MED LIFE GROUP

CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2023

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

Free translation from the original Romanian version.

Name of the issuing company: MED LIFE S.A.
Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania
Fax no.: 0040 374 180 470
Unique Registration Code at the National Office of Trade Registry: 8422035
Order number on the Trade Registry: J40/3709/1996
Subscribed and paid-in share capital: RON 33,217,623
Regulated market on which the issued securities are traded: Bucharest Stock Exchange

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

	March 31, 2023	January 1, 2023
ASSETS		
Non-current Assets		
Goodwill	391,557,144	368,672,606
Intangible assets	100,018,389	100,192,265
Property, plant and equipment	859,716,004	828,501,060
Right-of-use asset	296,185,181	306,413,389
Other financial assets	111,526,483	82,810,704
Total Non-Current Assets	**1,759,003,201**	**1,686,590,024**
Current Assets		
Inventories	96,150,657	98,770,370
Trade Receivables	205,378,286	221,358,860
Other assets	44,049,549	44,362,334
Cash and cash equivalents	118,303,079	89,068,154
Prepayments	14,335,831	11,826,587
Total Current Assets	**478,217,402**	**465,386,305**
TOTAL ASSETS	**2,237,220,603**	**2,151,976,329**
LIABILITIES & SHAREHOLDER'S EQUITY		
Non-Current Liabilities		
Lease liability	220,469,422	225,175,340
Other long term debt	20,649,414	21,657,277
Interest-bearing loans and borrowings	900,223,557	803,273,659
Deferred tax liability	44,250,159	44,250,160
Total Non-Current Liabilities	**1,185,592,552**	**1,094,356,436**
Current Liabilities		
Trade and other payables	323,061,107	335,356,742
Overdraft	16,923,285	27,801,016
Current portion of lease liability	74,920,778	77,141,698
Current portion of interest-bearing loans and borrowings	62,375,478	55,695,054
Current tax liabilities	6,329,951	814,508
Provisions	9,935,371	9,783,326
Other non-financial liabilities	71,154,738	68,989,304
Total Current Liabilities	**564,700,708**	**575,581,648**
TOTAL LIABILITIES	**1,750,293,260**	**1,669,938,084**
SHAREHOLDER'S EQUITY		
Share capital and Share premium	83,504,400	83,812,556
Treasury shares	(595,125)	(3,219,219)
Reserves	205,905,270	204,591,242
Retained earnings	135,215,663	131,596,255
Equity attributable to owners of the Group	**424,030,208**	**416,780,834**
Non-controlling interests	62,897,135	65,257,411
TOTAL EQUITY	**486,927,343**	**482,038,245**
TOTAL LIABILITIES AND EQUITY	**2,237,220,603**	**2,151,976,328**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Period ended March 31,	
	2023	**2022**
REVENUE FROM CONTRACTS WITH CUSTOMERS	529,453,478	418,861,038
Other operating revenues	3,316,888	2,047,789
Operating Income	**532,770,366**	**420,908,827**
Consumable materials and repair materials	(91,017,054)	(64,210,728)
Third party expenses	(147,723,764)	(108,927,667)
Salary and related expenses	(126,148,971)	(96,583,090)
Social contributions	(4,606,973)	(3,412,206)
Depreciation and amortization	(47,150,315)	(31,337,281)
Impairment losses and gains (including reversals of impairment losses)	(1,002,093)	-
Commodities expenses	(56,109,225)	(50,564,976)
Other operating expenses	(31,428,479)	(25,016,994)
Operating expenses	**(505,186,874)**	**(380,052,942)**
Operating Profit	**27,583,492**	**40,855,885**
Finance cost	(15,222,700)	(7,052,599)
Other financial expenses	126,520	(273,056)
Financial result	**(15,096,179)**	**(7,325,655)**
Result Before Taxes	**12,487,313**	**33,530,229**
Income tax expense	(4,062,738)	(3,976,198)
Net Result	**8,424,575**	**29,554,031**
Owners of the Group	7,292,171	27,291,310
Non-controlling interests	1,132,403	2,262,721
Other comprehensive income items that will not be reclassified to profit or loss		
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**
Total other comprehensive income attributable to:		
Owners of the Group	-	-
Non-controlling interests	-	-
TOTAL COMPREHENSIVE INCOME	**8,424,575**	**29,554,031**
Total comprehensive income attributable to:		
Owners of the Group	7,292,171	27,291,310
Non-controlling interests	1,132,403	2,262,721

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	Period ended March 31, 2023	Period ended March 31, 2022
Net profit before taxes	**12,487,313**	**33,530,229**
Adjustments for		
Depreciation and amortization	47,150,315	31,337,281
Provisions for liabilities and charges	30,653	-
Interest revenue	(995,332)	(55,660)
Interest expense	15,222,700	7,052,599
Allowance for doubtful debts and receivables written-off	1,002,093	-
Other non-monetary gains	(1,498,500)	(1,304,298)
Unrealized exchange loss	896,967	339,656
Operating cash flow before working capital changes	**74,296,208**	**70,899,808**
Decrease / (increase) in accounts receivable	7,998,782	(22,801,967)
Decrease / (increase) in inventories	3,384,877	1,950,332
Decrease / (increase) in prepayments	(2,338,617)	(5,374,594)
Increase / (decrease) in accounts payable	(15,754,314)	(1,566,547)
Cash generated from working capital changes	**(6,709,272)**	**(27,792,776)**
Cash generated from operations	**67,586,936**	**43,107,032**
Income Tax Paid	-	(87,058)
Interest Paid	(2,264,695)	(3,783,214)
Interest received	995,332	55,660
Net cash from operating activities	**66,317,573**	**39,292,420**
Acquisition of subsidiaries, net of cash acquired	(72,914,537)	(69,791,913)
Purchase of intangible assets	(3,476,458)	(3,660,902)
Purchase of property, plant and equipment	(24,504,211)	(5,455,183)
Net cash used in investing activities	**(100,895,206)**	**(78,907,998)**
Proceeds from loans	112,441,819	71,147,274
Payment of loans	(29,728,489)	(3,648,645)
Payment of principal portion of lease liabilities	(18,498,821)	(12,874,817)
Dividends paid to NCI	-	(30,000)
Payments for purchase of treasury shares	(401,951)	(5,100,079)
	63,812,558	**49,493,733**
Net change in cash and cash equivalents	29,234,925	9,878,155
Cash and cash equivalents beginning of the period	89,068,154	135,858,888
Cash and cash equivalents end of the period	**118,303,079**	**145,737,043**

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	Share Capital	Treasury shares	Share premium	Legal reserves and other reserves	Revaluation Reserve	Accumulated Results	Attributable to owners of the parent	Non-controlling interests	Total Equity
Balance as at January 1, 2023	**33,217,623**	**(3,219,219)**	**50,594,933**	**55,094,194**	**149,497,049**	**131,596,255**	**416,780,835**	**65,257,412**	**482,038,247**
Profit of the year	-	-	-	-	-	7,292,171	7,292,171	1,132,403	8,424,574
Revaluation of Land and Constructions	-	-	-	-	-	-	-	-	-
Deferred tax related to other elements of the overall result	-	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**7,292,171**	**7,292,171**	**1,132,403**	**8,424,574**
Recognition of other reserves for fiscal purposes (legal reserves)	-	-	-	15,797	-	(15,797)	-	-	-
Recognition of other reserves	-	-	-	1,298,231	-	(1,298,231)	-	-	-
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	-	64,412	64,412
Subsequent acquisition of NCI	-	-	-	-	-	(2,358,736)	(2,358,736)	(3,557,092)	(5,915,828)
Distribution of dividends	-	-	-	-	-	-	-	-	-
Increase from own shares acquisition	-	(401,951)	-	-	-	-	(401,951)	-	(401,951)
Net release of own shares used for acquiring additional NCI	-	3,026,045	-	-	-	-	3,026,045	-	3,026,045
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made	-	-	(308,156)	-	-	-	(308,156)	-	(308,156)
Balance as at March 31, 2023	**33,217,623**	**(595,125)**	**50,286,777**	**56,408,221**	**149,497,049**	**135,215,662**	**424,030,208**	**62,897,135**	**486,927,343**

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	Share Capital	Treasury shares	Share premium	Legal reserves and other reserves	Revaluation Reserve	Accumulated Results	Attributable to owners of the Group	Non-controlling interests	Total Equity
Balance as at January 1, 2022	**33,217,623**	**(4,015,977)**	**49,177,468**	**41,850,760**	**95,484,740**	**122,394,796**	**338,109,410**	**43,295,149**	**381,404,558**
Profit of the year	-	-	-	-	-	32,173,072	32,173,072	5,259,484	37,432,556
Revaluation of Land and Buildings	-	-	-	-	64,300,368	-	64,300,368	1,992,043	66,292,411
Deferred tax related to other elements of the overall result	-	-	-	-	(10,288,059)	-	(10,288,059)	(318,727)	(10,606,786)
Total comprehensive income	**-**	**-**	**-**	**-**	**54,012,309**	**32,173,072**	**86,185,382**	**6,932,800**	**93,118,182**
Recognition of other reserves for fiscal purposes (legal reserves)	-	-	-	885,378	-	(885,378)	-	-	-
Recognition of other reserves	-	-	-	12,358,056	-	(12,358,056)	-	-	-
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	-	21,895,097	21,895,097
Subsequent acquisition of NCI	-	-	-	-	-	(9,728,180)	(9,728,180)	(6,865,634)	(16,593,814)
Distribution of dividends	-	-	-	-	-	-	-	-	-
Increase from own shares acquisition	-	(7,851,825)	-	-	-	-	(7,851,825)	-	(7,851,825)
Net release of own shares used for acquiring additional NCI	-	8,648,583	-	-	-	-	8,648,583	-	8,648,583
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made	-	-	1,417,465	-	-	-	1,417,465	-	1,417,465
Balance as at December 31, 2022	**33,217,623**	**(3,219,219)**	**50,594,933**	**55,094,194**	**149,497,049**	**131,596,255**	**416,780,835**	**65,257,412**	**482,038,247**

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1. DESCRIPTION OF THE BUSINESS

Med Life S.A. ("MedLife" or the "Parent Company" or the "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania, with its headquarters in Bucharest, 365, Calea Grivitei, with a share capital of RON 33,217,623, with a nominal share value of 0.25 RON.
The Company's activity resides in the performance of healthcare services activities through medical centres with national coverage.

MedLife, together with its subsidiaries ("MedLife Group" or the "Group"), is offering a large range of medical service, with a network of 35 hyperclinics, 64 clinics, 12 hospitals – located in Bucharest, Arad, Sibiu, Brasov, Cluj, Ploiesti and Pitesti, 36 laboratories, 23 pharmacies and 18 dental clinics. The Group has also more than 170 private clinic partners around Romania.

Medlife is the most important provider of medical services in Romania, having a significant market share at a national level.

List of the entities part of Med Life Group as at March 31, 2023 and January 1, 2023 are as follows (ownership percentage):

No.	Entity	Main activity	Location	31 March 2023	1 January 2023
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83%	83%
2	Medapt SRL (indirect)*	Medical Services	Brasov, Romania	83%	83%
3	Histo SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66.4%	66.4%
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	Arad, Romania	83%	83%
10	Genesys Medical Clinic SRL (indirect)*	Medical Services	Arad, Romania	83%	83%
11	Bactro SRL (indirect)*	Medical Services	Deva, Romania	83%	83%
12	Transilvania Imagistica SA (indirect)*	Medical Services	Oradea, Romania	83%	83%
13	Biofarm Farmec SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Arad, Romania	100%	100%
14	RUR Medical SA (indirect)*	Medical Services	Brasov, Romania	83%	83%
15	Biotest Med SRL	Medical Services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical Services	Iasi, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	90%
18	Ultratest SA (direct si indirect)*	Medical Services	Craiova, Romania	92%	92%
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	Bucharest, Romania	65%	60%
23	Green Dental Clinic SRL (indirect)*	Dental healthcare	Bucharest, Romania	33.2%	31%
24	Dentist 4 Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	65%	60%
25	Dent A Porter SRL (indirect)*	Dental healthcare	Bucharest, Romania	33.5%	31%
26	Dentestet Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	34.4%	32%
27	Aspen Laborator Dentar SRL (indirect)*	Dental healthcare	Bucharest, Romania	48.8%	45%
28	Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	100%	100%
29	Almina Trading SA	Medical Services	Targoviste, Romania	90%	90%
30	Anima Specialty Medical Services SRL	Medical Services	Bucharest, Romania	100%	100%
31	Anima Promovare si Vanzari SRL (indirect)*	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 (indirect)*	Medical Services	Pitesti, Romania	80%	80%
36	Ghencea Medical Center SA	Medical Services	Bucharest, Romania	100%	100%
37	Sfatul medicului SRL	Medical Platform	Bucharest, Romania	100%	100%
38	RMC Dentart (indirect)*	Dental healthcare	Budapesta, Ungaria	81.3%	81.3%
39	RMC Medical (indirect)*	Medical Services	Budapesta, Ungaria	81.3%	81.3%
40	RMC Medlife	Holding	Budapesta, Ungaria	81.3%	81.3%
41	Badea Medical SRL	Medical Services	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SA	Medical Services	Bucharest, Romania	79%	79%

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No.	Entity	Main activity	Location	31 March 2023	1 January 2023
43	Centrul medical Micromedica SRL	Medical Services	Piatra Neamt, Romania	100%	100%
44	Micromedica Targu Neamt SRL (indirect)*	Medical Services	Targu Neamt, Romania	100%	100%
45	Micromedica Bacau SRL (indirect)*	Medical Services	Bacau, Romania	100%	100%
46	Micromedica Roman SRL (indirect)*	Medical Services	Roman, Romania	100%	100%
47	Medrix Center SRL (indirect)*	Medical Services	Roznov, Romania	100%	100%
48	Spitalul Lotus SRL	Medical Services	Ploiesti, Romania	100%	100%
49	Labor Maricor SRL (indirect)*	Medical Services	Bacau, Romania	100%	100%
50	Centrul Medical Matei Basarab SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
51	Pharmachem Distributie SRL	Distribution of Pharmaceutical Products	Bucharest, Romania	75%	75%
52	CED Pharma SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
53	Leti Pharm 2000 SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
54	Monix Pharm SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
55	KronDent SRL (indirect)*	Dental healthcare	Brasov, Romania	39%	36%
56	Medica SA	Medical Services	Sibiu, Romania	60%	60%
57	Dent Estet Ploiesti SRL (indirect)*	Dental healthcare	Ploiesti, Romania	33.2%	30.6%
58	The Lab Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
59	Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
60	Stomestet Plus SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
61	Costea Digital Dental SRL (indirect)*	Dental healthcare	Oradea, Romania	38%	36%
62	Expert Med Centrul Medical Irina (indirect)*	Medical Services	Galati, Romania	76%	76%
63	MNT Healthcare Europe SRL	Medical Services	Ilfov, Romania	50%	50%
64	MNT Asset Management SRL (indirect)*	Holding	Bucharest, Romania	50%	50%
65	Clinica Life-Med SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
66	Pro Life Clinics SRL (indirect)*	Medical Services	Iasi, Romania	60%	60%
67	Onco Card SRL (indirect)*	Medical Services	Brasov, Romania	83%	83%
68	Onco Card Invest SRL (indirect)*	Holding	Brasov, Romania	83%	83%
69	Tomorad Expert SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66.4%	66.4%
70	IT Repair SRL (indirect)*	Medical Services	Targu Mures, Romania	49.8%	49.8%
71	Medici's SRL	Medical Services	Timisoara, Romania	80%	80%
72	Micro-Medic SRL	Medical Services	Timisoara, Romania	80%	80%
73	Sweat Concept One SRL	Wellness	Bucharest, Romania	60%	60%
74	OptiCristal Consult SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
75	Alinora Optimex SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
76	Medicris SRL (indirect)*	Medical Services	Oradea, Romania	83%	83%
77	Triamed SRL (indirect)*	Medical Services	Oradea, Romania	83%	83%
78	SC M-Profilaxis SRL (indirect)*	Medical Services	Timisoara, Romania	80%	80%
79	VitaCare Flav SRL (indirect)*	Medical Services	Pitesti, Romania	80%	80%
80	Dent Estet Genesys SRL (indirect)*	Medical Services	Arad, Romania	73.8%	71.3%
81	Aspire Dental SRL (indirect)*	Dental healthcare	Bucharest, Romania	65%	60%
82	Sanopass SA	Medical Platform	Targoviste, Romania	62.5%	51%
83	Muntenia Medical Competences S.A.	Medical Services	Pitesti, Romania	79.8%	0%
84	Bios Diagnostic Medical Services SRL*	Medical Services	Bucharest, Romania	51%	0%
85	Centrul de Diagnostic si Tratament Provita S.A.	Medical Services	Bucharest, Romania	51%	0%
86	Medical City Blue SRL*	Medical Services	Bucharest, Romania	51%	0%
87	Laborator Cuza Voda SRL*	Medical Services	Bucharest, Romania	51%	0%
88	Provita Pain Clinic SA*	Medical Services	Suceava, Romania	35.7%	0%
89	Policlinica Sf. Ilie SRL*	Medical Services	Craiova, Romania	100%	0%

**These companies are subsidiaries of other subsidiaries in the Group and are included in the consolidation, as they are controlled by the entities which are subsidiaries of the ultimate parent.*

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

2.1 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS amendments which have been adopted by the Group/Company as of 1 January 2022:

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:
  - **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment any proceeds from the sale of items produced while bringing the asset to the location and condition necessary for it be capable of operating in the manner intended by management. Instead, a company recognizes such sales proceeds and related cost in profit or loss.

  The amendments had no impact on the financial statements of Med Life Group.

- **IFRS 16 Leases-Covid 19 Related Rent Concessions beyond 30 June 2021 (Amendment)**
  The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

2.2 Standards issued but not yet effective and not early adopted

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity’s own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability’s classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU.

- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**
  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments have not yet been endorsed by the EU.

- **Amendment in 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**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

  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, except for the effects of IAS 12 amendment where the analysis of impact is ongoing as of 31 March 2023.

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

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) 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 2022, except for the adoption of new standards effective as of January 1st 2023.

The financial year corresponds to the calendar year.

3.2 Basis of preparation

The consolidated financial statements of Medlife Group, hereinafter referred to also as "the Group", are presented in RON ("Romanian Leu"), using going concern principles. All values are rounded to the nearest two decimals. The consolidated financial statements have been prepared on the historical cost basis, except for certain items that have been measured at fair value, such as certain non-current assets and financial instruments, as presented in the notes to the financial statements.

The Group maintains the accounting books in accordance with the Regulations on Accounting and Reporting issued by the Ministry of Finance in Romania.

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.

As a result of the recent signing of the refinancing syndicated loan contract, the Group has also undrawn facilities of an amount of EUR 50.7m, which along with other liquidity of the Group, will be used for possible new acquisition opportunities on the market.

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 when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns. Generally, there is a presumption that a majority of voting rights results in control.

To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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 assets and liabilities, equity, income, expenses and cashflows related to transactions between members of the Group 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 cost of acquisition is measured at the aggregate of the consideration transferred which is measured at the acquisition date fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost, being 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 the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of 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.

After initial recognition, goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

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.

3.6 Significant judgements, estimates and assumptions

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.

3.6.1. Judgements

In the process of applying the Group's accounting policies, the following judgments were made, particularly with respect to the following:

Determining the lease term of contracts with renewal and termination options – Group as a lessee

Medlife Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has lease contracts which include extension and termination options.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. When determining the lease term to be used for the measurement of the lease, the Group takes into account all the relevant facts and circumstances that create an economic incentive for exercising either the extension or termination option of the lease term.
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.
- In case of lease term in relation to indefinite lease contracts the assumption applied was that the lease term will be similar to other contracts signed with the same provider or based on the relevant period beyond which the exercise of any option becomes uncertain.

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.

Separate performance obligations for stem cells contracts
In case of revenues obtained from stem cells processing and storage, the Group considers whether there are two promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Therefore, the Group has identified two separate performance obligations of a multi-component business: the production or processing of stem cells and the storage of cell deposits and allocates the part of the total transaction price corresponding to the storage component on a cost plus basis, with the remaining consideration being allocated to the production and processing component.

Intangible assets with indefinite useful life
The Group's management normally uses judgement to assess whether its intangible assets have a definite or indefinite life and should revise periodically this estimate.

Capitalisation of major inspections or components replacement (including spare parts)
The Group exercises judgement in deciding whether or not there are items that should be capitalised as items of property, plant and equipment. In case of major inspections, the cost can be recognised in the carrying amount of the item of property, plant and equipment, as a replacement, if the recognition criteria are satisfied. Individual components of a significant amount in the total value of an equipment may be replaced, as well as spare parts which in aggregate can become of a significant value that satisfy the recognition criteria. Management performs an assessment whether the replacement increases the performance of the asset or increases its useful life and capitalises the costs incurred if the recognition criteria are met.

Fair value assets and liabilities acquired
The Group has applied the factors and disclosed the quantitative information under IFRS 13 Fair Value Measurement based on the classes of assets and liabilities determined as per IFRS 13.94. As judgement is required to determine the classes of properties, other criteria and aggregation levels for classes of assets may also be appropriate, provided they are based on the risk profile of the assets.

Cash generating units
Management exercises judgement in determining the appropriate level of grouping assets into CGUs, based on the fact that they share significant common infrastructure.

Contingencies
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Control over subsidiaries
The Group assesses whether or not it has control over the acquired companies based on whether it has the practical ability to direct the relevant activities of the targets, immediately after acquisition.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

• Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
• Exposure, or rights, to variable returns from its involvement with the investee;
• The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
• The contractual arrangement(s) with the other vote holders of the investee;
• Rights arising from other contractual arrangements;
• The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

In the recent acquisition of the MNT companies (or Group Neolife, consisting of MNT Healthcare and MNT Asset Management), where 50% of the voting rights were acquired, the Group has established to have control over them. Considering the 50:50 shareholding structure, the Board of Directors structure, where the Group nominates 3 members out of 5 while MNT nominates only 2 members out of 5 and that the ratio will be respected within each period, together with the responsibilities set for decision making process and execution of responsibilities, the Group has concluded that it has power over the investee.

In respect of exposure, or rights, to variable returns from its involvement with MNT, Group Medlife has a 50% share to the returns in the Subsidiary, in line with Articles of Incorporation.

In respect of the ability to use its power over the investee to affect the amount of the investor's returns, according to Articles of Incorporation, the Board of directors (which is controlled by MedLife given the 3-2 ratio) is in charge with the preparation and approval of the budget and business plan, including investment strategy. In 2022, investment in 3 centers was drafted and approved. Reinvestment of profit from the AS IS business together with Banks financing were also approved by the Board of Directors.

3.6.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revaluation 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 2022. The valuations conform to International Valuation Standards.

Impairment of non-financial assets

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of six years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

Allowance for expected credit losses of trade receivables and contract assets

The Group always recognises lifetime expected credit losses (ECL) for trade receivables and contract assets. The expected credit losses 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 judgement and uses estimates and assumptions. Estimation of expected credit risk losses involved forecasting future macroeconomic conditions for the next year, compared to the average for 2019-2021 period.

In the case of long-term receivables for stem cells processing, the Group recognises an allowance based on the historical collection process for contracts in which the payment is usually due in several years.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rates to measure lease liabilities. These incremental borrowing rates were determined taking into consideration factors such as the credit risk, currency in which the lease was denominated and economic environment.

Financing component in contracts concluded with customers - Estimating the discount rate
In order to account for time value of money in contracts concluded with customers for a period longer than one year, where there is a significant financing component, the Group has determined the prevailing interest rate in the market used to discount the transaction price in the contract. This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Provision for untaken holidays
The Company recognizes a provision for untaken holidays equal to the number of unused leave multiplied by the relevant employee's gross salary at the reporting date.

3.7 Foreign currency and 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 almost all of the companies of the Group operate (their "functional currency"). The functional currency of the foreign operations is generally their local currency.

The exchange rates as announced by the National Bank of Romania on March 31, 2023 were RON 4.9491 for EUR 1 (December 31, 2022: RON 4.9474 for EUR 1), respectively 1.300 for HUF 100 (December 31, 2022: RON 1.2354 for 100 HUF).
The average exchange rates for the period of 3 months 2023 were RON 4.9189 for 1 EUR (3 months 2022: RON 4.9462 for 1 EUR), respectively RON 1.2665 for 100 HUF (3 months 2022: RON 1.3593 for 100 HUF).

Translation of foreign currencies
Transactions in foreign currencies are translated to the respective functional currency of the Group at the exchange rate ruling at the time of the transaction. Foreign currency monetary assets and liabilities are retranslated into the functional currency at rates of exchange ruling at the reporting date. The foreign exchange differences arising on these translations are recognised as other financial income/expense in the income statement.

Translation of foreign operations
For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Foreign exchange differences arising on translation are recognised in equity through the statement of comprehensive income.

3.8 Property, plant and equipment

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

The value of land and buildings owned presented in these consolidated financial statements is based on the valuation reports which were prepared as of December 31, 2022 by independent valuators certified by ANEVAR. The following steps were taken to estimate the market value of the assets: analysis of assets subject to valuation; the evaluation approaches and the valuation methods applied were based on the category of assets analysed, their location, their characteristics, specific market information; application of appropriate valuation methods for each asset category (i.e. land and buildings) subject to evaluation and estimation of the fair value of the assets analysed at the valuation date, 31 December 2022. The land is not depreciated.

Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.
Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

The Group transfers the revaluation surplus included in equity in respect of an item of property, plant and equipment directly to retained earnings when the asset is derecognised (i.e. retired or disposed of).

Property, plant and equipment using the cost model
Leasehold improvements fall in this category and are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful life. The estimated useful life for this type of asset is usually over the life of the lease, considering any potential contract prolongations.

Installations and equipment are also stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

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

An item of property, plant and equipment is initially recorded at cost. Cost includes all costs necessary to bring the asset to working condition for its intended use. This include not only its original purchase price, but also costs of site preparation, delivery and handling, installation, related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site, if the case.
Proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management are not deducted from the cost of the item of property, plant and equipment, but recognised in profit or loss.

An entity evaluates under the recognition principle all its property, plant and equipment costs at the time they are incurred. These costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of it.

A condition of continuing to operate an item of property, plant and equipment may be performing regular major inspections for faults regardless of whether parts of the item are replaced.

Costs with capital repairs are included in the carrying amount 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 repairs are depreciated over the remaining useful period of the respective asset.

When each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised. This occurs regardless of whether the cost of the previous inspection was identified in the transaction in which the item was acquired or constructed. If necessary, the estimated cost of a future similar inspection may be used as an indication of what the cost of the existing inspection component was when the item was acquired or constructed.

Expenses for repairs and maintenance are recognized in the profit or loss account when incurred.

In case of replacements, cost includes the cost of replacing part of the plant or equipment when that cost meets the recognition criteria. If an item of property, plant and equipment consists of several components with different estimated useful lives, the individual significant components are depreciated over their individual useful lives.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition, considering the aggregation and materiality criteria. Otherwise, such items are classified as inventory.

Depreciation is calculated on a straight-line basis over the estimated useful lives 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
Leasehold improvements	Term of the lease contract
Plant and equipment	3 – 15 years
Fixtures and fittings, including spare parts	3 – 15 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

3.9 Intangible assets

Intangible assets acquired separately are measured at initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are stated 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.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The Group's intangible assets are represented by software licenses, concessions, patents and other intangibles which are amortized straight-line over a period of 3 years. Additionally, the group has trademarks with indefinite useful lives and customer lists and customers advantages with finite useful lives acquired as part of business combinations.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 non-financial assets
At the end of each reporting period, the Group reviews whether there is an indication that an asset may be impaired.

If any such indication exists, the recoverable amount of the asset is estimated.
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. The Group bases its impairment calculation on most recent budgets and forecast calculations. These budgets and forecast calculations generally cover a period of six years. A long-term growth rate is calculated and applied to project future cash flows after the sixth year.

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 asset is previously revalued with the revaluation taken to OCI, in which case the impairment loss is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. 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.

3.10 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. 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.

3.11 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 maturities of three months or less.

3.12 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 where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

The Group has chosen to present grants related to income to be deducted in reporting the related expense.

The Group has elected to present government grants relating to the purchase of property, plant and equipment in the consolidated statement of financial position as deferred income, which is recognised in profit or loss on a systematic and rational basis over the useful life of the asset.

3.13 Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.13.1 Financial assets

Initial recognition and classification

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

This classification on initial recognition depends on the Group's business model with regard to the management of financial assets and on the financial asset's contractual cash flows characteristics.

With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

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

A financial asset is measured at amortized cost if both of the following conditions are met:
- the financial asset is held using a business model that aims to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely repayments of principal and interest on the principal outstanding.

The Group has only recognised and subsequently measured financial assets at amortised cost.

Subsequent measurement
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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. 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. 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.

The Group's financial assets at amortised cost includes mainly the following: trade receivables and other receivables. These assets are short-term in nature, which is why they are recognised at nominal amounts without discounting.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:
- The contractual rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.
When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment
The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables not containing a financing component, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are over 95 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows, 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.

In the case of contracts containing a significant financing component, the Group performs an assessment over the historical collection of these long-term receivables for stem cells processing. Based on the past %, an allowance is determined.

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.

3.13.2 Equity instruments and financial liabilities

Classification as equity or debt
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.

a) 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.

b) Financial liabilities
Initial recognition and classification
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, other long term debt.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. A contingent consideration classified as a financial liability is subsequently remeasured to fair value with the changes in fair value recognised in profit or loss.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified as financial liabilities at amortised cost. The Group has not designated any financial liability as at fair value through profit or loss.

This is the category most relevant to the Group and it includes loans and borrowings. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense 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 (where appropriate) a shorter period, to the amortised cost of a financial liability.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.14 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.

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

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated 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 temporary 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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.

3.16 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.

3.17 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.

3.18 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. The revaluation reserve is transferred to retained earnings upon disposal of assets.

3.19 Provisions for risks and charges

Provisions are recognized when the Group has a legal or constructive obligation, as a result of a past event, it is probable that there will be a future outflow of resources in order to settle this obligation and a reliable estimate can be made of the amount of the obligation. Provisions for risks and charges are assessed at the end of each period and adjusted in order to present management's best estimate.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is however unpredictable and actual costs incurred could differ from those estimated at the reporting date.

Liabilities for compensated absences refer to the entitlement for employees to accumulate vested leave benefits. The Group recognises a liability for compensated absences as it has an obligation to compensate employees for future absences attributable to employees' services already rendered, the obligation relates to rights that accumulate from period to period, it is probable that the amount will be paid and a reliable estimate can be made of the amount of the obligation.

A vesting obligation is where employees are entitled to a cash payment for unused leave entitled upon leaving the entity. The amount of the obligation will therefore be equal to the number of unused leave multiplied by the relevant employee's gross salary at the reporting date.

The obligation is initially recognised during the vesting period based on the best available estimate of the accumulated leave expected to vest. The estimate is revised each period end if subsequent information indicates that the accumulated leave expected to vest differs from previous estimates. On vesting date, the Group revises its estimate to equal the accumulated leave that ultimately vested.

3.20 Revenue from contracts with customers recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue is recognised over time where (i) there is a continuous transfer of control to the customer in the case of goods provided or the consumption of the benefits for the services provided takes place over time; 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 goods transfers to the customer, or in the case of services provided, when the customer receives and consumes the benefits provided.

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. Another business line that is continuously being developed in the Group in close relationship with the medical act is the delivery of goods (mainly generic medicines) under contractual conditions. The moment the client acquires control over the goods is considered to be substantially the same for most of the Group's contracts under IFRS 15.

Group's core activities

The Group's core activities are conducted through six 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, pharmacies 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 ("NHIH") 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 receive 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 84 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.

The revenues are recognised at a point in time when the customer receives and consumes the benefits provided.

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, not immediately after the laboratory tests are performed, when the Group has an enforceable right to payment for performance completed up to date. From IFRS 15 perspective, the revenue is recognised at a point in time (at the end of the month).

Hospitals
Hospital services provided to patients are regarded as a bundle of services which comprise medical services, 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 revenues are recognised at a point in time, when the consumption of the benefits for the services provided is accomplished.

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.

Pharmacies
This business line is continuously being developed in the Group in close relationship with the medical act, and refers to the delivery of goods (mainly generic medicines) to customers.

In 2010, the Group launched its Pharmalife brand of pharmacies in order to capture additional revenue from the existing patient traffic in the Group's clinics. Pharmalife operates pharmacies only in the Group's own units, where the space, authorization and sales option allow, but also in the proximity of the units.

As of March 31, 2023, there were 23 functional pharmacies, offering patients both prescription and over-the-counter products, including Doctor Life's own branded products.

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 840,000 HPPs patients.

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.

Other revenue stream
On the "Other" business line, there are included revenues obtained as a result of distribution of generic medicine from large producers to a list of pharmacies, revenues obtained through wellness services (new starting with 2022), revenues obtained as a result of the production and storage of cell deposits and other types of revenues.

In the case of distribution, revenues are recognized when the goods are transferred to the customers, at a point in time.

For wellness services, revenues are recognized over time, closely related to how the consumption of the benefits for the services provided on a subscription basis takes place over time.

In the case of stem cells bank subsidiary of MedLife Group, Stem Cells Bank SA (SCB), its core business is the collection, preparation and storage of stem cells from umbilical cord blood and tissue.

SCB cooperates with numerous maternity facilities in Romania. The company regularly trains clinic staff in the professional collection of umbilical cord blood and tissue as well as related duties in accordance with the appropriate national regulations in order to ensure the greatest possible process quality.
After collection in one of the partner clinics, the stem cells are transported to the laboratory location in Timisoara. There, they are examined as well as cryopreserved and stored on the basis of the corresponding manufacturer's permit. The stem cells from umbilical cord blood and tissue are thus preserved for therapeutic use for many years. With the storage, parents invest in the participation in medical progress and thus in a preventive product by securing a unique chance for their child directly at birth.

Revenues from SCB activity represents the equivalent value of operating activities. Fees received for storage services to be provided over several periods are recognized over the period in which the corresponding storage is provided. The production and storage of cell deposits are separate performance obligations of a multi-component business. Revenue from the manufacture of cell deposits is recognized when the process of cell collection, preparation and storage is complete. Revenue from the storage of cell deposits is recognized over the contractually agreed storage period. Here, the input-based method is chosen to measure the progress of the service, since it is not possible to measure the flow of benefits to the customer (output-based method) in isolation for the service obligation "storage of a cell deposit". Price discounts granted at the level of individual contracts are allocated to the service obligation "production of cell deposits".

Presence of a financing component
In case of prepayment for several years, the Group receives one single prepayment for both the processing and cell deposit storage from the customer. In view of the nature of the service provided, the payment terms offered by the Group are determined for reasons other than the provision of financing to the customer. Therefore, the Group considers that these advance payments do not include a financing component.

The Group also offers annual payment contracts with a minimum contract term of several years. Transaction price for this contract is determined taking into account all payments to be made by the customer during the contract period. In these cases, the payment received from the customer at the beginning of the contract is below the production cost of the service obligations "processing and storage of a cell deposit". For this reason, the Group concludes that there is a financing component for these contracts. Therefore, for payments due in more than one year, an adjustment is made for the time value of money.

In order to derive the discount rate to be used for the receivables of MedLife Group linked to stem cells banks operating activities, we have obtained the relevant rates for loans granted by Romanian banks to Individuals in EUR (such loans are usually granted for housing purposes). However, we consider that the rates are not suitable to be used as a proxy for stem cells bank`s activity and substantiated the analysis considering the importance of stem cells to a family and the value of the contracts, which are substantially lower as compared with a standard EUR loan granted by a Bank.

Stem cell treatments and therapies are increasingly becoming recognized for their potential to treat and cure various life-threatening diseases and conditions. As a result, the importance of stem cells to a family cannot be understated. Families are highly motivated to make their contract repayments in a timely manner to ensure continued access to this critical resource. Consequently, the risk of default is lower for stem cell loans compared to housing loans, as families prioritize the health and wellbeing of their loved ones above other financial obligations.

In terms of value of the contract and corresponding installments, the overall cost of purchasing production and storage of stem cells is significantly lower than the cost of buying a house. As a result, the loan amount required for SCB services acquisition is also lower, leading to smaller monthly/yearly installments. This reduced financial burden makes it more manageable for families to meet their loan repayment obligations, thus decreasing the risk of non-payment. Moreover, lower loan values and installments can also reduce the risk of financial strain on the borrower, which can further minimize the likelihood of default. Since the repayment amounts are more manageable, borrowers may be less likely to encounter financial difficulties that could lead to missed payments or default on the loan.

In conclusion, given the analysis performed, the Group used as a proxy the relevant rates for loans granted by Romanian banks to companies in EUR. Moreover, considering that the loans to companies are usually done on lower maturities (1Y), we have performed a maturity adjustment based on the yield of the Euro area curves.

Principal versus agent considerations
The Group has concluded that they are the principal in all of their revenue arrangements since they are the primary obligor in all the revenue arrangements, have pricing latitude and are also exposed to inventory, in the case of medicines sold.

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 on the Group Consolidated Statement of Financial Position 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 on the Consolidated Statement of Financial Position.

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.

3.21 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 statement of comprehensive income 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.

3.22 Fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.23 Segment information

The core business activity of the Group refers to the provision of healthcare services, as a result of completion of the medical act. This process usually involves multiple stages, starting from physical examinations, laboratory tests, set-up of a diagnosis, offering treatment, supply of medical equipment, surgeries and other medical interventions, nursing care, follow-up in the recovery process.

Starting with 2022, the category "Other revenues" comprises also the integration of the Sweat gyms acquired, which mark Group Medlife's entry into a new business layer, that of wellness. This layer complements the medical diagnostic and treatment services offered at the national level through the contribution that it provides in reaching a healthier lifestyle for patients, on the long term.

In close relationship with the provision of healthcare services, the Group has also developed two channels for the sale of goods: (i) sale of pharmaceutical products to a pool of patients majority of which are the same consumers who benefit from the healthcare services provided, considering that most of the group's pharmacies are located in the hyperclinics; (ii) starting with August 2021, as a result of the acquisition of the subsidiary named Pharmachem Distributie, distribution of generic medicine from large drugs producers to a list of pharmacies, including the ones owned by the Group; however, this channel of revenue stream is not considered to be material in terms of results obtained, therefore it was included in the seventh business line as "Other".

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 has identified six core business lines, which comprise the following major categories: clinics, stomatology, hospitals, laboratories, pharmacies and corporate.

The core purpose of the Group is to enhance the quality of life for individuals, the ultimate end users of healthcare services, therefore setting the patient as first priority in all activities performed.

According to IFRS 8, segment information on operating segments is to be presented in accordance with the internal reporting to the chief operating decision maker (management approach).
In determining the Group's operating segments, management has primarily considered the financial information in internal reports that are reviewed and used by the Board of Directors (who together are the chief operating decision maker of Medlife Group) in assessing performance and in determining the allocation of resources.

The Board of Directors represents the chief decision-making body, in which the strategic decisions are made for the entire Group and to which the key parameters of performance are reported.

Each reporting made to the Board of Directors includes the six business lines. Group managements costs are fully distributed to the operative business lines. The monthly target-to-actual and actual-to-actual comparison in the report to the Board of Directors serves to control the targets published in the Group's annual forecast, in particular the total revenue figure and EBITDA margin.

Given our understanding of an integrated healthcare services offering, we do not make any distinction in control by whether the services as defined in Romanian social insurance legislation are attributed to the inpatient or the outpatient sector, for example in the hospitals business line. All expenses and income which are directly or indirectly related to patients are included under the operating segments.

The following operating segments are aggregated to one reporting segment, being the provision of healthcare services, since they exhibit similar economic characteristics: clinics, stomatology, hospitals, laboratories and corporate. Other segments are presented as Other in these financial statements.
Starting with 2022, the wellness business line can be assimilated to the Other segment category, which also includes the processing and storage services for stem cells.

As a result of the same structural framework conditions, the operations of the Group with the healthcare services provided are characterised by a similar risk and rewards profile whose economic environment is largely regulated by legislation. It is thus possible for the operations to achieve similar EBITDA margins on the long term. We thus continue to have only one reportable segment that aggregates the above mentioned operating segments.
The Group generates most of all revenues for all areas of activity in Romania, with only a small share of revenues (below 2%) being generated from operations held in Hungary. Although there are locations in different countries, the executive management assumes that the resulting differences in the billing logic do not entail any material different opportunities and risks and these therefore do not conflict with aggregating the healthcare services into a single segment.

The characteristics of healthcare services are around physical facilities staffed by professionals in direct contact with patients, diagnosing, monitoring and treating patients. The payment for these services are either direct payment by the patient or indirect via an employer paid benefit/insurance and in much smaller degree by public health funds. In all these cases the beneficiary of the service is always the individual patient. Because of the specific nature of the source of funds that finance the provision of medical services to the end users (i.e. patients) the correct allocation of profitability for each business line is limited considering that they are complementary in servicing the patient: one would originate whereas the other might render the medical services. In this respect, the business lines could not operate on their own, proving, once again, their high interdependent nature.

The other business lines (i.e. sale of goods such as sale of pharmaceutical products or distribution of generic medicine, processing and storage services for stem cells, wellness services), which are further included in the business line named "pharmacies" or "other" (in the case of distribution of medicine, stem cells or wellness services), either do not meet the definition of an operating segment or do not exceed, individually and in total, the quantitative thresholds set in IFRS 8 in order to qualify as a reportable segment.

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.

3.24 Leases

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 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.

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 to be made over the lease term:

- 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;
- Amounts expected to be paid under residual value guarantees;
- Lease payments to be made over the contractual lease term, if there are extension options included.

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:

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

- 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.

After initial recognition, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
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 consolidated 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.

The following useful lives on average are used in the calculation of depreciation for right-of-use assets, determined based on the lease term of the contractual agreements:

	Years
Buildings	6 – 10 years
Medical equipment	3 – 4 years
Vehicles	3 – 5 years

3.25 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.

3.26 Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

4. GOODWILL
The Group records goodwill resulting from business combinations.

For the purpose of impairment testing, goodwill is allocated to the cash generating unit (CGU) which is expected to benefit from the synergies of the business combination. 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, at each individual level. No impaired goodwill was identified in this context.

5. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES ASSETS

	March 31, 2023	**January 1, 2023**
Gross book value	1,533,838,249	1,461,161,755
Accumulated depreciation	(574,103,856)	(532,468,429)
Net book value	**959,734,393**	**928,693,324**

6. INVENTORIES

	March 31, 2023	**January 1, 2023**
Consumables	48,457,880	50,500,617
Materials in the form of inventory items	1,103,392	1,153,623
Merchandise	46,588,767	47,115,210
Inventory in transit	619	920
TOTAL	**96,150,657**	**98,770,370**

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

7. TRADE RECEIVABLES

	March 31, 2023	January 1, 2023
Trade receivables	243,337,311	258,302,033
Allowance for doubtful receivables	(37,959,025)	(36,943,172)
TOTAL	**205,378,286**	**221,358,860**

Credit risk for MedLife Group primarily relates to trade receivables in the ordinary course of 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 continue to be delivered when amounts are overdue, based on 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, which also represents the average contractual term.

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.

8. CASH AND BANKS

	March 31, 2023	January 1, 2023
Cash in bank	112,741,523	85,385,761
Cash in hand	4,051,915	2,554,466
Cash equivalents	1,509,640	1,127,928
TOTAL	**118,303,079**	**89,068,154**

9. PREPAYMENTS

As of March 31, 2023 the Group has prepayments in amount of RON 14,335,831 (RON 11,826,587 as of January 1, 2023). The prepayments balance as of March 31, 2023 and January 1, 2023 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.

10. TRADE AND OTHER PAYABLES

	March 31, 2023	January 1, 2023
Suppliers	259,285,703	281,384,001
Fixed assets suppliers	51,603,359	48,347,315
Advances paid by customers (contract liabilities)	12,172,045	5,625,426
TOTAL	**323,061,107**	**335,356,742**

The balance of the suppliers' account consists of debts for the acquisition of consumables, materials and commodities. Fixed assets suppliers consist of debts for the acquisition of medical equipment.

11. OTHER LIABILITIES

	March 31, 2023	January 1, 2023
Salary and related liabilities (incl. contributions)	26,896,661	24,169,661
Other liabilities	44,258,077	44,819,643
TOTAL	**71,154,738**	**68,989,304**

12. LEASES

Leasing facilities refer to buildings, medical equipment and vehicles.

	March 31, 2023	January 1, 2023
Non-current portion of lease liability	220,469,422	225,175,340
Current portion lease liability	74,920,778	77,141,698
TOTAL	**295,390,200**	**302,317,038**

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

13. NET FINANCIAL DEBT

	March 31, 2023	January 1, 2023
Current portion of interest-bearing loans and borrowings	79,298,763	83,496,070
Non-current portion of interest-bearing loans and borrowings	900,223,557	803,273,659
TOTAL	**979,522,320**	**886,769,729**

On 13 December 2022, following the approval of the General Meeting of Shareholders on 21 November 2022, MedLife, together with co-borrowers BAHTCO INVEST S.A., ACCIPIENS S.A., POLICLINICA DE DIAGNOSTIC RAPID S.A., CLINICA POLISANO S.R.L., DENT ESTET CLINIC S.A., GENESYS MEDICAL CLINIC S.R.L., CENTRUL MEDICAL SAMA S.A., VALDI MEDICA S.R.L., PHARMALIFE MED S.R.L., PRIMA MEDICAL S.R.L., ANIMA SPECIALTY MEDICAL SERVICES S.R.L., CED PHARMA S.R.L., BADEA MEDICAL S.A., CENTRUL MEDICAL MICROMEDICA S.R.L., SOLOMED CLINIC S.A., VITA CARE FLAV S.R.L., PHARMACHEM DISTRIBUTIE S.A., SANO PASS S.A., MNT ASSET MANAGEMENT S.R.L., MNT HEALTHCARE EUROPE S.R.L., SWEAT CONCEPT ONE S.A., ONCO CARD S.R.L., ONCOCARD INVEST S.R.L., DIAMED CENTER S.R.L., STEM CELLS BANK S.A. and SFATUL MEDICULUI.RO S.A., signed with Banca Comercială Română, as lead arranger, a syndicated credit facility in the total amount of 228 million euros for the refinancing and increase of the existing credit of 50.7 million euros. The bank syndicate that signed the new credit granted to the MedLife Group is comprised of Banca Comerciala Romana, as coordinator, lead arranger, documentation agent, facility and guarantee agent, and financier, Raiffeisen Bank, BRD Groupe Societe Generale, Banca Transilvania, ING Bank N.V. Amsterdam Branch Bucharest, and Erste Group Bank AG, as lead arrangers and financiers.
The syndicated credit contract involves a refinancing agreement for existing facilities, extending the financing period, rearranging terms and conditions, as well as an additional increase of 50.7 million euros, which will be in the form of a term facility, used by MedLife, along with other liquidity of the Group, for possible new acquisition opportunities on the market.
The closing balance of the syndicated loan is RON 929,253,047 as of March 31, 2023.

As at March 31, 2023, the Group's drawn financing facilities included the following (ohter than the syndicated loan):

- loan agreement and an overdraft facility agreement secured by CEC Bank S.A. and Clinica Polisano S.R.L., with an outstanding balance of RON 18.891.548 as of 31 March 2023;
- a loan agreement secured by Banca Transilvania S.A. and Ghencea Medical Center, with an outstanding balance of RON 483.943 as of 31 March 2023;
- a loan agreement secured by Banca Transilvania S.A. and Micromedica Roman S.R.L., with an outstanding balance of RON 946.184 as of 31 March 2023;
- two loan agreements secured by Banca Transilvania S.A. and Centrul Medical Micromedica S.R.L., with an outstanding balance of RON 905.312 as of 31 March 2023;
- a loan agreement secured by Raiffeisen Bank S.A. and Krondent S.R.L., with an outstanding balance of RON 35.929 as of 31 March 2023;
- a loan agreement secured by Banca Transilvania S.A. and Dent Estet Ploiesti S.R.L., with an outstanding balance of RON 2.204.449 as of 31 March 2023;
- a loan agreement secured by Banca Transilvania S.A. and Life Med S.R.L., with an outstanding balance of RON 534,917 as of 31 March 2023;
- a loan agreement secured by BRD GROUPE SOCIETE GENERALE S.A. and Pro Life Clinics S.R.L., with an outstanding balance of RON 75.000 as of 31 March 2023, and a loan agreement secured by ING BANK N.V. AMSTERDAM SUCURSALA BUCURESTI and Pro Life Clinics S.R.L., with an outstanding balance of RON 204.472 as of 31 March 2023;
- a loan agreement secured by EXIM BANK S.A. and Medicris S.R.L., with an outstanding balance of RON 395.000 as of 31 March 2023;
- a loan agreement secured by ING BANK N.V. AMSTERDAM SUCURSALA BUCURESTI and Medici's S.R.L., with an outstanding balance of RON 42.147 as of 31 March 2023;
- an overdraft facility agreement secured by Garanti Bank S.A. and Med Life S.A., with the amount drawn as of 31 March 2023 being RON 9.898.200;
- an overdraft facility agreement secured by Unicredit Tiriac Bank and Prima Medical S.R.L., with a maximum credit limit of RON 800,000, fully drawn as of 31 March 2023;
- an overdraft facility agreement secured by Banca Transilvania S.A. and Onco Team Diagnostic S.R.L., with an outstanding balance of RON 226.200 as of 31 March 2023;
- an overdraft facility agreement secured by Banca Transilvania S.A. and Pharmachem Distributie S.R.L., with an outstanding balance of RON 3.118.576;
- an overdraft facility agreement concluded between Banca Transilvania S.A. and Stomestet S.R.L., with an outstanding balance of RON 94.376 as of 31 March 2023.

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 6M for the amounts in EUR or ROBOR 6M for the amounts in RON.

As at March 31, 2023 none of the Group members was in breach of any applicable term of the financing facilities.

14. SHARE CAPITAL AND SHARE PREMIUM

The issued share capital in nominal terms consists of 132,870,492 ordinary shares as at 31 March 2023 (1 January 2023: 132,870,492) 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.

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

	March 31, 2023	January 1, 2023
Share capital	33,217,623	33,217,623
Share premium	50,286,777	50,594,933
TOTAL	**83,504,400**	**83,812,556**

	Number of shares	%	Value
Legal entities	72,223,943	54.36%	18,055,986
Marcu Mihail	19,932,307	15.00%	4,983,077
Cristescu Mihaela Gabriela	18,660,690	14.04%	4,665,173
Marcu Nicolae	13,835,400	10.41%	3,458,850
Others	8,218,152	6.19%	2,054,538
TOTAL	**132,870,492**	**100.00%**	**33,217,623**

15. RESERVES

	March 31, 2023	January 1, 2023
General reserves	24,341,680	24,325,883
Other reserves	32,066,541	30,768,310
Revaluation reserves	149,497,049	149,497,049
TOTAL	**205,905,270**	**204,591,242**

16. NON-CONTROLLING INTEREST

	March 31, 2023	January 1, 2023
Balance at beginning of year	**65,257,412**	**43,295,149**
Share of profit for the period	1,132,403	5,259,484
Share of other comprehensive income	-	1,673,316
Non-controlling interests arising on the acquisition of subsidiaries	64,412	21,895,097
Subsequent acquisition of NCI	(3,557,092)	(6,865,634)
TOTAL	**62,897,135**	**65,257,412**

17. 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 hospital. Please see breakdown below.

Business Line	3 months 2023	% of Total	3 months 2022	% of Total	Variation 2023/2022
Clinics	199,260,702	37.6%	133,513,421	31.9%	49.2%
Stomatology	32,289,809	6.1%	25,530,365	6.1%	26.5%
Hospitals	108,295,119	20.5%	85,649,611	20.4%	26.4%
Laboratories	57,199,089	10.8%	55,972,427	13.4%	2.2%
Corporate	57,953,029	10.9%	51,416,746	12.3%	12.7%
Pharmacies	18,481,757	3.5%	18,726,740	4.5%	-1.3%
Others	55,973,973	10.6%	48,051,728	11.5%	16.5%
TOTAL SALES	**529,453,478**	**100.0%**	**418,861,038**	**100%**	**26.4%**

18. OTHER OPERATING REVENUES

	3 months 2023	3 months 2022
Other operating revenues	1,188,832	337,271
Income from operating grants	629,556	406,220
Capitalized cost of intangible assets	1,498,500	1,304,298
TOTAL	**3,316,888**	**2,047,789**

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

19. OTHER OPERATING EXPENSES

	3 months 2023	3 months 2022
Utilities	8,522,964	6,308,705
Repairs maintenance	4,335,216	4,380,262
Rent	2,686,451	3,011,825
Insurance premiums	1,313,225	927,356
Promotion expense	7,860,349	4,444,961
Communications	1,585,066	1,238,001
Other administration and operating expenses	5,125,208	4,705,884
TOTAL	**31,428,479**	**25,016,994**

20. NET FINANCIAL RESULT

	3 months 2023	3 months 2022
(Loss)/Gain from foreign exchange rate impact	(1,055,285)	(345,075)
Finance cost	(13,587,064)	(5,638,649)
Bank comissions	(1,635,635)	(1,413,950)
Other income	186,473	16,359
Interest income	995,332	55,660
FINANCIAL NET PROFIT/(LOSS)	**(15,096,179)**	**(7,325,655)**

21. BUSINESS COMBINATIONS

Acquisitions

Completion of the acquisition of Muntenia Hospital
On 10 January 2023, MedLife Group announced the completion of the transaction to take over 99.76% of Muntenia Hospital shares, the largest hospital in Arges county, after the approval of the Competition Council. Thus, the leader of the private medical services market in Romania consolidates its medical expertise in the hospital area and reaches a network of 12 hospitals nationwide.

Completion of the acquisition of Nord Group (formerly Provita)
On 30 March 2023, MedLife announced the completion of the acquisition of a 51% stake in Nord Group (formerly Provita) after receiving approval from the Competition Council. The announcement comes five months after the new partnership was finalized.
In its 11 years of activity in the private medical services market, Nord Group has been particularly successful in Bucharest, where it is present through a multidisciplinary hospital, 5 clinics, two state-of-the-art imaging centers, a laboratory for processing a wide range of medical analyses and tests, as well as the only pain therapy training center in Central and Eastern Europe. At the end of last year, Nord Group expanded outside of the capital by opening a multidisciplinary clinic in Suceava worth 2.5 million euros, which houses an integrated Pain Therapy Center and Breast Center. In the coming months, Nord Group will launch a new private medical hospital in Bucharest.

Organic growth

MedLife Deva Hyperclinic
MedLife continued its expansion plans at the national level through organic development with the inauguration, in January 2023, of the largest medical clinic in the Municipality of Deva. The newest hyperclinic in the network of MedLife covers an area of 1,000 square meters and is the result of an investment of approximately EUR 2.7 million.

22. SUBSEQUENT EVENTS

On 24 March 2023 was published the Convening Notice for the Annual General Meeting of Shareholders (OGMS) scheduled for 27th/28 April 2023. The following items were mainly submitted for approval to MedLife shareholders:
- The audited annual financial statements for the year 2022, at both individual and consolidated levels
- Discharge of liability of the Board of Directors' members
- Budget of revenues and expenses for the year 2023, at both individual and consolidated levels
- Extension of the financial auditor's mandate for a period of 2 years
- Remuneration Report, subject to the consultative vote of shareholders
- Company Remuneration Policy

The items on the agenda were fully approved during the OGMS on 27 April 27 2023.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

MEDLIFE GROUP
2023 FIRST QUARTER REPORT

Name of the issuing company: Med Life S.A.
Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania
Fax no.: 0040 374 180 470
Unique Registration Code at the National Office of Trade Registry: 8422035
Order number on the Trade Registry: J40/3709/1996
Subscribed and paid-in share capital: RON 33,217,623
Regulated market on which the issued securities are traded: Bucharest Stock Exchange

CONTENTS:

Note: The following financial statements are prepared in accordance with international financial reporting standards, as adopted by European Union (“IFRS”).
Report concluded in compliance with ASF Regulation no. 5/2018 on issuers of financial instruments and capital markets and Law no. 24/2017 on issuers of financial instruments and capital markets.

The following financial statements are unaudited.

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

I. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023 ("**CONSOLIDATED BS**")

	March 31, 2023	January 1, 2023	Variation
ASSETS			
Non-current Assets			
Goodwill	391,557,144	368,672,606	6.2%
Intangible assets	100,018,389	100,192,265	-0.2%
Property, plant and equipment	859,716,004	828,501,060	3.8%
Right-of-use asset	296,185,181	306,413,389	-3.3%
Other financial assets	111,526,483	82,810,704	34.7%
Total Non-Current Assets	**1,759,003,201**	**1,686,590,024**	**4.3%**
Current Assets			
Inventories	96,150,657	98,770,370	-2.7%
Trade Receivables	205,378,286	221,358,860	-7.2%
Other assets	44,049,549	44,362,334	-0.7%
Cash and cash equivalents	118,303,079	89,068,154	32.8%
Prepayments	14,335,831	11,826,587	21.2%
Total Current Assets	**478,217,402**	**465,386,305**	**2.8%**
TOTAL ASSETS	**2,237,220,603**	**2,151,976,329**	**4.0%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Non-Current Liabilities			
Lease liability	220,469,422	225,175,340	-2.1%
Other long term debt	20,649,414	21,657,277	-4.7%
Interest-bearing loans and borrowings	900,223,557	803,273,659	12.1%
Deferred tax liability	44,250,159	44,250,160	0.0%
Total Non-Current Liabilities	**1,185,592,552**	**1,094,356,436**	**8.3%**
Current Liabilities			
Trade and other payables	323,061,107	335,356,742	-3.7%
Overdraft	16,923,285	27,801,016	-39.1%
Current portion of lease liability	74,920,778	77,141,698	-2.9%
Current portion of interest-bearing loans and borrowings	62,375,478	55,695,054	12.0%
Current tax liabilities	6,329,951	814,508	677.2%
Provisions	9,935,371	9,783,326	1.6%
Other liabilities	71,154,738	68,989,304	3.1%
Total Current Liabilities	**564,700,708**	**575,581,648**	**-1.9%**
TOTAL LIABILITIES	**1,750,293,260**	**1,669,938,084**	**4.8%**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	83,504,400	83,812,556	-0.4%
Treasury shares	(595,125)	(3,219,219)	-81.5%
Reserves	205,905,270	204,591,242	0.6%
Retained earnings	135,215,663	131,596,255	2.8%
Equity attributable to owners of the Group	**424,030,208**	**416,780,834**	**1.7%**
Non-controlling interests	62,897,135	65,257,411	-3.6%
TOTAL EQUITY	**486,927,343**	**482,038,245**	**1.0%**
TOTAL LIABILITIES AND EQUITY	**2,237,220,603**	**2,151,976,328**	**4.0%**

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

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2023 ("**CONSOLIDATED PL**")

	Period ended March 31,		**Variation**
	2023	**2022**	**2023/2022**
REVENUE FROM CONTRACTS WITH CUSTOMERS	529,453,478	418,861,038	26.4%
Other operating revenues	3,316,888	2,047,789	62.0%
Operating Income	**532,770,366**	**420,908,827**	**26.6%**
Consumable materials and repair materials	(91,017,054)	(64,210,728)	41.7%
Third party expenses	(147,723,764)	(108,927,667)	35.6%
Salary and related expenses	(126,148,971)	(96,583,090)	30.6%
Social contributions	(4,606,973)	(3,412,206)	35.0%
Depreciation and amortization	(47,150,315)	(31,337,281)	50.5%
Impairment losses and gains (including reversals of impairment losses)	(1,002,093)	-	100.0%
Commodities expenses	(56,109,225)	(50,564,976)	11.0%
Other operating expenses	(31,428,479)	(25,016,994)	25.6%
Operating expenses	**(505,186,874)**	**(380,052,942)**	**32.9%**
Operating Profit	**27,583,492**	**40,855,885**	**-32.5%**
Finance cost	(15,222,700)	(7,052,599)	115.8%
Other financial expenses	126,520	(273,056)	-146.3%
Financial result	**(15,096,179)**	**(7,325,655)**	**106.1%**
Result Before Taxes	**12,487,313**	**33,530,229**	**-62.8%**
Income tax expense	(4,062,738)	(3,976,198)	2.2%
Net Result	**8,424,575**	**29,554,031**	**-71.5%**
Owners of the Group	7,292,171	27,291,310	-73.3%
Non-controlling interests	1,132,403	2,262,721	-50.0%
Other comprehensive income items that will not be reclassified to profit or loss			
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**	**0.0%**
Total other comprehensive income attributable to:			
Owners of the Group	-	-	0.0%
Non-controlling interests	-	-	0.0%
TOTAL COMPREHENSIVE INCOME	**8,424,575**	**29,554,031**	**-71.5%**
Total comprehensive income attributable to:			
Owners of the Group	7,292,171	27,291,310	-73.3%
Non-controlling interests	1,132,403	2,262,721	-50.0%

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED MARCH 31, 2023 ("**CONSOLIDATED CF**")

	Period ended March 31, 2023	**Period ended March 31, 2022**
Net profit before taxes	**12,487,313**	**33,530,229**
Adjustments for		
Depreciation and amortization	47,150,315	31,337,281
Provisions for liabilities and charges	30,653	-
Interest revenue	(995,332)	(55,660)
Interest expense	15,222,700	7,052,599
Allowance for doubtful debts and receivables written-off	1,002,093	-
Other non-monetary gains	(1,498,500)	(1,304,298)
Unrealized exchange loss	896,967	339,656
Operating cash flow before working capital changes	**74,296,208**	**70,899,808**
Decrease / (increase) in accounts receivable	7,998,782	(22,801,967)
Decrease / (increase) in inventories	3,384,877	1,950,332
Decrease / (increase) in prepayments	(2,338,617)	(5,374,594)
Increase / (decrease) in accounts payable	(15,754,314)	(1,566,547)
Cash generated from working capital changes	**(6,709,272)**	**(27,792,776)**
Cash generated from operations	**67,586,936**	**43,107,032**
Income Tax Paid	-	(87,058)
Interest Paid	(2,264,695)	(3,783,214)
Interest received	995,332	55,660
Net cash from operating activities	**66,317,573**	**39,292,420**
Acquisition of subsidiaries, net of cash acquired	(72,914,537)	(69,791,913)
Purchase of intangible assets	(3,476,458)	(3,660,902)
Purchase of property, plant and equipment	(24,504,211)	(5,455,183)
Net cash used in investing activities	**(100,895,206)**	**(78,907,998)**
Proceeds from loans	112,441,819	71,147,274
Payment of loans	(29,728,489)	(3,648,645)
Payment of principal portion of lease liabilities	(18,498,821)	(12,874,817)
Dividends paid to NCI	-	(30,000)
Payments for purchase of treasury shares	(401,951)	(5,100,079)
Net cash from financing activities	**63,812,558**	**49,493,733**
Net change in cash and cash equivalents	29,234,925	9,878,155
Cash and cash equivalents beginning of the period	89,068,154	135,858,888
Cash and cash equivalents end of the period	**118,303,079**	**145,737,043**

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

II. FINANCIAL ANALYSIS

Analysis of the Consolidated PL

Sales for the 3 months period ended March 31, 2023, amounted to RON 529,453,478, higher by 26.4% compared to sales recorded in the 3 months period ended March 2022. This increase was mainly the result of growth in almost all of the Group's business lines, as well as the impact of the acquisitions completed by the Group in 2022 and 2023.

Other operating revenues have increased by 62% in 2023 compared to previous year, reaching RON 3,316,888 in 2023.

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 505,186,874 in Q1 2023, representing an increase of 32,9%, or RON 125,133,932 as compared to Q1 2022. The Group's operating expenses as a percentage of total operating income reached 94.8% in the 3 months period ended 31 March 2023 and 90.3% in the 3 months period ended 31 March 2022.

Operating expenses evolution

	3 months 2023	3 months 2022
Consumable materials and repair materials	91,017,054	64,210,728
Commodities expenses	56,109,225	50,564,976
Utilities	8,522,964	6,308,705
Repairs maintenance	4,335,216	4,380,262
Rent	2,686,451	3,011,825
Insurance premiums	1,313,225	927,356
Promotion expense	7,860,349	4,444,961
Communications	1,585,066	1,238,001
Third party expenses (including doctor's agreements)	147,723,764	108,927,667
Salary and related expenses	126,148,971	96,583,090
Social contributions	4,606,973	3,412,206
Depreciation	47,150,315	31,337,281
Impairment losses and gains (including reversals of impairment losses)	1,002,093	-
Other administration and operating expenses	5,125,208	4,705,884
TOTAL	**505,186,874**	**380,052,942**

Operating profit recorded a decrease of 32,5% in Q1 2023 as compared to Q1 2022, from RON 40,855,885 in Q1 2022 to RON 27,583,492 in Q1 2023.

Financial loss increased in Q1 2023 with RON 7,770,524 from a negative RON 7,325,655 in Q1 2022 to a negative RON 15,096,179 in Q1 2023.

The net result for the 3 months period ended 31 March 2023 decreased with RON 21,129,457 as compared to the corresponding period of 2022, from RON 29,554,031 in Q1 2022 to RON 8,424,575 in Q1 2023.

On a pro-forma basis, sales for Q1 2023 amount to RON 555,512,996 and Adjusted EBITDA to RON 79,118,594. Please refer to chapter VII – UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION for more information regarding pro-forma financial information.

Analysis of the Consolidated BS

Non-current assets amount to RON 1,759,003,201 as of 31 March 2023, recording an increase of RON 72,413,177 or 4.3% as compared to 1 January 2023.

Current assets increased with RON 12,831,097 or by 2.8% from RON 465,386,305 as at 1 January 2023 to RON 478,217,402 as at 31 March 2023.

Current liabilities (excluding interest-bearing debt items) decreased with RON 4,462,713, or by 1.1%, from RON 414,943,880 as at 1 January 2023, to RON 410,481,167 as at 31 March 2023.

Interest bearing debt increased with RON 85,825,753 or by 7.2% from RON 1,189,086,767 as of 1 January 2023 to RON 1,274,912,520 as of 31 March 2023.

III. IMPORTANT EVENTS

Acquisitions

Completion of the acquisition of Muntenia Hospital
On 10 January 2023, MedLife Group announced the completion of the transaction to take over 99.76% of Muntenia Hospital shares, the largest hospital in Arges county, after the approval of the Competition Council. Thus, the leader of the private medical services market in Romania consolidates its medical expertise in the hospital area and reaches a network of 12 hospitals nationwide.

Completion of the acquisition of Nord Group (formerly Provita)
On 30 March 2023, MedLife announced the completion of the acquisition of a 51% stake in Nord Group (formerly Provita) after receiving approval from the Competition Council. The announcement comes five months after the new partnership was finalized.
In its 11 years of activity in the private medical services market, Nord Group has been particularly successful in Bucharest, where it is present through a multidisciplinary hospital, 5 clinics, two state-of-the-art imaging centers, a laboratory for processing a wide range of medical analyses and tests, as well as the only pain therapy training center in Central and Eastern Europe. At the end of last year, Nord Group expanded outside of the capital by opening a multidisciplinary clinic in Suceava worth 2.5 million euros, which houses an integrated Pain Therapy Center and Breast Center. In the coming months, Nord Group will launch a new private medical hospital in Bucharest.

Organic growth

MedLife Deva Hyperclinic
MedLife continued its expansion plans at the national level through organic development with the inauguration, in January 2023, of the largest medical clinic in the Municipality of Deva. The newest hyperclinic in the network of MedLife covers an area of 1,000 square meters and is the result of an investment of approximately EUR 2.7 million.

Corporate events

Convening of Annual GMS
On 24 March 2023 was published the Convening Notice for the Annual General Meeting of Shareholders (OGMS) scheduled for 27th/28 April 2023. The following items were mainly submitted for approval to MedLife shareholders:

- The audited annual financial statements for the year 2022, at both individual and consolidated levels
- Discharge of liability of the Board of Directors' members
- Budget of revenues and expenses for the year 2023, at both individual and consolidated levels
- Extension of the financial auditor's mandate for a period of 2 years
- Remuneration Report, subject to the consultative vote of shareholders
- Company Remuneration Policy

The items on the agenda were fully approved during the OGMS on 27 April 27 2023.

IV. SIGNIFICANT SUBSEQUENT EVENTS

Corporate events

Annual OGMS
On 27 April 2023, the annual General Meeting of Shareholders took place.

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

V. MAIN FINANCIAL RATIOS

Current ratio			Period ended at March 31, 2023
Current assets / Current liabilities	478,217,402 / 564,700,708	=	0.85

Debt to equity ratio			
Long Term Debt / Equity	1,141,342,393 / 486,927,343	=	234%
Long Term Debt / Capital Assets	1,141,342,393 / 1,628,269,736	=	70%

Trade receivables turnover (days)			
Average receivables / Sales	213,368,573 / 529,453,478	=	36.27

Fixed assets turnover			
Sales / Net Fixed Assets	529,453,478 / 1,759,003,201	=	0.30

VI. OPERATIONAL KEY PERFORMANCE INDICATORS

Business line	Info	3 months 2023	3 months 2022
Clinics	**Revenue**	**199,260,702**	**133,513,421**
Clinics	Visits	863,694	645,337
Clinics	Avg fee	230.7	206.9
Stomatology	**Revenue**	**32,289,809**	**25,530,365**
Stomatology	Visits	46,681	44,176
Stomatology	Avg fee	682.9	577.9
Hospitals	**Revenue**	**108,295,119**	**85,649,611**
Hospitals	Patients	33,259	25,824
Hospitals	Avg fee	3,256.1	3,316.7
Laboratories	**Revenue**	**57,199,089**	**55,972,427**
Laboratories	Analyses	1,853,301	1,851,466
Laboratories	Avg fee	30.9	30.2
Corporate	**Revenue**	**57,953,029**	**51,416,746**
Corporate	Subscriptions	846,217	763,175
Corporate	Avg fee	68.5	67.4
Pharmacies	**Revenue**	**18,481,757**	**18,726,740**
Pharmacies	Clients	124,312	148,478
Pharmacies	Sales per client	148.7	126.1
Others	**Revenue**	**55,973,973**	**48,051,728**

VII. UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL ("CONSOLIDATED PRO FORMA PL")

Introduction

The following Consolidated Pro Forma PL of the Consolidated PL is based on the Group's Consolidated FS for the 3 months period ended 31 March 2023, adjusted with the historical financial results of the companies acquired by the Group during the period from 1 January 2023 up to 31 March 2023 (the "**Acquired Companies**").

Details of the Acquired Companies are set out below.

The Consolidated Pro Forma PL for the 3 months period ended 31 March 2023 transposes:

(i) the acquisition of the Acquired Companies as if the acquisition had occurred on 1 January 2023 by combining the financial results for the period of the Acquired Companies with those of the Group and

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

(ii) (ii) the elimination of certain expenses included in the Consolidated PL of the Group which the Group considers to be non-operational and/or non-recurring by nature.

The Consolidated Pro Forma PL provides a hypothetical illustration of the impact of the transactions on the Company's earnings. The Consolidated Pro Forma PL has been prepared for the Group as at and for the 3 months period ended 31 March 2023.

The Consolidated Pro Forma PL should be read in conjunction with the Consolidated FS for the 3 months period ended 31 March 2023.

Purpose of the Consolidated Pro Forma PL
The Consolidated Pro Forma PL set out below has been prepared to
(i) illustrate the effect on the Group of the acquisitions completed in 2023 and
(ii) (ii) provide an estimate of the Group's recurring EBITDA.

The Group's unaudited consolidated pro forma Adjusted EBITDA is also useful when analyzing the Group's current debt compared to its earnings capacity.

Although the Consolidated BS in the Consolidated FS include the full amount of debt incurred to finance the acquisitions completed as of 31 March 2023, the Consolidated PL includes no portion of the annual earnings of the Acquired Companies.
Using the unaudited consolidated pro forma Adjusted EBITDA for such comparison allows inclusion of a measure of the full period earnings that will contribute to the servicing of the debt incurred in relation to the acquisitions.

The Consolidated Pro Forma PL has been prepared for illustrative purposes only and, because of its nature, to address a hypothetical situation and therefore, does not represent the Group's actual financial results.

The Consolidated Pro Forma PL does not necessarily reflect what the combined Group's financial condition or results of operations would have been, had the acquisitions occurred on the dates indicated in the pro-forma calculations. They also may not be useful in predicting the future financial condition and results of operations of the Group with the acquired companies.

The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

Consolidated Pro-Forma PL

	3 Months ended March 31, 2023			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
GROSS SALES	**529,453,478**	**26,059,518**	-	**555,512,996**
NET SALES	**529,453,478**	**(6,841,523)**	-	**522,611,955**
Other operating revenues	3,316,888	814,843	-	**4,131,731**
OPERATING INCOME	**532,770,366**	**(6,026,680)**	-	**526,743,686**
OPERATING EXPENSES	(505,186,874)	7,224,499	1,509,456	(496,452,920)
OPERATING PROFIT	**27,583,492**	**1,197,819**	**1,509,456**	**30,290,766**
Finance cost	(15,222,700)	(582,153)	-	(15,804,853)
Other financial expenses	126,520	199,102	-	325,622
FINANCIAL RESULT	**(15,096,179)**	**(383,051)**	-	**(15,479,230)**
RESULT BEFORE TAXES	**12,487,313**	**814,768**	**1,509,456**	**14,811,536**
Income tax expense	(4,062,738)	(21,217)	(241,513)	(4,325,468)
NET RESULT	**8,424,575**	**793,551**	**1,267,943**	**10,486,068**

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

Net Income to Adjusted EBITDA

	3 Months ended March 31, 2023			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
Net income/(loss) for the period	**8,424,575**	**793,551**	**1,267,943**	**10,486,068**
Add back:				
Taxes on income	**4,062,738**	**21,217**	**241,513**	**4,325,468**
Out of which:				
Base tax expense	4,062,738	21,217	-	4,083,955
One off impact	-	-	241,513	241,513
Net financial result	**15,096,179**	**383,051**	**-**	**15,479,230**
Depreciation, amortisation and impairment, including write-ups	**47,150,315**	**1,677,513**	**-**	**48,827,827**
Adjusted EBITDA	**74,733,807**	**2,875,331**	**1,509,456**	**79,118,594**

Sales split by Business Line

	3 Months ended March 31, 2023			
	Consolidated PL	**Normalisation***	**One off**	**Consolidated Pro forma PL**
Clinics	199,260,702	7,972,044	-	207,232,746
Stomatology	32,289,809	-	-	32,289,809
Laboratories	57,199,089	3,845,531	-	61,044,620
Corporate	57,953,029	307,643	-	58,260,672
Hospitals	108,295,119	(18,966,741)	-	89,328,378
Pharmacies	18,481,757	-	-	18,481,757
Other	55,973,973	-	-	55,973,973
Total Sales	**529,453,478**	**(6,841,523)**	**-**	**522,611,955**

*Negative amounts are the due to the elimination of the amounts from National Healthcare Program for Oncology

Basis for the Consolidated Pro Forma PL

The Consolidated Pro Forma PL for the 3-month period ended 31 March 2023 has been prepared starting from the Consolidated PL of the Group as of 31 March 2023.

The Consolidated Pro Forma PL was prepared in a manner consistent with the accounting policies adopted by the Group in the Consolidated FS as of 31 March 2023.

The Consolidated Pro Forma PL for the 3 months ended 31 March 2023 gives effect to the acquisitions of the Acquired Companies as if the acquisitions had occurred on 1 January 2023.

Also, certain expense items incurred by the Group in the relevant period which are considered to be non-operational and non-recurring by nature as detailed in the notes to the tables, are reflected in the Consolidated Pro Forma PL as one-off adjustments, based on management judgment for the Group, without taking into account the Acquired Companies.

Consolidated Pro Forma PL adjustments

Normalization adjustments
Normalization adjustments are made to include the financial results of the Acquired Companies in the Group results for the relevant period.

The adjustments represent the unaudited Income Statement items for the portion of the relevant period prior to and including the month of acquisition of the companies.

The companies that were normalized and the months included in the normalization are set out below:

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

Entity	Date of obtaining control	Months included in Normalization (inclusive) 1 January – 31 March 2023
Nord Group	April 2023	January – March 2023
Muntenia Hospital	February 2023	January 2023
Policlinica Sf. Ilie SRL	March 2023	January – February 2023

One off adjustment
One-off adjustments represent expenses which have been included in the Group's Consolidated PL but which, in the Group's opinion, represent non-recurring and/or non-operational expenses by nature.

These expenses relate to costs incurred in relation to the acquisition of the Acquired Companies which were expensed rather than capitalized as part of the acquisition cost of the company, including also the costs of aborted or continuing acquisition processes.

The one-off expenses are presented below. The amounts calculated for each of the expenses is gross of the applicable income tax.

Type of Expense	Amount for Q1 2023	Note
Cost of Acquisitions	687,116	*Note A*
Other costs	822,340	*Note B*
Total	**1,509,456**	

Note A
Cost of Acquisitions includes the expenses incurred in respect of external due diligence reports on target companies covering financial, taxation and legal due diligence. The external costs of aborted acquisitions are also included.

These expenses are considered non-recurrent and non-operational, as they do not relate to the operational business of the Group.

Note B
Includes other expenses considered non-recurring and not linked to the operational activity of the Group.

Declaration of management of MedLife Group

We confirm to the best of our knowledge that the Unaudited Consolidated Financial Statements of MedLife Group for the 3-month period ended March 31, 2023, which were prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union, give a true and fair view of the consolidated financial position of the Group as at March 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the period then ended.

Mihail Marcu,	**Alina Irinoiu,**
CEO	CFO

MED LIFE S.A.

INDIVIDUAL UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2023

PREPARED IN ACCORDANCE WITH ORDER OF THE MINISTRY OF PUBLIC FINANCE NO. 2844/2016 APPROVING THE ACCOUNTING REGULATIONS COMPLIANT WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

Name of the issuing company: Med Life S.A.
Registered Office: Bucharest, 365 Calea Griviței, District 1, Romania
Fax no.: 0040 374 180 470
Unique Registration Code at the National Office of Trade Registry: 8422035
Order number on the Trade Registry: J40/3709/1996
Subscribed and paid-in share capital: RON 33,217,623
Regulated market on which the issued securities are traded: Bucharest Stock Exchange

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

	March 31, 2023	January 1, 2023
ASSETS		
Non-current assets		
Intangible assets	15,195,411	14,665,892
Property, plant and equipment	349,769,314	342,815,667
Right-of-use asset	65,716,138	71,911,269
Other financial assets	491,520,097	413,831,251
TOTAL NON-CURRENT ASSETS	**922,200,959**	**843,224,079**
Current Assets		
Inventories	11,992,705	12,513,597
Trade receivables	69,283,951	66,525,981
Loans granted to related parties	169,104,039	162,430,816
Other assets	17,110,968	18,251,900
Cash and cash equivalents	10,735,258	15,141,431
Prepayments	2,766,326	2,674,932
TOTAL CURRENT ASSETS	**280,993,247**	**277,538,657**
TOTAL ASSETS	**1,203,194,206**	**1,120,762,736**
LIABILITIES & SHAREHOLDER'S EQUITY		
Non-current liabilities		
Lease liability	46,029,259	50,184,177
Other long term debt	13,331,181	12,651,217
Interest-bearing loans and borrowings	582,730,734	508,264,032
Deferred tax liability	19,052,772	19,052,772
TOTAL NON-CURRENT LIABILITIES	**661,143,946**	**590,152,198**
Current Liabilities		
Trade and other payables	130,847,974	122,505,239
Overdraft	9,898,200	9,894,800
Current portion of lease liability	23,896,092	26,229,711
Current portion of interest-bearing loans and borrowings	38,022,457	31,933,045
Loans received from related parties	13,839,759	12,632,124
Current tax liabilities	980,993	980,993
Provisions	3,480,319	3,480,319
Other liabilities	17,338,460	17,677,023
TOTAL CURRENT LIABILITIES	**238,304,254**	**225,333,254**
TOTAL LIABILITIES	**899,448,201**	**815,485,452**
SHAREHOLDER'S EQUITY		
Share capital and Share premium	83,504,400	83,812,556
Treasury shares	(595,125)	(3,219,221)
Reserves	141,003,106	141,003,106
Retained earnings	79,833,625	83,680,844
TOTAL EQUITY	**303,746,006**	**305,277,285**
TOTAL LIABILITIES AND EQUITY	**1,203,194,207**	**1,120,762,736**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Period ended March 31, 2023	Period ended March 31, 2022
Revenue from contracts with customers	160,037,373	153,045,425
Other operating revenues	1,000,528	727,817
Operating Income	**161,037,901**	**153,773,242**
Consumable materials and repair materials	(22,873,096)	(22,166,682)
Third party expenses	(61,432,790)	(50,729,263)
Salary and related expenses	(45,525,034)	(40,888,313)
Social contributions	(1,735,392)	(1,454,439)
Depreciation and amortisation	(15,718,263)	(13,101,741)
Impairment losses and gains (including reversals of impairment losses)	-	-
Other operating expenses	(11,085,853)	(10,250,864)
Operating expenses	**(158,370,427)**	**(138,591,301)**
Operating Profit	**2,667,474**	**15,181,941**
Finance income	2,006,835	1,075,589
Finance cost	(7,913,501)	(3,817,338)
Other financial expenses	(608,026)	(318,607)
Financial result	**(6,514,692)**	**(3,060,357)**
Result Before Taxes	**(3,847,218)**	**12,121,584**
Income tax expense	-	(1,013,063)
Net Result	**(3,847,218)**	**11,108,521**
Other comprehensive income items that will not be reclassified to profit or loss		
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**
TOTAL COMPREHENSIVE INCOME	**(3,847,218)**	**11,108,521**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Period ended March 31, 2023	Period ended March 31, 2022
Net profit before taxes	**(3,847,218)**	**12,121,584**
Adjustments for		
Depreciation and amortisation	15,718,263	13,101,741
Interest expense	7,913,501	3,817,338
Allowance for doubtful debts and receivables written-off	1,002,300	-
Other non-monetary gains	(749,250)	(652,149)
Unrealised exchange loss	608,026	318,607
Interest revenue	(2,006,835)	(1,075,589)
Operating cash flow before working capital changes	**18,638,786**	**27,631,532**
Decrease / (increase) in accounts receivable	(2,619,338)	(8,840,313)
Decrease / (increase) in inventories	520,892	(52,668)
Decrease / (increase) in prepayments	(91,394)	(2,733,542)
Increase / (decrease) in accounts payable	9,731,551	15,304,545
Cash generated from working capital changes	**7,541,711**	**3,678,022**
Cash generated from operations	**26,180,497**	**31,309,554**
Interest paid	-	(1,522,025)
Net cash from operating activities	**26,180,497**	**29,787,529**
Purchase of investments	(74,785,738)	(74,663,958)
Purchase of intangible assets	(2,078,238)	(2,105,119)
Purchase of property, plant and equipment	(14,808,194)	(4,158,670)
Loans granted to Group companies	(6,673,223)	(7,963,153)
Net cash used in investing activities	**(98,345,393)**	**(88,890,900)**
Lease payments	(6,919,966)	(5,969,625)
Proceeds from loans	73,873,003	67,199,204
Payments for purchase of treasury shares	(401,949)	(5,100,079)
Increase in loans obtained from Group Companies	1,207,635	3,440
Net cash from financing activities	**67,758,723**	**56,132,940**
Net change in cash and cash equivalents	**(4,406,173)**	**(2,970,431)**
Cash and cash equivalents beginning of the year	15,141,431	38,629,900
Cash and cash equivalents end of the year	**10,735,258**	**35,659,469**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Share Capital	Treasury shares	Share premium	General reserves and other reserves	Revaluation Reserve	Accumulated Results	Total Equity
Balance at 1 January 2023	**33,217,623**	**(3,219,221)**	**50,594,933**	**34,538,597**	**106,464,509**	**83,680,844**	***305,277,284***
Profit/(loss) of the period	-	-	-	-	-	(3,847,218)	***(3,847,218)***
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(3,847,218)**	***(3,847,218)***
Increase from own shares acquisition	-	(401,948)	-	-	-	**-**	***(401,948)***
Net release of own shares used for acquiring additional NCI	-	3,026,045	-	-	-	**-**	***3,026,045***
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made	-	-	(308,156)	-	-	-	***(308,156)***
Balance as at March 31, 2023	**33,217,623**	**(595,125)**	**50,286,777**	**34,538,597**	**106,464,509**	**79,833,625**	***303,746,006***

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Share Capital	Treasury shares	Share premium	General reserves and other reserves	Revaluation Reserve	Accumulated Results	Total Equity
Balance at January 1, 2022	**33,217,623**	**(4,015,977)**	**49,177,468**	**34,538,597**	**66,588,874**	**80,073,849**	**259,580,434**
Increase from own shares acquisition	-	(5,100,000)	-	-	-	-	**(5,100,000)**
Net release of own shares used for acquiring additional NCI	-	8,684,431	-	-	-	-	**8,684,431**
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made	-	-	1,417,465	-	-	-	**1,417,465**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**11,108,521**	**11,108,521**
Profit of the year	**-**	**-**	**-**	**-**	**-**	**11,108,521**	**11,108,521**
	-	-	-	-	-	-	**-**
Balance as at March 31, 2022	**33,217,623**	**(431,546)**	**50,594,933**	**34,538,597**	**66,588,874**	**91,182,370**	**275,690,851**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

1. DESCRIPTION OF THE BUSINESS

Med Life S.A. ("Med Life" 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, Cluj, Braila, Timisoara, Iasi, Galati, Ploiesti, Constanta and Targu Mures.

Med Life is one of the leading health care services providers in Romania, having a significant market share at a national level. The registered office of Med Life is located in Bucharest, Calea Grivitei, no. 365. The ultimate parent of the Med Life Group is Med Life SA.

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

2.1 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS amendments which have been adopted by the Company as of 1 January 2022:

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:
  - **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment any proceeds from the sale of items produced while bringing the asset to the location and condition necessary for it be capable of operating in the manner intended by management. Instead, a company recognizes such sales proceeds and related cost in profit or loss.

The amendments had no impact on the financial statements of the Company.

- **IFRS 16 Leases-Covid 19 Related Rent Concessions beyond 30 June 2021 (Amendment)**
  The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

2.2 Standards issued but not yet effective and not early adopted

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU.

- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**
  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments have not yet been endorsed by the EU.

- **Amendment in 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**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets

that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

The Company 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 Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The individual financial statements ("financial statements") of the Company have been prepared in accordance with the provisions of Ministry of Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

The Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, is in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU), except for IAS 21 The effects of changes in foreign exchange rates regarding functional currency, except for the provisions of IAS 20 Accounting for Government Grants regarding the recognition of revenue from green certificates, except for the provisions of IFRS 15 Revenue from contracts with customers regarding the revenue from taxes of connection to the distribution grid. These exceptions do not affect the compliance of the financial statements of the Company with IFRS adopted by the EU.

The Company also prepares consolidated financial statements in accordance with IFRS as endorsed by the EU, which are available on the Company's website.

The accounting policies applied in these financial statements are the same as those applied in the Company's annual individual financial statements as at and for the year ended 31 December 2022, except for the adoption of new standards effective as of January 1st 2023.

The financial year corresponds to the calendar year.

3.1 Basis of preparation

The financial statements of the Company are presented in RON ("Romanian Leu"), using going concern principles. All values are rounded to the nearest two decimals. The financial statements have been prepared on the historical cost basis, except for certain items that have been measured at fair value, such as certain non-current assets and financial instruments, as presented in the notes to the financial statements.

The Company maintains the accounting books in accordance with the Regulations on Accounting and Reporting issued by the Ministry of Finance in Romania.

3.2 Going concern

These financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company 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.

As a result of the recent signing of the refinancing syndicated loan contract, the Group has also undrawn facilities of an amount of EUR 50.7m, which along with other liquidity of the Group, will be used for possible new acquisition opportunities on the market.

Based on the Company's current financial position and the modelled scenarios, the directors have concluded that the Company 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.

3.3 Significant judgements, estimates and assumptions

The preparation of the 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.

3.4.1. Judgements

In the process of applying the Company's accounting policies, the following judgments were made, particularly with respect to the following:

Determining the lease term of contracts with renewal and termination options – Med Life as a lessee

Med Life determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has lease contracts which include extension and termination options.

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. When determining the lease term to be used for the measurement of the lease, the Company takes into account all the relevant facts and circumstances that create an economic incentive for exercising either the extension or termination option of the lease term.
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 Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.
- If the Company 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.
- In case of lease term in relation to indefinite lease contracts the assumption applied was that the lease term will be similar to other contracts signed with the same provider or based on the relevant period beyond which the exercise of any option becomes uncertain.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company 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.

Capitalisation of major inspections or components replacement (including spare parts)
The Company exercises judgement in deciding whether or not there are items that should be capitalised as items of property, plant and equipment. In case of major inspections, the cost can be recognised in the carrying amount of the item of property, plant and equipment, as a replacement, if the recognition criteria are satisfied. Individual components of a significant amount in the total value of an equipment may be replaced, as well as spare parts which in aggregate can become of a significant value that satisfy the recognition criteria. Management performs an assessment whether the replacement increases the performance of the asset or increases its useful life and capitalises the costs incurred if the recognition criteria are met.

Cash generating units
Management exercises judgement in determining the appropriate level of grouping assets into CGUs, based on the fact that they share significant common infrastructure.

Contingencies
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

3.4.2. Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revaluation 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 2022. The valuations conform to International Valuation Standards.

Impairment of non-financial assets
The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five or six years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

Allowance for expected credit losses of trade receivables
The Company always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses 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.

In determining adjustments for impairment of receivables, management incorporates forward-looking information, exercises professional judgement and uses estimates and assumptions. Estimation of expected credit risk losses involved forecasting future macroeconomic conditions for the next 2 years.

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

Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rates to measure lease liabilities. These incremental borrowing rates were determined taking into consideration factors such as the credit risk, currency in which the lease was denominated and economic environment.

Provision for untaken holidays
The Company recognizes a provision for untaken holidays equal to the number of unused leave multiplied by the relevant employee's gross salary at the reporting date.

3.4 Foreign currency and translation

Presentation currency
These financial statements are presented in Romanian Leu ("RON"), which is the currency of the primary economic environment in which the Company operates (its "functional currency").

The exchange rates as announced by the National Bank of Romania on March 31, 2023 were RON 4.9491 for EUR 1 (December 31, 2022: RON 4.9474 for EUR 1), respectively 1.300 for HUF 100 (December 31, 2022: RON 1.2354 for 100 HUF).
The average exchange rates for the period of 3 months 2023 were RON 4.9189 for 1 EUR (3 months 2022: RON 4.9462 for 1 EUR), respectively RON 1.2665 for 100 HUF (3 months 2022: RON 1.3593 for 100 HUF).

Translation of foreign currencies
Transactions in foreign currencies are translated to the respective functional currency of the Company at the exchange rate ruling at the time of the transaction. Foreign currency monetary assets and liabilities are retranslated into the functional currency at rates of exchange ruling at the reporting date. The foreign exchange differences arising on these translations are recognised as other financial income/expense in the income statement.

3.5 Property, plant and equipment

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

The value of land and buildings owned presented in these financial statements is based on the valuation reports which were prepared as of December 31, 2022 by independent valuators certified by ANEVAR. The following steps were taken to estimate the market value of the assets: analysis of assets subject to valuation; the evaluation approaches and the valuation methods applied were based on the category of assets analysed, their location, their characteristics, specific market information; application of appropriate valuation methods for each asset category (i.e. land and buildings) subject to evaluation and estimation of the fair value of the assets analysed at the valuation date, 31 December 2022. The land is not depreciated.

Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.
Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

The Company transfers the revaluation surplus included in equity in respect of an item of property, plant and equipment directly to retained earnings when the asset is derecognised (i.e., retired or disposed of).

Property, plant and equipment using the cost model
Leasehold improvements fall in this category and are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful life. The estimated useful

life for this type of asset is usually over the life of the lease, considering any potential contract prolongations.

Installations and equipment are also stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

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

An item of property, plant and equipment is initially recorded at cost. Cost includes all costs necessary to bring the asset to working condition for its intended use. This includes not only its original purchase price, but also costs of site preparation, delivery and handling, installation, related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site, if the case.
Proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management are not deducted from the cost of the item of property, plant and equipment, but recognised in profit or loss.

An entity evaluates under the recognition principle all its property, plant and equipment costs at the time they are incurred. These costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, or replace part of it.

A condition of continuing to operate an item of property, plant and equipment may be performing regular major inspections for faults regardless of whether parts of the item are replaced.

Costs with capital repairs are included in the carrying amount 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 repairs are depreciated over the remaining useful period of the respective asset.

When each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised. This occurs regardless of whether the cost of the previous inspection was identified in the transaction in which the item was acquired or constructed. If necessary, the estimated cost of a future similar inspection may be used as an indication of what the cost of the existing inspection component was when the item was acquired or constructed.

Expenses for repairs and maintenance are recognized in the profit or loss account when incurred.

In case of replacements, cost includes the cost of replacing part of the plant or equipment when that cost meets the recognition criteria. If an item of property, plant and equipment consists of several components with different estimated useful lives, the individual significant components are depreciated over their individual useful lives.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition, considering the aggregation and materiality criteria. Otherwise, such items are classified as inventory.

Depreciation is calculated on a straight-line basis over the estimated useful lives 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
Leasehold improvements	Term of the lease contract
Plant and equipment	3 – 15 years
Fixtures and fittings	3 – 15 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

3.6 Intangible assets

Intangible assets acquired separately are measured at initial recognition at cost. Following initial recognition, intangible assets are stated 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.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Company's intangible assets are represented by software licenses, concessions, patents and other intangible assets that are amortized on a straight-line basis over a period of 3 years.

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 are recognized in profit or loss when the asset is derecognized.

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 non-financial assets
At the end of each reporting period, the Company reviews whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company 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. The Company bases its impairment calculation on most recent budgets and forecast calculations. These budgets and forecast calculations generally cover a period of six years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it 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 asset is previously revalued with the revaluation taken to OCI, in which case the impairment loss is recognized in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. 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.

3.7 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. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The Company applies FIFO as a costing method.

3.8 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 maturities of three months or less.

3.9 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 where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

The Company has chosen to present grants related to income to be deducted in reporting the related expense.

The Company has elected to present government grants relating to the purchase of property, plant and equipment in the statement of financial position as deferred income, which is recognised in profit or loss on a systematic and rational basis over the useful life of the asset.

3.10 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.10.1 Financial assets

Investments in subsidiaries
In the individual financial statements investments in subsidiaries are stated at historical cost less accumulated impairment losses.

Dividends from subsidiaries
Dividends on equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

Initial recognition and classification
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

This classification on initial recognition depends on the Company's business model with regard to the management of financial assets and on the financial asset's contractual cash flows characteristics.

With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price. Revenue from contracts with customers recognition.

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

A financial asset is measured at amortized cost if both of the following conditions are met:

- the financial asset is held using a business model that aims to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely repayments of principal and interest on the principal outstanding.

The Company has only recognised and subsequently measured financial assets at amortised cost.

Subsequent measurement
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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. 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. 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.

The Company's financial assets at amortized cost include the following: trade receivables, other receivables, other financial assets, cash and cash equivalents.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:
- The contractual rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.
When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment
The Company recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are over 95 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows, 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 Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The Company 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.

3.10.2 Equity instruments and financial liabilities

Classification as equity or debt
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.

a) 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 Company 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.

b) Financial liabilities
Initial recognition and classification
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, other long-term debt.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. A contingent consideration classified as a financial liability is subsequently remeasured to fair value with the changes in fair value recognised in profit or loss.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified as financial liabilities at amortised cost. The Company has not designated any financial liability as at fair value through profit or loss.

This is the category most relevant to the Company and it includes loans and borrowings. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense 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 (where appropriate) a shorter period, to the amortised cost of a financial liability.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.11 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.

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

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the 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 Company'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 temporary differences between the carrying amounts of assets and liabilities in the 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 Company 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 Company intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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.

3.13 Share capital
Ordinary shares are classified as equity. Med Life 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.

Treasury Shares
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium.

3.14 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 Company recorded share premiums as a result of the issue of shares.

3.15 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 Company presents land and buildings at fair value in the financial statements. The revaluation reserve is transferred to retained earnings upon disposal of assets.

3.16 Provisions for risks and charges
Provisions are recognized when the Company has a legal or constructive obligation, as a result of a past event, it is probable that there will be a future outflow of resources in order to settle this obligation and a reliable estimate can be made of the amount of the obligation. Provisions for risks and charges are assessed at the end of each period and adjusted in order to present management's best estimate.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is however unpredictable and actual costs incurred could differ from those estimated at the reporting date.

Liabilities for compensated absences refer to the entitlement for employees to accumulate vested leave benefits. The Company recognises a liability for compensated absences as it has an obligation to compensate employees for future absences attributable to employees' services already rendered, the obligation relates to rights that accumulate from period to period, it is probable that the amount will be paid and a reliable estimate can be made of the amount of the obligation.

A vesting obligation is where employees are entitled to a cash payment for unused leave entitled upon leaving the entity. The amount of the obligation will therefore be equal to the number of unused leave multiplied by the relevant employee's gross salary at the reporting date.

The obligation is initially recognised during the vesting period based on the best available estimate of the accumulated leave expected to vest. The estimate is revised each period end if subsequent information indicates that the accumulated leave expected to vest differs from previous estimates. On vesting date, the Company revises its estimate to equal the accumulated leave that ultimately vested.

3.17 Revenue from contracts with customers recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is recognised over time where (i) there is a continuous transfer of control to the customer in the case of goods provided or the consumption of the benefits for the services provided takes place over time; 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 goods transfers to the customer, or in the case of services provided, when the customer receives and consumes the benefits provided.

The Company 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.

Med Life's core activities
The Company'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 Company'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 ("NHIH") represents a complement, not the core revenue of Med Life'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 Company 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 Company has an enforceable right to receive 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 Company's operations is the network of ambulatory clinics. The business line comprises a network of 98 facilities, which offer a wide range of outpatient services covering a broad range of medical specialties. The Company's diagnostic imaging services provided to clients also form part of this business line. The Company's clinics provide a wide range of services delivered mainly in two formats:

- ***Hyper clinics***, a format pioneered by Med Life 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 Company's HPP patients and FFS clients. The Med Life'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.

The revenues are recognised at a point in time when the customer receives and consumes the benefits provided.

Stomatology
The Company'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 Company 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 Company provides laboratory tests to other companies' employees and the revenue is recognised at the end of the month, not immediately after the laboratory tests are performed, when the Company has an enforceable right to payment for performance completed up to date. From IFRS 15 perspective, the revenue is recognised at a point in time (at the end of the month).

Hospitals
Hospital services provided to patients are regarded as a bundle of services which comprise medical care, 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, gynaecology, cardiology and oncology. The revenues are recognised at a point in time, when the consumption of the benefits for the services provided is accomplished.

The Company 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 Company 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-ups and access to diagnostic services, complement the legally required occupational health services that corporate client's contract from the Company as the Standard HPP.

The HPPs offered by the Company 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 Company'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 Company 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 on the Company's 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 Company has received consideration from the customer. Where the customer pays consideration before the Company 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 Company performs under the contract. Contract liabilities are presented within trade and other payables on the Statement of Financial position.

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

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

3.18 Employee benefits
The Company, 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 statement of comprehensive income in the same period as the related salary cost.

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

Bonus schemes
The Company 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.

3.19 Fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Certain accounting policies of the Company and information presentation criteria require determination of the fair value both for the assets and the liabilities of the Company. In determining the fair value of assets and liabilities, the Company 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 Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Additional information on the assumptions made in measuring fair values is included in Note 5.

3.20 Segment information

The core business activity of Med Life refers to the provision of healthcare services, as a result of completion of the medical act. This process usually involves multiple stages, starting from physical examinations, laboratory tests, set-up of a diagnosis, offering treatment, supply of medical equipment, surgeries and other medical interventions, nursing care, follow-up in the recovery process.

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 Company has identified five core business lines, which comprise the following major categories: clinics, stomatology, hospitals, laboratories and corporate.

The core purpose of Med Life is to enhance the quality of life for individuals, the ultimate end users of healthcare services, therefore setting the patient as first priority in all activities performed.

According to IFRS 8, segment information on operating segments is to be presented in accordance with the internal reporting to the chief operating decision maker (management approach).

In determining Med Life's operating segments, management has primarily considered the financial information in internal reports that are reviewed and used by the Board of Directors (who together are the chief operating decision maker of the Company) in assessing performance and in determining the allocation of resources.

The Board of Directors represents the chief decision-making body, in which the strategic decisions are made for the entire Company and to which the key parameters of performance are reported.

Each reporting made to the Board of Directors includes the five business lines. Managements costs are fully distributed to the operative business lines. The monthly target-to-actual and actual-to-actual comparison in the report to the Board of Directors serves to control the targets published in the Med Life's annual forecast, in particular the total revenue figure and EBITDA margin.

Given our understanding of an integrated healthcare services offering, we do not make any distinction in control by whether the services as defined in Romanian social insurance legislation are attributed to the inpatient or the outpatient sector, for example in the hospitals business line. All expenses and income which are directly or indirectly related to patients are included under the operating segments.

The characteristics of healthcare services are around physical facilities staffed by professionals in direct contact with patients, diagnosing, monitoring and treating patients. The payment for these services is either direct payment by the patient or indirect via an employer paid benefit/insurance and in much smaller degree by public health funds. In all these cases the beneficiary of the service is always the individual patient. Because of the specific nature of the source of funds that finance the provision of medical services to the end users (i.e., patients) the correct allocation of profitability for each business line is limited considering that they are complementary in servicing the patient: one would originate whereas the other might render the medical services. In this respect, the business lines could not operate on their own, proving, once again, their high interdependent nature.

The following operating segments are aggregated into one reporting segment, being the provision of healthcare services, since they exhibit similar economic characteristics: clinics, stomatology, hospitals, laboratories and corporate. As a result of the same structural framework conditions, the operations of the Company with the healthcare services provided are characterised by a similar risk and rewards profile whose economic environment is largely regulated by legislation. It is thus possible for the operations to achieve similar EBITDA margins on the long term. We thus continue to have only one reportable segment that aggregates the above-mentioned operating segments.

3.21 Leases

Given its large and complex operations, the Company 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 Company has into further managing its asset portfolio.

As a result of the pandemic crisis, the Company 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 Company, in terms of both pricing and better security over extension options for the lease agreements.

In this respect, the management has evaluated its options for early termination as well as the existence of the Company'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.

The Company 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 Company 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 Company - 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 to be made over the lease term:
- 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 Company is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option;
- Amounts expected to be paid under residual value guarantees;
- Lease payments to be made over the contractual lease term, if there are extension options included.

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 Company 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 Company 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.

After initial recognition, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
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 Company 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 Company 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.

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

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.

The following useful lives on average are used in the calculation of depreciation for right-of-use assets, determined based on the lease term of the contractual agreements:

	Years
Buildings	6 – 10 years
Medical equipment	3 – 4 years
Vehicles	3 – 5 years

4. FINANCIAL ASSETS

The Company holds significant investments in other companies.

Carrying amount	**March 31 2023**	**January, 1 2023**
Cost of investments in other companies	476,389,777	398,886,091
Long-term loans granted to group companies	16,938,676	13,129,180
Other financial assets	(1,808,356)	1,815,980
TOTAL	**491,520,097**	**413,831,251**

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

The following table includes the list of Med Life subsidiaries as well as entities that are indirectly controlled, as follows:

No.	Entity	Main activity	Location	31 March 2023	1 January 2023
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83%	83%
2	Medapt SRL (indirect)*	Medical Services	Brasov, Romania	83%	83%
3	Histo SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66.4%	66.4%
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	Arad, Romania	83%	83%
10	Genesys Medical Clinic SRL (indirect)*	Medical Services	Arad, Romania	83%	83%
11	Bactro SRL (indirect)*	Medical Services	Deva, Romania	83%	83%
12	Transilvania Imagistica SA (indirect)*	Medical Services	Oradea, Romania	83%	83%
13	Biofarm Farmec SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Arad, Romania	100%	100%
14	RUR Medical SA (indirect)*	Medical Services	Brasov, Romania	83%	83%
15	Biotest Med SRL	Medical Services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical Services	Iasi, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	90%
18	Ultratest SA (direct si indirect)*	Medical Services	Craiova, Romania	92%	92%
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	Bucharest, Romania	65%	60%
23	Green Dental Clinic SRL (indirect)*	Dental healthcare	Bucharest, Romania	33.2%	31%
24	Dentist 4 Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	65%	60%
25	Dent A Porter SRL (indirect)*	Dental healthcare	Bucharest, Romania	33.5%	31%
26	Dentestet Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	34.4%	32%
27	Aspen Laborator Dentar SRL (indirect)*	Dental healthcare	Bucharest, Romania	48.8%	45%
28	Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	100%	100%

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

No.	Entity	Main activity	Location	31 March 2023	1 January 2023
29	Almina Trading SA	Medical Services	Targoviste, Romania	90%	90%
30	Anima Specialty Medical Services SRL	Medical Services	Bucharest, Romania	100%	100%
31	Anima Promovare si Vanzari SRL (indirect)*	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 (indirect)*	Medical Services	Pitesti, Romania	80%	80%
36	Ghencea Medical Center SA	Medical Services	Bucharest, Romania	100%	100%
37	Sfatul medicului SRL	Medical Platform	Bucharest, Romania	100%	100%
38	RMC Dentart (indirect)*	Dental healthcare	Budapesta, Ungaria	81.3%	81.3%
39	RMC Medical (indirect)*	Medical Services	Budapesta, Ungaria	81.3%	81.3%
40	RMC Medlife	Holding	Budapesta, Ungaria	81.3%	81.3%
41	Badea Medical SRL	Medical Services	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SA	Medical Services	Bucharest, Romania	79%	79%
43	Centrul medical Micromedica SRL	Medical Services	Piatra Neamt, Romania	100%	100%
44	Micromedica Targu Neamt SRL (indirect)*	Medical Services	Targu Neamt, Romania	100%	100%
45	Micromedica Bacau SRL (indirect)*	Medical Services	Bacau, Romania	100%	100%
46	Micromedica Roman SRL (indirect)*	Medical Services	Roman, Romania	100%	100%
47	Medrix Center SRL (indirect)*	Medical Services	Roznov, Romania	100%	100%
48	Spitalul Lotus SRL	Medical Services	Ploiesti, Romania	100%	100%
49	Labor Maricor SRL (indirect)*	Medical Services	Bacau, Romania	100%	100%
50	Centrul Medical Matei Basarab SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
51	Pharmachem Distributie SRL	Distribution of Pharmaceutical Products	Bucharest, Romania	75%	75%
52	CED Pharma SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
53	Leti Pharm 2000 SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
54	Monix Pharm SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
55	KronDent SRL (indirect)*	Dental healthcare	Brasov, Romania	39%	36%
56	Medica SA	Medical Services	Sibiu, Romania	60%	60%
57	Dent Estet Ploiesti SRL (indirect)*	Dental healthcare	Ploiesti, Romania	33.2%	30.6%
58	The Lab Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
59	Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
60	Stomestet Plus SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
61	Costea Digital Dental SRL (indirect)*	Dental healthcare	Oradea, Romania	38%	36%
62	Expert Med Centrul Medical Irina (indirect)*	Medical Services	Galati, Romania	76%	76%

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

No.	Entity	Main activity	Location	31 March 2023	1 January 2023
63	MNT Healthcare Europe SRL	Medical Services	Ilfov, Romania	50%	50%
64	MNT Asset Management SRL (indirect)*	Holding	Bucharest, Romania	50%	50%
65	Clinica Life-Med SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
66	Pro Life Clinics SRL (indirect)*	Medical Services	Iasi, Romania	60%	60%
67	Onco Card SRL (indirect)*	Medical Services	Brasov, Romania	83%	83%
68	Onco Card Invest SRL (indirect)*	Holding	Brasov, Romania	83%	83%
69	Tomorad Expert SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66.4%	66.4%
70	IT Repair SRL (indirect)*	Medical Services	Targu Mures, Romania	49.8%	49.8%
71	Medici's SRL	Medical Services	Timisoara, Romania	80%	80%
72	Micro-Medic SRL	Medical Services	Timisoara, Romania	80%	80%
73	Sweat Concept One SRL	Wellness	Bucharest, Romania	60%	60%
74	OptiCristal Consult SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
75	Alinora Optimex SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
76	Medicris SRL (indirect)*	Medical Services	Oradea, Romania	83%	83%
77	Triamed SRL (indirect)*	Medical Services	Oradea, Romania	83%	83%
78	SC M-Profilaxis SRL (indirect)*	Medical Services	Timisoara, Romania	80%	80%
79	VitaCare Flav SRL (indirect)*	Medical Services	Pitesti, Romania	80%	80%
80	Dent Estet Genesys SRL (indirect)*	Medical Services	Arad, Romania	73.8%	71.3%
81	Aspire Dental SRL (indirect)*	Dental healthcare	Bucharest, Romania	65%	60%
82	Sanopass SA	Medical Platform	Targoviste, Romania	62.5%	51%
83	Muntenia Medical Competences S.A. *	Medical Services	Pitesti, Romania	79.8%	0%
84	Bios Diagnostic Medical Services SRL *	Medical Services	Bucharest, Romania	51%	0%
85	Centrul de Diagnostic si Tratament Provita S.A.	Medical Services	Bucharest, Romania	51%	0%
86	Medical City Blue SRL *	Medical Services	Bucharest, Romania	51%	0%
87	Laborator Cuza Voda SRL *	Medical Services	Bucharest, Romania	51%	0%
88	Provita Pain Clinic SA *	Medical Services	Suceava, Romania	35.7%	0%
89	Policlinica Sf. Ilie SRL *	Medical Services	Craiova, Romania	100%	0%

**These companies are subsidiaries of other subsidiaries in the Group and are included in the consolidation, as they are controlled by the entities which are subsidiaries of the ultimate parent.*

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 investments at individual level. This is performed using discounted cash flow models. The impairment test is performed at the level of each company with significant cost of investment, that represents a CGU from the perspective of the Med Life Group.

The recoverable amount is based on fair value less cost of disposal (FVLCOD) of the underlying assets. There are 43 CGUs included in the valuation process, as the remaining ones have a carrying amount that is not considered to be significant in comparison with the Company’s total carrying amount of cost of investment in other companies.

The discounted future Cash flows of the CGUs, using the DCF method, are determined on the basis of the approved business plans that forecast financial position and results of operations take into account historical values and estimated performance. Cash flows are estimated in RON, having a nominal value. The results are then extrapolated for six additional years using bottom-up, six-year planning that reflects the future development of the CGUs under current conditions.

After the six-year time period, a perpetuity value is calculated using a conservative Group-wide growth rate. To determine the present value of future Cash flows, a discount rate based on the weighted average cost of capital (WACC) is applied.

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

The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. There are a number of key sensitive judgements made in determining the inputs into these models which include:
- Revenue growth considered for the next years and also the perpetual growth rate
- Operating margins and
- The discount rates applied to the projected future cash flows.

The following data provides information on key assumptions used to compile corporate planning:
- Expected development of sales revenue (new customers, market development in general); Group's own estimates referring to past experiences and expected market trends, market potential analysis. External market studies are also used, if available.
- Application of current and historical organic growth rates for business units or business areas.
- Consideration of regulatory changes affecting the development of business units.
- Development of purchased services based on current circumstances (e.g., contractual basis, strategic business model) and the anticipated development of sales activities (expected revenue situation).
- Expected development of personnel expenses and other operating expenses, based on demand analyses, contractual framework and statistical procedures (e.g., inflation).

The estimated future Cash flows are derived from the business plans approved by the responsible bodies. The assumptions underlying the main planning parameters take into account not only past experience and aspects arising from the operating business.

The operating margin results from the application of the assumed planning assumptions. For the subsequent years, an average of the operating margins is assumed (continuation planning period), adding a slight increase.

Cash flows beyond the six-year period are extrapolated using an estimated growth rate, which is consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the CGU. WACC (weighted average cost of capital) is used to estimate the rate. The discount rate is independent of the companies' capital structure and how the companies financed the purchase of the asset, because future cash flows expected to arise from an asset do not depend on how the companies financed the purchase of that asset.

Long-term loans granted to other Group companies

As of March 31, 2023, the Company presents long-term loans granted to Bahtco Invest SA and Medlife Ocupational SRL.

Other financial assets

Other financial assets represent mainly rent deposits with a maturity longer than one year.

5. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

	March 31 2023	January, 1 2023
Gross book value	611,093,828	594,522,691
Accumulated depreciation	(246,129,103)	(237,041,132)
Net book value	**364,964,725**	**357,481,559**

6. INVENTORIES

	March 31 2023	January, 1 2023
Consumables	11,629,684	12,174,959
Materials in the form of inventory items	362,402	337,718
Inventory in transit	619	920
TOTAL	**11,992,705**	**12,513,597**

7. TRADE RECEIVABLES

	March 31 2023	January, 1 2023
Customers	97,598,659	93,838,389
Advances to suppliers	-	-
Allowance for bad debt	(28,314,708)	(27,312,408)
TOTAL	**69,283,951**	**66,525,981**

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

Credit risk for MedLife primarily relates to trade receivables in the ordinary course of 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 continue to be delivered when amounts are overdue, based on 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, which also represents the average contractual term.

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 Company is very diverse, there are generally no large concentrations of credit risk.

8. CASH AND CASH EQUIVALENTS

	March 31 2023	**January, 1 2023**
Cash in bank	9,527,476	14,149,971
Cash in hand	732,398	556,456
Cash equivalents	475,384	435,004
TOTAL	**10,735,258**	**15,141,431**

9. PREPAYMENTS

As of March 31, 2023 the Company has prepayments in amount of RON 2,766,326 (RON 2,674,932 as of January 1, 2023). The prepayments balance as of March 31, 2023 consists mainly of deferred commissions for financing related to the Club loan for undrawn facilities and amounts such as insurance policies for professionals and tangible assets.

10. TRADE AND OTHER PAYABLE

	March 31 2023	**January, 1 2023**
Suppliers	108,993,489	105,588,173
Fixed assets suppliers	19,173,093	14,431,608
Contract liability	2,681,392	2,485,458
TOTAL	**130,847,974**	**122,505,239**

11. OTHER LIABILITIES

	March 31 2023	**January, 1 2023**
Salary and related liabilities (incl. contributions)	12,884,700	13,672,405
Other liabilities	4,453,760	4,004,618
TOTAL	**17,338,460**	**17,677,023**

12. LEASES

	March 31 2023	**January, 1 2023**
Non-current portion of lease liability	46,029,259	50,184,177
Current portion of lease liability	23,896,092	26,229,711
TOTAL	**69,925,352**	**76,413,888**

13. FINANCIAL DEBT

	March 31 2023	**January, 1 2023**
Current portion of interest-bearing loans and borrowings	38,022,457	31,933,045
Non-current portion of interest-bearing loans and borrowings	582,730,734	508,264,032
TOTAL	**620,753,191**	**540,197,077**

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

As at March 31, 2023, the Company's drawn and undrawn financing facilities also included the following:

- a guaranteed overdraft facility between Garanti Bank S.A. and Med Life S.A., the amount drawn on March 31, 2023, is of RON 9,898,200;

The closing balance of the syndicated loan is 614,116,370 RON as of March 31st 2023.

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 6M for the amounts in EUR or ROBOR 6M for the amounts in RON.

As at March 31, 2023 the Company was not in breach of any applicable term of the financing facilities.

14. SHARE CAPITAL AND SHARE PREMIUM

The issued share capital in nominal terms consists of 132,870,492 ordinary shares as at 31 March 2023 (1 January 2023: 132,870,492) 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.

	March 31, 2023	January 1, 2023
Share capital	33,217,623	33,217,623
Share premium	50,286,777	50,594,933
TOTAL	**83,504,400**	**83,812,556**

	Number of shares	%	Value
Legal entities	72,223,943	54.36%	18,055,986
Marcu Mihail	19,932,307	15.00%	4,983,077
Cristescu Mihaela Gabriela	18,660,690	14.04%	4,665,173
Marcu Nicolae	13,835,400	10.41%	3,458,850
Others	8,218,152	6.19%	2,054,538
TOTAL	**132,870,492**	**100.00%**	**33,217,623**

15. RESERVES

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

	March 31 2023	January, 1 2023
General reserves	6,643,525	6,643,525
Other reserves	27,895,072	27,895,072
Revaluation reserves	106,464,509	106,464,509
TOTAL	**141,003,106**	**141,003,106**

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

Turnover for the 3 months period ended March 31, 2023 was RON 160,037,373 (3 months ended March 31, 2022: RON 153,045,425) and consists of medical services, including revenues from prevention packages of corporate customers and fees for services rendered within Med Life's clinics and various hospitals within Romania. The Company's revenues are generated in Romania.

17. OTHER OPERATING REVENUES

	3 months 2023	3 months 2022
Other operating revenues	251,278	75,668
Capitalized cost of intangible assets	749,250	652,149
TOTAL	**1,000,528**	**727,817**

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

18. OTHER OPERATING EXPENSES

	3 months 2023	3 months 2022
Utilities	2,483,885	1,949,835
Repairs maintenance	1,260,177	1,502,733
Rent	607,059	1,277,678
Insurance premiums	587,278	524,860
Promotion expense	3,275,754	2,439,222
Communications	643,696	546,233
Other administration and operating expenses	2,228,004	2,010,303
TOTAL	**11,085,853**	**10,250,864**

19. FINANCIAL NET RESULT

	3 months 2023	3 months 2022
Loss from foreign exchange rate impact	(608,026)	(318,607)
Finance cost	(7,190,553)	(3,215,767)
Bank commissions	(722,948)	(601,571)
Interest income	2,006,835	1,075,589
FINANCIAL NET LOSS	**(6,514,692)**	**(3,060,357)**

20. IMPORTANT EVENTS

Acquisitions

Completion of the acquisition of Nord Group (formerly Provita)
On 30 March 2023, MedLife announced the completion of the acquisition of a 51% stake in Nord Group (formerly Provita) after receiving approval from the Competition Council. The announcement comes five months after the new partnership was finalized.
In its 11 years of activity in the private medical services market, Nord Group has been particularly successful in Bucharest, where it is present through a multidisciplinary hospital, 5 clinics, two state-of-the-art imaging centers, a laboratory for processing a wide range of medical analyses and tests, as well as the only pain therapy training center in Central and Eastern Europe. At the end of last year, Nord Group expanded outside of the capital by opening a multidisciplinary clinic in Suceava worth 2.5 million euros, which houses an integrated Pain Therapy Center and Breast Center. In the coming months, Nord Group will launch a new private medical hospital in Bucharest.

21. SUBSEQUENT EVENTS

On 24 March 2023 was published the Convening Notice for the Annual General Meeting of Shareholders (OGMS) scheduled for 27th/28 April 2023. The following items were mainly submitted for approval to MedLife shareholders:

- The audited annual financial statements for the year 2022, at both individual and consolidated levels
- Discharge of liability of the Board of Directors' members
- Budget of revenues and expenses for the year 2023, at both individual and consolidated levels
- Extension of the financial auditor's mandate for a period of 2 years
- Remuneration Report, subject to the consultative vote of shareholders
- Company Remuneration Policy

The items on the agenda were fully approved during the OGMS on April 27, 2023.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

MED LIFE S.A.

2023 FIRST QUARTER REPORT

Name of the issuing company: Med Life S.A.

Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania

Fax no.: 0040 374 180 470

Unique Registration Code at the National Office of Trade Registry: 8422035

Order number on the Trade Registry: J40/3709/1996

Subscribed and paid-in share capital: RON 33.217.623

Regulated market on which the issued securities are traded: Bucharest Stock Exchange

CONTENTS:

Note: The following financial statements are prepared in accordance with international financial reporting standards, as adopted by European Union ("IFRS").

Quarter report concluded in compliance with ASF Regulation no. 5/2018 on issuers of financial instruments and capital markets and Law no. 24/2017 on issuers of financial instruments and capital markets.

The following financial statements are unaudited.

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

I. UNAUDITED STANDALONE FINANCIAL STATEMENTS ("STANDALONE FS")

UNAUDITED STANDALONE STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED MARCH 31, 2023 ("**STANDALONE BS**")

	March 31, 2023	January 1, 2023	Variation
ASSETS			
Non-current assets			
Intangible assets	15,195,411	14,665,892	3.6%
Property, plant and equipment	349,769,314	342,815,667	2.0%
Right-of-use asset	65,716,138	71,911,269	-8.6%
Other financial assets	491,520,097	413,831,251	18.8%
TOTAL NON-CURRENT ASSETS	**922,200,959**	**843,224,079**	**9.4%**
Current Assets			
Inventories	11,992,705	12,513,597	-4.2%
Trade receivables	69,283,951	66,525,981	4.1%
Loans granted to related parties	169,104,039	162,430,816	4.1%
Other assets	17,110,968	18,251,900	-6.3%
Cash and cash equivalents	10,735,258	15,141,431	-29.1%
Prepayments	2,766,326	2,674,932	3.4%
TOTAL CURRENT ASSETS	**280,993,247**	**277,538,657**	**1.2%**
TOTAL ASSETS	**1,203,194,206**	**1,120,762,736**	**7.4%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Non-current liabilities			
Lease liability	46,029,259	50,184,177	-8.3%
Other long term debt	13,331,181	12,651,217	5.4%
Interest-bearing loans and borrowings	582,730,734	508,264,032	14.7%
Deferred tax liability	19,052,772	19,052,772	0.0%
TOTAL NON-CURRENT LIABILITIES	**661,143,946**	**590,152,198**	**12.0%**
Current Liabilities			
Trade and other payables	130,847,974	122,505,239	6.8%
Overdraft	9,898,200	9,894,800	0.0%
Current portion of lease liability	23,896,092	26,229,711	-8.9%
Current portion of interest-bearing loans and borrowings	38,022,457	31,933,045	19.1%
Loans received from related parties	13,839,759	12,632,124	9.6%
Current tax liabilities	980,993	980,993	0.0%
Provisions	3,480,319	3,480,319	0.0%
Other liabilities	17,338,460	17,677,023	-1.9%
TOTAL CURRENT LIABILITIES	**238,304,254**	**225,333,254**	**5.8%**
TOTAL LIABILITIES	**899,448,201**	**815,485,452**	**10.3%**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	83,504,400	83,812,556	-0.4%
Treasury shares	(595,125)	(3,219,221)	-81.5%
Reserves	141,003,106	141,003,106	0.0%
Retained earnings	79,833,625	83,680,844	-4.6%
TOTAL EQUITY	**303,746,006**	**305,277,285**	**-0.5%**
TOTAL LIABILITIES AND EQUITY	**1,203,194,207**	**1,120,762,736**	**7.4%**

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

UNAUDITED STANDALONE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THER PERIOD ENDED MARCH 31, 2023 ("**STANDALONE PL**")

	Period ended March 31, 2023	Period ended March 31, 2022	Variation 2023/2022
Revenue from contracts with customers	160,037,373	153,045,425	4.6%
Other operating revenues	1,000,528	727,817	37.5%
Operating Income	**161,037,901**	**153,773,242**	**4.7%**
Consumable materials and repair materials	(22,873,096)	(22,166,682)	3.2%
Third party expenses	(61,432,790)	(50,729,263)	21.1%
Salary and related expenses	(45,525,034)	(40,888,313)	11.3%
Social contributions	(1,735,392)	(1,454,439)	19.3%
Depreciation and amortisation	(15,718,263)	(13,101,741)	20.0%
Impairment losses and gains (including reversals of impairment losses)	-	-	100.0%
Other operating expenses	(11,085,853)	(10,250,864)	8.1%
Operating expenses	**(158,370,427)**	**(138,591,301)**	**14.3%**
Operating Profit	**2,667,474**	**15,181,941**	**-82.4%**
Finance income	2,006,835	1,075,589	86.6%
Finance cost	(7,913,501)	(3,817,338)	107.3%
Other financial expenses	(608,026)	(318,607)	90.8%
Financial result	**(6,514,692)**	**(3,060,357)**	**112.9%**
Result Before Taxes	**(3,847,218)**	**12,121,584**	**-131.7%**
Income tax expense	-	(1,013,063)	-100.0%
Net Result	**(3,847,218)**	**11,108,521**	**-134.6%**
Other comprehensive income items that will not be reclassified to profit or loss			
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME	**(3,847,218)**	**11,108,521**	**-134.6%**

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

UNAUDITED STANDALONE STATEMENT OF CASH FLOW FOR THER PERIOD ENDED MARCH 31, 2023 (“**STANDALONE CASHFLOW**”)

	Period ended March 31, 2023	**Period ended March 31, 2022**
Net profit before taxes	**(3,847,218)**	**12,121,584**
Adjustments for		
Depreciation and amortisation	15,718,263	13,101,741
Interest expense	7,913,501	3,817,338
Allowance for doubtful debts and receivables written-off	1,002,300	-
Other non-monetary gains	(749,250)	(652,149)
Unrealised exchange loss	608,026	318,607
Interest revenue	(2,006,835)	(1,075,589)
Operating cash flow before working capital changes	**18,638,786**	**27,631,532**
Decrease / (increase) in accounts receivable	(2,619,338)	(8,840,313)
Decrease / (increase) in inventories	520,892	(52,668)
Decrease / (increase) in prepayments	(91,394)	(2,733,542)
Increase / (decrease) in accounts payable	9,731,551	15,304,545
Cash generated from working capital changes	**7,541,711**	**3,678,022**
Cash generated from operations	**26,180,497**	**31,309,554**
Interest paid	-	(1,522,025)
Net cash from operating activities	**26,180,497**	**29,787,529**
Purchase of investments	(74,785,738)	(74,663,958)
Purchase of intangible assets	(2,078,238)	(2,105,119)
Purchase of property, plant and equipment	(14,808,194)	(4,158,670)
Loans granted to Group companies	(6,673,223)	(7,963,153)
Net cash used in investing activities	**(98,345,393)**	**(88,890,900)**
Lease payments	(6,919,966)	(5,969,625)
Proceeds from loans	73,873,003	67,199,204
Payments for purchase of treasury shares	(401,949)	(5,100,079)
Increase in loans obtained from Group Companies	1,207,635	3,440
Net cash from financing activities	**67,758,723**	**56,132,940**
Net change in cash and cash equivalents	**(4,406,173)**	**(2,970,431)**
Cash and cash equivalents beginning of the year	15,141,431	38,629,900
Cash and cash equivalents end of the year	**10,735,258**	**35,659,469**

II. FINANCIAL ANALYSIS

Analysis of the Standalone PL

Sales for the 3 months period ended 31 March 2023 amounted to RON 160,037,373, higher by 4.6% compared to sales recorded in the 3 months of 2022.

Other operating revenues recorded an increase by 37.5% during 3 months 2023 as compared to 3 months 2022, amounting to RON 1,000,528 as at 31 March 2023.

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide medical services. Med Life SA recorded operating expenses of RON 158,370,427 during 3 months 2023, representing an increase of 14.3%, or RON 19,779,126, as compared to 3 months 2022.

Operating profit recorded a 82.4% decrease in 3 months 2023 as compared to 3 months 2022, from RON 15,181,941 in 3 months 2022 to RON 2,667,474 in 3 months 2023.

Financial loss increased in 3 months 2023 by RON 3,454,335 from a loss of RON 3,060,357 in 3 months 2022 to a loss of RON 6,514,692 in 3 months 2023.

Net result decreased in 3 months 2023 by RON 14,955,739 from a profit of RON 11,108,521 in 3 months 2022 to a loss of RON 3,847,218 in 3 months 2023.

Analysis of the Standalone BS

Non-current assets amount to RON 922,200,959 as of 31 March 2023, recording an increase of 9.4% as compared to 1 January 2023. The increase is mainly due by the increase in Other financial assets.

Current assets increased by RON 3,454,590 or 1.2% from RON 277,538,657 in 1 January 2023 to RON 280,993,247 in 31 March 2023.

Current liabilities (excluding interest-bearing debt items), increased by RON 9,211,807, or 5.9%, from RON 157,275,698 as at 1 January 2023 to RON 166,487,505 as at 31 March 2023.

Interest bearing debt increased by RON 74,070,978, or 11.8%, from RON 626,505,765 as at 1 January 2023 to RON 700,576,743 as at 31 March 2023.

III. IMPORTANT EVENTS

Acquisitions

Completion of the acquisition of Nord Group (formerly Provita)
On 30 March 2023, MedLife announced the completion of the acquisition of a 51% stake in Nord Group (formerly Provita) after receiving approval from the Competition Council. The announcement comes five months after the new partnership was finalized.
In its 11 years of activity in the private medical services market, Nord Group has been particularly successful in Bucharest, where it is present through a multidisciplinary hospital, 5 clinics, two state-of-the-art imaging centers, a laboratory for processing a wide range of medical analyses and tests, as well as the only pain therapy training center in Central and Eastern Europe. At the end of last year, Nord Group expanded outside of the capital by opening a multidisciplinary clinic in Suceava worth 2.5 million euros, which houses an integrated Pain Therapy Center and Breast Center. In the coming months, Nord Group will launch a new private medical hospital in Bucharest.

Corporate events

Convening of Annual GMS
On 24 March 2023 was published the Convening Notice for the Annual General Meeting of Shareholders (OGMS) scheduled for 27th/28 April 2023. The following items were mainly submitted for approval to MedLife shareholders:

- The audited annual financial statements for the year 2022, at both individual and consolidated levels
- Discharge of liability of the Board of Directors' members
- Budget of revenues and expenses for the year 2023, at both individual and consolidated levels
- Extension of the financial auditor's mandate for a period of 2 years
- Remuneration Report, subject to the consultative vote of shareholders
- Company Remuneration Policy

The items on the agenda were fully approved during the OGMS on 27 April 27 2023.

IV. IMPORTANT SUBSEQUENT EVENTS

Corporate events

Annual OGMS
On 27 April 2023, the annual General Meeting of Shareholders took place.

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

V. MAIN FINANCIAL RATIOS PERIOD ENDED AT MARCH 31, 2023

Current ratio	**Period ended at March 31, 2023**		
Current assets	280,993,247	=	1.18
Current liabilities	238,304,254		

Debt to equity ratio	**Period ended at March 31, 2023**		
Long Term Debt	642,091,174	=	211%
Equity	303,746,006		
Long Term Debt	642,091,174	=	68%
Capital Assets	945,837,181		

Trade receivables turnover (days)	**Period ended at March 31, 2023**		
Average receivables	67,904,966	=	38.19
Sales	160,037,373		

Fixed assets turnover	**Period ended at March 31, 2023**		
Sales	160,037,373	=	0.17
Net Fixed Assets	922,200,959		

VI. EBITDA EVOLUTION

	Period ended March 31, 2023	**Period ended March 31, 2022**	**Variation 2023/2022**
Revenue from contracts with customers	160,037,373	153,045,425	4.6%
Other operating revenues	1,000,528	727,817	37.5%
Operating Income	**161,037,901**	**153,773,242**	**4.7%**
Operating expenses	**(158,370,427)**	**(138,591,301)**	**14.3%**
Operating Profit	**2,667,474**	**15,181,941**	**-82.4%**
EBITDA	**18,385,736**	**28,283,681**	**-35.0%**
Finance cost	(7,913,501)	(3,817,338)	107.3%
Other financial expenses	(608,026)	(318,607)	90.8%
Finance income	2,006,835	1,075,589	86.6%
Financial result	**(6,514,692)**	**(3,060,357)**	**112.9%**
Result Before Taxes	**(3,847,218)**	**12,121,584**	**-131.7%**
Income tax expense	-	(1,013,063)	-100.0%
Net Result	**(3,847,218)**	**11,108,521**	**-134.6%**

Declaration of management of Med Life SA

We confirm to the best of our knowledge that the Unaudited Separate Financial Statements of Med Life SA (the Company) for the 3-month period ended March 31, 2023, which were prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, give a true and fair view of the financial position of the Company as at March 31, 2023, and of its financial performance and its cash flows for the period then ended.

Mihail Marcu,	**Alina Irinoiu,**
CEO	CFO