs generally and relating to projects specifically have been postponed or reduced;
• Measures have been taken to further optimise working capital management;
• Lease amortisation payments have been deferred, where possible;
• Decreasing the working hours for key administrative staff from 5 to 4 working days;
• Negotiation with providers, considered "not mandatory" for the Group in order to suspend the collaboration for a defined period of time.
• The Management of the Group reassessed the serving capacity of all business units and readjusted their medical infrastructure to the new market requirements. In this respect, all business units went through a market repositioning process that allowed them to address more efficiently customers' needs as a result of population's change of approach in relation to post Covid medical services.

All measures taken have been decided upon having in mind the Group's strategy to better position itself to all the new market changes, on the long term. As a consequence, the management focused on increasing efficiency of its operations in order to obtain better flexibility over capitalizing market opportunities.

Additional mitigating steps were implemented, such as further reductions in fixed operating costs, rent waivers and government intervention packages.

In response to the COVID-19 coronavirus pandemic, in March 2020 the Romanian authorities introduced a government programme for companies that were forced to shut down their operations and furlough staff. Under the programme, an eligible company could apply for this in an amount up to a level of 75% of the average salary per economy, to continue paying monthly salaries to its furloughed employees. The measure taken by the Group was to reduce costs in connection with support departments by sending non-critical staff into technical unemployment. The costs were borne by the Romanian Government up to a level of 75% of the average salary per economy; for salaries that exceeded the average in the economy, the difference was borne by the Group.

Also, the Group has made a 50% reduction of the salaries of the management team for a period of 45 days (from March 16 to April 30). The impact was not quantified, being considered insignificant as a share in operating expenses.

Another support measure during the state alert is the settlement for the sanitary units with beds in contractual relationship with the National Health Insurance Houses of the amounts contracted and settled from the budget of the Single National Health Insurance Fund or from the budget of the Ministry of Health, regardless the number of cases performed or, as the case may be, at the level of the activity actually performed in the conditions in which it exceeds the contracted level (Document no. 195/2020, Chapter III / Art. 17 / c)).

These steps have provided additional support to the liquidity analysis and modelled scenarios.

Going forward, the management has assessed the continuity of such measures and included this scenario in the financial modelling of the Group concluding that all cost cutting measures are replicable for the future periods and will continue to release margin into the Group's cashflows.

Based on the Group's current financial position and the modelled scenarios, the directors have concluded that the Group has sufficient liquidity to meet all its obligations for at least the twelve months from the date of this report and the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company (Med Life S.A.) and entities controlled by the Company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

The interests of non-controlling shareholders are initially measured at the non-controlling interests' proportionate share of the fair value of the acquired company's identifiable net assets.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3.5 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method.
The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

3.6 Accounting estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities as of the date of the balance sheet and revenue and expenses for the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

<u>Impact of COVID 19 in respect of untaken holidays balance</u>

In order to mitigate the effects generated by COVID 19, the Group took a series of measures to protect the business and address potential liquidity management risks by applying a series of cost cutting measures in relation to personnel costs and enrolled a significant number of its personnel into technical unemployment procedures. As a side effect, but also generated by the long period of lock down measures applied by the Romanian government the demand for vacation leaves has decreased significantly within the Group during 2020. As a result, the management decided to take on a prudent approach in terms of provisioning untaken holidays and recognized a provision of RON 6 million as at December, 31 2020.

<u>Impact of COVID 19 in respect of IFRS 9</u>

The Group observed that the medical crisis has determined a slowdown in collection of its receivables as a result of the working capital challenges encountered by its clients.
In order to counter this risk, the management decided to apply a prudent approach to future cashflows an recognized an allowance for bad and doubtful debts of RON 10.8 million as at December, 31 2020.

3.7 Foreign currency translation

Functional and presentation currency
These consolidated financial statements are presented in Romanian Leu ("RON"), which is the currency of the primary economic environment in which the Group operates (its "functional currency").

The exchange rates on December 31, 2020 were RON 4.8694 for EUR 1 (December 31, 2019: RON 4.7793 for EUR 1), respectively 1.3356 for HUF 100 (December 31, 2019: RON 1.4459 for 100 HUF).
The average exchange rates for the period of 12 months 2020 were 4.8276 RON for 1 EUR (12 months 2019: 4.7454 RON for 1 EUR), respectively 1.3777 RON for 100 HUF (12 months 2019: 1.4589 for 100 HUF).

The monetary assets and liabilities in foreign currency as of reporting date have been converted from EUR to RON at the closing exchange rate as announced by the National Bank of Romania.

The profit and loss incurred before the transaction date of the acquired businesses in 2020 were eliminated.

3.8 Correction of error

The comparative figures have been adjusted to conform with changes in presentation in the current year.

Implementation of IFRS 16
Given its large and complex operations, the Group leases a significant number of assets including buildings and land for operational activities, medical equipment and vehicles. Contractual periods differ, depending on the lease type and the leased asset, the driver being the strategic point of view the Group has into further managing its asset portfolio.

As a result of the pandemic crisis, the Group commenced the process of securing its strategic facilities under lease agreements, for longer periods of time. Accordingly, several major lease agreements have been renegotiated with focus on better commercial conditions for the Group, in terms of both pricing and better security over extension options for the lease agreements.

In addition to this approach, the management decided to purchase many of its prior-leased locations in order to secure the Group's growth in line with its strategic plan. All these aspects where reflected when accounting for leased properties under IFRS 16, by also restating the opening balance, for comparability reasons.

In this respect, the management has evaluated its options for early termination as well as the existence of the Group's single triggered decision to extend the lease term, on a case-by-case basis.

In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or to exercise a termination option, are considered.

Basic earnings per share for the prior year have also been restated. The amount of the correction for basic earnings per share was a decrease of 0.02 RON per share. For more details please see Note 17 – Earnings per share.

The Company has also reclassified "Materna" vouchers from Cash equivalents to Other financial assets due to the fact that their convertibility in cash exceeds more than three months and some grants were reclassified from short term to long term. For more details please see Note 8 – Cash and banks.

(all the amounts are expressed in RON, unless otherwise specified)

	January 1, 2019	Restatements	January 1, 2019 *Restated	December 31, 2019	Restatements	December 31, 2019 *Restated	2020
ASSETS							
Non current assets							
Goodwill	82,378,647	-	82,378,647	96,007,730	-	96,007,730	147,256,824
Intangible assets	39,647,014	-	39,647,014	43,275,568	-	43,275,568	46,755,678
Tangible assets	458,033,010	-	458,033,010	491,151,660	-	491,151,660	535,672,488
Right-of-use asset	123,469,629	22,966,307	146,435,936	101,388,393	31,780,901	133,169,294	146,821,194
Other financial assets	10,115,776	483,820	10,599,596	79,773,620	1,197,322	80,970,942	27,940,022
TOTAL NON-CURRENT ASSETS	**713,644,076**	**23,450,127**	**737,094,203**	**811,596,971**	**32,978,223**	**844,575,194**	**904,446,206**
Current Assets							
Inventories	31,070,480	-	31,070,480	43,390,267	-	43,390,267	53,058,518
Receivables	78,957,879	-	78,957,879	100,323,815	-	100,323,815	121,079,030
Other receivables	13,117,114	-	13,117,114	20,770,400	-	20,770,400	15,822,146
Cash and cash equivalents	34,206,159	(483,820)	33,722,339	38,886,218	(1,197,322)	37,688,896	81,970,397
	157,351,632	**(483,820)**	**156,867,812**	**203,370,700**	**(1,197,322)**	**202,173,378**	**271,930,091**
Assets classified as held for sale	381,665	-	381,665	381,665	-	381,665	-
Prepayments	6,186,462	-	6,186,462	7,224,106	-	7,224,106	7,117,566
TOTAL CURRENT ASSETS	**163,919,759**	**(483,820)**	**163,435,939**	**210,976,471**	**(1,197,322)**	**209,779,149**	**279,047,657**
TOTAL ASSETS	**877,563,835**	**22,966,307**	**900,530,142**	**1,022,573,442**	**31,780,901**	**1,054,354,343**	**1,183,493,863**
LIABILITIES & SHAREHOLDER'S EQUITY							
Current Liabilities		-					
Trade payable and other payables	140,970,528	(9,226,106)	131,744,422	172,829,534	(7,696,106)	165,133,428	151,690,134
Overdraft	30,911,018	-	30,911,018	29,011,944	-	29,011,944	27,127,907
Current portion of lease liability	42,143,923	(5,447,408)	36,696,515	46,742,639	(6,316,881)	40,425,758	41,166,069
Current portion of long term debt	23,162,490	-	23,162,490	24,802,015	-	24,802,015	46,436,217
Current tax liabilities	729,572	-	729,572	308,391	-	308,391	5,467,450
Provisions	2,458,957	-	2,458,957	1,749,188	-	1,749,188	7,209,494
Other short term liabilities	37,605,544	(10,027,263)	27,578,281	65,134,937	(8,505,640)	56,629,297	35,230,733
Liabilities directly associated with assets classified as held for sale	458,785	-	458,785	363,318	-	363,318	-
TOTAL CURRENT LIABILITIES	**278,440,817**	**(24,700,777)**	**253,740,040**	**340,941,966**	**(22,518,627)**	**318,423,339**	**314,328,004**
Long Term Debt							
Lease liability	116,800,409	28,413,715	145,214,124	99,007,320	42,058,425	141,065,745	147,097,180
Other long term debt	-	19,253,369	19,253,369	6,650,000	16,201,746	22,851,746	18,119,743
Long term debt	287,013,365	-	287,013,365	345,952,241	-	345,952,241	414,696,592
TOTAL LONG-TERM LIABILITIES	**403,813,774**	**47,667,084**	**451,480,858**	**451,609,561**	**58,260,171**	**509,869,732**	**579,913,515**
Deferred tax liability	16,436,342	-	16,436,342	19,756,346	(593,675)	19,162,671	20,345,799
TOTAL LIABILITIES	**698,690,933**	**22,966,307**	**721,657,240**	**812,307,873**	**35,147,869**	**847,455,742**	**914,587,319**
SHAREHOLDER'S EQUITY							
Issued capital and share capital	81,495,470	-	81,495,470	81,495,470	-	81,495,470	82,027,012
Treasury shares	(6,056,105)	-	(6,056,105)	(2,699,804)	-	(2,699,804)	(666,624)
Reserves	93,906,109	-	93,906,109	108,709,302	-	108,709,302	124,211,557
Retained earnings	(9,994,660)	-	(9,994,660)	(419,910)	(2,936,575)	(3,356,485)	35,701,579
Equity attributable to owners of the Group	**159,350,814**	**-**	**159,350,814**	**187,085,058**	**(2,936,575)**	**184,148,483**	**241,273,524**
Non-controlling interests	19,522,088	-	19,522,088	23,180,511	(430,393)	22,750,118	27,633,021
TOTAL EQUITY	**178,872,902**	**-**	**178,872,902**	**210,265,569**	**(3,366,968)**	**206,898,601**	**268,906,545**
TOTAL LIABILITIES AND EQUITY	**877,563,835**	**22,966,307**	**900,530,142**	**1,022,573,442**	**31,780,901**	**1,054,354,343**	**1,183,493,863**

(all the amounts are expressed in RON, unless otherwise specified)

	12 months ended December 31,			
	2019	**Restatements**	**2019 *Restated**	**2020**
Sales	967,380,307	(0)	967,380,307	1,077,448,351
Other operating revenues	7,648,949	0	7,648,949	9,274,762
Operating Income	**975,029,256**	**-**	**975,029,256**	**1,086,723,113**
Operating expenses	**(918,594,743)**	**909,005**	**(917,685,738)**	**(977,611,985)**
Operating Profit	**56,434,513**	**909,005**	**57,343,518**	**109,111,128**
Finance cost	(19,186,950)	(1,459,611)	(20,646,561)	(23,252,552)
Other financial expenses	(8,164,408)	(3,410,038)	(11,574,446)	(7,307,417)
Financial result	**(27,351,358)**	**(4,869,649)**	**(32,221,007)**	**(30,559,969)**
Result Before Taxes	**29,083,155**	**(3,960,643)**	**25,122,512**	**78,551,159**
Income tax expense	(8,930,702)	593,675	(8,337,027)	(14,787,475)
Net Result	**20,152,453**	**(3,366,968)**	**16,785,485**	**63,763,684**
Owners of the Group	16,547,851	(2,936,575)	13,611,276	56,702,860
Non-controlling interests	3,604,602	(430,393)	3,174,209	7,060,824
Other comprehensive income items that will not be reclassified to profit or loss				
Gain/loss on revaluation of own shares	655,437	0	655,437	-
Deferred tax on other comprehensive income components	(104,870)	0	(104,870)	-
TOTAL OTHER COMPREHENSIVE INCOME	**550,567**	**0**	**550,567**	**-**
Total other comprehensive income attributable to:		-		
Owners of the Group	550,567	0	550,567	-
Non-controlling interests	-	-	-	-
TOTAL COMPREHENSIVE INCOME	**20,703,020**	**(3,366,968)**	**17,336,052**	**63,763,684**
Total comprehensive income attributable to:				
Owners of the Group	17,098,419	(2,936,576)	14,161,843	56,702,860
Non-controlling interests	3,604,602	(430,393)	3,174,209	7,060,824

(all the amounts are expressed in RON, unless otherwise specified)

	12 months ended December 31,			
	2019	**Restatements**	**2019 *Restated**	**2020**
Net profit before taxes	**29,083,155**	**(3,960,643)**	**25,122,512**	**78,551,159**
Adjustments for				
Depreciation	93,303,786	(2,822,710)	90,481,076	102,897,388
Provisions for liabilities and charges	(709,768)	-	(709,768)	5,460,306
Interest revenue	(69,900)	-	(69,900)	(50,893)
Interest expense	19,186,950	1,459,611	20,646,561	23,252,552
Allowance for doubtful debts and receivables written-off	(1,270,169)	102,694	(1,167,475)	10,888,049
Financial Discounts	5	-	5	-
Other non-monetary gains	(5,503,274)	1,714,122	(3,789,152)	(3,712,076)
Unrealized exchange gain / loss	8,299,783	960,330	9,260,113	7,392,342
GW impairment		-	-	90,706
Net gain on disposal of property		-	-	-
Operating cash flow before working capital changes	**142,320,568**	**(2,546,597)**	**139,773,971**	**224,769,532**
Decrease / (increase) in accounts receivable	(15,999,381)	(816,196)	(16,815,577)	(35,539,764)
Decrease / (increase) in inventories	(2,044,361)	-	(2,044,361)	(9,968,002)
Decrease / (increase) in prepayments	(725,989)	-	(725,989)	1,018,264
Increase / (decrease) in accounts payable	9,494,857	2,449,708	11,944,565	(19,743,767)
Cash generated from WC changes	**(9,274,874)**	**1,633,512**	**(7,641,362)**	**(64,233,268)**
Cash generated from operations	**133,045,694**	**(913,085)**	**132,132,609**	**160,536,264**
		-		
Income Tax Paid	(6,134,448)	-	(6,134,448)	(9,716,112)
Interest Paid	(16,340,776)	(3,173,733)	(19,514,509)	(22,207,210)
Interest received	69,899	-	69,899	50,893
Net cash from / (used in) operating activities	**110,640,369**	**(4,086,818)**	**106,553,551**	**128,663,835**
		-		
Investment in business combination	(53,182,778)	(0)	(53,182,778)	(23,769,813)
Additional participation interest acquired	(1,532,500)	-	(1,532,500)	-
Purchase of intangible assets	(3,020,776)	-	(3,020,776)	(5,962,689)
Purchase of property, plant and equipment	(50,681,033)	-	(50,681,033)	(83,116,171)
Net cash used in investing activities	**(108,417,087)**	**(0)**	**(108,417,087)**	**(112,848,673)**
Cash flow from financing activities				
Increase in Loans	63,121,293	-	63,121,293	101,692,813
Payment of loans	(14,533,110)	-	(14,533,110)	(25,118,546)
Financial Lease payments	(43,688,594)	3,373,316	(40,315,278)	(43,857,062)
Dividends paid to NCI	(186,698)	-	(186,698)	(701,987)
Payments for purchase of treasury shares	(2,256,114)	0	(2,256,114)	(3,548,879)
	2,456,777	**3,373,316**	**5,830,093**	**28,466,339**
Net change in cash and cash equivalents	**4,680,059**	**(713,502)**	**3,966,557**	**44,281,501**
Cash and cash equivalents beginning of the period	34,206,159	(483,820)	33,722,339	37,688,896
Cash and cash equivalents end of the period	**38,886,218**	**(1,197,322)**	**37,688,896**	**81,970,397**

3.9 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see 3.5 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income/income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.10 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.11 Property, plant and equipment

Land and buildings held for use in the supply of services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The lands and constructions held for administrative purposes are recorded in the balance sheet at the revalued amount, which is the fair value at the date of the revaluation, less accumulated depreciation and accumulated impairment losses. The value of land and buildings owned presented in these consolidated financial statements is based on the valuation reports which were performed as of December 31, 2019 by independent valuators certified by ANEVAR. The revaluation is performed with sufficient regularity as to ensure that the Group presents land and buildings at fair value in the consolidated financial statements

Expenses for repairs and maintenance are recognized in the profit or loss account at the time of their execution. Costs with capital repairs are included in the book value of the asset when it is probable that future economic benefits above the initially evaluated standard of performance of the existing asset will be transferred to the Group. Capital renovations are depreciated over the remaining useful period of the respective asset. The land is not depreciated.

Installations and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses.

Assets under construction are recorded at cost, less accumulated impairment losses and moved to tangible assets once they become available for use.

The depreciation is calculated at the values of the tangible assets by the linear method up to the estimated residual values of the assets. Estimated useful lives, residual values and depreciation method are reviewed at the end of each year, and the effects of changes in estimates are recorded prospectively.

The following useful lives are used in the calculation of depreciation:

	Years
Buildings	10 – 50 years
Plant and equipment	3 – 15 years
Fixtures and fittings	3 – 15 years

3.12 Assets held under finance leases

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.13 Intangible assets

Intangible assets acquired are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Group's intangible assets are represented by software licenses which are amortized straight-line over a period of three years.

Intangible assets with indefinite useful lives such as trademarks, customer lists, contract advantage, that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets
An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Impairment of tangible and intangible assets other than goodwill
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets that are not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.14 Investments in subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by another entity (known as the parent). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A parent company, shall present consolidated financial statements in which it consolidates its investments in subsidiaries in accordance with this IAS 27 Consolidated and Separate Financial Statements.

3.15 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.* Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group’s share of the net assets of the associate, less any impairment in the value of individual investments.

Losses of an associate in excess of the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss. Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group’s interest in the relevant associate.

3.16 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises of all the costs incurred in bringing the inventories to their present location and condition, being valued on a first in first out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The group applies FIFO as a costing method.

3.17 Trade receivables

Trade receivables are recognised initially at the amount of consideration (transaction price) that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Group recognises a loss allowance for expected credit losses on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.
The Group always recognises lifetime expected credit losses (ECL) for trade receivables and contract assets. The expected credit losses on this financial asset are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.
As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets such as trade receivables, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment gain or loss in profit or loss for all trade receivables with a corresponding adjustment to their carrying amount through a loss allowance account.

Interest revenues

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.
Interest income is recognized in profit or loss and is included in the "finance income - interest revenue" line item.

3.18 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash held at call with banks with original maturities of three months or less.

3.19 Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Government grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Alternatively, they are deducted in reporting the related expense.

Government grants relating to the purchase of property, plant and equipment are included in the consolidated statement of financial position as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

3.20 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit and loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense (or income) over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability (or asset), or (where appropriate) a shorter period, to the amortised cost of a financial liability (or asset).

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:
• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial sets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "finance income - interest revenue" line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘other financial expenses’ line item.

Impairment of financial assets accounting policy is presented in note 3.17.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.
On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit and loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense (or income) over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability (or asset), or (where appropriate) a shorter period, to the amortised cost of a financial liability (or asset).

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other financial expenses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.
The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

3.21 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the combined income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, in which case the tax is also recognized directly in equity.

3.22 Share capital

Ordinary shares are classified as equity. The Group presents the amount of dividends recognised as distributions to owners during the period in the statement of changes in equity, and the related amount of dividends per share in the notes to the financial statements.

3.23 Share premiums

Share premiums are own funds created as a result of the difference between the issue value of the shares and the nominal value of the shares. The Group recorded share premiums as a result of the issue of shares.

3.24 Revaluation reserve

The increases in the fair value of land and buildings are recorded against revaluation reserves. Any decreases in the fair value of land and buildings are first deducted from the revaluation reserves and then the difference is recorded through profit and loss accounts. The revaluation is performed with sufficient regularity as to ensure that the Group presents land and buildings at fair value in the consolidated financial statements.

3.25 Provisions for risks and charges

Provisions are recognized when the Group has a legal or constructive obligation, as a result of a past event and it is probable that there will be a future outflow of resources in order to extinguish this liability. Provisions for risks and charges are assessed at the end of each period and adjusted in order to present management’s best estimate.

3.26 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is recognised over time where (i) there is a continuous transfer of control to the customer; or (ii) there is no alternative use for any asset created and there is an enforceable right to payment for performance completed to date. Other revenue contracts are recognised at a point in time when control of the service transfers to the customer.

The Group provides health care medical services to corporate and retail customers, in which one performance obligation is a promise to transfer distinct services to the beneficiary.

The Group’s core activities are conducted through five business lines, providing a well-balanced business portfolio that covers all key segments of the private medical services market. Disaggregation of revenue from contracts with customers by business line comprises the following major categories: clinics, stomatology, hospitals, laboratories and corporate.

The Group’s business and revenue model focuses on the spending power of corporations and private individuals on medical services, while the State's contribution through the National Health Insurance House represents a complement, not the core revenue of Group's activities. However, the National Health Insurance House is considered to be one major customer that goes across multiple sectors such as: clinics, hospitals and laboratories, and from which the Group receives the consideration based on reaching pre-established ceilings, for the medical services provided to the State's insured patients, which are the end users of the healthcare medical services. The revenue in relation with NHIH is recognised at the end of the month, when the Group has an enforceable right to payment for performance completed up to date, as the end user receives and consumes the benefits provided by the entity's performance as the entity performs.

Clinics

The core of the Group's operations is the network of ambulatory clinics. The business line comprises a network of 75 facilities, which offer a wide range of outpatient services covering a broad range of medical specialties. The Group's diagnostic imaging services provided to clients other than hospital inpatients also form part of this business line. The Group's clinics provide a wide range of services delivered mainly in two formats:

- ***Hyper clinics***, a format pioneered by the Group in Romania, consisting of large facilities with at least 20 medical offices and surface areas in excess of 1,000 sqm. It is a one-stop-shop for clinical examinations and imaging. This format is designed for larger urban areas, with a population over 175,000. Hyper clinics would usually include a broad range of imaging services on site including radiology, bone density – DEXA, CT, MRI, 2D-4D ultrasounds and Mammography; in the case of new openings, such services may be included in the hyper clinics' offering gradually. Hyper clinic locations also host the services of other business lines, such as sampling points for laboratories.

- ***Clinics***, offering a range of treatments from general practitioner services to specialists, are aimed at servicing the core needs of the Group's HPP patients and FFS clients. The Group's clinics typically have between 5 and 12 medical offices, although smaller satellite clinics are in operation to address specific market situations. Clinics are designed for smaller cities or to serve specific concentrations of patients. Clinics, with limited capacity and generally limited imaging services, act as feeder networks for the more specialized services located in the hyper clinics.

Stomatology

The Group's Dentistry business line offers a full range of services, ranging from medical examinations to surgery, implants or orthodontic services.
Stomatology business line is not subject to NHIH allocations. All of the sales are fee for service ("FFS") based, and the revenue is recognised at a point in time, when the performance obligation is satisfied.

Laboratories

The Laboratories business line provides the following range of services: biochemistry, pathological anatomy (cytology and histology), molecular biology and genetics, haematology, immunology, microbiology and toxicology. Sampling points are locations where the Group collects blood and other samples from patients. The Laboratories business line sources the bulk of its revenue from FFS clients, and the revenue is recognised at a point in time, when the performance obligation is satisfied.
One exception is when the Group provides laboratory tests to other companies' employees and the revenue is recognised at the end of the month, when the Group has an enforceable right to payment for performance completed up to date.

Hospitals

Hospital services provided to patients are regarded as a bundle of services which comprise accommodation, meals, use of equipment, pharmacy stock and nursing services. This is considered to be a single performance obligation as the medical procedures cannot be performed without one of the above elements. Revenue is recorded during the period in which the hospital service is provided and is based on the amounts due from patients. Fees are calculated and billed based on various tariff agreements.

The Hospitals business line derives its revenue predominantly from FFS patients. Treatment of State insured patients for the NHIH, generally relates to maternity, genecology, cardiology and oncology.

The Group does not expect to have any contracts where the period between the transfer of the promised service to the patient and the payment by the patient exceeds one year. Consequently, the Group does not adjust any of the transaction prices for time value of money.

Corporate

The Corporate business line offers HPPs (health prevention packages) on a subscription basis, generally to corporate clients, as part of the benefit packages for their employees. These programs, which focus on prevention, such as regular check-up's and access to diagnostic services, complement the legally required occupational health services that corporate clients contract from the Group as the Standard HPP.
The Group has a portfolio of over 700,000 HPPs patients from over 5,000 different companies.

The HPPs offered by the Group consist of the following:

- Mandatory occupational health services, which mainly include the provision of annual employee check-ups and more specific services depending on the client's industry. Many companies begin by purchasing occupational health services under the "Standard" HPP and then add benefits under broader HPPs from the same provider for certain or all of their employees, providing an upselling opportunity for the occupational health provider.
- More general, "prevention oriented" health plans, providing expanded access to general practitioners and certain specialists in the Group's clinics and as well as specified laboratory tests and diagnostic imaging for higher end packages. The specific services vary depending on the type of package.

The revenue in relation with corporate customers is recognized over time. Under the output method, the entity would measure completion of the total performance obligation either in relation to the total obligation that has been satisfied or in relation to what remains to be satisfied, based on health prevention packages delivered.

Contract assets and liabilities

A contract asset (accrued income) is the right to consideration in exchange for services transferred to the customer. Where the Group transfers services to a customer over time before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration to date under the contract. Contract assets are presented within trade and other receivables (Note 7 – Accounts receivables) on the Group Balance Sheet and are expected to be realized in less than one year.

A contract liability (deferred income) is the obligation to transfer services to a customer for which the Group has received consideration from the customer. Where the customer pays consideration before the Group transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. Contract liabilities are presented within trade and other payables (Note 11 – Accounts payables) on the Group Balance Sheet.

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised service to the customer and when the customer pays for that service will be one year or less. All the contracts are under one year.

Contracts are for periods of less than one year or are billed based on services incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

3.27 Employee benefits

Employee benefits

The Group, in the normal course of business, makes payments to the Romanian State on behalf of its employees for pensions, health care and unemployment cover. The cost of these payments is charged to the income statement in the same period as the related salary cost.

All employees of the Group are members of the Romanian State pension plan. The Group does not operate any other pension scheme.

Bonus schemes

The Group recognizes a liability and an expense where a contractual obligation exists for short-term incentives.

The amounts payable to employees in respect of the short-term incentive schemes are determined based on annual business performance targets.

3.28 Related parties

The relationships between the entities and the company are special when one of the parties has the ability to directly control or significantly influence the other party, by using ownership, contractual rights, family relationships or any other means.

Related parties also include individuals which are principal owners, management or members of the Group's Board of Directors, as well as the members of their families.

These consolidated financial statements have been prepared based on the fact that the parties have entered into arm's length transactions with the entities within the group and according to objectively established prices.

3.29 Fair value

Certain accounting policies of the Group and information presentation criteria require determination of the fair value both for the assets and the liabilities of the Group. In determining the fair value of assets and liabilities, the Group uses as much as possible observable market values. Fair values are classified on various levels based on inputs used in valuation techniques, as follows:

- Level 1: (unadjusted) quoted prices on active markets for identical assets and liabilities
- Level 2: inputs, other than the prices included in level 1, which are observable for assets and liabilities, either directly (e.g.: prices) or indirectly (e.g.: derived from prices)
- Level 3: inputs for evaluation of assets and liabilities which are not based on observable market data.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

Further information about the assumptions made in measuring fair values is included in the note 5.1 Land and buildings carried at fair value.

3.30 IAS 29

Med Life SA was created in 1996. The development of the Group was continuous throughout the years. The significant additions to non-current assets and the material share capital subscriptions and the share premiums were recorded after Romania stopped being considered a hyperinflationary economy. As such, no inflation adjustments have been applied to equity and the Company did not have to apply IAS 29 requirements.

3.31 IFRS 8

IFRS 8 disclosures are meant to enable users of financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
(c) for which discrete financial information is available.

The Group considers that all the business activities from which it earns revenues are intertwined and that the main business activity represents one segment - the rendering of medical services.

In order to enable users of the financial statements to evaluate the nature and financial effects of the business, the Group decided to present the revenues split on the main business lines (please see Note 19 - Revenue from contracts with customers).

3.32 IFRS 16 „Leases"

The Group leases various buildings, equipment, vehicles and other assets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The Group's assesses whether a contract is or contains a lease, at inception of the contract. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group - except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:
• Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
• Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
• The exercise price of a purchase option if the Group is reasonably certain to exercise that option;
• Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
• Lease payments to be made under reasonably certain extension options.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the lessee as a starting point and adjusts the rate to reflect changes in financing conditions since the third-party financing was received.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
• The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
• The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
• A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets are measured at cost comprising the following:
• The amount of the initial measurement of lease liability;
• Any lease payments made at or before the commencement date less any lease incentives;
• Any initial direct costs; and
• Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The right-of-use assets are presented as a separate line in the statement of financial position

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

3.33 Subsequent events

The effect of significant subsequent events, after the reporting period, which supplies additional information regarding the financial position of the Group and require adjustments are reflected in the balance sheet or profit and loss, if the case. The significant events that do not require adjustments are disclosed in the notes of the separate financial statements.

3.34 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

3.35 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group 's accounting policies, which are described in note 3, the management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies
The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Critical judgements in assessing the impairment of financial assets
When accounting for its investments in subsidiaries, the Group 's management has concluded that the investments shall be maintained and presented at cost.
Please refer to Note 3.14 – Investments in subsidiaries.

Critical judgements in assessing the impairment of non-financial assets
Please refer to Note 5 – tangible and intangible fixed assets.

Critical judgements in determining the fair value of land and buildings
The Group accounts for land and building using the fair value approach based on market comparative valuations performed by certified ANEVAR professional as per revaluation reports concluded as at 31 December 2019. The valuations conform to International Valuation Standards. As at 31 December 2020, the management has not identified any indication that would conclude the need of revaluating its land and buildings for any impairment.

For further details, please see Note 5.1 – Land and buildings carried at fair value.

Critical judgements in assessing revenue recognition
Please refer to Note 3.25 – Revenue recognition.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or

periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).
For leases of buildings, cars and equipment, the following factors are normally the most relevant:
• If there are significant penalty payments to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
• If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
• Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.
• If the Group considers that some of the lease agreement shall be terminated earlier, then the assumption of the tenor shall be reassessed accordingly in order to fairly represent the management's view of the leased asset's impact to the Financial Statements.

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Critical judgements in determining the control over subsidiaries

Note 27.1 describes that the Group acquired 4 companies in December 2020 but the control was not obtained as at December 31, 2020.
The Company assessed whether or not the Group has control over the acquired companies based on whether the Group has the practical ability to direct the relevant activities of the targets. After assessment, the Group concluded that the Group cannot direct the relevant activities of the targets and therefore the Group does not have control over the companies as at December 31, 2020.

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of loss allowance

The Group always recognises lifetime expected credit losses (ECL) for trade receivables and contract assets. The expected credit losses on this financial asset are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

In determining adjustments for impairment of receivables, management incorporates forward-looking information, exercises professional judgment and uses estimates and assumptions. Estimation of expected credit risk losses involved forecasting future macroeconomic conditions for the next 2 years. More details on the assumptions, scenarios used and the weights assigned to each scenario can be found in Note 7 dedicated to accounts receivables.

The incorporation of forward-looking elements reflects the expectations of the Group and involves the creation of scenarios, including an assessment of the probabilities of materialization of each scenario.

(all the amounts are expressed in RON, unless otherwise specified)

4. GOODWILL

The Group records goodwill resulting from business combinations.
Please see below the goodwill recorded as of December 31, 2020 and December 31, 2019 (gross carrying amount):

	31 December 2020	31 December 2019
Grupul Policlinica de Diagnostic Rapid	11,281,899	11,281,899
Pharmalife Med SRL	138,997	138,997
Grupul Accipiens	10,853,416	10,853,416
Biotest Med SRL	215,289	215,289
Vital Test SRL	-	90,706
Centrul Medical Sama SA	1,492,537	1,492,537
Ultratest Craiova SA	9,807	9,807
Bactro	68,393	68,393
Diamed Center SRL	2,646,208	2,646,208
Prima Medical SRL	1,422,493	1,422,493
Stem Cells Bank SA	1,217,669	1,217,669
Dent Estet Clinic SA	7,576,551	7,576,551
Centrul Medical Panduri SA	6,979,272	6,979,272
Almina Trading SRL	6,354,631	6,354,631
Anima Specialty Medical Services SRL	12,863,892	12,863,892
Valdi Medica SRL	2,824,203	2,824,203
Clinica Polisano SRL	4,070,023	4,070,023
Ghencea Medical Center	4,693,895	4,693,895
Grupul Solomed	6,066,602	6,066,602
Sfatul medicului	1,503,438	1,503,438
Transilvania Imagistica	8,726	8,726
Badea Medical	1,881,349	1,881,349
RMC Ungaria	8,452,114	8,452,114
Oncoteam Diagnostic	1,366,312	1,366,312
Other	1,929,308	1,929,308
Spital Lotus SRL	25,670,864	-
Grupul Micromedica	25,653,196	-
Laborator Maricor SRL	15,740	-
TOTAL	**147,256,824**	**96,007,730**

Movement in Goodwill

	31 December 2020	1 January 2020
Balance at the beginning of the year	96,007,730	82,378,647
Goodwill recognized during the year	51,339,800	13,629,083
Impairment	(90,706)	-
TOTAL	**147,256,824**	**96,007,730**

During the year ended December 31, 2020, the Group obtained control over various companies and recorded a goodwill of RON 51,339,800. For further details on business combinations performed in the year ended December 31, 2020 and the year ended December 31, 2019, please see note 25.

Management conducts impairment tests on an annual basis or whenever there is an indication of impairment to assess the recoverability of the carrying value of goodwill.
Recoverable amount is determined using fair value less cost of disposal. Management has determined the recoverable amount of the 24 CGUs by assessing the fair value less cost of disposal (FVLCOD) of the underlying assets. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. This is performed using discounted cash flow models.
There are a number of key sensitive judgements made in determining the inputs into these models which include:

- Revenue growth
- Operating margins and
- The discount rates applied to the projected future cash flows.

Management have engaged specialists to assist with the impairment analysis. An impairment of goodwill was identified as of December 31, 2020 in amount of 90,706 RON. The accumulated carrying amount as of December 31, 2020, was in amount of 90,706 RON. The activity of Vital Test Laboratory was moved to MedLife S.A. There were no changes in the valuation techniques compared to prior year. The impairment loss is included in administrative expenses in the statement of profit or loss.
Management's approach and the key assumptions used to determine the CGU's FVLCOD were as follows: for cash flow forecast the management's approach were board approved five years forecasts which are prepared by management.

(all the amounts are expressed in RON, unless otherwise specified)

5. TANGIBLE AND INTANGIBLES FIXED ASSETS

As of December 31, 2020 the Group's tangible and intangible assets' structure was the following:
For details regarding additions from business combinations – please see further details in Note 27.

	Intangibles	Land	Construction	Vehicles and equipment	Construction in progress	Total
1 January 2020	**90,407,188**	**29,353,962**	**348,065,764**	**437,799,343**	**19,940,484**	**925,566,742**
Additions	9,702,862	-	37,503,262	32,072,444	10,625,075	89,903,642
Transfers	-	-	3,196,963	1,662,301	(4,859,264)	-
Disposals	(17,296)	-	(4,055)	(7,204,313)	(1,699,070)	(8,924,735)
Additions from business combinations	3,773,097	2,338,215	71,691	31,309,240	-	37,492,243
Disposals from business combinations	-	-	-	-	-	-
Revaluation	-	150,508	(499,835)	531,533	-	182,206
31 December 2020	**103,865,851**	**31,842,685**	**388,333,790**	**496,170,548**	**24,007,225**	**1,044,220,099**

	Intangibles	Land	Construction	Vehicles and equipment	Construction in progress	Total
Depreciation						
1 January 2020	**47,131,621**	**84,120**	**83,514,570**	**260,409,202**	**-**	**391,139,513**
Charge of the year	9,963,555	-	13,898,022	42,371,980	-	66,233,557
Disposals	(9,573)	-	-	(7,746,206)	-	(7,755,779)
Additions from business combinations	24,571	-	71,691	12,078,379	-	12,174,641
Disposals from business combinations	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Impairment losses recognized in profit or loss	-	-	-	-	-	-
31 December 2020	**57,110,173**	**84,120**	**97,484,283**	**307,113,355**	**-**	**461,791,932**
Net Book Value						
1 January 2020	**43,275,568**	**29,269,842**	**264,551,193**	**177,390,141**	**19,940,484**	**534,427,228**
31 December 2020	**46,755,678**	**31,758,565**	**290,849,507**	**189,057,193**	**24,007,225**	**582,428,168**

The amortization of intangible assets is presented in the line operating expenses in the statement of profit or loss.

(all the amounts are expressed in RON, unless otherwise specified)

As of December 31, 2019 the Group's tangible and intangible assets' structure was the following:

	Intangibles	Land	Construction	Vehicles and equipment	Construction in progress	Total
1 January 2019	**78,348,031**	**27,114,136**	**310,518,800**	**400,309,544**	**15,206,937**	**831,497,448**
Additions	9,499,086	-	18,461,338	34,857,632	13,680,009	76,498,066
Transfers	-	-	8,671,989	274,473	(8,946,462)	-
Disposals	(158,806)	-	-	(4,575,732)	-	(4,734,538)
Additions from business combinations	2,718,877	-	21,910	6,539,864	-	9,280,651
Disposals from business combinations	-	-	-	-	-	-
Revaluation	-	2,239,826	10,391,727	393,563	-	13,025,116
31 December 2019	**90,407,188**	**29,353,962**	**348,065,764**	**437,799,343**	**19,940,484**	**925,566,742**

	Intangibles	Land	Construction	Vehicles and equipment	Construction in progress	Total
Depreciation						
1 January 2019	**38,701,017**	**84,120**	**70,701,203**	**224,331,084**	**-**	**333,817,424**
Charge of the year	8,354,280	-	12,791,458	37,249,475	-	58,395,212
Disposals	(2,534)	-	-	(3,209,400)	-	(3,211,934)
Additions from business combinations	78,858	-	21,910	2,038,044	-	2,138,811
Impairment losses recognized in profit or loss	-	-	-	-	-	-
31 December 2019	**47,131,621**	**84,120**	**83,514,570**	**260,409,202**	**-**	**391,139,513**
Net Book Value						
1 January 2019	**39,647,014**	**27,030,016**	**239,817,597**	**175,978,460**	**15,206,937**	**497,680,024**
31 December 2019	**43,275,568**	**29,269,842**	**264,551,193**	**177,390,141**	**19,940,484**	**534,427,228**

The amortization of intangible assets is presented in the line operating expenses in the statement of profit or loss.

(all the amounts are expressed in RON, unless otherwise specified)

5.1. Land and buildings carried at fair value

The value of land and buildings of the Group are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's freehold land and buildings as at 31 December 2019 were performed by independent valuers not related to the Group. They are certified by ANEVAR and have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

The fair value of the freehold land was determined based on the market price comparison method as well as the residual method. The resulting value was based on the market comparison method.

The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence and the revenue based approach (capitalizing the net income from rents). The final value that resulted is the one that derives from the application of the method by cost.

If the lands and buildings of the Group had been valued at historical cost, their book value would have been the one presented below:

Carrying amount without revaluation	**December 31, 2020**	**December 31, 2019**	**January 1, 2019**
Land	4,705,086	4,705,086	4,705,086
Buildings	242,378,598	204,803,645	186,320,397
TOTAL	**247,083,684**	**209,508,731**	**191,025,483**

5.2. Assets pledged as securities

The lands and constructions were pledged to guarantee the Company's loans (see Note 14). The Group cannot deposit these assets as collateral for other loans nor sell them to other entities.

- mortgage on the land located in 365 Calea Grivitei Street, district 1, Bucharest Romania (CF 201556) and related constructions
- mortgage on the land and buildings that make up the Pediatric Hospital in Bucharest, 7 Zagazului Street - CF 218010
- mortgage on the land and buildings that make up the Clinic and PDR Hospital located in Brasov, 5 Turnului Street - CF 127854
- mortgage on the land and buildings that make up the Clinic and Genesys Hospital located in Arad, 5 Dr. Cornel Radu Street - CF 301842
- mortgage on the land and buildings located in Craiova, 5A Infratirii Street - CF 204837

(all the amounts are expressed in RON, unless otherwise specified)

5.3. Intangible assets

Carrying amount	December 31, 2020	December 31, 2019
Set-up and development costs	8,569	8,563
Customer lists	6,022,310	6,022,310
Contract advantage	4,992,463	4,992,463
Trademark	21,713,819	18,076,219
Concessions, patents, licenses, trademarks and similar rights and assets	6,385,182	5,159,315
Other intangible assets	7,633,335	9,016,697
TOTAL	**46,755,678**	**43,275,567**

The trademark used to identify and distinguish the medical services, customer list, contract advantages have an indefinite useful life. The Group intends to use these intangibles continuously and evidence supports its ability to do so. An analysis of market and competitive trends provides evidence that the services will generate net cash inflows for the group for an indefinite period. Therefore, the intangibles are carried at cost without amortisation, but is tested for impairment.
The useful life for trademarks, customers list and contract advantages cannot be reasonably estimated as they intend to generate future benefits over the period which the company is expected to continue its activity. The capitalized cost for intangible assets recognized during the year is already included in the other intangible assets on the balance sheet – for further details please see note 21 - Other operating revenues.

5.4. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). The fair value of intangible assets was assessed by an independent appraiser at acquisition date.

(all the amounts are expressed in RON, unless otherwise specified)

Subsidiary	Customer List	Contract Advantage	Trademark	Total
Policlinica de Diagnostic Rapid (2010)	2,335,446	282,163	-	2,617,609
Med Life Ocupational (2010)	10,427	64,546	-	74,973
Genesys Clinic (2011)	631,221	-	-	631,221
Vital Test (2014)	-	8,462	-	8,462
Biotest (2014)	-	25,579	-	25,579
Diamed (2016)	-	839,438	605,153	1,444,591
Prima Medical (2016)	-	115,865	688,850	804,715
Stem Cells Bank (2016)	338,056	-	-	338,056
Dent Estet Clinic (2016)	930,189	-	9,654,592	10,584,781
Centrul Medical Panduri (2016)	-	318,179	-	318,179
Almina Trading SRL (2017)	-	632,000	321,000	953,000
Anima S (2017)	1,130,000	1,150,000	1,288,000	3,568,000
Anima P (2017)	-	870,567	-	870,567
Valdi Medica SRL (2017)	-	-	98,000	98,000
Clinica Polisano (2018)	-	-	2,076,000	2,076,000
Ghencea Medical Center (2018)	-	600,000	280,000	880,000
Grupul Solomed (2018)	-	170,000	157,000	327,000
Sfatul medicului (2018)	2,338,781	-	235,000	2,573,781
Transilvania Imagistica (2018)	-	134,000	49,000	183,000
Badea Medical (2019)	-	-	71,000	71,000
Oncoteam Diagnostic (2019)	-	-	541,000	541,000
Rozsakert Medical Center Ungaria (2019)	-	-	2,011,624	2,011,624
Spital Lotus SRL (2020)	-	-	2,387,000	2,387,000
Grupul Micromedica (2020)	-	-	1,243,000	1,243,000
Laborator Maricor SRL (2020)	-	-	7,600	7,600
Total	**7,714,120**	**5,210,799**	**21,713,819**	**34,638,738**

(all the amounts are expressed in RON, unless otherwise specified)

5.5. OTHER FINANCIAL ASSETS

The Company holds significant investments in other companies.

Carrying amount	December 31, 2020	December 31, 2020
Long-term receivables for stem cells processing	20,894,194	14,961,791
Future receivables estimated as a result of acquisition of Lotus and Micromedica	-	64,258,322
Other receivables	7,045,828	1,750,829
TOTAL	**27,940,022**	**80,970,942**

As of December 31, 2020, the Group presents RON 20,894,194 as long-term receivables for stem cells processing.

6. INVENTORIES

	31 December 2020	31 December 2019
Consumable	30,365,966	25,187,152
Materials in the form of inventory items	634,230	319,603
Merchandise	22,057,554	17,880,962
Inventory in transit	768	2,550
TOTAL	**53,058,518**	**43,390,267**

The cost of inventories recognised as an expense includes 498.518 RON (2019: RON 220.675) in respect of write-downs of inventory to net realisable value.

7. ACCOUNTS RECEIVABLE

	31 December 2020	31 December 2019
Customers	126,765,253	98,312,303
Contract assets	14,474,781	11,205,076
Advances to suppliers	6,968,448	7,047,839
Allowance for doubtful receivables	(27,129,452)	(16,241,403)
TOTAL	**121,079,030**	**100,323,815**

Credit risk for MedLife Group primarily relates to trade receivables and contract assets in the ordinary course business.
Customers' compliance with agreed credit terms is monitored regularly and closely. Where payments are delayed by customers, steps are taken to restrict access to services or contracts are terminated.
Certain customers, which are public or quasi-public institutions, or subsidiaries of MedLife, may have longer payment terms and services may be continued to be delivered when amounts are overdue due to management's assessment of a lower credit risk.
The average receivable period for the services offered is 95 days. There is no interest on commercial receivables within the first 95 days from the date of issue of the invoice.
The carrying amount of financial assets, measured at amortised cost, represents the maximum credit exposure. There are no credit enhancements or collateral held that would offset such amounts. As the customer base of the Group is very diverse, there are generally no large concentrations of credit risk.
Based on the assessed credit risk of the customers, Group`s trade receivables are split between individually assessed and collectively assessed.

(all the amounts are expressed in RON, unless otherwise specified)

31 December 2020	Individually assessed	Collectively assessed	Total
Customers	67,350,222	59,415,031	126,765,253
Contract assets	14,474,781	-	14,474,781
Advances to suppliers	6,968,448	-	6,968,448
Allowance for doubtful receivables	(8,740,410)	(18,389,042)	(27,129,452)
Total	**80,053,042**	**41,025,989**	**121,079,030**

31 December 2019	Individually assessed	Collectively assessed	Total
Customers	46,268,722	52,043,581	98,312,303
Contract assets	11,205,076	-	11,205,076
Advances to suppliers	7,047,839	-	7,047,839
Allowance for doubtful receivables	(7,715,835)	(8,525,568)	(16,241,403)
Total	**27,388,423**	**30,556,462**	**100,323,815**

In contract assets, in 2019 and 2020, include a debt of RON 7,365,835 which represents amounts receivable by MedLife S.A. from the Health Insurance House of the Municipality of Bucharest, not yet invoiced. The company has commenced court proceedings against the Health Insurance House of Bucharest. The management of the Company is confident that the amount will be recovered in the end, but considering the unfavorable decisions of the courts in similar cases, the Company has decided to register a value adjustment for the entire amount.

The Group applies the simplified approach for providing for expected credit losses (ECL) prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables which are collectively analysed. No ECL has been recognised for other financial assets carried at amortised cost as there is no related credit risk.

A provision matrix was prepared based on historical observed default rates over the expected life of trade receivables resulting in an ECL reflecting the predictive risk by type of customer. Changes in economic conditions were also considered as part of forward-looking information.

Estimating adjustments doubtful receivables involves forecasting future macroeconomic conditions for the next 2 years. The incorporation of forward-looking elements reflects the Groups expectations and involves the creation of scenarios (baseline, optimistic, pessimistic), including an assessment of the probability of materialization of each scenario. The applied macroeconomic scenarios were modified compared to those used in 2019 to reflect the worsening macroeconomic outlook amid the COVID-19 pandemic.
The scenarios used were: the baseline scenario, the optimistic scenario and the pessimistic scenario. The scenario coefficients are determined based on the manager's expectations, taking into account the possible representative results for each scenario. GDP (Gross Domestic Product) was used as a macroeconomic factor considered statistically relevant for the analysed trade receivables.

	Base case	Pessimistic	Optimistic
Weight	25%	60%	15%

The allowance for doubtful receivables collectively assessed based on the Group's provision matrix arising from the ECL was determined as follows:

31 December 2020	Current	<30 days	< 90 days	<180 days	<365 days	>365 days	Total
Expected credit loss rat	0.7%	21.9%	28.9%	36.4%	42.9%	62.7%	
Gross carying amount	27,064,207	1,877,231	1,676,899	1,196,388	2,153,123	25,447,182	59,415,031
Loss allowance	**179,667**	**410,962**	**484,756**	**435,646**	**924,499**	**15,953,511**	**18,389,042**

(all the amounts are expressed in RON, unless otherwise specified)

31 December 2019	Current	<30 days	< 90 days	<180 days	<365 days	>365 days	Total
Expected credit loss rat	0.6%	11.6%	16.6%	22.2%	28.4%	30.8%	
Gross carying amount	23,342,391	1,041,104	678,904	1,036,118	2,263,445	23,681,618	52,043,581
Loss allowance	**132,198**	**120,864**	**112,972**	**230,277**	**642,680**	**7,286,576**	**8,525,568**

The following table shows the movement in loss allowance that has been recognized for trade receivables in accordance with the simplified approach set out in IFRS 9.

	Individually assessed	Collectively assessed	Total
Balance as at 1 January 2019	**7,365,835**	**10,043,043**	**17,408,878**
Amounts written off	-	-	-
Amounts recovered	-	(1,239,611)	(1,239,611)
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	-	548,996	548,996
Changes in credit risk parameters	350,000	(826,860)	(476,860)
Balance as at 31 December 2019	**7,715,835**	**8,525,568**	**16,241,403**
Amounts written off	-	-	-
Amounts recovered	-	(1,241,371)	(1,241,371)
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	-	1,168,314	1,168,314
Changes in credit risk parameters	1,024,575	9,936,531	10,961,106
Balance as at 31 December 2020	**8,740,410**	**18,389,042**	**27,129,452**

8. CASH AND BANKS

	31 December 2020	31 December 2019
Cash in bank	78,177,086	34,122,192
Cash in hand	2,230,022	1,992,738
Cash equivalents	1,563,289	1,573,966
TOTAL	**81,970,397**	**37,688,896**

Maternal vouchers are part of a financial support program granted to pregnant women in Bucharest, by the Capital City Hall. The Company has reclassified them from Cash equivalents to Financial assets due to the fact that their convertibility in cash exceeds more than three months. The amount reclassified in 2020 was 1,004,612 RON (31 December 2019: 1,197,322 RON).

9. ASSETS CLASSIFIED AS HELD FOR SALE

	31 December 2020	31 December 2019
Apartment owned by MedLife Ocupational	-	381,665

The Group intends to dispose of the above assets within a twelve month period. The disposal of the apartment held by Med Life Occupational is directly linked to advance payment made by the former shareholders, recorded as a liability as of December 31, 2020 and December 31, 2019 in Med Life Group's consolidated financial statements and to a loan from Bancpost, contracted to buy this apartment.

The amount of liabilities directly linked to assets held for sale as of December 31, 2020 is RON 0 (December 31, 2019: RON 363,318).

(all the amounts are expressed in RON, unless otherwise specified)

10. PREPAYMENTS

As of December 31, 2020 the Group has prepayments in amount of RON 7,117,566 (RON 7,224,106 as of December 31, 2019). The prepayments balance as of December 31, 2020 and December 31, 2019 consists mainly of deferred commissions for financing related to the Club loan for undrawn facilities and other amounts such as insurance policies for professionals and tangible assets.

11. ACCOUNTS PAYABLE

	31 December 2020	31 December 2019
Suppliers	132,306,159	140,620,689
Fixed assets suppliers	15,573,776	18,421,340
Contract liabilities	3,810,199	6,091,399
TOTAL	**151,690,134**	**165,133,428**

The balance of the suppliers account consists of debts for the acquisition of reagents, laboratory equipment, office equipment, stationery, cleaning products and food.
In order to maintain the Group's liquidity position and optimising its response to the Covid19 crisis, non-urgent and non-committed capital programmes have been postponed or reduced, along with other non-essential administrative costs, which lead to an overall decrease on the accounts payable position.

12. OTHER LIABILITIES

	31 December 2020	31 December 2019
Salary and related liabilities (incl. contributions)	14,322,374	17,477,756
Other liabilities	20,908,360	39,151,541
TOTAL	**35,230,734**	**56,629,297**

13. PROVISIONS

	December 31, 2020	December 31, 2019
Carrying amount at start of year	1,749,188	2,458,957
Acquired through business combination	-	-
Additional provision charged to plant and equipment	-	-
Charged/(credited) to profit or loss		
- additional provisions recognised	7,307,889	947,589
- unused amounts reversed	(403,364)	(1,071,783)
- unwinding of discount		-
Amounts used during the year	(1,444,219)	(585,575)
Carrying amount at end of year	7,209,494	1,749,188

(all the amounts are expressed in RON, unless otherwise specified)

14. LEASES

Leasing facilities refer to buildings, medical equipment and vehicles.

Amounts recognised in the balance sheet

Right-of-use asset	**Buildings**	**Vehicles**	**Equipment**	**Total**
Cost				
Value at 1 January 2020 *restated	**151,681,960**	**2,714,495**	**10,858,702**	**165,255,157**
Additions	42,203,125	12,295,328	1,663,734	**56,162,188**
Disposals	(4,271,893)	(109,198)	(7,610,972)	**(11,992,062)**
Value at 31 December 2020	**189,613,192**	**14,900,625**	**4,911,465**	**209,425,283**
Accumulated depreciation				
Value at 1 January 2020 *restated	**27,741,931**	**843,553**	**3,500,379**	**32,085,864**
Charge for the year	32,912,995	1,634,078	2,116,758	**36,663,831**
Disposals	(2,429,700)	(109,198)	(3,606,710)	**(6,145,607)**
Value at 31 December 2020	**58,225,226**	**2,368,434**	**2,010,428**	**62,604,088**
Carrying amount				
At 31 December 2019	**123,940,029**	**1,870,942**	**7,358,323**	**133,169,294**
At 31 December 2020	**131,387,966**	**12,532,191**	**2,901,038**	**146,821,195**

	December 31, 2020	**December 31, 2019 *restated**
Non-current - Lease Liabilities	147,097,180	141,065,745
Current portion – Lease Liabilities	41,166,069	40,425,758
TOTAL	**188,263,249**	**181,491,503**

Amounts recognised in the statement of profit or loss

	December 31, 2020	**December 31, 2019 *restated**
Depreciation charge of right-of-use assets	36,663,831	32,085,864
Interest expense on lease liabilities for rent contracts that fall under IFRS 16 (included in finance cost)	5,584,132	5,170,080
Covid (Gain) Foregiveness amount	(2,344,386)	-
PL (Gain) from contracts terminated earlier	(319,382)	-
Foreign exchange loss for rent contracts that fall under IFRS 16 in relation with Lease Liabilities	2,546,808	3,410,037
Expense relating to short-term leases (included in rent expenses)	709,563	4,884,561
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rent expenses)	5,810,597	5,684,761

The total cash outflow for leases amount to RON 37,447,575 (2019: RON 34,991,216) for contracts that fall under IFRS 16 (which refer to rental of buildings, equipment and vehicles).

(all the amounts are expressed in RON, unless otherwise specified)

15. FINANCIAL DEBT

	31 December 2020	31 December 2019
Current portion of long-term loans (including overdraft)	73,564,124	53,813,959
Non-current portion of long-term loans	414,696,592	345,952,241
TOTAL	**488,260,716**	**399,766,200**

	31 December 2020	31 December 2019 *restated
Cash and cash equivalents	81,970,397	37,688,896
Borrowings (including overdraft)	488,260,716	399,766,200
Lease liabilities	188,263,249	181,491,503
Net debt	**594,553,567**	**543,568,807**
Overdraft	27,127,907	29,011,944
Current portion of lease liability	41,166,069	40,425,758
Current portion of long term debt	46,436,217	24,802,015
Long Term Debt		
Lease liability	147,097,180	141,065,745
Long term debt	414,696,592	345,952,241

As at December 31, 2020, the Group's drawn and undrawn financing facilities included the following:

• On September 24, 2019 Med Life SA (together with the co-borrowers Policlinica de Rapid Diagnostic SA, Bahtco Invest SA, Accipiens SA, Genesys Medical Clinic SRL, Clinica Polisano SRL, Centrul Medical Sama SA, Dent Estet Clinic SA and Valdi Medica SRL) signed with the Romanian Commercial Bank, Raiffeisen Bank, BRD Groupe Societe Generale and Transilvania Bank a refinancing agreement to the existing facilities, extending the financing period, rearranging the terms and conditions, as well as for an additional credit limit of 28 million euros, which will be in the form of a term facilities, being used by Medlife, along with other liquidities of the Company, for possible new purchasing opportunities in the market. On 15 May 2020, this facility was extended with 20 million euro.

• a guaranteed overdraft facility between Garanti Bank S.A. and Med Life S.A., the amount drawn on December 31, 2020, is of RON 9,738,800;
• an overdraft facility between Unicredit Tiriac Bank and Prima Medical S.R.L., with a maximum credit limit of RON 800,000, drawn in full on December 31, 2020;
• 2 guaranteed loan facilities concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L; the balance outstanding at December 31, 2020 is RON 4,871,368;
• an overdraft facility concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L within 1,500,000 RON; on December 31, 2020 the amount drawn is RON 1,249,000;
• a guaranteed loan concluded between Bancpost and Med Life Ocupational S.R.L. worth EUR 225,000; the balance outstanding at December 31, 2020 is RON 255,567;
• 1 guaranteed loan contract concluded between Banca Transilvania S.A. and Ghencea Medical Center, the balance outstanding at December 31, 2020 is RON 631,181;
• a loan agreement and a guaranteed overdraft facility between CEC Bank S.A. and Clinic Polisano S.R.L., the balance outstanding at December 31, 2020 is RON 32,946,065;
• an overdraft facility between Banca Transilvania S.A. and Onco Team Diagnostic S.A., the balance outstanding at December 31, 2020 is RON 456,254;
• a loan agreement concluded between Banca Transilvania S.A. and Micromedica Roman S.R.L., the balance outstanding at December 31, 2020 is RON 1,892,368;
• a loan agreement concluded between Banca Transilvania S.A. and Centrul Medical Micromedica S.R.L., the balance outstanding at December 31, 2020 is RON 2,191,232;
• an overdraft facility between CIB Bank and RMG Ungaria, the balance outstanding at December 31, 2020 is RON 10.104;
• a loan agreement concluded between Libra Bank S.A. and Labor Maricor S.R.L., the balance outstanding at December 31, 2020 is RON 7.333.

The interest rate for each loan for each interest period is the rate per year that is the sum of the applicable margin and depending on the currency of each loan, EURIBOR for the amounts in EUR or ROBOR for the amounts in RON.

(all the amounts are expressed in RON, unless otherwise specified)

The following guarantees have been requested, within the credit agreement at the level of the whole Group:
• real estate mortgage on the land located in Calea Grivitei no. 365 sector 1 Bucharest Romania (cadastral no. 13183/1) and of the related constructions
• real estate mortgage on the land and constructions that make up the Pediatric Hospital in Bucharest. str. Zagazului no. 7 - CF 218010
• real estate mortgage on the land and constructions that make up the PDR Clinic and Hospital located in Brasov str. Turnului no. 5 - CF 127854
• movable mortgage on certain movable assets (medical equipment) owned by each company - Med Life, Bahtco Invest SA and Policlinica de Diagnostic Rapid SA
• movable mortgage on future medical equipment to be purchased by the debtor and co-borrowers created in favor of the Financing Parties; or of those acquired by the Company as a result of financing the leasing debts through the syndicated loan
• movable mortgage on the insurances of each debtor regarding the mortgaged tangible assets in favour of the Financing Parties
• mortgage on the shares held by the Company in the share capital of the initial debtors and of the companies Medical Center Sama SA, Ultratest SA, Rur Medical SA etc, and any other significant company or any future debtor if appropriate.
• movable mortgage on the bank accounts of the initial and new borrowers
• mortgage on certain commercial debts of Med Life (including debts related to the National House of Health Insurance or any other similar entities and the debts that resulted from significant commercial contracts)
• a movable mortgage on the actions of the sponsors of the debtor which will be created on the basis of a contract of movable mortgage on the shares, concluded between the sponsors and the creditors.
• real estate mortgage on the land owned by Accipiens, located in Dr. Cornel Radu street, no. 3, Arad (cadastral no. 301842) and the related constructions
• real estate mortgage on the land owned by the Sama Medical Center, located in str. Infratirii, no. 5A, Craiova (cadastral no. 204837) and related constructions.

As at December 31, 2020 none of the Group members was in breach of any applicable term of the financing facilities.

16. ISSUED CAPITAL

The issued share capital in nominal terms consists of 22,145,082 ordinary shares as at 31 December 2020 (31 December 2019: 22,145,082) with a nominal value of RON 0,25 per share. The holders of ordinary shares are entitled to one vote per share in the shareholders' meetings of the Company, except for the treasury shares bought back by the Company as part of the share buy-back program. All shares rank equally and confer equal rights to the net assets of the Company, except for treasury shares.

In accordance with the Decision of the Extraordinary General Meeting of Shareholders of the Company dated 15.12.2020, the share capital of the Company was increased with RON 27,681,352.50, from RON 5,536,270.5 to RON 33,217,623, by issuance of a number of 110,725,410 new shares with a nominal value of RON 0.25/share. The Share Capital Increase was made with the incorporation of share premium reserves, and the newly issued shares (5-for-1) were allocated without a monetary compensation to all shareholders registered in the shareholders' register of the Company as at 4 of January 2021 (Registration Date).

The effects of the share capital increase were processed on 15 of February 2021 and the newly issued shares were allocated to shareholders.

The total number of issued ordinary shares of the Company after the share capital increase is 132.870.492.

Please refer to Note 16 – Earnings per share for further details

	31 December 2020	**31 December 2019**
Share capital	33,217,623	5,536,271
Share premium	48,809,389	75,959,199
TOTAL	**82,027,012**	**81,495,470**

(all the amounts are expressed in RON, unless otherwise specified)

17. EARNINGS PER SHARE

According to the Decision of the Extraordinary General Meeting of Shareholders of the Company dated 15.12.2020, the Company performed a share split of 5-for-1. The effects of the share split were recorded on 15th February 2021, when the Central Depository allocated to all shareholders registered in the Company's shareholders' register as at 04.01.2021 (Registration Date) 5 newly issued shares for each share held at the registration date.

For the calculation of basic and diluted earnings per share for 2020 and 2019, the new number of issued ordinary shares was considered: 132.870.492 shares, instead of 22.145.082 shares).

In addition, the own shares repurchased by the Company were not treated as outstanding shares for the calculation of basic and diluted earnings per share, and are deducted from the total number of issued ordinary shares.

The basic and diluted earnings per share have the same value, due to the fact that there are no elements with a diluting effect on the result.

	31 December 2020	**31 December 2019 *restated**
Total basic and diluted earnings per share attributable to the ordinary equity holders of the company	0.43	0.10

Earnings used in calculating earnings per share:

	31 December 2020	**31 December 2019**
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	56,702,860	13,611,276

Weighted average number of shares used as the denominator

	31 December 2020	**31 December 2019**
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	132,388,206	132,324,153

(all the amounts are expressed in RON, unless otherwise specified)

18. RESERVES

The structure of the Group's reserves is presented below:

	December 31, 2020	December 31, 2019 *restated
General reserves (i)	19,311,000	3,990,951
Other reserves (ii)	9,415,817	9,415,817
Revaluation reserves (iii)	95,484,740	95,302,534
TOTAL	**124,211,557**	**108,709,302**

(i), (ii) General reserves and other reserves	**December 31, 2020**	**December 31, 2019**
Balance at beginning of the year	**13,406,768**	**11,644,268**
Movements	15,320,049	1,762,500
Balance at the end of the year	**28,726,817**	**13,406,768**

(iii) Revaluation reserves	**December 31, 2020**	**December 31, 2019**
Balance at beginning of the year	**95,302,534**	**82,261,841**
		-
Decrease arising revaluation correction	-	-
Increase due to revaluation	182,206	13,040,693
Deferred tax related to revaluation	-	-
Balance at the end of the year	**95,484,740**	**95,302,534**

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset, and that is effectively realized, is transferred directly to general reserves.

The effects of taxes on income, if any, resulting from the revaluation of property, plant and equipment are recognized and disclosed in accordance with IAS 12 Income Taxes (please see note 25).

19. NON-CONTROLLING INTEREST

	31 December 2020	31 December 2019 *Restated
Balance at beginning of year	**22,750,118**	**19,522,088**
Share of profit for the year	7,060,824	3,174,209
Non-controlling interests arising on the acquisition of sul	-	2,279,703
Subsequent acquisition of NCI	(1,475,933)	(2,039,185)
Distribution of dividends	(701,987)	(186,698)
TOTAL	**27,633,022**	**22,750,118**

In October, 2020, the Group acquired an additional 10% of the issued shares of Ghencea Medical Center and on December, 2020 the Group acquired an additional 5% of the issued shares of Group Arad for a total consideration of 3,800,678 RON. For the transaction occurred during December 2020, the Group has only recognized the consideration paid in relation with the additional 5% acquired in Group Arad, while the impact on equity will be reflected starting with January 2021, similar with the regularly consolidation process.

Immediately prior to the purchase, the carrying amount of the existing non-controlling interest in Group was 1,475,933 RON. The Group recognised a decrease in non-controlling interests of 1,475,933 RON and a decrease in equity attributable to owners of the parent of 2,324,745 RON. The effect on the equity attributable to the owners of Group during the year is summarised as follows:

(all the amounts are expressed in RON, unless otherwise specified)

	December 31, 2020	December 31, 2019 * restated
Carrying amount of non-controlling interests acquired	1,475,933	2,039,185
Consideration paid to non-controlling interests	(3,800,678)	(7,800,352)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	(2,324,745)	(5,761,167)

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from customers consist of medical services, including revenues from prevention packages of corporate customers and fees for services rendered within Group's clinics and various hospitals within Romania. Please see breakdown below.

Business Line	12 months 2020 Sales	% of Total Sales	12 months 2020 Sales	% of Total Sales	Variation 2020/2019
Clinics	307,919,487	28.6%	295,465,223	30.5%	4.2%
Stomatology	61,363,524	5.7%	59,817,358	6.2%	2.6%
Hospitals	251,943,388	23.4%	221,198,932	22.9%	13.9%
Laboratories	198,519,202	18.4%	154,135,274	15.9%	28.8%
Corporate	198,530,858	18.4%	183,514,802	19.0%	8.2%
Pharmacies	44,405,803	4.1%	39,341,136	4.1%	12.9%
Others	14,766,089	1.4%	13,907,582	1.4%	6.2%
TOTAL SALES	**1,077,448,351**	**100.0%**	**967,380,307**	**100%**	**11.4%**

The Group has only 20% of its sales during 2020 deriving from the treatment of NHIH insured patients.

21. OTHER OPERATING REVENUES

Other operating revenues caption comprises:

	12 months 2020	12 months 2019
Other operating revenues	2,800,978	2,344,424
Income / (expense) from operating grants	2,749,803	1,515,373
Capitalized cost of intangible assets	3,723,981	3,789,152
TOTAL	**9,274,762**	**7,648,949**

22. OTHER OPERATING EXPENSES

	12 months 2020	12 months 2019 *restated
Utilities	12,634,324	11,854,596
Commodities	35,649,736	30,649,995
Repairs maintenance	11,549,854	11,895,850
Rent	6,520,160	10,569,322
Insurance premiums	3,002,708	3,122,303
Promotion expense	13,508,044	14,207,313
Communications	4,236,791	3,962,770
Other administration and operating expenses	17,477,695	17,457,104
TOTAL	**104,579,312**	**103,719,253**

Please refer to note 3.8 – Correction of errors for further details on restatement of prior period in relation to Other operating expenses.

23. KEY MANAGEMENT PERSONNEL EXPENSES

The structure of Med Life personnel is described below:

(all the amounts are expressed in RON, unless otherwise specified)

	December 31, 2020	December 31, 2019
Management	155	161
Staff	4,503	4,722
Total	**4,658**	**4,883**

The short-term benefits paid by the Group, by type of personnel are described below:

	December 31, 2020	December 31, 2019
Management	33,400,743	35,134,419
Staff	254,402,195	266,806,592
Total	**287,802,938**	**301,941,011**

24. NET FINANCIAL RESULT

	12 months 2020	12 months 2019 *Restated
Other financial expenses	-	(5)
(Loss)/Gain from foreign exchange rate impact	(9,943,800)	(11,709,876)
Finance cost	(23,252,551)	(20,646,504)
Other income	2,585,489	65,480
Interest income	50,893	69,899
FINANCIAL NET LOSS	**(30,559,969)**	**(32,221,007)**

25. RELATED PARTIES

(a) Main shareholders

As of December 31, 2020, the shareholders' structure of Med Life SA is as presented below:

	Number of shares	%	Value
Legal entities	71,455,241	53.78%	17,863,810
Marcu Mihail	21,557,520	16.22%	5,389,380
Cristescu Mihaela Gabriela	18,660,690	14.04%	4,665,173
Marcu Nicolae	14,204,400	10.69%	3,551,100
Others	6,992,641	5.26%	1,748,160
TOTAL	**132,870,492**	**100.00%**	**33,217,623**

As of December 31, 2019, the shareholders' structure of Med Life SA is as presented below:

	Number of shares	%	Value
Marcu Mihail	4,119,320	18.60%	1,029,829
Marcu Nicolae	2,913,800	13.16%	728,451
Cristescu Mihaela Gabriela	3,110,115	14.04%	777,531
Others	12,001,847	54.20%	3,000,460
TOTAL	**22,145,082**	**100%**	**5,536,271**

Please refer to Note 17 – Earnings per share for further details.

(b) Executive Committee and Board of Directors' compensation

Compensations granted to the members of the Executive Committee were as follows:

(all the amounts are expressed in RON, unless otherwise specified)

	12 months 2020	**12 months 2(**
Executive Committee	6,192,697	6,768,127

Executive Committee compensation includes the payments toward members of the top management under their mandate contracts concluded with the Company for a period of 4 years.

As at December 31, 2020, the Company's Executive Committee consisted of ten managers remunerated based on mandate agreement. No new member has been appointed during the year.

On October 21st, 2020, the Board of Directors extended all mandates for a new period of 4 years, ending October 21st, 2024.

Compensations granted to the members of the Board of Directors were as follows:

	12 months 2020	**12 months 2(**
Board of Directors	3,507,111	3,724,068

Med Life SA Board of Directors consists of 7 members under administration agreements concluded with the Company, approved by the General Shareholders Meeting.

For two of the members, the administration agreements ended in December 2020 and two new members were appointed on December 15th, 2020 by the Shareholders of the Company along with the extension of the Board Members' mandate for a period of 4 years, starting December 21st, 2020 and ending December 20th, 2024.

No loans were granted to managers and administrators in 2020 and 2019.

(c) Related parties
The related parties identified are: Nautic Life SRL, DR. CRISTESCU I. MIHAELA-GABRIELA (shareholder) and Marcu Nicolae (shareholder).

	Receivables from		**Payables to**	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
DR. CRISTESCU I. MIHAELA-GABRIE	-	58,400	53,561	4,839
Marcu Nicolae	8,000	-	-	7,402
Nautic Life S.R.L.	-	-	2,616	2,616
Total	**8,000**	**58,400**	**56,177**	**14,857**

	Sales in 2020	**Sales in 2019**	**Purchases in 2020**	**Purchases in 2019**
NAUTIC LIFE	-	-	-	-
MARCU NICOLAE	8,000	1,633	-	-
DR. CRISTESCU I. MIHAELA-GABRIE	-	-	700,800	700,800
Total	**8,000**	**1,633**	**700,800**	**700,800**

(all the amounts are expressed in RON, unless otherwise specified)

26. TAXATION

	December 31, 2020	December 31, 2019 *restated
Current income tax expense	14,787,475	5,610,697
Deferred tax expense	-	2,726,330
Total income tax expense	**14,787,475**	**8,337,027**
Profit before tax	**78,551,159**	**25,122,512**
Tax expense using the statutory rate of 16% (2019: 16%)	12,568,185	4,019,602
Fiscal effect of non-deductible expenses	3,291,511	1,571,574
Fiscal effect of non-taxable income	(582,043)	(548,292)
Fiscal effect of deductible legal reserve	(463,065)	(66,662)
Sponsorship	(208,871)	(797,663)
Reinvestit profit and other fiscal facilities	(2,331,624)	(849,257)
Other elements (including different fiscal treatment)	2,422,963	2,386,264
Deferred tax expense	90,419	2,726,330
Income tax for the current year	**14,787,475**	**8,441,897**
Income tax to comprehensive income	-	104,870
Income tax to profit or loss – Expense	**14,787,475**	**8,337,027**

	December 31, 2020	December 31, 2019 *restated
Income tax liabilities as at January 1	308,391	729,572
Income tax liabilities through acquisitions	178,115	(2,299)
Income tax paid in the current year	(9,716,112)	(6,134,448)
Income tax payable in the current year	14,697,056	5,715,567
Current tax liabilities as at 31 December	**5,467,450**	**308,391**

(all the amounts are expressed in RON, unless otherwise specified)

Components of deferred tax	**31 December 2020**	**Change in deferred tax**	**1 January 2020**
Deferred tax assets			
Non-current assets	-	-	-
Trade receivables	1,332,184	-	1,332,184
Total deferred tax asset	**1,332,184**	**-**	**1,332,184**

Deferred tax liability	**31 December 2020**	**Modificări în impozitul amânat**	**1 January 2020**
Acquisition of subsidiaries	3,751,265	1,092,708	2,658,557
Other elements	104,870	-	104,870
Revaluation reserve	17,821,848	90,421	17,731,428
Total deferred tax liability	**21,677,983**	**1,183,129**	**20,494,855**
Net deferred tax liability	**20,345,799**	**1,183,129**	**19,162,671**

	2019 *restated	**deferred tax *restated**	**2019**
Deferred tax assets			
Non-current assets	-	-	-
Trade receivables	1,332,184	-	1,332,184
Total deferred tax asset	**1,332,184**	**-**	**1,332,184**

Deferred tax liability	**31 December 2019**	**Modificări în impozitul amânat**	**1 January 2019**
Acquisition of subsidiaries	2,658,557	600,412	2,058,145
Other elements	104,870	104,870	-
Revaluation reserve	17,731,428	2,021,048	15,710,381
Total deferred tax liability	**20,494,855**	**2,726,330**	**17,768,526**
Net deferred tax liability	**19,162,671**	**2,726,330**	**16,436,342**

The Group accrues income taxes at the rate of 16% on profits computed in accordance with the Romanian tax legislation.

The net effect of the change on deferred tax balances recognized as at December 31, 2020, except for the deferred tax related to the revaluation reserve which is recognized in equity, is reflected in the statement of comprehensive income for the year then ended.

27. BUSINESS COMBINATIONS

27.1. Subsidiaries acquired and consideration transferred

Subsidiaries acquired during the period 1 January – 31 December 2020:

Acquisition of Lotus Hospital, Micromedica Medical Center, Labor Maricor, Centrul Medical Matei Basarab, Pharmachem Distributie, CED Pharma, KronDent.

The Group signed the sale and purchase agreement for share capital for acquiring the following companies:

- 100% of the shares in Centrul Medical Matei Basarab SRL (November 19, 2020);
- 75% of share in Pharmachem Distributie SRL (December 15, 2020);
- 100% of the shares in CED Pharma SRL (December 24, 2020);
- 36% of the shares in KronDent SRL (December 21, 2020)

In March 2021, the Group obtained control over two of the above mentioned companies: Centrul Medical Matei Basarab SRL and KronDent SRL. Pharmachem Distributie SRL and CED Pharma SRL are still under analysis by Competition Council.

The Group has become the sole shareholder of Ghencea Medical Center, completing its shareholding package with additional 10% percent, thus reaching 100% and also has increase the package of shares held in Geneys Arad by 7% in June 2020 and by 5% in December 2020 reaching 73%.

The Group obtained control over the following companies starting with January 1, 2020:

- 100% of the shares in Lotus Hospital;
- 100% of the shares in Micromedica Medical Center;
- 100% of the shares in Labor Maricor SRL;

The acquisition has significantly increased the group's market share in this industry and complements the group's existing operational activity.

Acquisition of Lotus Hospital

Medlife announced the acquisition of 100% of the shares of **Lotus Hospital** in Ploiești, the most important provider of private medical services in Prahova county, which provides integrated outpatient, imaging, laboratory, hospitalization and maternity services. The hospital comprises 22 beds in 12 reserves, 2 intensive care rooms and one operating block with 2 operating rooms. The outpatient part is equipped with 9 consulting rooms, covering 21 medical specialties, but also with a complete department of radiology and medical imaging equipped with state-of-the-art equipment. At the same time, the unit also includes a laboratory, which performs over 500 most complex medical tests

Acquisition of Micromedica Medical Center

Medlife announced the acquisition of the majority package of **Micromedica Medical Center**, one of the most important providers of private medical services in Moldova.

Micromedica has been active on the private healthcare market since 1995 and offers patients a wide range of investigations, from multidisciplinary consultations for over 28 medical specialties and laboratory services, to complex imaging investigations. The group comprises of six medical units located in the cities of Piatra Neamț, Bacău, Roman, Bicaz, Roznov and Târgu Neamț, all equipped with high-quality medical equipment.

Acquisition of Labor Maricor

MedLife Medical System takes over 100% stake in Labor Maricor, Bacau.

Acquisition of Matei Basarab Medical Center

MedLife Medical System announces the acquisition of the 100% stake in the Veridia Medical Center in Bucharest, known as the Matei Basarab Medical Center.

Acquisition of Pharmachem Distributie

(all the amounts are expressed in RON, unless otherwise specified)

MedLife Medical system announces the signing of the acquisition for the 75% majority stake of Pharmachem Distributie SRL. It is the group's largest acquisition this year, being, also, the first acquisition in the pharma sector.

Acquisition of CED Pharma
MedLife Medical System announces the signing of the transaction for the acquisition of the full package of shares of CED Pharma group of companies. It is the second acquisition of MedLife Group in the pharma segment, announced within two weeks.

Acquisition of KronDent (indirect)
DENT ESTET group of clinics, market leader in the field of dentistry services in Romania, announces the signing of the SPA for the majority stake of 60% of the shares of KronDent S.R.L, a periodontology-implantology and dentistry clinic, based in Brasov.

27.2. Assets acquired and liabilities recognized at the date of acquisition

Assets acquired and liabilities recognized at the date of acquisition	**2020**	**2019**
Non-current assets	53,011,018	9,694,101
Current assets	6,849,744	5,343,311
Current liabilities	26,896,656	9,085,695
Non-current liabilities	4,551,198	-
Net assets	**28,412,908**	**5,951,717**

27.3 – Acquisition related costs

The Group incurred acquisition-related costs of 5,261,188 RON on legal fees and due diligence costs. These costs have been included in 'Other administration and operating expenses.

28. FINANCIAL INSTRUMENTS (IFRS 7)

28.1. Goodwill arising on acquisition

Goodwill arising on acquisition	**2020**	**2019**
Consideration transferred	64,698,530	17,301,096
Less: fair value of identifiable net assets acquired	(13,358,730)	(5,951,717)
Plus non-controlling interest	-	2,279,704
Goodwill arising on acquisition	**51,339,800**	**13,629,083**
Bargain gain arising on acquisition	**-**	**-**

The goodwill is attributable to the workforce and also to the know-how acquired and the high profitability of the acquired business. It will not be deductible for tax purposes.

28.2. Net cash outflow on acquisition of subsidiaries

	31 decembrie 2020	**31 decembrie 2019**
Consideration paid in cash	25,876,601	56,550,113
Less: cash and cash equivalent balances acquired at acquisition date	(2,106,788)	(1,834,835)
	23,769,813	**54,715,278**

(a) Capital risk management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 14, cash and cash equivalents disclosed in note 8 and equity, comprising issued capital, reserves and retained earnings as disclosed in note 15 and note 16.

The Group's risk management reviews the capital structure regularly. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash, short-term deposits, trade and other receivables. The Group's cash equivalents and short-term deposits are placed with reputable financial institutions with a high credit rating.
Trade receivables are represented net of the allowance for expected credit losses. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Company's customer base, which consists mainly of both individuals and companies. Around 62% of the total sales are cash-based with remaining being based on issuance of invoices.
The financial condition of these customers in relation to their credit standing is evaluated on an ongoing basis.

The Group has also developed certain procedures to assess legal entities as customers prior to signing contracts, aimed at providing preventive and prophylactic health care packages (PPMs) and monitoring their ability to meet the payments during the course of contracts. Also, the Group has established an internal Collection department which actively monitors encashments received from customers.
The gross carrying amounts of financial assets (before credit loss allowances) included in the statement of financial position represent the Group's maximum exposure to credit risk in relation to these assets.
The Group has only 20% of its sales during 2020 deriving from the treatment of NHIH insured patients (concentration of credit risk) – reliance on major customers.
At 31 December 2020 and 31 December 2019, the Company did not consider there to be a significant concentration of credit risk. Please see note 7 – Accounts receivables, for further details regarding credit risks of trade and other receivables and also note 3.17 Trade receivables, for further details of accounting policies used by the Group.

(c) Financial risk management objectives

The Group's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (g) below).

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

(e) Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.
The Group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The higher risk is represented by funds borrowed in the national currency, because the interest rates are periodically repriced based on index variation.

(all the amounts are expressed in RON, unless otherwise specified)

Lease contracts concluded in the national currency are also exposed due to the above repricing process, as the discount rate in this case is linked to the internal borrowing rates for funds withdrawn in the national currency.

The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest rate sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing financial instruments at the reporting date. Out of the total outstanding balances for both borrowings and leases only the amounts that refers to the Club loan and lease contracts (which refer to rent of buildings, equipment and vehicles) have been considered for the sensitivity on interest rate computation. These amounts which were included in the analysis cover more than 80% of the total outstanding balances for both borrowings and leases.

A 10% per cent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The assumptions used have not changed from previous years.

If interest rates had been 10% per cent higher and all other variables were held constant, the Group's profit for the year ended 31 December 2020 would decrease by RON 930,828 RON (2019: decrease with RON 676,833). This is mainly attributable to the Group's exposure to interest rates on its borrowings and leases.

Amounts exposed to interest rate risk

LIABILITIES	Total	Out of which included in the sensitivity analysis		%	Interest expenses per year at the current interest rate for the selected portion	Interest expenses per year at the interest rate increased by 10% for the selected portion	Variation that affects the profit and loss account when the interest rate increases by 10%
2020							
Overdraft	27,127,907	Club loan	431,325,762	88%	9,655,745	10,096,860	441,115
Short-Term and Long-Term portions of loans	461,132,809						
Short-Term and Long-Term portions of leases	188,263,249	Contracts that refer to rent of buildings, equipment and vehicles which fall under IFRS 16	157,179,389	83%	5,584,132	6,073,844	489,713
2019							
Overdraft	29,011,944	Club loan	343,462,123	86%	6,289,867	6,576,409	286,542
Short-Term and Long-Term portions of loans	370,754,256						
Short-Term and Long-Term portions of leases	181,491,503	Contracts that refer to rent of buildings, equipment and vehicles which fall under IFRS 16	138,844,059	77%	5,170,080	5,560,371	390,291

	December 31, 2020	December 31, 2019*restated
Profit or loss	930,828	676,833

(f) Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for financial liabilities as of December 31, 2020 and December 31, 2019. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

(all the amounts are expressed in RON, unless otherwise specified)

2020	Weighted average effective interest rate	Carrying amount	Total	Year 1	Year 2	Year 3	Year 4	Year 5	> Year 5
Non-interest bearing instruments									
Trade payables		151,690,134	151,690,134	151,690,134	-	-	-	-	-
Interest bearing instruments									
Overdraft		27,127,907	27,127,907	27,127,907	-	-	-	-	-
Borrowings	EURIBOR 6M / ROBOR 6M + margin	461,132,809	506,462,937	55,496,969	90,320,846	80,048,662	79,362,463	96,657,366	104,576,631
Lease contracts		**188,263,249**	**204,696,341**	**46,667,130**	**39,965,313**	**33,010,993**	**28,349,969**	**19,830,231**	**36,872,706**
Total		**828,214,099**	**889,977,319**	**280,982,140**	**130,286,159**	**113,059,655**	**107,712,431**	**116,487,596**	**141,449,337**

2019 *restated	Weighted average effective interest rate	Carrying amount	Total	Year 1	Year 2	Year 3	Year 4	Year 5	> Year 5
Non-interest bearing instruments									
Trade payables		165,133,428	165,133,428	165,133,428	-	-	-	-	-
Interest bearing instruments									
Overdraft		29,011,944	29,011,944	29,011,944	-	-	-	-	-
Borrowings	EURIBOR 6M / ROBOR 6M + margin	370,754,256	435,274,032	32,099,776	56,013,504	60,173,091	60,471,094	62,030,670	164,485,897
Lease contracts		**181,491,503**	**198,138,087**	**45,083,377**	**36,664,002**	**29,730,241**	**23,329,305**	**19,819,059**	**43,512,104**
Total		**746,391,131**	**827,557,491**	**271,328,525**	**92,677,505**	**89,903,331**	**83,800,399**	**81,849,729**	**207,998,001**

(g) Fair value of financial instruments

Financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short-term and long-term loans and trade and other payables. The estimated fair values of these instruments approximate their carrying amounts. The carrying amounts represent the Group's maximum exposure to credit risk for existing receivables.

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters through matching mechanism between assets and liabilities. Starting with 2020, the Group can withdraw money in the national currency from the credit facility available but not used, in order to limit foreign currency exposure.

Financial instruments that are not held at fair value

At level 1 of the fair value hierarchy, the Group classified cash and cash equivalents as assets that are not held at fair value.
At level 3 of the fair value hierarchy, the Group and the Bank classified in the category of assets: cash equivalents (maternity vouchers), trade and other receivables, other financial assets, and in the category of debt: loans from banks and other financial institutions, leasing debts, trade payables and other financial liabilities.

The following table shows the fair value and the fair value hierarchy for assets and liabilities that are not measured at fair value in the statement of financial position as at 31 December 2020:

(all the amounts are expressed in RON, unless otherwise specified)

ASSETS	**Classification under IFRS 9**	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	Amortized cost	81,970,397	81,970,397	81,970,397	-	-
Receivables	Amortized cost	121,079,030	121,079,030	-	-	121,079,030
Other financial assets	Amortized cost	27,940,022	27,940,022	-	-	27,940,022
LIABILITIES						
Trade and other payables	Amortized cost	151,690,134	151,690,134	-	-	151,690,134
Overdraft	Amortized cost	27,127,907	27,127,907	-	-	27,127,907
Other long term debt	Amortized cost	18,119,743	18,119,743	-	-	18,119,743
Lease liability	Amortized cost	188,263,249	188,263,249	-	-	188,263,249
Long term debt	Amortized cost	461,132,809	461,132,809	-	-	461,132,809

Carrying amount is a reasonable approximation of fair value (e.g. for cash, short-term trade receivables and payables, lease liabilities).

(h) Recognised fair value measurements

- Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 3.28.

31 December 2020	**Note**	**Level 1**	**Level 2**	**Level 3**
Land and buildings	5	-	-	322,608,072

31 December 2019	**Note**	**Level 1**	**Level 2**	**Level 3**
Land and buildings	5	-	-	293,821,035

There were no transfers between levels during the year.

- Valuation techniques used to determine level 3 fair values are presented in note 5.
- Valuation inputs and relationships to fair value

Foreign currency sensitivity analysis
The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

(all the amounts are expressed in RON, unless otherwise specified)

2020	RON	1 EUR = 4.8694 RON	100 HUF = 1.3356 RON	Total
ASSETS				
Cash and cash equivalents	68,481,009	11,999,891	1,489,497	81,970,397
Trade receivables	119,647,488	-	1,431,542	121,079,030
Financial assets	1,004,612	26,828,562	106,848	27,940,022
LIABILITIES				
Trade payables	142,680,721	7,369,746	1,639,667	151,690,134
Overdraft	17,378,983	9,738,800	10,124	27,127,907
Other long term debt	14,794,743	3,325,000	-	18,119,743
Short-Term and Long-Term portions of loans	110,644,115	350,488,694	-	461,132,809
Short-Term and Long-Term portions of leases	12,302,693	174,946,279	1,014,277	188,263,249

2019 *restated	RON	4.7793 RON	1.4459 RON	Total
ASSETS				
Cash and cash equivalents	36,613,860	431,524	643,512	37,688,896
Trade receivables	98,658,530	-	1,665,285	100,323,815
Financial assets	1,197,322	79,657,948	115,672	80,970,942
LIABILITIES				
Trade payables	158,918,087	3,995,047	2,220,294	165,133,428
Liabilities held for sale	-	363,318	-	363,318
Overdraft	19,288,011	9,558,600	165,333	29,011,944
Other long term debt	16,201,746	6,650,000	-	22,851,746
Short-Term and Long-Term portions of loans	42,551,986	328,202,270	-	370,754,256
Short-Term and Long-Term portions of leases	4,496,989	175,698,362	1,296,152	181,491,503

The Group is mainly exposed in respect of the exchange rate of the RON versus EUR. The above table details the Group's sensitivity to a 10% increase and decrease in RON against EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If EUR is weakening 10% against RON, the profit will increase and the amount stated below will be positive. For a 10% strengthening of EUR against RON there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

The assumptions used have not changed from previous years. The variation below is presented as absolute amounts.

	December 31, 2020	December 31, 2019 *restated
Profit or loss	50,704,007	44,437,812

29. COMMITMENTS AND CONTINGENCIES

Contingent li abilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Club loan related commitments
Med Life SA shall not enter into any agreement which will amend, novate, modify or vary the provisions of Med Life's Shareholders' Agreement without the prior written consent of the lenders.

Other commitments
As at December 31, 2020 and December 31, 2019, the Group holds insurance policies to cover possible liabilities towards doctors for malpractice as well as insurance contracts related to buildings and medical equipment.

In conformity with the concluded agreement with the National House of Health Insurance, the Group has to provide primary medical services to National House's insured citizens.

BCR issued letters of warranties in the favour of Med Life S,A, in amount of RON 2,631,819 out of which in EUR 404,646 as of December 31, 2020 (December 31, 2019: RON 2,631,819, equivalent of EUR 404,646).

Fiscal environment
The taxation system in Romania is still developing and is subject to various interpretations and constant changes, which may sometimes be retroactive. Although the actual tax due for a transaction may be minimum, delay interests may be significant, as they can be calculated at the value of the transaction and at a rate of 0.02% per day (interest) and 0.01% (penalties) per day.

In Romania the statute of limitation for tax controls (audits) is of 5 years. Management believes that the tax obligations included in these financial statements are adequate.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Transfer pricing
The fiscal legislation from Romania includes the "market value" principle, according to which the transactions between related parties have to be performed at the market value. The local tax payers, who carry transactions with related parties, have to prepare and make available to the tax authorities from Romania, at their written request, the transfer pricing documentation file. If the companies do not prepare the documentation or they present an incomplete transfer pricing file may attract penalties for non-conformity, and additionally to the information presented in the transfer pricing file, the fiscal authorities may have a different interpretation of the transactions and the circumstances compared to the management's assessment and, as a result, they may impose additional fiscal obligations as a result of adjusting transfer prices. The management of the Group is confident that, if required, they will submit the necessary information in due time to the fiscal authorities. The transactions with related parties and group companies are performed based on the market value principle.

Litigation
The Group is involved in various litigations as part of normal course of business. Management has assessed the legal status together with the Group's legal advisors and all necessary adjustments have been recorded in the consolidated financial statements.

30. AUDITORS` FEES

The auditor of the Group is Deloitte Audit SRL.
The fee for the audit of the consolidated financial statements as of December 31, 2020 of the Group prepared in accordance with IFRS as adopted by EU and the individual financial statements as of December 31, 2020 of the Group prepared in accordance with IFRS as adopted by EU of Med Life SA was EUR 155,500 excluding VAT and out of pocket expenses.

The fee for other audit related services performed in 2020 (in accordance with ISAE 3000 and ISAE 3.240) was EUR 12,000, excluding VAT.

31. EVENTS AFTER THE BALANCE SHEET DATE

Continued action plan to prevent and limit the spread of COVID-19
The MedLife Medical System, the largest operator of medical services in Romania, has implemented, from the first alert day on limiting the spread of SARS-CoV-2 (Coronavirus) virus in Romania, a series of prevention and protection measures for patients. and to the medical and auxiliary staff, focusing on preventing factors that could represent a danger of infection for all those in the medical units.

In all MedLife units, the methodology of surveillance of the acute respiratory system was implemented, and at the moment, the company ensures a good continuity of the medical activity. Epidemiological triage of patients through call-centres and medical teams, special circuits for patients with acute respiratory pathology, adaptation of consultation intervals to increase patient safety (allocating time needed to disinfect spaces after interaction with each patient), creating special spaces for isolating cases suspected of infectious diseases, the provision of protective equipment and disinfectant products, but also the development of complex procedures of cleaning, disinfection and nebulization are only part of the important measures that have been taken and that the special medical teams follow and manage them properly.

Regarding the operational segment, the administrative and support staff, the MedLife Medical System has implemented a Continuity of Activity Plan, the safety of the employees being a priority. The measures consist in dividing the key employees into two teams and avoiding physical interaction between them, but also the remote activity, both ensuring a good continuity of the company's activity. Also, all the events scheduled at Med Life level in the following period were suspended, and they will revert to them when exposure in the public space will no longer represent a risk to human health.

The MedLife Medical System actively monitors the economic situation in Romania and the possible negative implications on its current operations, at present, there are reductions in the activity determined by the social distance measures, imposed by the public authorities as measures to limit the spread of the SARS-CoV-2 virus. (Coronavirus). Despite the diminished activity, the company has taken all necessary measures to maintain good continuity of medical activity in all MedLife clinics and hospitals, taking priority over medical staff and colleagues in the front line and studying the compensation of these turbulences by reducing the short-term overhead costs.

The priority of the MedLife Medical System remains the health of patients and employees, fully respecting the decisions of the local authorities.
The Company assessed the impact of the Coronavirus pandemic over its business and concluded that the financial statements will not be significantly affected by this event. Even though, we currently can't properly evaluate the consequences of this pandemic considering the dynamics in the evolution, the Company doesn't expect a major impact on its activity in the future based on information available to the management at the date of this report.

Greenfield acquisition and investment plans
MedLife Medical System announces its intention to increase its existing facilities by 40 million euros by signing a syndicated loan, the discussions being already advanced with the banks. Depending on the opportunities, other important liquidities of the company will be added to this increase, as appropriate. The bank union that would sign the new loan consists of Banca Comercială Română, as coordinator, main arranger, documentation agent, facility and guarantee agent and financier, BRD Groupe Société Générale, Banca Transilvania and Raiffeisen Bank, as of main arrangers and funders.

The new funds will be dedicated to consolidating and expanding the group nationwide, by developing medical units such as MedPark, where the patient benefits from a 360-degree approach both in terms of the complexity of the medical act and the quality of adjacent services. Major emphasis will be placed on the development of programs and projects in a pandemic context, projects related to prevention, oncology and medical radiotherapy, technology and digitization, the main objective being the needs of the patient caring for his health and wanting to solve his needs efficiently, quickly and safely. According to company representatives, the amount is not intended to complete ongoing acquisitions for which MedLife has sufficient liquidity. At the same time, the company aims to continue the research efforts, and even to intensify them through new investments in the new year.

Mihail Marcu,	**Adrian Lungu,**
CEO	CFO

ADMINISTRATORS’ REPORT
MED LIFE GROUP

YEAR ENDED DECEMBER 31, 2020

1. **Presentation of the Group**

Med Life S.A. ("Med Life" or the "Parent Company" or the "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania. The Company's activity consists of providing medical services through a range of medical centres located in all the major cities of the country - cities with over 150,000 inhabitants.

Med Life Group is offering a large range of medical service having opened 22 Hyper clinics in Arad, Bucharest, Braila, Brasov, Cluj, Constanta, Craiova, Galati, Iasi, Oradea, Ploiesti, Sibiu and Timisoara, 53 Clinics, 10 hospitals – located in Bucharest, Arad, Sibiu, Brasov, Cluj and Ploiesti, 33 Laboratories, 14 Pharmacies and 12 Dental Clinics. The Group has also more than 130 private Clinic partners around Romania.

Medlife Group is the largest provider of medical services in Romania based on turnover. More than 5 million unique patients have used Medlife services, and over 700,000 employees nationwide benefit from Medlife healthcare prevention packages as part of the benefits provided by their employers.

Last but not least, Medlife Group is differentiates itself by the significant number of medical test performed in Medlife laboratories annually – 5.2 million test conducted in 2020.

The registered office of Med Life is located in Bucharest, Calea Grivitei, no. 365.

Details of Med Life SA's subsidiaries at December 31, 2020 and December 31, 2019 are as follows:

Name of subsidiary	**Principal Activity**	**Place of operation**	**December 31, 2020**	**December 31, 2019**
Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83.01%	83.01%
Medapt SRL (indirectly)	Medical Services	Brasov, Romania	83.01%	83.01%
Histo SRL (indirectly)	Medical Services	Brasov, Romania	49.81%	49.81%
Policlinica de Diagnostic Rapid Medis SRL (indirectly)	Medical Services	Sfantu Gheorge, Romania	66.41%	66.41%
Bahtco Invest SA	Development of building projects	Bucharest, Romania	100%	100%
Med Life Ocupational SRL	Medical Services	Bucharest, Romania	100%	100%
Pharmalife-Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
Med Life Broker de Asigurare si Reasigurare SRL	Insurance broker	Bucharest, Romania	99%	99%
Accipiens SA	Rental activities	Bucharest, Romania	73%	61%
Genesys Medical Clinic SRL (indirectly)	Medical services	Bucharest, Romania	73%	61%
Bactro SRL (indirectly)	Medical services	Deva, Romania	73%	61%
Transilvania Imagistica SA (indirectly)	Medical services	Oradea, Romania	73%	61%
Biofarm Farmec SRL (indirectly)	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
RUR Medical SA (indirect)	Medical services	Bucharest, Romania	83.01%	100%
Biotest Med SRL	Medical services	Bucharest, Romania	100%	100%
Vital Test SRL	Medical services	Bucharest, Romania	100%	100%
Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	90%
Ultratest SA (directly and indirectly)	Medical services	Craiova, Romania	76%	76%
Diamed Center SRL	Medical Services	Bucharest, Romania	100%	100%
Prima Medical SRL	Medical Services	Craiova, Romania	100%	100%
Stem Cells Bank SA	Medical Services	Timisoara, Romania	100%	100%
Dent Estet Clinic SA	Dental healthcare activities	Bucharest, Romania	60%	60%
Green Dental Clinic SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	31%	31%

Dentist 4 Kids SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	31%	31%
Dent A Porter SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	31%	31%
Dentestet Kids SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	32%	32%
Aspen Laborator Dentar SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	45%	45%
Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	90%	90%
Almina Trading SA	Medical services	Targoviste, Romania	80%	80%
Anima Specialty Medical Services SRL	Medical services	Bucharest, Romania	100%	100%
Anima Promovare si Vanzari SRL (indirectly)	Medical services	Bucharest, Romania	100%	100%
Valdi Medica SA	Medical services	Cluj, Romania	55%	55%
Clinica Polisano SRL	Medical services	Sibiu, Romania	100%	100%
Solomed Clinic SA	Medical services	Pitesti, Romania	80%	80%
Solomed Plus SRL (indirectly)	Medical services	Pitesti, Romania	80%	80%
Ghencea Medical Center SA	Medical services	Bucharest, Romania	100%	90%
Sfatul medicului SRL	Medical platform	Bucharest, Romania	100%	100%
RMC Dentart (indirectly)	Dental healthcare activities	Budapest, Hungary	51%	51%
RMC Medical (indirectly)	Medical services	Budapest, Hungary	51%	51%
RMC Medlife	Holding	Budapest, Hungary	51%	51%
Badea Medical SRL	Medical services	Cluj, Romania	65%	65%
Oncoteam Diagnostic SA	Medical services	Bucharest, Romania	75%	75%
Centrul medical Micromedica SRL	Medical services	Piatra Neamt, Romania	100%	100%
Micromedica Targu Neamt SRL (indirectly)	Medical services	Targu Neamt, Romania	100%	100%
Micromedica Bacau SRL (indirectly)	Medical services	Bacau, Romania	100%	100%
Micromedica Roman SRL (indirectly)	Medical services	Roman, Romania	100%	100%
Medrix Center SRL (indirectly)	Medical services	Roznov, Romania	100%	100%
Spitalul Lotus SRL	Medical services	Ploiesti, Romania	100%	100%
Labor Maricor SRL	Medical Services	Bacau, Romania	100%	0%
Centrul Medical Matei Basarab SRL*	Medical Services	Bucharest, Romania	100%	0%
Farmachem Distributie SRL*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	75%	0%
CED Pharma SRL*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	0%
KronDent SRL (indirect)*	Dental healthcare	Brasov, Romania	36%	0%

* The control over these companies will be obtained in the first semester of 2021 and will be consolidated starting with 2021.

The Group business model is focused on providing medical services to clients, both natural and legal persons. The Group seeks to capture the private healthcare spending of these clients throughout all stages of a medical condition: prevention, diagnosis and treatment, by offering a wide range of medical services delivered in modern, high quality facilities by professional teams of doctors, nurses and support personnel. The company places great emphasis on the quality of the services offered to its customers, operating an IT infrastructure and customer service and sales operation that has served over 5 million unique patients, representing over 1 in 4 Romanians.

The Group divides its operations into six business lines:

- Corporate: The Corporate business line offers HPP to corporate clients as part of their employee benefit packages. These programmes, which focus on prevention through regular check-ups and access to diagnostic services, complement the legally required occupational health services that corporate clients also contract from MedLife under the HPP offering.

- Clinics: The Clinics business line includes the Group's ambulatory clinics and diagnostic imaging services. Clinics offer general practitioner and specialist consultations, diagnostic imaging services, and some of the clinics also offer day-inpatient services.
- Laboratories: The Laboratories business line provides biochemistry, haematology, coagulation, immunology, microbiology, anatomo-pathology, cytology, molecular biology and toxicology laboratories tests.
- Hospitals: The Hospitals business line covers the Group's inpatient activities, which consist of a wide range of medical and surgical specializations. The 10 hospitals of the group are located in Arad, Bucharest, Brasov, Cluj, Sibiu and Ploiesti. The Group holds 7 inpatient hospital licenses, which encompass the business line's activities. One of the licences was issued for one hospital unit and 3 other external sections. In addition to these, the Group was granted licenses for three additional day-inpatient units, which operate within Clinic locations and provide only day-inpatient services (i.e. Iași, Craiova and Timișoara). The financial results from these three day-inpatient services are accounted for in the Clinics division. The Group regards these units as functional parts of the hyperclinics located in Iași, Craiova and Timișoara.
- Pharmacies: The Pharmacies business line offers prescription, over the counter and other related medical products in 14 pharmacies opened within the Group's clinics or their proximity.
- Stomatology: The Stomatology business line provides a wide range of dental services from simple check-ups to complicated surgery.

2. 2020 Developments

2.1. Acquisitions completed in 2020

In 2020, MedLife Group increased its participation in certain subsidiary companies, and also signed contracts for the acquisition of share capital of the following companies:

- 100% of the shares in Centrul Medical Matei Basarab SRL;
- 75% of share in Pharmachem Distributie SRL;
- 100% of the shares in CED Pharma SRL;
- 36% of the shares in KronDent SRL.
- 100% of the shares in Lotus Hospital;
- 100% of the shares in Micromedica Medical Center;
- 100% of the shares in Labor Maricor SRL;

The Group has become the sole shareholder of Ghencea Medical Center, completing its shareholding package with additional 10% percent, thus reaching 100% and also has increase the package of shares held in Geneys Arad by 7% in June 2020 and by 5% in December 2020 reaching 73%.

Acquisition of Lotus Hospital
Medlife announced the acquisition of 100% of the shares of **Lotus Hospital** in Ploiești, the most important provider of private medical services in Prahova county, which provides integrated outpatient, imaging, laboratory, hospitalization and maternity services. The hospital comprises 22 beds in 12 reserves, 2 intensive care rooms and one operating block with 2 operating rooms. The outpatient part is equipped with 9 consulting rooms, covering 21 medical specialties, but also with a complete department of radiology and medical imaging equipped with state-of-the-art equipment. At the same time, the unit also includes a laboratory, which performs over 500 most complex medical tests

Acquisition of Micromedica Medical Center
Medlife announced the acquisition of the majority package of **Micromedica Medical Center**, one of the most important providers of private medical services in Moldova.
Micromedica has been active on the private healthcare market since 1995 and offers patients a wide range of investigations, from multidisciplinary consultations for over 28 medical specialties and laboratory services, to complex imaging investigations. The group comprises of six medical units located in the cities of Piatra Neamț, Bacău, Roman, Bicaz, Roznov and Târgu Neamț, all equipped with high-quality medical equipment.

Acquisition of Labor Maricor
MedLife Medical System takes over 100% stake in Labor Maricor, Bacau.

Acquisition of Matei Basarab Medical Center
MedLife Medical System announces the acquisition of the 100% stake in the Veridia Medical Center in Bucharest, known as the Matei Basarab Medical Center.

Acquisition of Pharmachem Distributie
MedLife Medical system announces the signing of the acquisition for the 75% majority stake of Pharmachem Distributie SRL. It is the group's largest acquisition this year, being, also, the first acquisition in the pharma sector.

Acquisition of CED Pharma
MedLife Medical System announces the signing of the transaction for the acquisition of the full package of shares of CED Pharma group of companies. It is the second acquisition of MedLife Group in the pharma segment, announced within two weeks.

Acquisition of KronDent (indirect)
DENT ESTET group of clinics, market leader in the field of dentistry services in Romania, announces the signing of the SPA for the majority stake of 60% of the shares of KronDent S.R.L, a periodontology-implantology and dentistry clinic, based in Brasov.

2.2. Organic growth

Development of 6 RT-PCR laboratories through which the company was able to keep the Group employees safe, to periodically test medical and auxiliary staff and patients and keep the units functional, as well as be part of the national testing program.

2.3. Expansion Plans of Existing Medical Units

MedLife invests in the development of the largest private medical project in Romania: MedLife Medical Park. The new medical project will be built next to Medlife Memorial Hospital. Located in the middle of a green area, it will have at completion 1000 beds in a total number of 8 buildings built in pavilionary system. The medical park will include two different stages of development. In the first stage a new hyperclinic, a center for R&D and innovation, kinetotherapy and medical recovery rooms, two restaurants, a center of imaging and radiotherapy, pharmacy and bio food store will be arranged. in the second stage, which is in the phase of feasibility study, MedLife Oncological Institute will be built. The first stage will last for 18-24 months, while the second stage will take place over a period of 3-5 years.

3. Credit facilities contracted by the Group

MedLife Group borrowings as at 31 December 2020 are:

	31 December 2020	31 December 2019 *restated
Cash and cash equivalents	81,970,397	37,688,896
Borrowings (including overdraft)	488,260,716	399,766,200
Lease liabilities	188,263,249	181,491,503
Net debt	**594,553,567**	**543,568,807**
Overdraft	27,127,907	29,011,944
Current portion of lease liability	41,166,069	40,425,758
Current portion of long term debt	46,436,217	24,802,015
Long Term Debt		
Lease liability	147,097,180	141,065,745
Long term debt	414,696,592	345,952,241

As at December 31, 2020, the Group's drawn and undrawn financing facilities included the following:

On September 24, 2019 Med Life SA (together with the co-borrowers Policlinica de Rapid Diagnostic SA, Bahtco Invest SA, Accipiens SA, Genesys Medical Clinic SRL, Clinica Polisano SRL, Centrul Medical Sama SA, Dent Estet Clinic SA and Valdi Medica SRL) signed with the Romanian Commercial Bank, Raiffeisen Bank, BRD Groupe Societe Generale and Transilvania Bank a refinancing agreement to the existing facilities, extending the financing period, rearranging the terms and conditions, as well as for an additional credit limit of 28 million euros, which will be in the form of a term facilities, being used by Medlife, along with other liquidities of the Company, for possible new purchasing opportunities in the market. On 15 May 2020, this facility was extended with 20 million euro. As of December 31, 2020, the balance of these facilities is RON 431,325,762;

• a guaranteed overdraft facility between Garanti Bank S.A. and Med Life S.A., the amount drawn on December 31, 2020, is of RON 9,738,800;
• an overdraft facility between Unicredit Tiriac Bank and Prima Medical S.R.L., with a maximum credit limit of RON 800,000, drawn in full on December 31, 2020;

• 2 guaranteed loan facilities concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L; the balance outstanding at December 31, 2020 is RON 4,871,368;
• an overdraft facility concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L within 1,500,000 RON; on December 31, 2020 the amount drawn is RON 1,249,000;
• a guaranteed loan concluded between Bancpost and Med Life Ocupational S.R.L. worth EUR 225,000; the balance outstanding at December 31, 2020 is RON 255,567;
• 1 guaranteed loan contract concluded between Banca Transilvania S.A. and Ghencea Medical Center, the balance outstanding at December 31, 2020 is RON 631,181;
• a loan agreement and a guaranteed overdraft facility between CEC Bank S.A. and Clinic Polisano S.R.L., the balance outstanding at December 31, 2020 is RON 32,946,065;
• an overdraft facility between Banca Transilvania S.A. and Onco Team Diagnostic S.A., the balance outstanding at December 31, 2020 is RON 456,254;
• a loan agreement concluded between Banca Transilvania S.A. and Micromedica Roman S.R.L., the balance outstanding at December 31, 2020 is RON 1,892,368;
• a loan agreement concluded between Banca Transilvania S.A. and Centrul Medical Micromedica S.R.L., the balance outstanding at December 31, 2020 is RON 2,191,232;
• an overdraft facility between CIB Bank and RMG Ungaria, the balance outstanding at December 31, 2020 is RON 10.104;
• a loan agreement concluded between Libra Bank S.A. and Labor Maricor S.R.L., the balance outstanding at December 31, 2020 is RON 7.333.

As at December 31, 2020 none of the Group members was in breach of any applicable term of the financing facilities.

4. Financial Analysis

Analysis of the consolidated profit and loss

	12 months ended December 31,	
	2020	**2019 *Restated**
Sales	1,077,448,351	967,380,307
Other operating revenues	9,274,762	7,648,949
Operating Income	**1,086,723,113**	**975,029,256**
Consumable materials and repair materials	(189,975,286)	(158,167,211)
Third party expenses (including doctor's agreements)	(281,469,012)	(264,544,662)
Salary and related expenses	(277,035,208)	(291,414,807)
Social contributions	(10,767,730)	(10,526,204)
Depreciation	(102,897,388)	(90,481,076)
Impairment losses and gains (including reversals of impairment losses)	(10,888,049)	1,167,475
Other operating expenses	(104,579,312)	(103,719,253)
Operating expenses	**(977,611,985)**	**(917,685,738)**
Operating Profit	**109,111,128**	**57,343,518**
Finance cost	(23,252,552)	(20,646,561)
Other financial expenses	(7,307,417)	(11,574,446)
Financial result	**(30,559,969)**	**(32,221,007)**
Result Before Taxes	**78,551,159**	**25,122,512**
Income tax expense	(14,787,475)	(8,337,027)
Net Result	**63,763,684**	**16,785,485**
Owners of the Group	56,702,860	13,611,276
Non-controlling interests	7,060,824	3,174,209
Earnings per share		
Basic and diluted earnings per share (RON)	0.43	0.10
Other comprehensive income items that will not be reclassified to profit or loss		
Gain on revaluation of equity instruments	-	655,437
Deferred tax on other comprehensive income components	-	(104,870)
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**550,567**
Total other comprehensive income attributable to:		
Owners of the Group	-	550,567
Non-controlling interests	-	-
TOTAL COMPREHENSIVE INCOME	**63,763,684**	**17,336,052**
Total comprehensive income attributable to:		
Owners of the Group	56,702,860	14,161,843
Non-controlling interests	7,060,824	3,174,209

Sales for the 12 month period ended December 31, 2020 amounted to RON 1,077,448,351, higher by 11.4% compared to sales recorded in the 12 month period ended December 31, 2019. This increase was mainly the result of significant growth in all of the Group's business lines, led on a percentage basis by

Clinics, Hospitals, Corporate and Laboratories, as well as the impact of the acquisitions completed by the Group in 2019 and 2020.

The breakdown of revenues by business line is presented below:

Business Line	12 months 2020 Sales	% of Total Sales	12 months 2020 Sales	% of Total Sales	Variation 2020/2019
Clinics	307,919,487	28.6%	295,465,223	30.5%	4.2%
Stomatology	61,363,524	5.7%	59,817,358	6.2%	2.6%
Hospitals	251,943,388	23.4%	221,198,932	22.9%	13.9%
Laboratories	198,519,202	18.4%	154,135,274	15.9%	28.8%
Corporate	198,530,858	18.4%	183,514,802	19.0%	8.2%
Pharmacies	44,405,803	4.1%	39,341,136	4.1%	12.9%
Others	14,766,089	1.4%	13,907,582	1.4%	6.2%
TOTAL SALES	**1,077,448,351**	**100.0%**	**967,380,307**	**100%**	**11.4%**

The key operational indicators of the Group are:

Business line	Info	12 months ended December 31, 2020	12 months ended December 31, 2019
Clinics	**Revenue**	**307,919,487**	**295,465,223**
Clinics	Visits	1,815,055	1,861,491
Clinics	Avg fee	169.6	158.7
Stomatology	**Revenue**	**61,363,524**	**59,817,358**
Stomatology	Visits	89,172	123,349
Stomatology	Avg fee	688.1	484.9
Hospitals	**Revenue**	**251,943,388**	**221,198,932**
Hospitals	Patients	82,209	82,683
Hospitals	Avg fee	3,064.7	2,675.3
Laboratories	**Revenue**	**198,519,202**	**154,135,274**
Laboratories	Analyses	5,211,645	5,905,490
Laboratories	Avg fee	38.1	26.1
Corporate	**Revenue**	**198,530,858**	**183,514,802**
Corporate	Subscriptions	738,582	705,380
Corporate	Avg fee	268.8	260.2
Pharmacies	**Revenue**	**44,405,803**	**39,341,136**
Pharmacies	Clients	194,838	250,717
Pharmacies	Sales per client	227.9	156.9
Others	**Revenue**	**14,766,088**	**13,907,582**

Other sales during the 12 months ended December 31, 2020 represented 0.9% of the Group's total consolidated sales.

Other operating revenues of the Group for the 12 months period ended 31 December 2020 were of RON 9,274,762, recording an increase of 21.3% as compared to the same period of 2019.

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide the Group's services. The Group recorded operating expenses of RON 977,611,985 in the year ended December 31, 2020, representing an increase of 6.5% as compared to the year ended December 31, 2019.

Operating expenses as a share of total operational revenues accounted for 94.9% in 2019 and 90.7% in 2020.
The evolution of other operating expenses is the following:

	12 months 2020	12 months 2019 *restated
Utilities	12,634,324	11,854,596
Commodities	35,649,736	30,649,995
Repairs maintenance	11,549,854	11,895,850
Rent	6,520,160	10,569,322
Insurance premiums	3,002,708	3,122,303
Promotion expense	13,508,044	14,207,313
Communications	4,236,791	3,962,770
Other administration and operating expenses	17,477,695	17,457,104
TOTAL	**104,579,312**	**103,719,253**

Operating profit increased by 90.3% over the 12-month period ended December 31, 2020, compared to the 12-month period ended December 31, 2019, from RON 57,343,518 in 2019 to RON 109,111,128 in 2020.

Financial result decreased in the 12-month period ended December 31, 2020 by 5.2%, from a loss of RON 32,221,007 in 2019, to a loss of RON 30,559,969 in 2020.

The net result recorded in 2020 increased by 279.9%, from a profit of RON 16,785,485 in 2019 to a profit of RON 63,763,684 in 2020. The increase represents the translation in net result of the increase in operating profit.

Analysis of the consolidated statement of financial position

	December 31, 2020	December 31, 2019 *Restated	January 1, 2019 *restated
ASSETS			
Non current assets			
Goodwill	147,256,824	96,007,730	82,378,647
Intangible assets	46,755,678	43,275,568	39,647,014
Tangible assets	535,672,488	491,151,660	458,033,010
Right-of-use assets	146,821,194	133,169,294	146,435,936
Other financial assets	27,940,022	80,970,942	10,599,596
TOTAL NON-CURRENT ASSETS	**904,446,206**	**844,575,194**	**737,094,204**
Current Assets			
Inventories	53,058,518	43,390,267	31,070,480
Receivables	121,079,030	100,323,815	78,957,879
Other receivables	15,822,146	20,770,400	13,117,114
Cash and cash equivalents	81,970,397	37,688,896	33,722,339
	271,930,091	**202,173,378**	**156,867,812**
Assets classified as held for sale	-	381,665	381,665
Prepayments	7,117,566	7,224,106	6,186,462
TOTAL CURRENT ASSETS	**279,047,657**	**209,779,149**	**163,435,939**
TOTAL ASSETS	**1,183,493,863**	**1,054,354,343**	**900,530,142**
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade and other payables	151,690,134	165,133,428	131,744,422
Overdraft	27,127,907	29,011,944	30,911,018
Current portion of lease liability	41,166,069	40,425,758	36,696,515
Current portion of long term debt	46,436,217	24,802,015	23,162,490
Current tax liabilities	5,467,450	308,391	729,572
Provisions	7,209,494	1,749,188	2,458,957
Other short term liabilities	35,230,733	56,629,297	27,578,281
Liabilities directly associated with assets classified as held for sale	-	363,318	458,785
TOTAL CURRENT LIABILITIES	**314,328,004**	**318,423,339**	**253,740,040**
Long Term Debt			
Lease liability	147,097,180	141,065,745	145,214,124
Other long term debt	18,119,743	22,851,746	19,253,369
Long term debt	414,696,592	345,952,241	287,013,365
TOTAL LONG-TERM LIABILITIES	**579,913,515**	**509,869,732**	**451,480,858**
Deferred tax liability	20,345,799	19,162,671	16,436,342
TOTAL LIABILITIES	**914,587,319**	**847,455,742**	**721,657,240**
SHAREHOLDER'S EQUITY			
Issued capital and share capital	82,027,012	81,495,470	81,495,470
Treasury shares	(666,624)	(2,699,804)	(6,056,105)
Reserves	124,211,557	108,709,302	93,906,109
Retained earnings	35,701,579	(3,356,485)	(9,994,660)
Equity attributable to owners of the Group	**241,273,524**	**184,148,483**	**159,350,814**
Non-controlling interests	27,633,021	22,750,118	19,522,088
TOTAL EQUITY	**268,906,545**	**206,898,601**	**178,872,902**
TOTAL LIABILITIES AND EQUITY	**1,183,493,863**	**1,054,354,343**	**900,530,142**

Non-current assets amounted to RON 904,446,206 at 31 December 2020, recording an increase of 7.1% as compared to December 31, 2019. The increase is mainly influenced by the acquisitions made in 2020.

Current assets increased by 34.5% from RON 202,173,378 at 31 December 2019 to RON 271,930,091 at 31 December 2020.

Current liabilities (excluding interest-bearing debts) increased by 22.5%, from RON 162,970,017 at 31 December 2019 to RON 199,597,812 at 31 December 2020.

Interest-bearing debt increased by 28.1%, from RON 542,250,881 as at 31 December 2019 to RON 694,643,708 at December 31, 2020. The increase is due to the financing of the acquisitions completed in 2020, as well as the adoption of IFRS 16.

5. Main Financial Indicators

Current ratio			**Period ended at December 31, 2020**
Current assets / Current liabilities	279,047,657 / 314,328,004	=	0.89

Debt to equity ratio			**Period ended at December 31, 2020**
Long Term Debt / Equity	579,913,515 / 268,906,545	=	216%
Long Term Debt / Capital Assets	579,913,515 / 848,820,060	=	68%

Trade receivables turnover (days)			**Period ended at December 31, 2020**
Average receivables / Sales	110,701,423 / 1,077,448,351	=	36.99

Fixed assets turnover			**Period ended at December 31, 2020**
Sales / Net Fixed Assets	1,077,448,351 / 904,446,206	=	1.19

6. Non-Financial Information

Overview
MedLife Group dedicates all its resources to ensure every client's professional medical services at the highest standards, based on state-of-the-art technological support, in impeccable safety and comfort conditions. The Group has been constantly developing based on the desire to meet the most demanding and complex medical services. The goal of the Group medical units is to improve the quality of life of every patient that use the Group medical services. The access to MedLife Group services is facilitated by the integrated system in place consisting in: hospital, outpatient, laboratory, pharmacy, imaging and corporate subscriptions. As a result, MedLife has become the largest private healthcare provider nationwide based on Sales figures, and is making every effort to further address the needs of patients and to ensure the quality and safety of the medical act.

MedLife offers its services through the largest team of doctors and nurses working in the private sector in Romania, with about 3,000 doctors and 2,000 nurses. The Group employs full-time specialists for the vast majority of specialties offered, but also on a limited-time basis for specialties or specific functions, or works with collaborating medical staff. In addition, given its commitment to provide quality medical services, the Group has consistently invested in medical equipment, which has helped sustain its market leadership in diagnostic imaging technology.

The Group enjoys a high level of satisfaction among patients, achieving a high score for the reputation of its brands among clients and an increasing number of patients is recommending the Group services. The company latest study reveals that MedLife is perceived as a brand that differentiates itself in particular through its openness and respect offered to its customers. The respect offered to the customer, and, at the same time, the efficacy and seriousness proved through the services makes MedLife to be perceived as a trustworthy partner that offers a sense of security.

MedLife received the title of "Most Trusted Brand" by Reader's Digest in the Private Clinics category in Romania for 6 consecutive years (2009-2015), 5 Superbrand Awards (including 2019), Qudal distinction in 2016 and 2017, and ICERTIAS certification for "Superior Excellence" after a study conducted in 2018.

The group conducts weekly patient surveys to get their opinion on the healthcare provided, and the Mystery Shopper is organized biannually at the group level.

Business Model
Med Life's concept of Hyper clinics, large scale ambulatory clinics, as well as the integration of various segments (in the Group) provides substantial potential for revenue capture. For example, an HPP client visiting a Group clinic for a preventative check-up may be advised to undertake further tests or seek further consultations not covered by the HPP. These additional services or consultations are often available within the same Hyper clinic, facilitating the client to choose the Company's services. The Company's ability to accompany the patients in many cases from prevention to diagnosis through treatment provides a continuity of treatment for the patient as well as the capture of FFS revenue for the Group. The Group's Pharmacies business line is another example of revenue capture. When a prescription is given in one of the Group's consulting rooms, patients will often use the most convenient location to fill it: a pharmacy that is

within the same building where the prescription was given. The Group's expansion into the Stomatology business line adds a further leg to this strategy. Preventative dental check-ups can be included in some Health Prevention Packages, ("HPP") which may lead patients to choose the Group for any follow-up treatment as a FFS client.

Sales largely from cash-pay and HPP with low dependency on National Health Houses ("NHIH") funding

Many private healthcare providers in Romania remain dependent for a significant portion of their sales on contracts awarded by the NHIH to service State insured patients. This increases their exposure to changes in the NHIH healthcare priorities, pricings and allocation systems. With only 10% of its sales during 2020 deriving from the treatment of NHIH insured patients, MedLife can independently determine its policies and priorities.

The largest number of HPP clients in Romania

With over 700,000 HPP subscribers as at 31 December 2020, the Group has access to a significant potential client base for its FFS activities. This base is further expanded when the HPP subscribers bring family members and provide referrals to others for the Group's FFS offering. The HPP client base also provides opportunities for up-selling as many of the HPP clients begin with basic medical services packages and gradually move to more comprehensive services.

The Group's continuous investments in new medical facilities set the basis for potential new HPP clients, as the Group's ability to service HPP subscribers in its own medical facilities is often key to the clients' purchasing decision. The market outside Bucharest remains, in the Group's view, underdeveloped for HPP and as such represents an opportunity for further growth by acquiring and integrating local and regional providers, thus expanding its footprint on a regional level and increasing its appeal to HPP clients.

Experienced management able to generate and manage activity development both by organic growth and acquisitions

The Company's track record of organic and acquisition growth is largely due to the Company's strong management team. The Company has developed systems for screening potential acquisitions, completing detailed analysis and decision making in a timely manner, and implementing, post transaction, a fast and efficient integration process. The Company has a reputation in the market as a "friendly acquirer", mainly because the targets' founder/owners are often given the opportunity to stay in the business as minority shareholders, and managers of the subsidiary. Through this approach, MedLife retains their accumulated experience and market knowledge while being able to fully integrate the acquisition into its own systems and revenue capture opportunities. Moreover, by implementing the share buy-back and exchange program of shares with minority shareholders, the Group encourages the alignment of the interests and the contribution of the founders of the subsidiaries to the integrated activity of the group.

From 2010 until December 31, 2020, MedLife has acquired 53 companies (if the representatives of the Competition Council will approve Pharmachem Distributie and CED Pharma - the last acquisitions announced by MedLife), thus gaining valuable expertise and knowledge for the Group, which will allow them to find the best method of continuous and efficient expansion.

Strategy and results

MedLife strategy focuses on maintaining leadership position. MedLife Group seeks to expand its portfolio of units and services, ensuring profitable national coverage to meet the needs of existing and new customers of the Group. At the same time, the Group remains committed to providing clients with safe and quality medical treatments, ensuring a balance between the medical risks and opportunities and the commercial objectives of the Group. Therefore, at the end of 2020, MedLife network include 22 hyper clinics, 53 clinics, 10 hospitals, 33 laboratories, 12 dental clinics and 14 pharmacies, MedLife being the only healthcare provider with large clinics with presence in all cities with over 150,000 inhabitants.

The Group is pursuing opportunities to capture additional revenues and achieve synergies within its current networks and services. The Group aims to achieve this goal through organic growth and the acquisition of smaller providers of medical services on the market. As a result of this strategy, over the past three years, the MedLife Group has been characterized by significant increases in Sales from one reporting period to the next.

Organic growth

During the period 2014 – December 2020, the Company opened a number of new clinics and other facilities, particularly sampling points for its Laboratories business line. Many of these facilities are believed to still have the capacity to service greater numbers of patients, which should allow for the increase in their revenue and profit contribution, as they reach fuller utilization. Further, the Company and the Group continue to optimize the range of services offered at its other facilities to the specific local market conditions, seeking to improve the revenue and margins of each location. As a result, the constant and accelerated ramp-up of these facilities is expected to improve margins as well as deliver further sales growth.

People and resources
The Company services patients through the largest private pool of doctors and nurses in Romania. As of December 31, 2020, the Group, on an overall level, was collaborating with a number of approximately 3,000 physicians and 2,000 qualified nurses across its business lines, including both employees working exclusively for the Group and collaborators, providing services as independent professionals. In addition, more than 1,700 full time employees were working in support and administrative functions as of December 31, 2020.

The Group's objective is that its medical staff be formed exclusively of full-time employees, even if certain specialties and functions either do not justify full-time engagements or such personnel are not available. In these circumstances, the Group enters into part-time employment or collaboration arrangements with the respective staff. The type of contractual arrangement between the Group and its medical staff depends on various criteria, such as the professional context or the time that the medical staff can allocate to services provided to the Group. Medical staff under services agreements are seen by the Group as commercial partners, providing services to the Group as independent contractors, in compliance with the applicable legislation.

The Group seeks to provide adequate compensation and incentives to physicians and other medical staff in exchange for quality medical care and commitments to promote the MedLife Group business model. The usual compensation package offered by the Group to its employees includes fixed remuneration, to which a variable remuneration is added, determined based on a revenue sharing mechanism connected to appointment and consulting activity. Collaborators are compensated based on their appointment and consulting activity.

Collaborators are rewarded according to their number of appointments and consultations. The Group does not operate retirement plans or long-term benefit plans.

The Group invests in human resources programs such as the Life Academy, Good Practice - Nurses School, the Medlife National Conference. These training programs are designed to ensure the professional continuation of its employees, both those in support and administrative staff, as well as those in the medical setting.
As for the relationship with colleagues, the Group provides a safe working environment in which employees are treated fairly and with respect, and the differences between employees are accepted. The Group is committed to providing colleagues with the opportunity to excel and reach their full potential and reward them on a merit basis.
The Group does not tolerate any discrimination, intimidation or harassment of colleagues or between them. The Group encourages clear and open communication with and between colleagues. They can and must promptly express any concerns about any unethical or illegal behaviour by presenting these concerns to the human resources department within the Group. The Group undertakes to investigate such concerns brought to good faith, maintaining the confidentiality of these steps.

Quality Standards
MedLife has implemented the following standards for Quality, Environment and Occupational Health & Safety management systems:

- ISO 9001:2015 (Quality Assessment) through which the organization demonstrates that it has identified the risks and acts to eliminate or limit their effects, which may have a negative impact on the quality management system's ability to achieve the desired results, and a negative impact on customer satisfaction.
- ISO 14001:2015 (Environmental Management System) Implementation of this standard ensures management of the company and its employees as well as external stakeholders (shareholders, investors, institutions, authorities) that the organization's environmental impact is measured and constantly improved.
- OHSAS 18001:2007 (Occupational health & safety management system) represents a working model for the organizations that intend to have a better control over the professional risks.

All of the Group's laboratory facilities are accredited by the Romanian Accreditation Association with ISO 15189 for Quality management.

Health, Safety, Security and Environment
The Group is subjected, and complies with Romanian laws and regulations related to health, safety, security and environment matters. These laws and regulations refer, among other things, to management and disposal of hazardous substances and medical waste, exposure to hazardous materials and protection of health and safety of employees. The Group is required to obtain environmental permits, licenses and authorizations and provide notification to local authorities prior to opening new administrative and medical units.

As of December 31, 2020, the Group is in various stages of procedures for obtaining or updating its fire prevention authorizations for certain of its medical units and other premises. The completion of these procedures is subject to various requirements, such as the performance of certain works and upgrades to the Group's facilities. The Group regards the amounts of the required investments as being immaterial; however, the completion of the necessary works and upgrades is subject to, in certain cases, additional authorizations and clearances, or other procedures in which the Group has engaged. As at December 31, 2020, the Company does not have all fire prevention authorizations in place.

Equipment and Technology
The Group purchases medical equipment to ensure professionally qualified to the highest standards medical services to every client. These devices include, but are not limited to: optical coherence tomography systems, magnetic resonance imaging equipment, computerized tomography equipment, bone density measuring instruments, imaging and identification systems used in dermatoscopy, measurement equipment hepatic rigidity, laser, vacuum systems to reduce fat deposits by cryolysis (LipoCryo), video capsule endoscopy systems.

Medlife laboratories also feature state-of-the-art equipment such as the Abbot Accelerator A3600 automatic line placed in MedLife Grivita laboratory, the first in Romania and in Eastern Europe. Significantly contributes to increasing the accuracy of analyses, reducing execution time, and better traceability and tracking of each patient's samples.

With these equipment and technologies used by MedLife doctors, several surgical interventions have been successfully completed, becoming even a medical premiere in Romania.

Information Technology
The Group relies on international providers for its IT hardware infrastructure. With regards to communication between the Group’s various locations, the Group uses a virtual private network, which ensures effectiveness, security and privacy of communications.

The Group has also implemented a robust IT infrastructure within all its hospitals, which covers admission and surgery appointments, medical procedures, patient check-in and check-out, medical supplies and consumables management, billing on a per-customer basis and generating general management reports.

The Laboratories business line has been equipped with software to manage the lab test processes including the management of samples, patient records, barcode labelling and automated procedures for final results.

Principles for respecting human rights
The group is committed to properly treat patients, competitors and providers. All colleagues must always act with integrity and honesty, continuously protecting the Group's reputation when dealing with patients, competitors and suppliers.

The Group seeks to create and maintain mutually beneficial relationships with its patients by promoting a climate of trust and transparency doubled by innovation and good medical practice. The Group ensures that all suppliers are selected and contracted based on merit and objective business standards so as to avoid real or perceived favouritism.

The Group is adept of a free and fair competition and has no dealings with its competitors. The Group respects all laws and regulations in its field of activity, along with industry standards and internationally accepted practice.

Anti-Bribery and Anti-Corruption principles
In accordance with the Articles of Incorporation, all payments made by MedLife to public authorities, in the jurisdictions in which MedLife is operating, are in comply with all applicable legal provisions and are made exclusively for the purp0ose of ensuring the execution of routine governmental action.

The group has a zero tolerance policy regarding bribery and corruption. Group Policy prohibits promising, offering or paying bribes, as well as requesting, accepting or receiving bribes.

The Group also forbids colleagues to accept gifts, hospitality, or gifts that are intended to influence business decisions.

Corporate Social Responsibility
Medlife values include:

- Responsibility: The Medlife Group guides its actions according to what is important to people's lives and health;

Professionalism: The Medlife Group reunites for 3,000 doctors, professors, lecturers, doctors in medicine who work day by day with dedication and professionalism;

- Innovation: The Medlife Group has a constant concern about methods, technology and organization that will result in better and more effective medical solutions;

- Care and respect: Every patient is important and respected, and everyone's needs are treated with care and attention.

More technological advances have allowed medicine to evolve to minimally invasive techniques that expose patients to low risks and allow for a faster recovery period. In developed countries, it is common practice for many years: patients to be able to go home without requiring over-night hospitalization. In 2005, MedLife was the first to introduce this concept to the Romanian market. MedLife has created space in hospitals and hyper clinics, where patients can benefit from minimally invasive techniques.

MedLife concept "We Make Romania Well" started with the desire to bring good in Romania in as many forms, not just in health and in the medical system. Thus, Medlife Group has developed and supported a number of projects, events and ideas for the well-being of employees or healthcare professionals at the beginning. The Group also organized or participated in medical events where doctors from the country or from abroad had the opportunity to share new knowledge, technologies or procedures.

InfoLine magazine
The InfoLine magazine supports Medlife Group's patients with information and articles about common illnesses, new technologies implemented in the Group's units, new perspectives and interviews with medical staff.

Blood donation campaign
MedLife has launched a national blood donation program to support blood transfusion centres and promote this behaviour in Romanian society. Started 6 years ago, the program runs in the largest cities in the country.

Pro-bono cases
Medlife's commitment remains to treat and help patients in need of interventions, regardless of the environment they come from or their financial situation. Whether it's light or serious, MedLife doctors handle cases brought by humanitarian foundations or identified cases by the Group's employees.

The MedLive platform
In order to reduce the phenomenon of self-diagnosis and auto-medication and to encourage correct information, directly from the doctor, MedLife launched the MedLive.ro online platform. The MedLive platform is an education platform for MedLife patients as well as for doctors or medical students. In the eight years since the platform was launched, users were able not only to keep up-to-date with the latest news about prevention or maintenance of a healthy lifestyle, but also to interact directly with MedLife doctors.

Good for the Environment - The Green Project for Romania
The Green project, together with every action taken by MedLife, is the essence of the brand. And this time, besides respecting the promise of a quality medical act and excellence proven to every patient, the campaign is MedLife's desire to get even more involved in the future of new generations.
Therefore, the project requires that for each child born in MedLife's maternity clinics, the company plans to plant a tree in a deforested area of the Fagaras Mountains through the FCC (Conservation Carpathia Foundation).

Results for 2019 include 2 stages of afforestation, dozens of Medlife employees and volunteers involved, 40,000 seedlings planted.
Also, for the environment, Medlife Group has created a set of good rules that all Medlife employees apply, such as: reducing electricity consumption; selective collection - paper, plastic, electronic, waste; reducing water consumption.

7. Corporate Governance

The corporate governance statement
MedLife and its board members comply with the corporate governance regime established by the Companies Law with the following exceptions:

- Because some members of the Board of Directors and some executive managers hold various positions in the administration, management or control bodies in the subsidiaries of the Group, any lending by the Group to such subsidiaries can be considered a loan by the Group to its directors which is prohibited under the Companies Law;

- Because some members of the Board of Directors and some executive managers hold various positions in the administration, management or control bodies in the subsidiaries of the Group and other positions within the Group (e.g. executive managers, legal advisors, employees) there is the possibility of occurrence of conflicts of interests.

Starting with January 4, 2016, a new corporate governance code issued by the Bucharest Stock Exchange has entered into force and is applicable to all issuers of securities traded on the regulated spot market of the Bucharest Stock Exchange.

The Group monitors environment, social and human resources policies through its corporate governance procedures in place. The responsibility has been translated by the Board of Directors to the management team specific for each department in place: HR and Administrative.

MedLife SA has adhered to the Corporate Governance Code of the Bucharest Stock Exchange considering the quality of the issuer on the capital market. The Corporate Governance Code of the BVB can be found on the official website of the BSE (www.bvb.ro).

The Med Life SA website also includes the following policies and procedures: Organization and Deployment Policy for General Shareholders' Meetings, Code of Ethics and Conduct, Social Responsibility Code, Forecasting Policy and Corporate Governance Statute, documents to which reference is made in the Declaration on Compliance with the Corporate Governance Code.

7.1. Shareholding structure

As of December 31, 2020 the shareholders' structure of Med Life SA is as presented below:

	Number of shares	**%**	**Value**
Legal entities	71,455,241	53.78%	17,863,810
Marcu Mihail	21,557,520	16.22%	5,389,380
Cristescu Mihaela Gabriela	18,660,690	14.04%	4,665,173
Marcu Nicolae	14,204,400	10.69%	3,551,100
Others	6,992,641	5.26%	1,748,160
TOTAL	**132,870,492**	**100.00%**	**33,217,623**

Details regarding shareholders rights is public and can be found in the published Prospectuses of the Company, as well as in the Articles of Incorporation of the Company.

7.2 Company Management

MedLife is managed in a unitary system by the Board of Directors consisting of 7 members appointed by the Ordinary General Meeting of Shareholders for a four-year term with the possibility of being re-elected. Out of 7 members of the Medlife Board of Directors, 3 members are independent members. The Board of Directors is responsible for MedLife's management, acting in the interest of society and protecting the interests of its shareholders by ensuring a sustainable development of the company. According to the Articles of Incorporation, the Board of Directors is responsible for all necessary and necessary acts in order to fulfil the MedLife object of activity, including the management of MedLife subsidiaries or investments, except for the attributions attributable to the General Meeting of Shareholders by law.

MedLife Board of Directors
As at the date of December 31, 2020, the Board of Directors consists of the following members:

Name	**Date of Birth**	**Title**
Mihail Marcu	30.09.1970	Member and Chairman of the Board of Directors, CEO
Ana Maria Mihaescu	29.07.1955	Member of the Board of Directors - independent member
Dimitrie Pelinescu-Onciul	11.08.1947	Member of the Board of Directors
Dorin Preda	03.04.1976	Member of the Board of Directors

Nicolae Marcu	26.10.1968	Member of the Board of Directors
Voicu Cheta	13.08.1981	Member of the Board of Directors - independent member
Ovidiu Fer	31.12.1983	Member of the Board of Directors - independent member

Mihail Marcu (1970) – Member and Chairman of the Board of Directors, Chief Executive Officer
Mihail Marcu has been the Chairman of the Board of Directors of MedLife since August 2006 and Chief Executive Officer since December 2016. Mihail Marcu is a graduate of Bucharest University, the Mathematics and Computer Science Faculty (1995), and has further graduated other post-graduate and advanced training courses delivered by the Romanian Banking Institute, the Open University, DC Gardner training or Codecs, both in Romania, and abroad. Prior to his position as a member of the Board of Directors of MedLife, Mihail Marcu was the Chief Executive Officer of MedLife between January 2004 and August 2006; before that, he held the office of Vice-Chairman of RoBank S.A. (currently, OTP Bank Romania S.A.), being authorised in this capacity by the National Bank of Romania. Earlier, Mihail Marcu held various positions in Credit Bank Romania S.A. and RoBank S.A., including credit inspector, head of credit unit, manager of the credit department, and manager of the corporate department.

Ana Maria Mihăescu (1955) – Independent Member of the Board of Directors
Ana Maria Mihăescu has been a member of the Board of Directors of MedLife since September 2017. In the last 20 years, Ana Maria Mihăescu has led the mission of the International Finance Corporation of Romania, a World Bank’s Division and the largest private sector lender in emerging countries. Between 2011 and 2016, Ana Maria Mihăescu had a decision-making role regarding the IFC projects in several European countries, including Romania. Previously, she held top management positions in the banking sector. Since 2016, she has been a member of the Raiffeisen Bank's Supervisory Board, serving as an independent member for a four-year term.

Dimitrie Pelinescu-Onciul (1947) - Member of the Board of Directors
Dimitrie Pelinescu-Onciul has been a member of the Board of Directors of MedLife since 2008. He is a graduate of the Carol Davila Medicine and Pharmacy University of Bucharest, Faculty of Medicine (1972), specialising in obstetrics and gynecology (residency 1978-1981), and became Doctor in Medical Sciences in 1994. Dimitrie Pelinescu-Onciul is a member of 11 Romanian scientific societies in Romania and of 7 scientific societies abroad, and held among other the office of President of the Romanian Perinatal Medicine Association (2006-2008). Before joining the MedLife team in 2004, Dimitrie Pelinescu-Onciul used to work for Filantropia Clinical Hospital of Bucharest (1994-2004), Titan Clinical Hospital of Bucharest (1986-1991), Brâncovenesc Clinical Hospital (1978-1981), and Sinești Rural Hospital, Vâlcea County (1972-1978), as primary care physician, obstetrics and gynecology, head of clinics or hospital director.

Dorin Preda (1976) – Member of the Board of Directors; Chief Finance and Treasury
Dorin Preda has been a member of the Board of Directors of MedLife since 2008. He is a graduate of the Academy of Economic Studies of Bucharest, Faculty of Finance, Insurance, Banks and Stock Exchanges (1998). Before joining the MedLife team, Dorin Preda was the Chief Executive Officer (CEO) of Asilife Insurance Broker S.R.L. (2007-2008), Branch Manager of HVB –Țiriac Bank S.A. (2006-2007), HVB Bank S.A. (2005-2006), Banca Comerciala Ion Țiriac (2004-2005) and Banca Comerciala RoBank S.A. (2003-2004). Similarly, he used to hold the positions of Manager of Loans and Marketing Department of Banca Comerciala RoBank S.A. (2001-2002), credit analyst with the same bank (2000-2001), and Manager of the Loans Department of Banca Dacia Felix S.A. (1999-2000).

Nicolae Marcu (1968) – Member of the Board of Directors, Chief Healthcare and Operations Officer
Nicolae Marcu has been a member of the Board of Directors of MedLife and Chief Healthcare and Operations Officer since December 2016. Nicolae Marcu is a graduate of Carol Davila Medicine and Pharmacy University of Bucharest, Faculty of Medicine (1996), and has been a doctoral student in psychiatry since 2000. Nicolae Marcu graduated a number of postgraduate studies in psychiatry in the country and abroad. Prior to his position as a member of the Board of Directors of MedLife, Nicolae Marcu was the Chief Executive Officer of MedLife between August 2006 and December 2016, and prior to joining the MedLife team, Nicolae Marcu was a specialised physician in psychiatry with "Dr. Al Obregia" Psychiatric Hospital.

Voicu Cheța (1981) **- Independent Member of the Board of Directors**
Voicu Cheța has been a member of the Board of Directors of MedLife since December 2020. He is a lawyer in the Bucharest Bar with over 15 years of legal experience. His specialized practice covers various fields such as high value commercial litigation, commercial arbitration, insolvency and restructuring, labor relations, public procurement, administrative litigation, debt recovery and company law. In the field of legal advice and representation before the courts and arbitral tribunals, he has acquired an overview and proven skills to approach commercial legal relations in a way that ensures their correlation with the needs of economic activity.

Ovidiu Fer (1983) **- Independent Member of the Board of Directors**
Ovidiu Fer is a member of the Board of Directors of MedLife since December 2020. He is a graduate of the Academy of Economic Studies in Bucharest, Faculty of Finance, Insurance, Banking and Stock Exchanges (2006) and holds an MBA from INSEAD (2014). Starting with 2016, Ovidiu Fer founded the Alpha Quest Regional Investment Fund, as a founding member and is also a member of the Advisory Board of the GapMinder VC Fund (since 2018). Previously, he was a member of the Investment Committee of the IJC Funds (2014-2016) and held the position of external advisor to Elliott Advisors (2013-2014). He also held the position of capital analyst, border market expert and country manager at Wood & Company, in the period 2007-2013 and was a financial analyst for KTD Invest (2005-2007).

Executive Commitee

The Executive Committee is headed by Mr. Mihail Marcu, member of the Board of Directors and General Manager, Nicolae Marcu, Member of the Board of Directors and Director of Health and Operations, Dorin Preda, member of the Board of Directors and responsible for Finance and Treasury. Under the guidance of the above-mentioned key managers, there is a group of executive managers, many of whom have a solid experience within the Group, which manages functions, business lines and headquarters. These professionals have a significant degree of independence and freedom in implementing the budgets established for units and business lines. The composition of the Executive Committee is detailed below:

Name	**Title**
Mihail Marcu	Chief Executive Officer (CEO)
Nicolae Marcu	Chief Healthcare and Operations Officer
Dorin Preda	Chief Finance and Treasury
Adrian Lungu	Chief Financial Officer
Radu Petrescu	HR Director
Geanina Durigu	Laboratory Director
Mariana Brates	Purchasing Director
Larisa Chirirac	Medical Director
Vera Firu	Accounting and Tax Director
Mirela Dogaru	Corporate and Marketing Director

7.3 Audit Committee

The audit committee has three members:

Name	**Date of Birth**	**Title**
Ana Maria Mihaescu	29.07.1955	Member of the Board of Directors - independent member
Voicu Cheta	13.08.1981	Member of the Board of Directors - independent member
Ovidiu Fer	31.12.1983	Member of the Board of Directors - independent member

The Audit Committee has mainly, the following tasks:

- to examine and review the annual financial statements and the profit distribution proposal;
- to carry out annual assessments of the internal control system;
- to evaluate the effectiveness of the internal control system and risk management system;
- to monitor the application of generally accepted legal standards and standards;
- to assess conflicts of interest in affiliated party transactions;
- to analyze and review transactions with affiliated parties that exceed or may be expected to exceed 5% of the net assets of the company in the previous financial year;
- to make CA recommendations.

7.4 Internal Control – Internal Audit function

MedLife established a system of internal control throughout the Group. Internal control is an activity of objective and independent evaluation with consultative purpose performed in order to increase value added and improving the activity of the Group.

Internal control helps the group achieve the objectives set by systematic and disciplined approach, whose goal is to appreciate and improve the efficiency of risk management, control systems and general management.

The objectives of internal control and internal audit are:

- Assessment and evaluation of the accuracy of realized tasks;
- Evaluation of conformity with internal procedures;
- Detection of cases with lack of economic spirit, waste, abuses and other irregularities indicating the persons/ posts responsible for them;
- Presentation to the Board of Directors of objective information from areas covered by internal control and of recommendations in order to eliminate identified issues and follow-up
- Rendering of services in terms of assessments, evaluations, recommendations for the Board of Directors

The Group's internal control checked: compliance with the laws in force; application of the decisions made by the management; good operation of the internal activity; efficient use of resources; prevention and control of the risk of failing to reach the goals set; ensuring an accounting management and financial monitoring of the Group's activities.

Internal control is applicable:

- prior to conducting the operations, upon the preparation of the budget, which would allow subsequently to conducting the operations, the budget control;
- during the operations and after their completion, a case where it is analysed the profitability of the operations and it is ascertained the existence of the conformity or possible irregularities, which need to be adjusted.

7.5 Nomination Committee

The nomination committee consists of the following members:

1. Ana Maria Mihaescu, Independent Non-Executive Administrator
2. Voicu Cheta, Independent Non-Executive Administrator
3. Dimitrie Pelinescu-Onciul, Non-Executive Administrator

The nomination committee has the following responsibilies:

- To approve a description of the role and eligibility conditions required for a specific position in the CA or the Executive Committee;
- To identify candidates for position in the Board of Directors, if the case / to make recommendations regarding the proposal of candidates for appointment to the Board of Directors;

At the moment, the Company does not have a remuneration policy in force. However, the amount of the remuneration of the members of the Board of Directors of the Company, as well as the members of the Executive Committee, is published on the company's website and is subject to the approval of the Annual General Shareholders' Meeting. The development of a remuneration policy is currently being considered.

Thus, the following tasks will be assigned to the nomination committee:

- To ensure an adequate remuneration policy, compatible with Group's strategy and long-term interests;
- To ensure the publication of the direct and indirect remuneration of the board of directors and executive directors in the annual report, distinguishing between the fixed and variable components of the remuneration.

8. Risk exposures

Capital risk

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.
The capital structure of the Group consists of debt, which includes borrowings from bank and IFC and also financial leasing, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

The Group's risk management reviews the capital structure regularly. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Financial risk management objectives
The Group's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risk
The Group's activities expose it primarily to foreign exchange rate risks. There were no changes in the Group's exposure to market risks or the way they manage and assess their risk.

Foreign exchange rate risk
The Group operates and carries out transactions denominated in various currencies. The management analyses the exposure to currency risk and takes the necessary measures to protect itself.

Interest rate risk
The management of the Group analyses the financial costs of borrowing from banks and financial leasing and takes the necessary measures to protect itself against interest rate risk.

Credit risk
The financial assets that might expose the Group to a credit risk concentration mainly consist of receivables (trade receivables and similar receivables). Given the large number of clients of the Group, credit risk is rather limited.

The Group has also developed certain procedures to assess legal entities as customers prior to signing contracts, aimed at providing preventive and prophylactic health care packages (PPMs) and monitoring their ability to meet the payments during the course of contracts.

Liquidity risk/ cash flow risk
The Group's policy is to maintain sufficient liquidities to pay for its obligations when such become due.

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has set up an appropriate liquidity risk management framework to manage short, medium and long-term funding requirements and liquidity management.

The Group manages liquidity risk by maintaining reserves, continuously monitoring the estimated and effective cash flows and reconciling the maturities of financial assets and liabilities.

Fiscal environment
The taxation system in Romania is still developing and is subject to various interpretations and constant changes, which may sometimes be retroactive. Although the actual tax due for a transaction may be minimum, delay interests may be significant, as they can be calculated at the value of the transaction and at a rate of 0.02% per day (interest) and 0.01% (penalties) per day.

In Romania the statute of limitation for tax controls (audits) is of 5 years. Management believes that the tax obligations included in these financial statements are adequate.

Transfer pricing
The fiscal legislation from Romania includes the "market value" principle, according to which the transactions between related parties have to be performed at the market value. The local tax payers, who carry transactions with related parties, have to prepare and make available to the tax authorities from Romania, at their written request, the transfer pricing documentation file. If the companies do not prepare the documentation or they present an incomplete transfer pricing file may attract penalties for non-conformity, and additionally to the information presented in the transfer pricing file, the fiscal authorities may have a different interpretation of the transactions and the circumstances compared to the management's assessment and, as a result, they may impose additional fiscal obligations as a result of adjusting transfer prices. The management of the Group is confident that, if required, they will submit the necessary information in due time to the fiscal authorities. The transactions with related parties and group companies are performed based on the market value principle.

Litigation
The Group is involved in various litigations as part of normal course of business. Management has assessed the legal status together with the Group's legal advisors and all necessary adjustments have been recorded in the consolidated financial statements.

9. Subsequent events

Actions implemented to prevent and limit the spread of COVID-19

The MedLife Medical System, the largest operator of medical services in Romania, has implemented, from the first alert day on limiting the spread of SARS-CoV-2 (Coronavirus) virus in Romania, a series of prevention and protection measures for patients. and to the medical and auxiliary staff, focusing on preventing factors that could represent a danger of infection for all those in the medical units.

In all MedLife units, the methodology of surveillance of the acute respiratory system was implemented, and at the moment, the company ensures a good continuity of the medical activity. Epidemiological triage of patients through call-centers and medical teams, special circuits for patients with acute respiratory pathology, adaptation of consultation intervals to increase patient safety (allocating time needed to disinfect spaces after interaction with each patient), creating special spaces for isolating cases suspected of infectious diseases, the provision of protective equipment and disinfectant products, but also the development of complex procedures of cleaning, disinfection and nebulization are only part of the important measures that have been taken and that the special medical teams follow and manage them properly.

Regarding the operational segment, the administrative and support staff, the MedLife Medical System has implemented a Continuity of Activity Plan, the safety of the employees being a priority. The measures consist in dividing the key employees into two teams and avoiding physical interaction between them, but also the remote activity, both ensuring a good continuity of the company's activity. Also, all the events scheduled at the group level in the following period were suspended, and they will revert to them when exposure in the public space will no longer represent a risk to human health.

The MedLife Medical System actively monitors the economic situation in Romania and the possible negative implications on its current operations, at present, there are reductions in the activity determined by the social distance measures, imposed by the public authorities as measures to limit the spread of the SARS-CoV-2 virus. (Coronavirus). Despite the diminished activity, the company has taken all necessary measures to maintain good continuity of medical activity in all MedLife clinics and hospitals, taking priority over medical staff and colleagues in the front line and studying the compensation of these turbulences by reducing the short-term overhead costs.

The priority of the MedLife Medical System remains the health of patients and employees, fully respecting the decisions of the local authorities.
The Company assessed the impact of the Coronavirus pandemic over its business and concluded that the financial statements will not be significantly affected by this event. Even though, we currently can’t properly evaluate the consequences of this pandemic considering the dynamics in the evolution, the Company doesn’t expect a major impact on its activity in the future based on information available to the management at the date of this report.

Greenfield acquisition and investment plans

MedLife Medical System announces its intention to increase its existing facilities by 40 million euros by signing a syndicated loan, the discussions being already advanced with the banks. Depending on the opportunities, other important liquidities of the company will be added to this increase, as appropriate. The bank union that would sign the new loan consists of Banca Comercială Română, as coordinator, main arranger, documentation agent, facility and guarantee agent and financier, BRD Groupe Société Générale, Banca Transilvania and Raiffeisen Bank, as of main arrangers and funders.

The new funds will be dedicated to consolidating and expanding the group nationwide, by developing medical units such as MedPark, where the patient benefits from a 360-degree approach both in terms of the complexity of the medical act and the quality of adjacent services. Major emphasis will be placed on the development of programs and projects in a pandemic context, projects related to prevention, oncology and medical radiotherapy, technology and digitization, the main objective being the needs of the patient caring for his health and wanting to solve his needs efficiently, quickly and safely. According to company representatives, the amount is not intended to complete ongoing acquisitions for which MedLife has sufficient liquidity. At the same time, the company aims to continue the research efforts, and even to intensify them through new investments in the new year.

Administrators