

INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
MED LIFE S.A.

Report on the Audit of the Financial Statements

Opinion

1. We have audited the financial statements of MED LIFE S.A. ("the Company"), with registered office in (address), identified by unique tax registration code 8422035, which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the financial statements.
2. The financial statements as at December 31, 2019 are identified as follows:
 - Net assets/ Equity RON 164.492.491
 - Net profit for the financial year RON 5.022.439
3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named "the Regulation") and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

KEY AUDIT MATTER	How our audit addressed the key audit matter
Valuation of investments	
<p>Investments in other companies represent 32% of the total assets of the Company.</p> <p>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 standalone level. This is performed using discounted cash flow models.</p> <p>As disclosed in note 4, there are a number of key sensitive judgements made in determining the inputs into these models which include:</p> <ul style="list-style-type: none"> >> Revenue growth >> Operating margins and >> The discount rates applied to the projected future cash flows. <p>Accordingly, the impairment test of these assets is considered to be a key audit matter.</p> <p>Management have engaged specialists to assist with the determination of the discount rates for the significant Cash Generating Units to which the cost of investment relates.</p>	<p>We focused our testing of the impairment of cost of investments on the key assumptions made by management.</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> >> Engaging our internal specialists to assist with: <ul style="list-style-type: none"> -- Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36 Impairment of Assets. -- Evaluating the appropriateness of the assumptions used to calculate the discount rates and recalculating these rates. >> We evaluated the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the Cash Generating Unit. >> We subjected the key assumptions to sensitivity analyses. >> We compared the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to evaluate reasonableness of management's projections.

Other information- Administrator's Report

6. The administrator is responsible for preparation and presentation of the other information. The other information comprises the Administrator's report which includes the non-financial information declaration but does not include the consolidated and separate financial statements and our auditor's report thereon,

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

In connection with our audit of the financial statements for the year ended December 31, 2019, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the standalone financial statements prepared as at December 31, 2019, we are required to report if we have identified a material misstatement of this Administrator's report. We have nothing to report in this regard.

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

7. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We have been appointed by the General Assembly of Shareholders on April 22, 2019 to audit the financial statements of Med Life S.A. for the financial year ended December 31, 2019. The uninterrupted total duration of our commitment is 1 year, covering the financial years ended December 31, 2019.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.
- No non-audit services referred to in Article 5 (1) of EU Regulation No. 537 / 2014 were provided.

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

Madeline Alexander, Audit Partner

For signature, please refer to the original Romanian version.

Registered with the Authority for the Public Oversight of the Statutory Audit Activity under number 36

On behalf of:

DELOITTE AUDIT S.R.L.

Clădirea The Mark, Calea Griviței nr. 84-98 și 100-102, etajul 8 și etajul 9, Sector 1

Registered with the Authority for the Public Oversight of the Statutory Audit Activity under number 25

Bucharest, Romania
March 23, 2020

MED LIFE S.A.

**INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

**PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS ADOPTED BY EUROPEAN UNION
(„IFRS“)**

(Together with Independent Auditor's Report and Administrators' Report)

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MED LIFE S.A.
INDIVIDUAL STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019
(all the amounts are expressed in RON, unless otherwise specified)

	Note	December 31, 2019	December 31, 2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	5	11,739,823	7,701,244
Tangible assets	5	203,527,953	183,020,161
Right-of-use asset (IFRS 16)	3.31	59,318,528	-
Financial assets	4	233,023,412	147,899,593
TOTAL NON-CURRENT ASSETS		507,609,716	338,620,998
Current Assets			
Inventories	6	6,887,412	6,533,910
Receivables	7	57,944,885	47,146,208
Receivables with group companies	21	84,409,169	74,915,161
Other receivables		13,782,629	3,944,995
Cash and cash equivalents	8	12,854,754	21,758,563
		175,878,849	154,298,837
Prepayments	9	2,793,639	2,204,277
TOTAL CURRENT ASSETS		178,672,488	156,503,114
TOTAL ASSETS		686,282,204	495,124,112
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	10	95,879,220	75,848,191
Overdraft		9,558,600	9,327,799
Current portion of lease liability	12	26,879,902	2,252,331
Current portion of long term debt	13	16,434,233	14,669,616
Intercompany payables	21	1,707,947	2,754,866
Current tax liabilities		395,661	312,992
Provisions		524,431	0
Other liabilities	11	33,924,206	6,388,289
TOTAL CURRENT LIABILITIES		185,304,200	111,554,084
Long Term Liability			
Lease liability	12	52,532,728	15,161,217
Other long term liabilities		6,650,000	0
Long term debt	13	265,437,273	205,624,681
TOTAL LONG-TERM LIABILITIES		324,620,001	220,785,898
Deferred tax liability	22	11,865,511	10,785,523
TOTAL LIABILITIES		521,789,713	343,125,505
SHAREHOLDER'S EQUITY			
Issued capital	14	81,495,470	81,495,470
Treasury shares		(2,699,804)	(6,056,105)
Reserves	15	76,661,823	73,097,247
Retained earnings		9,035,002	3,461,995
TOTAL EQUITY		164,492,491	151,998,607
TOTAL LIABILITIES AND EQUITY		686,282,204	495,124,112

Approved by the Board of Directors on the date of March 23, 2020 and signed on behalf of by:

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MED LIFE S.A.
INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019
(all the amounts are expressed in RON, unless otherwise specified)

	Note	Period ended December 31,	
		2019	2018
Sales	16	456,165,019	419,850,605
Other operating revenues	17	4,348,742	2,479,012
Operating Income		460,513,761	422,329,617
Operating expenses	18	(439,150,017)	(406,246,137)
Operating Profit		21,363,744	16,083,480
Finance cost		(11,027,079)	(11,238,160)
Other financial (expenses) / gains		(3,507,721)	1,238,211
Financial result	20	(14,534,800)	(9,999,949)
Result Before Taxes		6,828,944	6,083,531
Income tax expense	22	(1,806,505)	(1,973,092)
Net Result		5,022,439	4,110,439
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of treasury shares		655,437	-
Deferred tax on other comprehensive income components	22	(104,870)	-
TOTAL OTHER COMPREHENSIVE INCOME		550,567	-
TOTAL COMPREHENSIVE INCOME		5,573,007	4,110,439

Approved by the Board of Directors on the date of March 23, 2020 and signed on behalf of by:

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

The accompanying notes are an integral part of the individual financial statements.

MED LIFE S.A.
INDIVIDUAL STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(all the amounts are expressed in RON, unless otherwise specified)

		12 Months ended December 31,	
	Note	2019	2018
Net income before taxes		6,828,944	6,083,531
Adjustments for			
Depreciation	5, 18	45,914,443	29,102,249
Interest expense	20	11,027,079	11,238,160
Allowance for doubtful debts and receivables written-off	7	(1,524,207)	-
Provision for other current assets		524,431	-
Other non-monetary gains	17	(3,042,137)	(2,240,604)
Unrealised exchange gain / loss on interest bearing obligations		5,691,210	662,274
Interest revenue	20	(2,183,488)	(1,900,485)
Operating cash flow before working capital changes		63,236,275	42,945,125
Decrease / (increase) in accounts receivable		(15,803,731)	(13,557,819)
Decrease / (increase) in inventories		(353,502)	134,112
Decrease / (increase) in prepayments		(589,362)	355,174
Increase / (decrease) in accounts payable		23,010,291	7,593,132
Cash generated from WC changes		6,263,696	(5,475,401)
Cash generated from operations		69,499,971	37,469,724
Income tax paid		(748,718)	(1,997,404)
Interest received		2,183,489	1,900,485
Interest paid		(9,436,063)	(11,804,040)
Net cash from operating activities		61,498,680	25,568,765
Purchase of investments	4	(53,295,424)	(15,084,370)
Purchase of intangible assets	5	(6,263,964)	(1,575,793)
Purchase of property, plant and equipment	5	(31,226,847)	(24,702,025)
Loans granted	21	(9,494,008)	(43,474,443)
Net cash used in investing activities		(100,280,243)	(84,836,631)
Cash flow from financing activities			
Share capital contribution		-	-
Payment of loans		(8,005,257)	(20,225,319)
(Payments)/Increase of financial leasing		(1,648,793)	(2,239,072)
Payment of the lease liability - IFRS 16		(20,852,596)	-
Increase in loans		63,687,433	39,640,225
Payments for purchase of treasury shares		(2,256,114)	(6,056,105)
Decrease in loans granted to group companies	21	(1,046,919)	(100,831)
Net cash from financing activities		29,877,754	11,018,898
Net change in cash and cash equivalents		(8,903,809)	(48,248,968)
Cash and cash equivalents beginning of the year	8	21,758,563	70,007,531
Cash and cash equivalents end of the year	8	12,854,754	21,758,563

Approved by the Board of Directors on the date of March 23, 2020 and signed on behalf of by:

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

MED LIFE S.A.
INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019
(all the 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
	Paid and registered	Paid, registered after year end						
Balance as at January 1, 2019	5,023,000	513,271	(6,056,105)	75,959,199	10,072,949	63,024,298	3,461,995	151,998,607
Share capital contribution	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	4,011,738	-	-	-	-	4,011,738
Increase from own shares valuation	-	-	(655,437)	-	-	-	-	(655,437)
Other reserves, including revaluation reserve	-	-	-	-	-	3,564,576	-	3,564,576
Total comprehensive income	-	-	-	-	-	-	5,573,007	5,573,007
Gain/loss from revaluation	-	-	-	-	-	-	-	-
Deferred tax related to other comprehensive income	-	-	-	-	-	-	-	-
Profit of the year (loss)	-	-	-	-	-	-	5,573,007	5,573,007
Balance as at Dec 31, 2019	5,023,000	513,271	(2,699,804)	75,959,199	10,072,949	66,588,874	9,035,002	164,492,491

Approved by the Board of Directors on the date of March 23, 2020 and signed on behalf of by:

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

The accompanying notes are an integral part of the individual financial statements.

MED LIFE S.A.
INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019
(all the amounts are expressed in RON, unless otherwise specified)

	Share Capital							
	Paid and registered	Paid, registered after year end	Treasury shares	Share premium	General reserves and other reserves	Revaluation Reserve	Accumulated Results	Total Equity
Balance as at January 1, 2018	5,023,000	513,271	-	75,959,199	9,684,470	63,024,298	(295,965)	153,944,273
Share capital contribution	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	(6,056,105)	-	-	-	-	(6,056,105)
Legal reserve fund	-	-	-	-	388,479	-	(388,479)	-
Total comprehensive income	-	-	-	-	-	-	4,110,439	4,110,439
Gain/loss from revaluation	-	-	-	-	-	-	-	-
Deferred tax related to other comprehensive income	-	-	-	-	-	-	-	-
Profit of the year (loss)	-	-	-	-	-	-	4,110,439	4,110,439
Balance as at Dec 31, 2018	5,023,000	513,271	(6,056,105)	75,959,199	10,072,949	63,024,298	3,461,995	151,988,607

Approved by the Board of Directors on the date of March 23, 2020 and signed on behalf of by:

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

The accompanying notes are an integral part of the individual financial statements.

MED LIFE S.A.
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(all the amounts are expressed in RON, unless otherwise specified)

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, Brasov, Cluj, Braila, Timisoara, Iasi, Galati and Constanta.

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. Details of Med Life SA's subsidiaries at December 31, 2019 and January 1, 2019 are as follows:

	Name of subsidiary	Main activity	Location	December 31, 2019	January 1, 2019
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83.01%	80.01%
2	Medapt SRL (indirect)	Medical Services	Brasov, Romania	83.01%	80.01%
3	Histo SRL (indirect)	Medical Services	Brasov, Romania	49.81%	48.01%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)	Medical Services	Sfantu Gheorghe, Romania	66.41%	64.01%
5	Bahtco Invest SA	Development of building projects	Bucharest, Romania	100%	100%
6	Med Life Ocupational SRL	Medical Services	Bucharest, Romania	100%	100%
7	Pharmalife-Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
8	Med Life Broker de Asigurare si Reasigurare SRL	Insurance broker	Bucharest, Romania	99%	99%
9	Accipiens SA	Rental activities	Bucharest, Romania	61%	58%
10	Genesys Medical Clinic SRL (indirect)	Medical Services	Bucharest, Romania	61%	58%
11	Bactro SRL (indirect)	Medical Services	Deva, Romania	61%	58%
12	Transilvania Imagistica SA (indirect)	Medical Services	Oradea, Romania	61%	58%
13	Biofarm Farmec SRL (indirect)	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	58%
14	RUR Medical SA	Medical Services	Bucharest, Romania	100%	100%
15	Biotest Med SRL	Medical Services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical Services	Bucharest, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	55%
18	Ultratest SA (directly and indirectly)	Medical Services	Craiova, Romania	76%	55%
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	60%	60%
23	Green Dental Clinic SRL (indirect)	Dental healthcare	Bucharest, Romania	31%	31%
24	Dentist 4 Kids SRL (indirect)	Dental healthcare	Bucharest, Romania	31%	31%
25	Dent A Porter SRL (indirect)	Dental healthcare	Bucharest, Romania	31%	31%
26	Dentestet Kids SRL (indirect)	Dental healthcare	Bucharest, Romania	32%	32%
27	Aspen Laborator Dentar SRL (indirect)	Dental healthcare	Bucharest, Romania	45%	45%
28	Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	90%	90%
29	Almina Trading SA	Medical Services	Targoviste, Romania	80%	80%
30	Anima Specialty Medical Services SRL	Medical Services	Bucharest, Romania	100%	100%
31	Anima Promovare si Vanzari SRL (indirect)	Medical Services	Bucharest, Romania	100%	100%
32	Valdi Medica SA	Medical Services	Cluj, Romania	55%	55%
33	Clinica Polissano SRL	Medical Services	Sibiu, Romania	100%	100%
34	Solomed Clinic SA	Medical Services	Pitesti, Romania	80%	80%

MED LIFE S.A.
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(all the amounts are expressed in RON, unless otherwise specified)

35	Solomed Plus SRL (indirect)	Medical Services	Pitesti, Romania	80%	80%
36	Ghencea Medical Center SA	Medical Services	Bucharest, Romania	90%	90%
37	Sfatul medicului SRL	Medical Platform	Bucharest, Romania	100%	100%
38	RMC Dentart (indirect)	Dental healthcare	Budapest, Hungary	51%	0%
39	RMC Medical (indirect)	Medical Services	Budapest, Hungary	51%	0%
40	RMC Medlife	Holding	Budapest, Hungary	51%	0%
41	Badea Medical SRL	Medical Services	Cluj, Romania	65%	0%
42	Oncoteam Diagnostic SA	Medical Services	Bucharest, Romania	75%	0%
43	Centrul medical Micromedica SRL*	Medical Services	Piatra Neamt, Romania	100%	0%
44	Micromedica Targu Neamt SRL (indirect)*	Medical Services	Targu Neamt, Romania	100%	0%
45	Micromedica Bacau SRL (indirect)*	Medical Services	Bacau, Romania	100%	0%
46	Micromedica Roman SRL (indirect)*	Medical Services	Roman, Romania	100%	0%
47	Medrix Center SRL (indirect)*	Medical Services	Roznov, Romania	100%	0%
48	Spitalul Lotus SRL*	Medical Services	Ploiesti, Romania	100%	0%

* The control over these companies was obtained in December 2019, and will be consolidated starting with January 2020.

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

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

- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019).
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 19 "Employee Benefits"** - Plan Amendment, Curtailment or Settlement – adopted by the EU on 13 March 2019 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures – adopted by the EU on 8 February 2019 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 14 March 2019 (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** – adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

The Company expects that the adoption of these new standards and amendments to existing standards will not have a material impact on the Company's financial statements during the initial period of application, except for IFRS 9 and IFRS 16 referred to below in the financial statements.

2.2 Amendments to the existing standards issued by IASB and adopted by the EU, adopted by the Company, as at December 31, 2019

At the date of authorization of these consolidated financial statements, the following new standards and amendments to standards issued by IASB and adopted by the EU and adopted by the Company:

- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),

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- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019).

As at December 31, 2019, the Company has adopted these new standards and amendments to existing standards.

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

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

- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Material - adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"** - Interest Rate Benchmark Reform - adopted by the EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to References to the Conceptual Framework in IFRS Standards** adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020).

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

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

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **IFRS 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IFRS 3 "Business Combinations"** - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2022).

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.

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3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Accounting Standards for Financial Reporting ("IFRSs") as adopted by the European Union ("EU").

The accounting policies applied in these financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended 31 December 2018, except for the adoption of new standards effective as of January 1st 2019.

Starting with January 1, 2019, the Company has applied for the first time the new IFRS 16 "Leasing Contracts" standard.

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

3.2 Basis of preparation

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

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

3.3 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.

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

3.4 Accounting estimates and judgments

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.

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3.5 Foreign currency translation

Functional and 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").

Exchange rates on December 31, 2019 were RON 4.2608 for 1 USD (December 31, 2018: RON 4.0736 for 1 USD); 4.7793 RON for 1 EUR (31 December 2018: 4.6639 RON for 1 EUR), respectively 1.4459 RON for 100 HUF.

The average exchange rates for the 12 months 2019 were RON 4.2392 for 1 USD (12 months 2018: RON 3.9416 for 1 USD); 4.7454 RON for 1 EUR (12 months 2018: 4.6535 RON for 1 EUR), respectively 1.4589 RON for 100 HUF.

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

3.6 Comparative information

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3.7 Investments in other companies

Med Life has significant investments in other companies. The investments are presented at cost less impairment. Management conducts annual testing or whenever there is an indication of impairment to assess whether any impairment losses should be recognized.

3.8 Property, plant and equipment

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

The lands and constructions held for sale for the provision of services or for administrative purposes are recorded in the balance sheet at the revalued amount, which is the fair value at the date of the revaluation, less accumulated depreciation and accumulated impairment losses. The value of the land and constructions held presented in these financial statements is established on the basis of the evaluation reports prepared on December 31, 2019 by independent evaluators certified by ANEVAR. The reassessment is carried out with sufficient regularity to ensure that the Company presents the land and buildings at fair value in the financial statements.

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

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

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

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

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

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3.9 Assets held under finance leases

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

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

3.10 Intangible assets

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

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

De-recognition of intangible assets

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

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the 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 with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment at least annually and whenever there are indications that the asset may be impaired.

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

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

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

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3.11 Inventories

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

3.12 Trade receivables

Receivables are stated in the balance sheet at anticipated realizable value. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the collection terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is determined based on Management risk assessment of the trade receivables collectability.

3.13 Cash and cash equivalents

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

3.14 Financial instruments

Non-derivative financial instruments include equity investments and credit securities, trade and other debt, cash and cash equivalents, trade and other liabilities.

Non-derivative financial instruments are initially recognized at fair value plus any directly attributable transaction costs. Subsequent recognition is made at fair value, any adjustment being presented in the statement of other comprehensive income.

Loans and leases are initially recognized at fair value plus other trading costs, and subsequent recognition is carried at amortized cost.

Fair value is the amount at which an instrument can be traded, between interested and knowledgeable parties, in a transaction carried out under objective conditions.

3.15 Accounts payable

Liabilities for trade payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.16 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

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3.17 Borrowing costs

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. The transaction costs incurred in issuing the liability are amortized over the life of the loan.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognized as interest expense over the period of the borrowings.

3.18 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the combined income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The 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 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.

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.

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3.19 Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared.

3.20 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.

3.21 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.

3.22 Provisions for risks and charges

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

3.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rendering of services

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. The Company does not operate any customer loyalty program.

The Company is rendering health care medical services to corporate and retail customers. Corporate customers revenues are recognized based on monthly prevention packages at the end of the month at the level of the agreed value for the each prevention package. Revenues for retail customers are recognized when the services are actually rendered.

Interest revenues

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.24 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 income statement 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.

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3.25 Related parties

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

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

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

3.26 Fair value

As described above, 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.

The fair values were assessed for evaluation or presentation of information based on the methods and techniques described below. Fair value was assessed for land and buildings owned as of December 31, 2019 based on evaluators reports. The fair value of land was established based on market value approach. The fair value for buildings was established based on cost of replacement approach.

3.27 IAS 29

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

3.28 IFRS 8

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

An operating segment is a component of an entity:

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

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

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3.29 IFRS 9 „Financial instruments“

IFRS 9 "Financial Instruments" introduces changes to the recognition and measurement of financial assets and it results in the prior recognition of non-performing debt allowances for debts.

Being allowed as a standard, the Company adopted IFRS 9 as of January 1, 2018, using the modified retrospective method, with cumulative adjustments from the initial application recognized in equity starting January 1, 2018, and without disclosing the figures for the comparative period.

3.30 IFRS 15 „Revenues from contracts with customers“

IFRS 15 „Revenues from contracts with customers“ introduces a comprehensive model for revenue recognition and measurement. The standard replaces the existing criteria for revenue recognition, replacing the standards IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programs". Under the new standard, revenue is recognized when or as the customer acquires control over the goods or services rendered, at the amount which reflects the price at which the Company is expected to be entitled to receive in exchange of those goods or services.

Being permitted by the standard, the Company adopted IFRS 15 starting with January 1st 2018 using the modified retrospective method, with cumulated adjustments from the initial application recognised in equity as of January 1st 2018 and without restating the figures of the comparative periods. The initial application has no impact on the Company's Retained Earnings.

In respect to the timing of the revenue recognition, all of the Company's services provided are transferred to the customer when the services are rendered. Based on internal assessment of the possible impact resulting from the application of IFRS 15 not significant effect was identified on these financial statements. Also, a number of other amendments and interpretations have been effective starting with January 1st 2018, but do not have a significant effect on these financial statements.

3.31 IFRS 16 „Leases“

As of January 1, 2019, the Company has adopted the new IFRS 16 "Leasing" standard. IFRS 16 is in effect for annual periods beginning on or after January 1, 2019. IFRS 16 replaces existing lease instructions, including IAS 17 Leasing, IFRIC 4 Determining whether an agreement contains a lease, SIC-15 Operational Leasing - Stimulants and SIC-27 Valuation of the transactions fund that involves the legal form of a lease.

The company has rented several assets including buildings and land for commercial purposes. The average rental period is 4 years (2018: 4 years). All rental contracts contain extension or termination clauses.

For a better understanding of the impact following the adoption of IFRS 16 "Leasing Contracts" on the Company's financial statements, see the table below:

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	December 31, 2018	Adjustment IFRS 16	after IFRS 16 December 31, 2018	after IFRS 16 December 31, 2019
TOTAL NON-CURRENT ASSETS	338,620,998	52,394,578	391,015,576	507,609,716
TOTAL CURRENT ASSETS	156,503,114	-	156,503,114	178,672,488
TOTAL ASSETS	495,124,112	52,394,578	547,518,690	686,282,204
TOTAL CURRENT LIABILITIES	111,554,084	20,884,910	132,438,994	185,304,200
TOTAL LONG-TERM LIABILITIES	220,785,898	32,561,170	253,347,068	324,620,001
Deferred tax liability	10,785,523	382,228	11,167,751	11,865,511
TOTAL LIABILITIES	343,125,505	53,828,307	396,953,812	521,789,713
TOTAL EQUITY	151,998,607	(1,433,729)	150,564,878	164,492,491
TOTAL LIABILITIES AND EQUITY	495,124,112	52,394,578	547,518,690	686,282,204

	12 months ended 31-Dec-18	Adjustment IFRS 16	after IFRS 16 12 months ended 31-Dec-18	after IFRS 16 12 months ended 31-Dec-19
Operating Income	422,329,617	-	422,329,617	460,513,761
Operating expenses	(406,246,137)	1,337,424	(404,908,713)	(439,150,017)
Operating Profit	16,083,480	1,337,424	17,420,904	21,363,744
Financial result	(9,999,949)	(2,388,925)	(12,388,874)	(14,534,800)
Result Before Taxes	6,083,531	(1,051,501)	5,032,030	6,828,944
Net Result	4,110,439	(1,433,729)	2,676,710	5,022,439

	12 months ended 31-Dec-18	Adjustment IFRS 16	after IFRS 16 12 months ended 31-Dec-18	after IFRS 16 12 months ended 31-Dec-19
Net income/(loss) before taxes	6,083,531	(1,051,501)	5,032,030	7,484,382
Operating cash flow before working capital changes	42,945,125	20,217,414	63,162,539	63,236,275
Cash generated from operations	37,469,724	20,217,414	57,687,138	69,499,971
Net cash from / (used in) operating activities	25,568,765	19,262,218	44,830,983	61,498,680
Net cash used in investing activities	(84,836,631)	-	(84,836,631)	(100,280,243)
Net cash from used in financing activities	11,018,898	(19,262,218)	(8,243,320)	29,877,754
Cash and cash equivalents end of the period	21,758,563	-	21,758,563	12,854,754

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Right-of-use asset	Constructions	Vehicles / Equipment	Total
Cost			
Value as of 1 January 2019	69,166,856	12,160,659	81,327,515
Increases	-	-	-
Value as of 31 December 2019	69,166,856	12,160,659	81,327,515
Accumulated depreciation			
Value as of 1 January 2019	-	-	-
Increases	18,077,749	3,931,238	22,008,987
Value as of 31 December 2019	18,077,749	3,931,238	22,008,987
Net value	51,089,106	8,229,421	59,318,528

Leasing	Constructions	Vehicles / Equipment	Total
Opening balance	69,166,856	12,160,659	81,327,515
Increases	1,917,376	633,240	2,550,616
Decreases	(19,079,559)	(4,323,652)	(23,403,211)
Closing balance	52,004,672	8,470,247	60,474,919

Due dates	Repayment	
Years	2019	
	1	22,135,069
	2	20,413,404
	3	15,343,363
	4	1,837,101
	5	745,981
Total	60,474,919	

3.32 Subsequent events

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

4. FINANCIAL ASSETS

The Company holds significant investments in other companies.

Carrying amount	31 December 2019	31 December 2018
Cost of investments in other companies	219,441,742	135,043,779
Long-term loans granted to group companies	12,072,552	11,191,914
Other financial assets	1,509,118	1,663,900
TOTAL	233,023,412	147,899,593

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Investments in other companies

Investments in other companies represent 32% of the total assets of the Company.

Movement in cost of investments

	December 31, 2019	December 31, 2018
Balance at the beginning of the year	135,043,779	120,447,736
Acquisition of social parts in other companies	84,397,963	14,596,043
Disposal of subsidiaries	-	-
Balance at year end	219,441,742	135,043,779

The group signed the sale contract for the purchase of shares in the capital of the following companies:

- 35% of the share capital of SAMA;
- 3% of the share capital of the company PDR Brasov (Policlinica de Diagnostic Rapid);
- 3% of the share capital of the company Accipiens SA;
- 51% of the share capital of Rózsakert Medical Center;
- 65% of the share capital of Badea Medica;
- 75% of the share capital of Onco Team Diagnostic;
- 100% of the share capital of Lotus Hospital;
- 100% of the share capital of the company Micromedica Medical Center;
- 100% of the share capital of the company OncoCard Brasov.

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.

There are a number of key sensitive judgements made in determining the inputs into these models which include:

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

Management have engaged specialists to assist with the determination of the discount rates for the significant Cash Generating Units to which the cost of investment relates.

Long-term loans granted to other Group companies

As of December 31, 2019, the Company presents long-term loans granted to Bahtco Invest SA and Medlife Occupational SRL of RON 11,439,873 (January 1, 2019: RON 11,191,914).

Other financial assets

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

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5. TANGIBLE AND INTANGIBLES FIXED ASSETS

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

	<u>Intangibles</u>	<u>Land</u>	<u>Constructions</u>	<u>Vehicles and equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost						
1 January 2019	31,194,347	13,429,395	153,078,974	152,453,145	8,310,154	358,466,015
Additions	8,149,709	-	18,431,430	11,677,171	6,684,887	44,943,197
Transfers	-	-	2,562,388	-	(2,562,388)	-
Disposals	-	-	-	(253,259)	-	(253,259)
Revaluation	-	(636,615)	3,785,498	393,563	-	3,542,446
31 December 2019	39,344,056	12,792,780	177,858,290	164,270,619	12,432,653	406,698,399
Depreciation						
1 January 2019	23,493,103	-	47,435,376	96,816,131	-	167,744,610
Charge of the year	4,111,130	-	5,568,580	14,225,623	-	23,905,334
Disposals	-	-	-	(219,322)	-	(219,322)
Revaluation	-	-	-	-	-	-
31 December 2019	27,604,233	-	53,003,956	110,822,433	-	191,430,622
Net Book Values						
1 January 2019	7,701,244	13,429,395	105,643,598	55,637,014	8,310,154	190,721,405
31 December 2019	11,739,823	12,792,780	124,854,334	53,448,187	12,432,653	215,267,776

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As of December 31, 2018 the Company's tangible and intangible assets' structure was the following:

	<u>Intangibles</u>	<u>Land</u>	<u>Constructions</u>	<u>Vehicles and equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost						
January 1, 2018	27,377,950	13,429,395	146,599,753	119,984,785	7,796,971	315,188,854
Additions	3,816,397	-	-	32,574,677	6,992,404	43,383,478
Transfers	-	-	6,479,221	-	(6,479,221)	-
Disposals	-	-	-	(106,317)	-	(106,317)
Revaluation	-	-	-	-	-	-
December 31, 2018	31,194,347	13,429,395	153,078,974	152,453,145	8,310,154	358,466,015
Depreciation						
January 1, 2018	19,717,165	-	37,248,302	81,700,668	-	138,666,135
Charge of the year	3,775,938	-	10,187,074	15,139,237	-	29,102,249
Disposals	-	-	-	(23,774)	-	(23,774)
Revaluation	-	-	-	-	-	-
December 31, 2018	23,493,103	-	47,435,376	96,816,131	-	167,744,610
Net Book Values						
January 1, 2018	7,660,785	13,429,395	109,351,451	38,284,117	7,796,971	176,522,719
December 31, 2018	7,701,244	13,429,395	105,643,598	55,637,014	8,310,154	190,721,405

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5.1. Land and buildings carried at fair value

The value of the lands and constructions related to Med Life presented in the financial statements are based on the evaluation reports prepared on December 31, 2019 by independent evaluators certified by ANEVAR.

The lands subject to the revaluation reports were evaluated by applying the market price comparison method as well as the residual method. The resulting value was based on the market comparison method.

The constructions were evaluated using both the cost approach and the revenue based approach (capitalizing the net income from rents). The final value that resulted is the one that derives from the application of the method by cost.

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

Carrying amount without revaluation	December 31, 2019	January 1, 2019
Land	1,346,998	1,346,998
Buildings	60,468,311	42,036,881
TOTAL	61,815,309	43,383,879

5.2. Assets pledged as securities

The lands and constructions were pledged to guarantee the Company's loans (see Note 13). The company cannot deposit these assets as collateral for other loans nor sell them to other entities.

6. INVENTORIES

	31 December 2019	31 December 2018
Consumable	6,842,340	6,513,579
Materials in the form of inventory items	42,522	18,892
Inventory in transit	2,550	1,439
TOTAL	6,887,412	6,533,910

7. ACCOUNTS RECEIVABLE

	31 December 2019	31 December 2018
Customers	69,111,488	60,587,456
Advances to suppliers	3,505,840	2,755,402
Allowance for bad debt	(14,672,443)	(16,196,650)
TOTAL	57,944,885	47,146,208

Trade receivables as of December 31, 2019 and December 31, 2018 include a debt of RON 7,365,835 which represents amounts receivable from the Health Insurance House of the Municipality of Bucharest, not yet invoiced. The company has commenced court proceedings against the Health Insurance House of Bucharest. The management of the Company is confident that the amount will be recovered in the end, but considering the unfavorable decisions of the courts in similar cases, the Company has decided to register a value adjustment for the entire amount.

The trade receivables presented above are classified as receivables and are therefore valued at amortized cost.

The average receivable period for the services offered is 90 days. There is no interest on commercial receivables within the first 90 days from the date of issue of the invoice.

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As of December 31, 2019, the Company's management carried out an assessment on the recoverability of the debts - an adjustment of value of RON 14,672,443 (amount which also includes the amount of RON 7,365,835 to be collected from the Health Insurance House of the Municipality of Bucharest mentioned above), this being the best estimate of the management regarding the receivables that will not be collected.

The estimate takes into account the debt collection behavior over a four-year historical period. The company monitors the quality of its clients' credit on a recurring basis. The credit risk is eliminated due to a large population of clients and the Company is not dependent on the receivables from a limited number of clients.

Ageing of past due but not impaired	December 31, 2019	January 1, 2019
90 - 180 days	254,073	104,517
180 days - 270 days	68,136	279,460
270 - 365 days	68,075	268,931
Over 365 days	<u>2,551,108</u>	<u>2,411,302</u>
TOTAL	<u>2,941,391</u>	<u>3,064,209</u>
Average age (days)	90	90

The receivables are spread over a large pool of clients. The main state budget customer is: The National Health Insurance House.

Movement in the allowance for doubtful debts	December 31, 2019	December 31, 2018
Balance at the beginning of the year	16,196,650	16,196,650
Reversals recognized on receivables	<u>(1,524,207)</u>	<u>-</u>
TOTAL	<u>14,672,443</u>	<u>16,196,650</u>

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Ageing of impaired trade receivables	December 31, 2019	January 1, 2019
0 zile	92,270	79,813
0-30 zile	89,856	49,848
31-90 zile	75,353	71,304
91-180 zile	133,008	162,552
181-270 zile	164,241	143,224
270-365 days	145,158	171,899
Over 365 days	<u>6,606,722</u>	<u>7,652,176</u>
TOTAL GENERAL	<u>7,306,608</u>	<u>8,830,815</u>
Other allowance (described above)	<u>7,365,835</u>	<u>7,365,835</u>
TOTAL	<u>14,672,443</u>	<u>16,196,650</u>

8. CASH AND BANKS

	31 December 2019	31 December 2018
Cash in bank	<u>10,484,676</u>	<u>19,397,886</u>
Cash in hand	898,503	1,032,328
Cash equivalents	<u>1,471,575</u>	<u>1,328,349</u>
TOTAL	<u>12,854,754</u>	<u>21,758,563</u>

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9. PREPAYMENTS

As of December 31, 2019 the Company has prepayments in amount of RON 2,793,639 (RON 2,204,277 as of January 1, 2019). The prepayments balance as of December 31, 2019 consists mainly of deferred commissions for financing related to the Club loan and amounts related to rent paid in advance for rented properties and other amounts such as insurance policies for professionals and tangible assets.

10. ACCOUNTS PAYABLE

	31 December 2019	31 December 2018
Suppliers	80,812,869	66,821,334
Fixed assets suppliers	10,148,099	7,810,360
Advances paid by customers	4,918,252	1,216,497
TOTAL	95,879,220	75,848,191

The balance of the suppliers account consists of debts for the acquisition of reagents, laboratory equipment, office equipment, stationery, cleaning products and food.

11. OTHER SHORT TERM LIABILITIES

	31 December 2019	31 December 2018
Salary and related liabilities (incl. contributions)	8,805,986	5,937,202
Other liabilities	25,118,220	451,087
TOTAL	33,924,206	6,388,289

12. LEASING LIABILITIES

	December 31, 2019	January 1, 2019
Non-current portion – Leasing	52,532,728	15,161,217
Current portion – Leasing	26,879,902	2,252,331
TOTAL	79,412,630	17,413,548
Obligations under finance lease	December 31, 2019	January 1, 2019
Minimum Lease Payments		
Long-term (between 2 and 5 years)	54,692,573	17,793,501
Short-term (less than one year)	27,679,773	3,038,731
Total	82,372,346	20,832,232
Less: future finance charges	(2,959,716)	(3,418,684)
Present value of lease obligations		
Analysed as follows:		
Maturing within one year	52,532,728	15,161,217
Maturing after more than one year but not later than five year	26,879,902	2,252,331
TOTAL	79,412,630	17,413,548

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

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13. FINANCIAL DEBT

	31 December 2019	31 December 2018
Current portion of long-term loans	16,434,233	14,669,616
Non-current portion of long-term loans	265,437,273	205,624,681
TOTAL	281,871,506	220,294,297

At December 31, 2019, the Company's financing facilities, drawn and not drawn up, included the following:

- On September 24, 2019 Med Life SA (together with the co-debtors Policlinica de Rapid Diagnostic SA, Bahtco Invest SA, Accapiens SA, Genesys Medical Clinic SRL, Clinica Polissano SRL, Medical Center Sama SA, Dent Estet Clinic SA and Valdi Medica SRL) signed with the Banca Comerciala Romana, Raiffeisen Bank, BRD Groupe Societe Generale and Banca Transilvania the refinancing of the existing facilities, the extension of the financing period, the rearrangement of the terms and conditions, as well as for an additional credit limit of EUR 28 million, which will be in the form a term facility, being used by Medlife, along with other liquidities of the Company, for possible new purchasing opportunities in the market.
- a guaranteed overdraft facility concluded between Garanti Bank S.A. and Med Life S.A., the amount drawn on December 31, 2019 is RON 9,558,600.

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

The following guarantees have been requested, within the credit agreement at the level of the whole Group:

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

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14. ISSUED CAPITAL

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

ISSUED CAPITAL

	Number of shares	%
Marcu Mihail	3,897,920	17.6%
Cristescu Mihaela Gabriela	3,110,115	14.0%
Marcu Nicolae	2,692,400	12.2%
Others	12,444,647	56.2%
TOTAL	22,145,082	100.0%

As of December 31, 2018 the shareholders' structure of Med Life SA is as presented below:

	No. of shares	%
Marcu Mihail	4,119,320	18.6015%
Marcu Nicolae	2,913,800	13.1578%
Cristescu Mihaela Gabriela	3,110,115	14.0443%
Others	12,001,847	54.1964%
TOTAL	22,145,082	100%

Result per share

	2019	2018
Profit for the period	5,022,439	4,110,439
Number of ordinary shares at the beginning and end of the period	22,145,082	22,145,082
Result per share (Ron /share)	0.2268	0.1856

15. RESERVES

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

	31 December 2019	31 December 2018
General reserves	1,004,600	1,004,600
Other reserves	9,068,349	9,068,349
Revaluation reserves	66,588,874	63,024,298
TOTAL	76,661,823	73,097,247

As of December 31, 2014, Med Life S.A. used a fiscal facility available from 2014 for the reinvested profit and increased its reserves according to the fiscal norms, by RON 4,933,776 based on the profit obtained in 2014. As of December 31, 2015, Med Life S.A. used the fiscal facility for reinvested profit and increased its reserves by RON 3,705,398. These amounts can be found in the balance of other reserves as of December 31, 2019 and January 1, 2019. This reserve will be taxed when used in any form.

General reserves and other reserves	December 31, 2019	January 1, 2019
Balance at beginning of the year	10,072,949	9,684,470
Movements	-	388,479
Balance at the end of the year	10,072,949	10,072,949

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Revaluation reserves	December 31, 2019	January 1, 2019
Balance at beginning of the year	63,024,298	63,024,298
Decrease arising revaluation correction	-	-
Increase due to revaluation	3,564,575	-
Balance at the end of the year	66,588,873	63,024,298

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

The effects of taxes on income, if any, resulting from the revaluation of property, plant and equipment are recognized and disclosed in accordance with IAS 12 Income Taxes (please see note 22).

16. SALES

Turnover for the year ended December 31, 2019 is of RON 456,165,019 (for the year ended December 31, 2018 - RON 419,850,605) consisting 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.

17. OTHER OPERATING REVENUES

Other operating revenues caption comprises:

	12 months 2019	12 months 2018
Other operating revenues	2,462,997	238,408
Capitalized cost of intangible assets	1,885,745	2,240,604
TOTAL	4,348,742	2,479,012

18. OPERATING EXPENSES

	12 months 2019	12 months 2018
Consumable materials and repair materials	66,396,142	59,946,982
Commodities	-	-
Utilities	4,746,958	3,983,523
Repairs maintenance	5,491,322	4,498,745
Rent	5,427,579	27,032,741
Insurance premiums	2,042,402	1,659,470
Promotion expense	7,898,505	11,067,790
Communications	2,063,051	2,250,779
Third party expenses (including doctor's agreements)	140,605,350	125,700,488
Salary and related expenses	145,006,773	129,176,575
Social contributions	5,259,030	4,525,621
Depreciation	45,914,443	29,102,249
Impairment of fixed assets	-	-
Other administration and operating expenses	8,298,462	7,301,174
TOTAL	439,150,017	406,246,137

19. KEY MANAGEMENT PERSONNEL EXPENSES

The structure of Med Life personnel is described below:

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	December 31, 2019	December 31, 2018
Management	44	66
Staff	2,156	2,127
Total	2,200	2,193

The short-term benefits (salary expenses) paid by the Company, by type of personnel are described below:

	December 31, 2019	December 31, 2018
Management	18,122,853	18,748,535
Staff	126,883,920	110,428,040
Total	145,006,773	129,176,575

20. NET FINANCIAL RESULT

	12 months 2019	12 months 2018
Other financial expenses	-	-
(Loss)/Gain from foreign exchange rate impact	(5,691,210)	(662,274)
Finance cost	(11,027,079)	(11,238,160)
Other income	(0)	-
Interest income	2,183,489	1,900,485
FINANCIAL NET LOSS	(14,534,800)	(9,999,949)

21. RELATED PARTIES

The related parties identified are all the companies in Med Life Group, Nautic Life SRL, DR. CRISTESCU I. MIHAELA-GABRIELA and Marcu Nicolae (shareholder).

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Closing balances	December 31, 2019	January 1, 2019
Payables		
Almina Trading SRL	211,550	166,066
ANIMA SPECIALITY MEDICAL SERVICES SRL	1,205,251	759,830
NAUTIC LIFE	2,616	-
DR. CRISTESCU I. MIHAELA-GABRIELA	4,839	49,804
MARCU NICOLAE	7,402	-
Pharmalife Med SRL	8,667	13,885
Policlinica de Diagnostic Rapid SA	4,572,269	2,366,809
Policlinica de Diagnostic Rapid Medis SRL	877,996	738,728
BAHTCO INVEST SA	1,072,467	654,154
Medapt SRL	832,033	832,033
RUR Medical SA	1,134,616	1,008,445
Genesys Medical Clinic SRL	2,811,864	2,486,199
Histo SRL	189,112	148,030
Biofarm Farmec SRL	8,887	8,887
Bactro	107,048	59,555
BIOTEST MED SRL	3,540,539	3,251,049
VITAL TEST SRL	2,452,839	2,484,147
Centrul Medical Sama	2,513,729	1,552,326
Ultratest Craiova SA	5,106	5,106
Prima Medical SRL	178,500	137,423
Diamed Center SRL	36,039	56,371
Dent Estet Clinic SA	9,139	7,220
Aspen Laborator Dentar SRL	2,395	2,295
Centrul Medical Panduri SA	505,374	148,296
Clinica Polisano SRL	868,707	284,482
Solomed Clinic SA	675,068	169,375
Solomed Plus SRL	263,620	59,965
Transilvania Imagistica SRL	24,049	-
Total	24,121,722	17,450,480

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Closing balances	December 31, 2019	January 1, 2019
Receivables		
Centrul Medical Panduri SA	291,439	119,109
Almina Trading SRL	192,014	33,779
DR. CRISTESCU I. MIHAELA-GABRIELA	58,400	-
ANIMA SPECIALITY MEDICAL SERVICES SRL	534,201	531,464
Pharmalife Med SRL	1	1
Policlinica de Diagnostic Rapid SA	3,162,096	1,469,234
Histo SRL	70	70
Genesys Medical SRL	922,134	2,491,443
Policlinica de Diagnostic Rapid Medis SRL	257,810	66,953
Accipients SA	6,692	6,692
BIOTEST MED SRL	178,472	-
VITAL TEST SRL	170,442	-
Centrul Medical Sama SA	2,371,164	1,874,035
Ultratest Craiova SA	62,803	18,139
RUR Medical SA	244,108	130,889
Diamed Center SRL	1,673,698	971,623
Stem Cells Bank SA	329,058	178,062
Dent Estet Clinic SA	7,186	13,884
Medlife Ocupational SRL	55,990	24,830
Solomed Clinic SA	418,069	44,391
Clinica Polisano SRL	1,048,850	-
Prima Medical SRL	36,583	-
ASPEN LABORATOR DENTAR SRL	72	-
Total	12,021,353	7,974,598
Transactions during the year		
	December 31, 2019	December 31, 2018
Expenses		
NAUTIC LIFE	-	-
MARCU NICOLAE	-	-
DR. CRISTESCU I. MIHAELA-GABRIELA	700,800	642,400
Policlinica de Diagnostic Rapid SA	2,204,311	2,085,252
Policlinica de Diagnostic Rapid Medis SRL	139,268	176,005
BAHTCO INVEST SA	4,921,882	2,658,803
Histo SRL	48,730	54,452
RUR Medical SA	126,171	174,556
Genesys Medical Clinic SRL	1,995,710	1,581,780
Bactro SRL	47,494	55,474
BIOTEST MED SRL	2,931,988	3,446,719
VITAL TEST SRL	2,740,994	2,809,287
Centrul Medical Sama SA	1,717,286	2,002,409
Ultratest Craiova SA	-	-
Prima Medical SRL	72,184	89,983
Diamed Center SRL	355,264	455,896
ASPEN LABORATOR DENTAR SRL	3,320	8,592
ALMINA TRADING S.A.	531,869	512,650
Centrul Medical Panduri	627,410	148,296
Dentestet Clinic	96,914	54,160
GIE	776	2,698,127
Clinica Polisano SRL	590,151	284,482
Solomed Clinic	478,375	169,375
Solomed Plus	244,924	64,065
ANIMA SPECIALITY MEDICAL SERVICES SRL	2,195,421	1,098,852
Pharmalife Med SRL	13,407	-
Transilvania Imagistica SRL	22,387	-
Total	22,807,037	21,271,615

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	December 31, 2019	December 31, 2018
Acquisition of inventories		
Pharmalife Med SRL	22,014	9,662
BAHTCO INVEST SA	9,086,200	8,882,651
Biofarm Farmec SRL	-	-
Total	9,108,215	8,892,313

	December 31, 2019	December 31, 2018
Transactions during the year		
Sales		
Marcu Nicolae	1,633	-
Centrul Medical Panduri SA	403,936	280,134
Almina Trading SA	567,481	477,689
ANIMA SPECIALITY MEDICAL SERVICES SRL	883,213	572,503
Policlinica de Diagnostic Rapid SA	1,542,811	1,762,302
Policlinica de Diagnostic Rapid Medis SRL	190,854	101,119
Genesys Medical Clinic SRL	1,054,664	1,478,690
BIOTEST MED SRL	77,704	27,550
VITAL TEST SRL	78,139	37,600
Centrul Medical Sama SA	412,668	1,516,670
Ultratest Craiova SA	44,661	-
Diamed Center SRL	702,075	639,730
Stem Cells Bank SA	150,999	115,973
Dentestet 4 Kids	13,449	11,346
Dentestet Clinic	53,164	47,356
Green Dental	1,848	1,708
Medlife Ocupational	-	50,912
Solomed Clinic	348,876	44,391
Valdi Medica	156,031	69,095
Clinica Polisano SRL	1,050,418	-
Sfatul Medicului	5,175	-
Total	7,739,799	7,234,768

	December 31, 2019	January 1, 2019
Loans granted		
Valdi Medica	1,910,524	937,518
PDR SA	11,078	10,591
BAHTCO INVEST SA	44,585,052	43,442,423
MedLife Ocupational SRL	2,037,794	2,095,722
Vital Test SRL	269	269
Stem Cells Bank SA	5,228,145	3,156,334
Clinica Polisano SRL	30,657,927	29,923,416
Diamed Center SRL	8,878,487	6,540,800
Ghencea Medical Center	153,590	-
Sfatul Medicului SRL	143,916	-
Pharmalife Med SRL	2,874,938	-
Total	96,481,721	86,107,073

MED LIFE S.A.
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
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(all the amounts are expressed in RON, unless otherwise specified)

	December 31, 2019	January 1, 2019
Loans obtained		
Pharmalife Med SRL	145,672	1,226,934
PDR SA	405,205	395,632
Policlinica de Diagnostic Medis SRL	673,308	657,308
Asilife SA	188,428	184,449
Prima Medical SRL	295,334	288,585
Total	1,707,947	2,752,908

22. TAXATION

	December 31, 2019	December 31, 2018
Current income tax expense	1,239,486	1,973,092
Deferred tax expense	567,019	-
Total income tax expense	1,806,505	1,973,092
Profit / (Loss) before tax	6,828,944	6,083,531
Income tax expense calculated at 16%	-	-
Effect of expenses that are not deductible in determining taxable profit	1,239,486	1,973,092
Effect of temporary differences	567,019	-
Income tax expense recognized in profit or loss	1,806,505	1,973,092
Effective tax rate	26.5%	32.4%

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

The components of deferred tax as of December 31, 2019 are presented below:

Components of deferred tax	December 31 2019	Modificări în impozitul amânat	1 January 2019
Deferred tax assets			
Non-current assets	-	-	-
Trade receivables	1,258,534	-	1,258,534
Total deferred tax asset	1,258,534	-	1,258,534
Deferred tax liability			
Deferred tax liability as a result of IFRS 16 application	408,099	408,099	-
Non-current assets new acquisitions	567,019	567,019	-
Revaluation reserve	12,148,926	104,870	12,044,056
Total deferred tax liability	13,124,044	1,079,988	12,044,056
Net deferred tax liability	11,865,511	1,079,988	10,785,523

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The components of deferred tax as of December 31, 2018 are presented below:

Components of deferred tax	December 31, 2018	Change in deferred tax	January 1, 2018
Deferred tax assets			
Non-current assets	-	-	-
Trade receivables	1,258,534	-	1,258,534
Total deferred tax asset	1,258,534	-	1,258,534
Deferred tax liability			
Receivables	-	-	-
Non-current assets	-	-	-
Revaluation reserve	12,044,056	-	12,044,056
Total deferred tax liability	12,044,056	-	12,044,056
Net deferred tax liability	10,785,523	-	10,785,523

The net effect of the change on deferred tax balances recognized as at December 31, 2019, except for the deferred tax related to the revaluation reserve which is recognized in equity, is reflected in the statement of comprehensive income for the year then ended.

23. FINANCIAL INSTRUMENTS (IFRS 7)

(a) Capital risk management

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

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents disclosed in note 8 and equity, comprising issued capital, reserves and retained earnings as disclosed in notes 14 and 15.

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

(b) Significant accounting policies

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

(c) Financial risk management objectives

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

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(d) Market risk

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

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

(e) Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

(f) Liquidity risk management

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

(g) Fair value of financial instruments

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

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

	2019	1 EUR = 4.7793 RON	Total
	RON	RON	RON
ASSETS			
Cash and cash equivalents	12,854,754	-	12,854,754
Trade receivables	57,944,885	-	57,944,885
Receivables from group companies	74,141,066	10,268,103	84,409,169
Long-term loans to group companies	1,509,118	12,072,552	13,581,670
LIABILITIES			
Trade payables	95,879,220	-	95,879,220
Overdraft	-	9,558,600	9,558,600
Other long term debt	-	6,650,000	6,650,000
Short-Term and Long-Term portions of loans	10,000,000	271,871,506	281,871,506
Short-Term and Long-Term portions of financial leasing	-	79,412,630	79,412,630
Payables to group companies	1,707,947	-	1,707,947

MED LIFE S.A.
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The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at 31 December 2018 are as follows:

2018	1 EUR = RON 4.6639	EUR	Total
ASSETS			
Cash and cash equivalents	21,758,563	-	21,758,563
Trade receivables	47,146,208	-	47,146,208
Receivables from group companies	65,123,808	9,791,353	74,915,161
Long-term loans to group companies	188,931	11,002,982	11,191,914
LIABILITIES			
Trade payables	75,848,191	-	75,848,191
Overdraft	-	9,327,799	9,327,799
Short-Term and Long-Term portions of loans	10,000,000	210,294,297	220,294,297
Short-Term and Long-Term portions of financial leasing	-	17,413,548	17,413,548
Payables to group companies	2,754,866	-	2,754,866

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

A negative number below indicates a decrease in profit where EUR is weakening 10% against RON. For a 10% strengthening of EUR against the RON there would be an equal and opposite impact on the profit and other equity, and the balances below would be positive. Change is mainly attributable to the exposure outstanding on RON cash and cash equivalents at year end in the Company.

	December 31, 2019	December 31, 2018
Profit or loss	30,628,943	21,624,131

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

	Weighted average effective interest rate	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
Non-interest bearing instruments					
Trade payables		95,879,220	95,879,220	-	-
Interest bearing instruments					
Overdraft		9,558,600	9,558,600	-	-
Club Loan	EURIBOR / ROBOR + margin	281,871,506	16,434,233	265,437,273	-
Lease contracts		79,412,630	26,879,902	52,532,728	-
Total		466,721,956	148,751,955	317,970,001	-

MED LIFE S.A.
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(all the amounts are expressed in RON, unless otherwise specified)

The following table details the Company's remaining contractual maturity for financial liabilities as of January 1, 2019. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, The table includes both interest and principal cash flows.

	<u>Weighted average effective interest rate</u>	<u>Carrying amount</u>	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>
Non-interest bearing instruments					
Trade payables		75,848,191	75,848,191	-	-
Interest bearing instruments					
Overdraft		9,327,799	9,327,799	-	-
Club Loan	EURIBOR / ROBOR + relevant spread %	220,294,297	14,026,810	206,267,487	-
Lease contracts		<u>17,413,548</u>	<u>2,252,331</u>	<u>15,161,217</u>	-
Total		<u>322,883,835</u>	<u>101,455,131</u>	<u>221,428,704</u>	-

MED LIFE S.A.
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(all the amounts are expressed in RON, unless otherwise specified)

24. COMMITMENTS AND CONTINGENCIES

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

Club loan related commitments

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

Other commitments

As at December 31, 2019 and December 31, 2018, the Med Life SA holds insurance policies to cover possible liabilities towards doctors for malpractice as well as insurance contracts related to buildings and medical equipment.

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

BCR issued letters of warranties in the favor of Med Life S,A, in amount of RON 2,631,819, out of which in EUR 404,646 as of December 31, 2019 (December 31, 2018 : RON 2,138,270, out of which EUR 332,046.

Fiscal environment

The taxation system in Romania is still developing and is subject to various interpretations and constant changes, which may sometimes be retroactive. Although the actual tax due for a transaction may be minimum, delay interests may be significant, as they can be calculated at the value of the transaction and at a rate of 0.02% per day (interest) and 0.01% (penalties) per day in 2019.

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

Transfer pricing

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

Litigation

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

26. AUDITORS 'FEES

The auditor of the Group is Deloitte Audit SRL.

The fee for the audit of the consolidated financial statements as of December 31, 2019 of the Group prepared in accordance with IFRS as adopted by EU and the individual financial statements as of December 31, 2019 of the Group prepared in accordance with IFRS as adopted by EU of Med Life SA was EUR 91,000, excluding VAT and out of pocket expenses.

The fee for other audit related services performed in 2019 (in accordance with ISAE 3000 and ISAE 3240) was EUR 12,000, excluding VAT.

MED LIFE S.A.
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(all the amounts are expressed in RON, unless otherwise specified)

27. EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

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

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

The priority of the MedLife Medical System remains the health of patients and employees, fully respecting the decisions of the local authorities.

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

There were no other significant events after December 31, 2019.

Approved by the Board of Directors on the date of March 23, 2020 and signed on behalf of by:

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

**ADMINISTRATORS' REPORT
MED LIFE S.A.**

YEAR ENDED DECEMBER 31, 2019

1. Presentation of the Company

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

Med Life Group is offering a large range of medical service having opened 22 Hyperclinics in Arad, Bucharest, Braila, Brasov, Cluj, Constanta, Craiova, Galati, Iasi, Oradea, Ploiesti si Timisoara, 56 Clinics, 10 hospitals - located in Bucharest, Arad, Sibiu, Brasov, Cluj and Ploiesti, 36 Laboratories, 10 Pharmacies and 12 Dental Clinics. The Group has also more than 130 private Clinic partners around Romania.

Medlife Group is the largest provider of medical services in Romania based on turnover. More than 5 million unique patients have used Medlife services, and over 700,000 employees nationwide benefit from Medlife healthcare prevention packages as part of the benefits provided by their employers. Last but not least, Medlife Group is differentiates itself by the significant number of medical test performed in Medlife laboratories annually - 5.9 million test conducted in 2019.

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

Details of Med Life SA's subsidiaries at December 31, 2019 and January 1, 2019 are as follows:

	Name of subsidiary	Principal Activity	Place of operation	December 31, 2019	January 1, 2019
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83.01%	80.01%
2	Medapt SRL (indirectly)	Medical Services	Brasov, Romania	83.01%	80.01%
3	Histo SRL (indirectly)	Medical Services	Brasov, Romania	49.81%	48.01%
4	Policlinica de Diagnostic Rapid Medis SRL (indirectly)	Medical Services	Sfantu Gheorge, Romania	66.41%	64.01%
5	Bahtco Invest SA	Development of building projects	Bucharest, Romania	100%	100%
6	Med Life Occupational SRL	Medical Services	Bucharest, Romania	100%	100%
7	Pharmalife-Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
8	Med Life Broker de Asigurare si Reasigurare SRL	Insurance broker	Bucharest, Romania	99%	99%
9	Accipiens SA	Rental activities	Bucharest, Romania	61%	58%
10	Genesys Medical Clinic SRL (indirectly)	Medical services	Bucharest, Romania	61%	58%
11	Bactro SRL (indirectly)	Medical services	Deva, Romania	61%	58%
12	Transilvania Imagistica SA (indirectly)	Medical services	Oradea, Romania	61%	58%
13	Biofarm Farmec SRL (indirectly)	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	58%
14	RUR Medical SA	Medical services	Bucharest, Romania	100%	100%
15	Biotest Med SRL	Medical services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical services	Bucharest, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	55%
18	Ultratest SA (directly and indirectly)	Medical services	Craiova, Romania	76%	55%
19	Diamed Center SRL	Medical Services	Bucharest, Romania	100%	100%
20	Prima Medical SRL	Medical Services	Craiova, Romania	100%	100%

21	Stem Cells Bank SA	Medical Services	Timisoara, Romania	100%	100%
22	Dent Estet Clinic SA	Dental healthcare activities	Bucharest, Romania	60%	60%
23	Green Dental Clinic SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	31%	31%
24	Dentist 4 Kids SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	31%	31%
25	Dent A Porter SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	31%	31%
26	Dentestet Kids SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	32%	32%
27	Aspen Laborator Dentar SRL (indirectly)	Dental healthcare activities	Bucharest, Romania	45%	45%
28	Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	90%	90%
29	Almina Trading SA	Medical services	Targoviste, Romania	80%	80%
30	Anima Specialty Medical Services SRL	Medical services	Bucharest, Romania	100%	100%
31	Anima Promovare si Vanzari SRL (indirectly)	Medical services	Bucharest, Romania	100%	100%
32	Valdi Medica SA	Medical services	Cluj, Romania	55%	55%
33	Clinica Polisano SRL	Medical services	Sibiu, Romania	100%	100%
34	Solomed Clinic SA	Medical services	Pitesti, Romania	80%	80%
35	Solomed Plus SRL (indirectly)	Medical services	Pitesti, Romania	80%	80%
36	Ghencea Medical Center SA	Medical services	Bucharest, Romania	90%	90%
37	Sfatul medicului SRL	Medical platform	Bucharest, Romania	100%	100%
38	RMC Dentart (indirectly)	Dental healthcare activities	Budapest, Hungary	51%	0%
39	RMC Medical (indirectly)	Medical services	Budapest, Hungary	51%	0%
40	RMC Medlife	Holding	Budapest, Hungary	51%	0%
41	Badea Medical SRL	Medical services	Cluj, Romania	65%	0%
42	Oncoteam Diagnostic SA	Medical services	Bucharest, Romania	75%	0%
43	Centrul medical Micromedica SRL	Medical services	Piatra Neamt, Romania	100%	0%
44	Micromedica Targu Neamt SRL (indirectly)	Medical services	Targu Neamt, Romania	100%	0%
45	Micromedica Bacau SRL (indirectly)	Medical services	Bacau, Romania	100%	0%
46	Micromedica Roman SRL (indirectly)	Medical services	Roman, Romania	100%	0%
47	Medrix Center SRL (indirectly)	Medical services	Roznov, Romania	100%	0%
48	Spitalul Lotus SRL	Medical services	Ploiesti, Romania	100%	0%

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

The Company divides its operations into 4 business lines:

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

- Clinics: The Clinics business line includes the Group's ambulatory clinics and diagnostic imaging services. Clinics offer general practitioner and specialist consultations, diagnostic imaging services, and some of the clinics also offer day-inpatient services.
- Laboratories: The Laboratories business line provides biochemistry, haematology, coagulation, immunology, microbiology, anatomo-pathology, cytology, molecular biology and toxicology laboratories tests.
- Hospitals: The Hospitals business line covers the Group's inpatient activities, which consist of a wide range of medical and surgical specializations.

2. 2019 Developments

2.1. Acquisitions completed in 2019

In 2019, MedLife SA increased its participation in certain subsidiary companies, and also signed contracts for the acquisition of share capital of the following companies:

- 35% of the share capital of Centrul Medical Sama SA (and indirectly from Ultratest SA);
- 3% of the share capital of Policlinica de Diagnostic Rapid SA (and indirectly from Histo SRL, Policlinica de Rapid Diagnostic Medis SRL and Medapt SRL);
- 3% of the share capital of Accipiens SA (and indirectly from Genesys Medical Clinic SRL, Bactro SRL and Transilvania Imagistica SA);
- 51% of the share capital of Rózsakert Medical Center group (subsequently become RMC MedLife - Holding company - with a 51% indirect ownership in RMC Medical and RMC Dentart);
- 65% of the share capital of Badea Medical SRL;
- 75% of the share capital of Oncoteam Diagnostic SA;
- 100% of the share capital of Spitalul Lotus SRL; and
- 100% of the share capital of Micromedica group (consisting of Medical Center Micromedica SRL, Micromedica Targu Neamt SRL, Micromedica Bacau SRL, Micromedica Roman SRL and Medrix Center SRL).

Increased participation in Sama Craiova, PDR Brasov and Genesys Arad groups

Medlife announced the acquisition of additional 35% stake in Sama Group of companies in Craiova. In this way, MedLife becoming the shareholder with 90% of the shares of the Oltenia group of companies (from 55% share initially).

Medlife also acquired additional 3% of PDR Braşov Group, one of the most important private medical services providers in Romania, thus the company holding 83% of the shareholding (from 80% share initially) and 3% of Genesys Arad Goup, thus the company holding 61% of the shareholding (from 58% held before).

The shares were subject to an exchange with MedLife shares, a decision taken by the Company's Board of Directors, empowered by the General Shareholders' Meeting on October 8, 2018. This transaction aims alignment at group level , but also consistency with the acquisition strategy, which recognizes and encourages the contribution of the founders of the subsidiaries to the integrated activity of MedLife group.

Acquisition of Rozsakert Medical Center Group, Hungary

Medlife announced in January 2019 the first international transaction: the acquisition of 51% of the majority package of Rozsakert Medical Center in Hungary. Rozsakert Medical Center is among the top 10 private healthcare providers in Hungary. The company is comprised of a multidisciplinary outpatient unit that includes a department equipped with a small surgery room and a dental center. Over 40,000 patients access a diverse range of outpatient clinical and paraclinical services and investigations, as well as a comprehensive range of interventions, focusing on the specialties of ophthalmology, gynaecology, proctology, dermatology, plastic surgery, and more others. The transaction was completed in March 2019 with the fulfilment of the suspensive conditions.

Acquisition of Badea Medica

In May 2019 MedLife finalized the acquisition of the majority stake of 65% of the shares of Badea Medica Center of Excellence (Badea Medical SRL). The center offers a comprehensive range of medical services, mainly focused on the segment of abdominal pathology, but also covering other numerous types of affections.

Acquisition of Onco Team Diagnostic

MedLife announced in September 2019 the acquisition of the majority package of the medical company Onco Team Diagnostic, thus adding in the procurement portfolio the first laboratory with the profile of pathological anatomy and molecular biology. The unit joins the laboratories in the group (MedLife Grivița, MedLife Brașov, Panduri Laboratory etc.) that provide this analysis segment.

Acquisition of Lotus Hospital

Medlife announced in December 2019 the acquisition of 100% of the shares of Lotus Hospital in Ploiești, the most important provider of private medical services in Prahova county, which provides integrated outpatient, imaging, laboratory, hospitalization and maternity services. The hospital comprises 22 beds in 12 reserves, 2 intensive care rooms and one operating block with 2 operating rooms. The outpatient part is equipped with 9 consulting rooms, covering 21 medical specialties, but also with a complete department of radiology and medical imaging equipped with state-of-the-art equipment. At the same time, the unit also includes a laboratory, which performs over 500 most complex medical tests.

Acquisition of Micromedica Medical Center

Medlife announced in December 2019 the acquisition of the majority package of Micromedica Medical Center, one of the most important providers of private medical services in Moldova. Micromedica has been active on the private healthcare market since 1995 and offers patients a wide range of investigations, from multidisciplinary consultations for over 28 medical specialties and laboratory services, to complex imaging investigations. The group comprises of six medical units located in the cities of Piatra Neamț, Bacău, Roman, Bicăz, Roznov and Târgu Neamț, all equipped with high-quality medical equipment.

2.2. Organic growth

Inauguration of Floreasca Hyperclinic in Bucharest and Galati Hyperclinic

In 2019, MedLife inaugurated two new hyperclinics in Bucharest and Galati that provide patients with outpatient and imaging services.

2.3. Expansion Plans of Existing Medical Units

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

3. Credit facilities contracted by the Company

FINANCIAL DEBT

	31 December 2019	31 December 2018
Current portion of long-term loans	16,434,233	14,669,616
Non-current portion of long-term loans	265,437,273	205,624,681
TOTAL	281,871,506	220,294,297

As at December 31, 2019, MedLife SA drawn and undrawn financing facilities included the following:

- On September 24, 2019 Med Life SA (together with the co-borrowers Policlinica de Rapid Diagnostic SA, Bahtco Invest SA, Accipiens SA, Genesys Medical Clinic SRL, Clinica Polissano SRL, Centrul Medical Sama SA, Dent Estet Clinic SA and Valdi Medica SRL) signed with the Romanian Commercial Bank, Raiffeisen Bank, BRD Groupe Societe Generale and Transilvania Bank a refinancing agreement to the existing facilities, extending the financing period, rearranging the terms and conditions, as well as for an additional credit limit of 28 million euros, which will be in the form of a term facilities, being used by Medlife, along with other liquidities of the Company, for possible new purchasing opportunities in the market.
- in addition to the facilities presented above, Med Life SA also has a guaranteed overdraft facility concluded with Garanti Bank S.A., the amount drawn on December 31, 2019 is RON 9,558,600.

4. Financial Analysis

Analysis of the standalone profit and loss statement

	Note	Period ended December 31,		Variation
		2019	2018	2019/2018
Sales	16	456,165,019	419,850,605	8.6%
Other operating revenues	17	4,348,742	2,479,012	75.4%
Operating Income		460,513,761	422,329,617	9.0%
Operating expenses	18	(439,150,017)	(406,246,137)	8.1%
Operating Profit		21,363,744	16,083,480	32.8%
Finance cost		(11,027,079)	(11,238,160)	-1.9%
Other financial (expenses) / gains		(3,507,721)	1,238,211	-383.3%
Financial result	20	(14,534,800)	(9,999,949)	45.3%
Result Before Taxes		6,828,944	6,083,531	12.3%
Income tax expense	22	(1,806,505)	(1,973,092)	-8.4%
Net Result		5,022,439	4,110,439	22.2%
Other comprehensive income items that will not be reclassified to profit or loss				
Gain / Loss on revaluation of treasury shares		655,437	-	100%
Deferred tax on other comprehensive income components	22	(104,870)	-	100%
TOTAL OTHER COMPREHENSIVE INCOME		550,567	-	100%
TOTAL COMPREHENSIVE INCOME		5,573,007	4,110,439	35.6%

Sales for the 12 month period ended 31 December 2019 ("**12 months 2019**") amounted to RON 456,165,019, higher by 8.6% compared to sales recorded in the 12 months of 2018 ("**12 months 2018**"). This increase was mainly the result of a growth in all of the business lines determined by a mixture of increase in prices and volume.

Other operating revenues recorded a significant increase during 12 months 2019 as compared to 12 months 2018, amounting to RON 4,348,742 as at 31 December 2019.

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide services. Med Life SA recorded operating expenses of RON 439,150,017 during 12 months 2019, representing an increase of 8.1%, or RON 32,903,880, as compared to 12 months 2018. The increase is mainly linked to overall business increase.

Operating profit recorded a 32.8% increase in 12 months 2019 as compared to 12 months 2018, from RON 16,083,480 in 12 months 2018 to RON 21,363,744 in 12 months 2019.

Financial loss increased in 12 months 2019 by RON 4,534,851 from a loss of RON 9,999,949 in 12 months 2018 to a loss of RON 14,534,800 in 12 months 2019.

Net result increased in 12 months 2019 by RON 912,000 from a profit of RON 4,110,439 in 12 months 2018 to a profit of RON 5,022,439 in 12 months 2019.

	31 decembrie 2019	31 decembrie 2018	Variatie 2019/2018
ASSETS			
Non-current assets	507,609,716	338,620,998	49.9%
Current assets	178,672,488	156,503,114	14.2%
TOTAL ASSETS	686,282,204	495,124,112	38.6%
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities (excluding interest-bearing debts)	132,431,465	85,304,338	55.2%
Long term debt	377,492,736	247,035,644	52.8%
Deferred tax liability	11,865,511	10,785,523	10.0%
TOTAL LIABILITIES	521,789,713	343,125,505	52.1%
TOTAL EQUITY	164,492,491	151,998,607	8.2%
TOTAL LIABILITIES AND EQUITY	686,282,204	495,124,112	38.6%

Non-current assets reached RON 507,609,716 as at 31 December 2019, recording an increase of 49.9% as compared to December 31, 2018. The increase is mainly due to the adoption of IFRS 16.

Current assets increased by RON 22,169,374 or 14.2% from RON 156,503,114 as at 31 December 2018 to RON 178,672,488 at December 31, 2019.

Current liabilities (excluding interest-bearing debts) increased by RON 42,127,127, or 55.2%, from RON 85,304,338 at December 31, 2018 to RON 132,431,465 at December 31, 2019.

Interest-bearing debt increased by RON 130,457,092, from RON 247,035,644 in December 31, 2018 to RON 377,492,736 at December 31, 2019. The increase is due to the financing of the company's current activity. The increase is mainly due to the adoption of IFRS 16.

5. Main financial ratios of Med Life SA

<i>Current ratio</i>	Period ended at December 31, 2019	
Current assets	178,672,488	=
Current liabilities	185,304,200	
		0.96

<i>Debt to equity ratio</i>	Period ended at December 31, 2019	
Long Term Debt	324,620,001	=
Equity	164,492,491	
		197%
Long Term Debt	324,620,001	=
Capital Assets	489,112,492	
		66%

<i>Trade receivables turnover (days)</i>	Period ended at December 31, 2019	
Average receivables	52,545,547	=
Sales	456,165,019	
		41.47

<i>Fixed assets turnover</i>	Period ended at December 31, 2019	
Sales	456,165,019	=
Net Fixed Assets	507,609,716	
		0.90

6. Non-financial information

Overview

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

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

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

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

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

Business Model

Med Life's concept of Hyperclinics, large scale ambulatory clinics, as well as the integration of various segments (in the Group) provides substantial potential for revenue capture. For example, an HPP client visiting a Group clinic for a preventative check-up may be advised to undertake further tests or seek further consultations not covered by the HPP. These additional services or consultations are often available within the same Hyperclinic, facilitating the client to choose the Company's services. The Company's ability to accompany the patients in many cases from prevention to diagnosis through treatment provides a continuity of treatment for the patient as well as the capture of FFS revenue for the Group. The Group's Pharmacies business line is another example of revenue capture. When a prescription is given in one of the Group's consulting rooms, patients will often use the most convenient location to fill it: a pharmacy that is within the same building where the prescription was given. The Group's expansion into the Stomatology business line adds a further leg to this strategy. Preventative dental check-ups can be included in some Health Prevention Packages, ("HPP") which may lead patients to choose the Group for any follow-up treatment as a FFS client.

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

Many private healthcare providers in Romania remain dependent for a significant portion of their sales on contracts awarded by the NHIH to service State insured patients. This increases their exposure to changes in the NHIH healthcare priorities, pricings and allocation systems. With only 18% of its sales during 2019 deriving from the treatment of NHIH insured patients, MedLife can independently determine its policies and priorities.

The largest number of HPP clients in Romania

With over 700,000 HPP subscribers as at 31 December 2019, the Group has access to a significant potential client base for its FFS activities. This base is further expanded when the HPP subscribers bring family members and provide referrals to others for the Group's FFS offering. The HPP client base also provides opportunities for up-selling as many of the HPP clients begin with basic medical services packages and gradually move to more comprehensive services.

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

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

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

From 2010 until December 31, 2019, MedLife has acquired 27 companies (if the representatives of the Competition Council will approve Onco Card transaction - the last acquisition announced by MedLife), thus gaining valuable expertise and knowledge for the Group, which will allow them to find the best method of continuous and efficient expansion.

Strategy and results

MedLife strategy focuses on maintaining leadership position. MedLife Group seeks to expand its portfolio of units and services, ensuring profitable national coverage to meet the needs of existing and new customers of the Group. At the same time, the Group remains committed to providing clients with safe and quality medical treatments, ensuring a balance between the medical risks and opportunities and the commercial objectives of the Group. Therefore, at the end of 2019, MedLife network include 22 hyperclinics, 56 clinics, 10 hospitals, 36 laboratories, 12 dental clinics and 10 pharmacies, MedLife being the only healthcare provider with large clinics with presence in all cities with over 150,000 inhabitants.

The Group is pursuing opportunities to capture additional revenues and achieve synergies within its current networks and services. The Group aims to achieve this goal through organic growth and the acquisition of smaller providers of medical services on the market. As a result of this strategy, over the past two years, the MedLife Group has been characterized by significant increases in Sales from one reporting period to the next, as follows: an increase of 27.5% in 2018 as compared to 2017, reaching Sales of RON 794,562,861, and an increase of 21.8% in 2019 as compared to 2018, reaching Sales of RON 967,380,307 in 2019.

The increase in Sales was accompanied by an increase in EBITDA in absolute values, as follows: an increase of 22.4% in absolute value in 2018 compared to 2017, reaching EBITDA of RON 95,375,554 RON, respectively an increase of 57% in absolute value in 2019 compared to 2018, reaching EBITDA of RON 149,738,299. The increase was also influenced by the implementation of IFRS 16, which restates rent expenses in financial expense and depreciation. The impact of IFRS 16 on EBITDA for 2019 is RON 36,904,921.

Organic growth

During the period 2014 – December 2018, the Company opened a number of new clinics and other facilities, particularly sampling points for its Laboratories business line. Many of these facilities are believed to still have the capacity to service greater numbers of patients, which should allow for the increase in their revenue and profit contribution, as they reach fuller utilization. Further, the Company and the Group continue to optimize the range of services offered at its other facilities to the specific local market conditions, seeking to improve the revenue and margins of each location. As a result, the constant and accelerated ramp-up of these facilities is expected to improve margins as well as deliver further sales growth.

People and resources

The Company services patients through the largest private pool of doctors and nurses in Romania. As of December 31, 2019, the Group, on an overall level, was collaborating with a number of approximately 3,000 physicians and 2,000 qualified nurses across its business lines, including both employees working exclusively for the Group and collaborators, providing services as independent professionals. In addition, more than 1,700 full time employees were working in support and administrative functions as of December 31, 2019.

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

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

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

The group invests in human resources programs such as the Life Academy, Good Practice- Nurses School, the Medlife National Conference. These training programs are designed to ensure the professional continuation of its employees, both those in support and administrative staff, as well as those in the medical setting.

As for the relationship with colleagues, the Group provides a safe working environment in which employees are treated fairly and with respect, and the differences between employees are accepted. The Group is committed to providing colleagues with the opportunity to excel and reach their full potential and reward them on a merit basis.

The group does not tolerate any discrimination, intimidation or harassment of colleagues or between them. The group encourages clear and open communication with and between colleagues. They can and must promptly express any concerns about any unethical or illegal behaviour by presenting these concerns to the human resources department within the Group. The Group undertakes to investigate such concerns brought to good faith, maintaining the confidentiality of these steps.

Quality Standards

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

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

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

Health, Safety, Security and Environment

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

As of December 31, 2019, the Company is in various stages of procedures for obtaining or updating its fire prevention authorizations for certain of its medical units and other premises. The completion of these procedures is subject to various requirements, such as the performance of certain works and upgrades to the Company's facilities. The Company regards the amounts of the required investments as being immaterial; however, the completion of the necessary works and upgrades is subject to, in certain cases, additional authorizations and clearances, or other procedures in which the Group has engaged. As at December 31, 2019, the Company does not have all fire prevention authorizations in place.

Equipment and Technology

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

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

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

Information Technology

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

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

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

Principles for respecting human rights

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

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

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

Anti-Bribery and Anti-Corruption principles

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

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

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

Corporate Social Responsibility

Medlife values include:

- Responsibility: The Medlife Group guides its actions according to what is important to people's lives and health;
- Professionalism: The Medlife Group reunites for 3,000 doctors, professors, lecturers, doctors in medicine who work day by day with dedication and professionalism;
- Innovation: The Medlife Group has a constant concern about methods, technology and organization that will result in better and more effective medical solutions;
- Care and respect: Every patient is important and respected, and everyone's needs are treated with care and attention.

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

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

InfoLine magazine

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

Blood donation campaign

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

Pro-bono cases

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

The MedLive platform

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

Good for the Environment - The Green Project for Romania

The Green project, together with every action taken by MedLife, is the essence of the brand. And this time, besides respecting the promise of a quality medical act and excellence proven to every patient, the campaign is MedLife's desire to get even more involved in the future of new generations.

Therefore, the project requires that for each child born in MedLife's maternity clinics, the company plans to plant a tree in a deforested area of the Fagaras Mountains through the FCC (Conservation Carpathia Foundation).

Results for 2019 include 2 stages of afforestation, dozens of Medlife employees and volunteers involved, 40,000 seedlings planted.

Also, for the environment, Medlife Group has created a set of good rules that all Medlife employees apply, such as: reducing electricity consumption; selective collection - paper, plastic, electronic, waste; reducing water consumption.

1. Corporate Governance

The corporate governance statement

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

- Because some members of the Board of Directors and some executive managers hold various positions in the administration, management or control bodies in the subsidiaries of the Company, any lending by the Company to such subsidiaries can be considered a loan by the Company to its directors which is prohibited under the Companies Law;
- Because some members of the Board of Directors and some executive managers hold various positions in the administration, management or control bodies in the subsidiaries of the Company and other positions within the Company (e.g. executive managers, legal advisors, employees) there is the possibility of occurrence of conflicts of interests.

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

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

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

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

7.1. Shareholding structure

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

	Nr actiuni	%
Marcu Mihail	3,897,920	17.60%
Cristescu Mihaela Gabriela	3,110,115	14.04%
Marcu Nicolae	2,692,400	12.16%
Others	12,444,647	56.20%
TOTAL	22,145,082	100%

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

7.2 Company Management

MedLife is managed in a unitary system by the Board of Directors consisting of 7 members appointed by the Ordinary General Meeting of Shareholders for a four-year term with the possibility of being re-elected. Out of 7 members of the Medlife Board of Directors, 2 members are independent members. The Board of Directors is responsible for MedLife's management, acting in the interest of society and protecting the interests of its shareholders by ensuring a sustainable development of the company. According to the Articles of Incorporation, the Board of Directors is responsible for all necessary and necessary acts in order to fulfil the MedLife object of activity, including the management of MedLife subsidiaries or investments, except for the attributions attributable to the General Meeting of Shareholders by law.

MedLife Board of Directors

As at the date of December 31, 2019, the Board of Directors consists of the following members:

Name	Date of Birth	Title
Mihail Marcu	30.09.1970	Member and Chairman of the Board of Directors
Ana Maria Mihaescu	29.07.1955	Member of the Board of Directors - independent member
Ion Nicolae Scorei	22.12.1974	Member of the Board of Directors
Dimitrie Pelinescu-Onciul	11.08.1947	Member of the Board of Directors
Dorin Preda	03.04.1976	Member of the Board of Directors
Marius-Leonard Gherghina	21.02.1964	Member of the Board of Directors - independent member
Nicolae Marcu	26.10.1968	Member of the Board of Directors

Mihail Marcu (1970) – Member and Chairman of the Board of Directors, Chief Executive Officer

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

Ana Maria Mihăescu (1955) – Independent Member of the Board of Directors

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

Ion Nicolae Scorei (1974) - Member of the Board of Directors

Ion Nicolae Scorei has been a member of the Board of Directors of MedLife since 2006. He is a graduate of the Romanian-American University, Faculty of Law (1998). Ion Nicolae Scorei is an attorney-at-law, member of the Bucharest Bar, and coordinating partner of Scorei și Asociații Law Firm.

Dimitrie Pelinescu-Onciul (1947) - Member of the Board of Directors

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

Dorin Preda (1976) – Member of the Board of Directors; Chief Finance and Treasury

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

Leonard Gherghina (1964) – Independent Member of the Board of Directors

Leonard Gherghina has been a member of the Board of Directors of MedLife since 2009. He is a graduate of the Polytechnics University of Bucharest, Faculty of Aerospace Engineering (1998), and of a Master in Business Administration (MBA) programme of McGill University of Montreal, Canada, and of the International Directors Programme and Managing Partnerships and Strategic Alliances at INSEAD, Fontainebleau, France. Leonard Gherghina has also graduated the London School of Economics executive education course on Changing Minds, Behaviors and Decisions, United Kingdom. Before joining the MedLife team, Leonard used to be a partner for Central Europe in Value4Capital Eastern Europe Holding V Limited (2006-2012), partner for Central Europe in Baring Private Equity Partners (1998-2006), and senior investment officer in the Romanian-American Enterprise Fund (1995-1998).

Nicolae Marcu (1968) – Member of the Board of Directors, Chief Healthcare and Operations Officer

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

Executive Committee

The Executive Committee is headed by Mr. Mihail Marcu, member of the Board of Directors and General Manager, Nicolae Marcu, Member of the Board of Directors and Director of Health and Operations, Dorin Preda, member of the Board of Directors and responsible for Finance and Treasury. Under the guidance of the above-mentioned key managers, there is a group of executive managers, many of whom have a solid experience within the Group, which manages functions, business lines and headquarters. These

professionals have a significant degree of independence and freedom in implementing the budgets established for units and business lines. The composition of the Executive Committee is detailed below:

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

7.3 Audit Committee

The audit committee has three members:

Name	Date of Birth	Title
Ana Maria Mihaescu	29.07.1955	Member of the Board of Directors
Ion Nicolae Scorei	22.12.1974	Member of the Board of Directors
Marius-Leonard Gherghina	21.02.1964	Chairman of the audit committee, Member of the Board of Directors

The Audit Committee has mainly, the following tasks:

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

7.4 Internal Control – Internal Audit function

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

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

The objectives of internal control and internal audit are:

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

The Group's internal control checked: compliance with the laws in force; application of the decisions made by the management; good operation of the internal activity; efficient use of resources; prevention

and control of the risk of failing to reach the goals set; ensuring an accounting management and financial monitoring of the Company's activities.

Internal control is applicable:

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

7.5 Nomination Committee

The nomination committee consists of the following members:

1. Ana Maria Mihaescu, Independent Non-Executive Administrator
2. Leonard Ghergina, Independent Non-Executive Administrator
3. Radu Petrescu, Executive Committee member

The nomination committee has the following responsibilities:

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

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

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

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

2. Risk exposures

Capital risk

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

The capital structure of the Group consists of debt, which includes borrowings from bank and IFC and also financial leasing, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

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

Financial risk management objectives

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

Market risk

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

Foreign exchange rate risk

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

Interest rate risk

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

Credit risk

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

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

Liquidity risk/ cash flow risk

The Group's policy is to maintain sufficient liquidities to pay for its obligations when such become due.

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

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

Fiscal environment

The taxation system in Romania is still developing and is subject to various interpretations and constant changes, which may sometimes be retroactive. Although the actual tax due for a transaction may be minimum, delay interests may be significant, as they can be calculated at the value of the transaction and at a rate of 0.02% per day (interest) and 0.01% (penalties) per day in 2019.

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

Transfer pricing

The fiscal legislation from Romania includes the "market value" principle, according to which the transactions between related parties have to be performed at the market value. The local tax payers, who carry transactions with related parties, have to prepare and make available to the tax authorities from Romania, at their written request, the transfer pricing documentation file. If the companies do not prepare the documentation or they present an incomplete transfer pricing file may attract penalties for non-conformity, and additionally to the information presented in the transfer pricing file, the fiscal authorities may have a different interpretation of the transactions and the circumstances compared to the

management's assessment and, as a result, they may impose additional fiscal obligations as a result of adjusting transfer prices. The management of the Group is confident that, if required, they will submit the necessary information in due time to the fiscal authorities. The transactions with related parties and group companies are performed based on the market value principle.

Litigation

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

7. Subsequent events

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

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

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

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

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

The priority of the MedLife Medical System remains the health of patients and employees, fully respecting the decisions of the local authorities.

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

There were no other significant events after December 31, 2019.

Administrators

Declaration of management of MedLife SA

We confirm to the best of our knowledge that the Standalone Financial Statements of MedLife SA for the 12-month period ended December 31, 2019, which were prepared in accordance with the applicable accounting standards, provide a true and fair view of the assets, liabilities, financial position, profit and loss account of the Company, and the Directors Report for the 12-month period ended December 31, 2019 offers a true and fair view of the main events that took place during the financial year 2019 and their impact on the Standalone Financial Statements of MedLife SA.

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager