MED LIFE GROUP

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Name of the issuing company: MED LIFE S.A.
Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania
Fax no.: 0040 374 180 470
Unique Registration Code at the National Office of Trade Registry: 8422035
Order number on the Trade Registry: J40/3709/1996
Subscribed and paid-in share capital: RON 132.870.492
Regulated market on which the issued securities are traded: Bucharest Stock Exchange

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

	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current Assets			
Goodwill	**4**	445,395,617	368,672,606
Intangible assets	**5**	118,906,011	100,192,265
Property, plant and equipment	**5**	1,101,015,115	828,501,060
Right-of-use asset	**13**	396,569,537	306,413,389
Other financial assets	**5.4**	40,942,540	82,810,704
Total Non-Current Assets		**2,102,828,820**	**1,686,590,024**
Current Assets			
Inventories	**6**	109,657,497	98,770,370
Trade Receivables	**7.1.**	261,664,410	221,358,860
Other assets	**7.2.**	50,216,242	44,362,334
Cash and cash equivalents	**8**	100,271,093	89,068,154
Prepayments	**9**	11,699,369	11,826,587
Total Current Assets		**533,508,611**	**465,386,305**
TOTAL ASSETS		**2,636,337,431**	**2,151,976,329**
LIABILITIES & SHAREHOLDER'S EQUITY			
Non-Current Liabilities			
Lease liability	**13,14**	309,158,946	225,175,340
Other long term debt	**11**	47,775,013	21,657,277
Interest-bearing loans and borrowings	**14**	1,040,639,641	803,273,659
Deferred tax liability	**26**	44,897,775	44,250,160
Total Non-Current Liabilities		**1,442,471,375**	**1,094,356,436**
Current Liabilities			
Trade and other payables	**10**	404,553,771	335,356,742
Overdraft	**14**	29,835,472	27,801,016
Current portion of lease liability	**13,14**	99,589,187	77,141,698
Current portion of interest-bearing loans and borrowings	**14**	82,297,342	55,695,054
Current tax liabilities	**26**	321,242	814,508
Provisions	**12**	11,116,544	9,783,326
Other liabilities	**11**	71,960,475	68,989,304
Total Current Liabilities		**699,674,033**	**575,581,648**
TOTAL LIABILITIES		**2,142,145,408**	**1,669,938,084**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	**15**	132,562,338	83,812,556
Treasury shares		(681,892)	(3,219,219)
Reserves	**17**	212,560,216	204,591,243
Retained earnings		70,850,636	131,596,254
Equity attributable to owners of the Group		**415,291,298**	**416,780,834**
Non-controlling interests	**18**	78,900,725	65,257,411
TOTAL EQUITY		**494,192,023**	**482,038,245**
TOTAL LIABILITIES AND EQUITY		**2,636,337,431**	**2,151,976,329**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Note	12 months ended December 31, 2023	12 months ended December 31, 2022
Revenue from contracts with customers	**19**	2,210,435,349	1,795,432,748
Other operating income	**20**	11,300,635	14,118,061
Operating Income		**2,221,735,984**	**1,809,550,809**
Consumable materials and repair materials		(389,887,326)	(311,233,127)
Third party expenses	**21**	(625,309,108)	(468,196,458)
Salary and related expenses	**23**	(543,024,486)	(442,897,905)
Social contributions	**23**	(19,480,725)	(15,852,088)
Depreciation, amortization and impairment of fixed assets	**5,13**	(197,390,915)	(152,410,751)
Impairment losses and gains (including reversals of impairment losses)	**7**	(2,688,649)	(4,851,599)
Commodities expenses		(208,134,799)	(209,975,320)
Other operating expenses	**22**	(144,302,612)	(109,903,888)
Operating expenses		**(2,130,218,620)**	**(1,715,321,136)**
Operating Profit		**91,517,364**	**94,229,673**
Finance cost	**24**	(82,170,695)	(42,489,150)
Interest income	**24**	3,423,077	-
Other financial income	**24**	1,221,841	-
Other financial expenses	**24**	(9,692,103)	(2,183,221)
Financial result	**24**	**(87,217,880)**	**(44,672,371)**
Profit Before Tax		**4,299,484**	**49,557,301**
Income tax expense	**26**	(8,464,341)	(12,124,746)
Profit After Tax		**(4,164,857)**	**37,432,555**
Owners of the Group		3,684,292	32,173,072
Non-controlling interests	**18**	(7,849,149)	5,259,483
Earnings per share			
Basic earnings per share	**16**	0.007	0.061
Diluted earnings per share	**16**	0.007	0.061
Other comprehensive income items that will not be reclassified to profit or loss			
Revaluation of land and buildings		-	66,292,412
Deferred tax on other comprehensive income components		-	(10,606,786)
TOTAL OTHER COMPREHENSIVE INCOME		**-**	**55,685,626**
Total other comprehensive income attributable			
Owners of the Group		-	54,012,309
Non-controlling interests		-	1,673,317
TOTAL COMPREHENSIVE INCOME		**(4,164,857)**	**93,118,181**
Total comprehensive income attributable to:			
Owners of the Group		3,684,292	86,185,381
Non-controlling interests	**18**	(7,849,149)	6,932,800

**The amounts for 2022 on Basic and diluted earnings per share were properly restated to reflect the bonus issue that took place in 2023, while for the weighted average number of shares for 2023, the bonus issue is reflected as if the shares were outstanding from the beginning of the year (1st of January 2022) – please also refer to Note 16.*

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Note	12 months ended December 31, 2023	2022
Profit before tax	**26**	**4,299,484**	**49,557,301**
Adjustments for			
Depreciation, amortization and impairment of fixed assets	**5,13**	197,390,915	152,410,751
Provisions for liabilities and charges		838,338	625,545
Interest revenue	**24**	(3,423,077)	(1,261,843)
Interest expense	**24**	82,170,695	42,489,150
Allowance for expected credit losses and receivables written-off	**7**	2,688,649	4,851,599
Financial Discounts		2,850	-
Other non-monetary gains	**20**	-	(6,671,334)
Unrealized exchange loss	**24**	9,692,103	3,501,567
Other income	**24**	(1,221,841)	-
Operating cash flow before working capital changes		**292,438,116**	**245,502,736**
(Increase) in accounts receivable		(61,538,538)	(36,113,768)
(Increase) in inventories		(5,962,324)	(12,198,174)
Decrease in prepayments		855,343	156,186
Increase in accounts payable		30,126,281	31,216,630
Cash generated from working capital changes		(36,519,238)	(16,939,126)
Cash generated from operations		**255,918,878**	**228,563,610**
Interest Paid	**14**	(61,662,770)	(32,377,399)
Interest received		3,423,077	1,261,843
Income Tax Paid	**26**	(14,171,759)	(12,832,118)
Net cash from operating activities		**183,507,426**	**184,615,936**
Acquisition of subsidiary net of cash acquired and advances for acquisition of subsidiaries	**4,27**	(66,544,664)	(316,554,749)
Purchase of intangible assets	**5**	(18,639,571)	(20,243,591)
Purchase of property, plant and equipment	**5**	(201,317,379)	(149,107,846)
Net cash used in investing activities		**(286,501,614)**	**(485,906,186)**
Proceeds from loans	**14**	284,583,155	411,844,392
Payment of loans	**14**	(77,658,667)	(73,446,528)
Payment of principal portion of lease liabilities	**14**	(83,856,889)	(69,381,986)
Dividends paid to NCI	**18**	(1,397,470)	(136,861)
Payments for purchase of treasury shares		(488,718)	(7,851,825)
Additional participation interest acquired	**4,27**	(6,984,284)	(6,527,676)
Net cash from/(used in) financing activities		**114,197,127**	**254,499,516**
Net change in cash and cash equivalents		**11,202,939**	**(46,790,734)**
Cash and cash equivalents beginning of the period		89,068,154	135,858,888
Cash and cash equivalents end of the period		**100,271,093**	**89,068,154**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Share Capital	Treasury shares	Share premium	Legal reserves and other reserves	Revaluation Reserve	Accumulated Results	Attributable to owners of the Group	Non-controlling interests	Total Equity
Balance as at December 31, 2022	**33,217,623**	**(3,219,219)**	**50,594,933**	**55,094,194**	**149,497,049**	**131,596,254**	**416,780,834**	**65,257,411**	**482,038,245**
Profit of the year	-	-	-	-	-	3,684,292	*3,684,292*	(7,849,149)	*(4,164,857)*
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**3,684,292**	***3,684,292***	**(7,849,149)**	***(4,164,857)***
Recognition of other reserves for fiscal purposes (legal reserves) (Note 17)	-	-	-	821,321	-	(821,321)	-	-	-
Recognition of other reserves (Note 17)	-	-	-	7,147,652	-	(7,147,652)	-	-	-
Increase in share capital through incorporation of reserves (Note 15)	99,652,869	-	(50,594,933)	-	-	(49,057,937)	-	-	-
Additional non-controlling interest arising as of result of business combinations (Note 18)	-	-	-	-	-	-	-	27,511,565	*27,511,565*
Subsequent acquisition of NCI (Note 18)	-	-	-	-	-	(7,403,000)	*(7,403,000)*	(4,118,681)	*(11,521,681)*
Distribution of dividends (Note 18)	-	-	-	-	-	-	-	(1,900,421)	*(1,900,421)*
Increase from own shares acquisition (Note 15)	-	(488,718)	-	-	-	-	*(488,718)*	-	*(488,718)*
Net release of own shares used for acquiring additional NCI (Note 15)	-	3,026,045	-	-	-	-	*3,026,045*	-	*3,026,045*
Increase in premiums due to difference btw FV and cost of own shares when the change was made (Note 15)	-	-	(308,155)	-	-	-	*(308,155)*	-	*(308,155)*
Balance as at December 31, 2023	**132,870,492**	**(681,892)**	**(308,155)**	**63,063,167**	**149,497,049**	**70,850,636**	***415,291,298***	**78,900,725**	***494,192,023***

Please refer to Note 18 for transactions during 2023 with Non-controlling interest.

Mihail Marcu,
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Alina Irinoiu,
CFO

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

	Share Capital	Treasury shares	Share premium	Legal reserves and other reserves	Revaluation Reserve	Accumulated Results	Attributable to owners of the Group	Non-controlling interests	Total Equity
Balance as at December 31, 2021	**33,217,623**	**(4,015,977)**	**49,177,468**	**41,850,760**	**95,484,740**	**122,394,796**	**338,109,410**	**43,295,149**	**381,404,558**
Profit of the year	-	-	-	-	-	32,173,072	32,173,072	5,259,483	37,432,555
Revaluation of Land and Buildings (Note 5, 17)	-	-	-	-	64,300,368	-	64,300,368	1,992,044	66,292,412
Deferred tax related to other elements of the overall result (Note 26)	-	-	-	-	(10,288,059)	-	(10,288,059)	(318,727)	(10,606,786)
Total comprehensive income	**-**	**-**	**-**	**-**	**54,012,309**	**32,173,072**	**86,185,381**	**6,932,800**	**93,118,181**
Recognition of other reserves for fiscal purposes (legal reserves) (Note 17)	-	-	-	885,378	-	(885,378)	-	-	-
Recognition of other reserves (Note 17)	-	-	-	12,358,056	-	(12,358,056)	-	-	-
Additional non-controlling interest arising as of result of business combinations (Note 18)	-	-	-	-	-	-	-	21,895,097	21,895,097
Subsequent acquisition of NCI (Note 18)	-	-	-	-	-	(9,728,180)	(9,728,180)	(6,865,635)	(16,593,814)
Increase from own shares acquisition (Note 15)	-	(7,851,825)	-	-	-	-	(7,851,825)	-	(7,851,825)
Net release of own shares used for acquiring additional NCI (Note 15)	-	8,648,583	-	-	-	-	8,648,583	-	8,648,583
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made (Note 15)	-	-	1,417,465	-	-	-	1,417,465	-	1,417,465
Balance as at December 31, 2022	**33,217,623**	**(3,219,219)**	**50,594,933**	**55,094,194**	**149,497,049**	**131,596,254**	**416,780,834**	**65,257,411**	**482,038,245**

During 2022, the Group performed the revaluation of Land and Buildings owned – please refer to Note 5 and Note 26 for relevant disclosures and overall impact.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

1. DESCRIPTION OF THE BUSINESS

Med Life S.A. ("MedLife" or the "Parent Company" or the "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania, with headquarters in 365 Calea Grivitei, Bucharest, with a share capital of RON 132,870,492, having a nominal share value of 0.25 RON.
The Company's activity resides in conducting healthcare services through medical centres with national coverage.

MedLife, together with its subsidiaries ("MedLife Group" or the "Group"), is offering a large range of medical services, through a network of 35 hyperclinics, 68 clinics, 15 hospitals – located in Bucharest, Arad, Sibiu, Brasov, Cluj, Ploiesti and Pitesti, 39 laboratories, 21 pharmacies and 18 dental clinics. The Group has also over 170 private clinic partners around Romania.

Medlife is the leading private health care services provider in Romania in terms of sales, having a significant market share at a national level.

The ultimate parent of the Group is Med Life SA. In accordance with the provisions of the Law no. 129/2019, the Group has identified the following controlling parties:

The Marcu family:
1. Mr. Mihail Marcu, considering his quality of shareholder of the Company, which holds a percentage of 14.7672% of its share capital;
2. Mr. Nicolae Marcu, considering his quality of shareholder of the Company, which holds a percentage of 10.4127% of its share capital;
3. Mrs. Mihaela Gabriela Cristescu, considering her quality of shareholder of the Company, which holds a percentage of 14.0443% of its share capital.

Considering the family relations between the persons mentioned above, namely the fact that Mr. Mihail Marcu and Mr. Nicolae Marcu are the sons of Mrs. Mihaela Gabriela Cristescu, and the fact that together they own more than 25% of the total share capital of the company, for to pursue the purpose of the law, even if the law refers to the natural person, this expression of the law does not exclude the hypothesis of natural persons acting together, to the extent that it is established that they control the company together and are the final beneficiaries of its activity.

The entities part of MedLife Group as at December 31, 2023 and December 31, 2022 are as follows (ownership percentage):

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

No.	Entity	Main activity	Location	31December 2023	31 December 2022
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83%	83%
2	Medapt SRL (indirect)*	Medical Services	Brasov, Romania	83%	83%
3	Histo SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66.4%	66.4%
5	Bahtco Invest SRL**	Development of building projects	Bucharest, Romania	100%	100%
6	Med Life Ocupational SRL	Medical Services	Bucharest, Romania	100%	100%
7	Pharmalife-Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
8	Med Life Broker de Asigurare si Reasigurare SRL	Insurance broker	Bucharest, Romania	99%	99%
9	Accipiens SA	Rental activities	Arad, Romania	83%	83%
10	Genesys Medical Clinic SRL (indirect)*	Medical Services	Arad, Romania	83%	83%
11	Bactro SRL (indirect)*	Medical Services	Deva, Romania	83%	83%
12	Transilvania Imagistica SA (indirect)*	Medical Services	Oradea, Romania	83%	83%
13	Biofarm Farmec SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Arad, Romania	100%	100%
14	RUR Medical SRL (indirect)**	Medical Services	Brasov, Romania	83%	83%
15	Biotest Med SRL	Medical Services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical Services	Iasi, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	90%
18	Ultratest SA (direct and indirect)*	Medical Services	Craiova, Romania	92.2%	92.2%
19	Diamed Center SRL	Medical Services	Bucharest, Romania	100%	100%
20	Prima Medical SRL	Medical Services	Craiova, Romania	100%	100%
21	Stem Cells Bank SA	Medical Services	Timisoara, Romania	100%	100%
22	Dent Estet Clinic SA	Dental healthcare	Bucharest, Romania	65%	60%
23	Green Dental Clinic SRL (indirect)*	Dental healthcare	Bucharest, Romania	33.2%	31%
24	Dentist 4 Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	65%	60%
25	Dent A Porter SRL (indirect)*	Dental healthcare	Bucharest, Romania	33.5%	31%
26	Dentestet Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	34.4%	32%
27	Aspen Laborator Dentar SRL (indirect)*	Dental healthcare	Bucharest, Romania	48.8%	45%
28	Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	100%	100%
29	Almina Trading SA	Medical Services	Targoviste, Romania	90%	90%
30	Anima Specialty Medical Services SRL	Medical Services	Bucharest, Romania	100%	100%
31	Anima Promovare si Vanzari SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
32	Valdi Medica SA	Medical Services	Cluj, Romania	55%	55%
33	Clinica Polisano SRL	Medical Services	Sibiu, Romania	100%	100%
34	Solomed Clinic SA	Medical Services	Pitesti, Romania	80%	80%
35	Solomed Plus SRL (indirect)*	Medical Services	Pitesti, Romania	80%	80%

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No.	Entity	Main activity	Location	31December 2023	31 December 2022
36	Ghencea Medical Center SA	Medical Services	Bucharest, Romania	100%	100%
37	Sfatul medicului SRL	Medical Platform	Bucharest, Romania	100%	100%
38	RMC Dentart (indirect)*	Dental healthcare	Budapesta, Ungaria	87.6%	81.3%
39	RMC Medical (indirect)*	Medical Services	Budapesta, Ungaria	87.6%	81.3%
40	RMC Medlife	Holding	Budapesta, Ungaria	87.6%	81.3%
41	Badea Medical SRL	Medical Services	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SRL**	Medical Services	Bucharest, Romania	100%	79%
43	Centrul medical Micromedica SRL	Medical Services	Piatra Neamt, Romania	100%	100%
44	Micromedica Targu Neamt SRL (indirect)*	Medical Services	Targu Neamt, Romania	100%	100%
45	Micromedica Bacau SRL (indirect)*	Medical Services	Bacau, Romania	100%	100%
46	Micromedica Roman SRL (indirect)*	Medical Services	Roman, Romania	100%	100%
47	Medrix Center SRL (indirect)*	Medical Services	Roznov, Romania	100%	100%
48	Spitalul Lotus SRL	Medical Services	Ploiesti, Romania	100%	100%
49	Labor Maricor SRL (indirect)*	Medical Services	Bacau, Romania	100%	100%
50	Centrul Medical Matei Basarab SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
51	Pharmachem Distributie SRL	Distribution of Pharmaceutical Products	Bucharest, Romania	75%	75%
52	CED Pharma SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
53	Leti Pharm 2000 SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
54	Monix Pharm SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
55	KronDent SRL (indirect)*	Dental healthcare	Brasov, Romania	39%	36%
56	Medica SA	Medical Services	Sibiu, Romania	60%	60%
57	Dent Estet Ploiesti SRL (indirect)*	Dental healthcare	Ploiesti, Romania	33.2%	30.6%
58	The Lab Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
59	Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
60	Stomestet Plus SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
61	Costea Digital Dental SRL (indirect)*	Dental healthcare	Oradea, Romania	38.4%	36%
62	Expert Med Centrul Medical Irina (indirect)*	Medical Services	Galati, Romania	76%	76%
63	MNT Healthcare Europe SRL	Medical Services	Ilfov, Romania	50%	50%
64	MNT Asset Management SRL (indirect)*	Holding	Bucharest, Romania	50%	50%
65	Clinica Life-Med SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
66	Pro Life Clinics SRL (indirect)*	Medical Services	Iasi, Romania	60%	60%
67	Onco Card SRL (indirect)*	Medical Services	Brasov, Romania	83%	83%
68	Onco Card Invest SRL (indirect)*	Holding	Brasov, Romania	83%	83%
69	Tomorad Expert SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66.4%	66.4%
70	IT Repair SRL (indirect)*	Medical Services	Targu Mures, Romania	49.8%	49.8%

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No.	Entity	Main activity	Location	31December 2023	31 December 2022
71	Medici's SRL	Medical Services	Timisoara, Romania	80%	80%
72	Micro-Medic SRL (indirect)*	Medical Services	Timisoara, Romania	80%	80%
73	Sweat Concept One SRL	Wellness	Bucharest, Romania	60%	60%
74	OptiCristal Consult SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
75	Alinora Optimex SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
76	Medicris SRL (indirect)*	Medical Services	Oradea, Romania	83%	83%
77	Triamed SRL (indirect)*	Medical Services	Oradea, Romania	83%	83%
78	SC M-Profilaxis SRL (indirect)*	Medical Services	Timisoara, Romania	80%	80%
79	VitaCare Flav SRL (indirect)*	Medical Services	Pitesti, Romania	51%	80%
80	Dent Estet Genesys SRL (indirect)*	Medical Services	Arad, Romania	73.8%	71.3%
81	Aspire Dental SRL (indirect)*	Dental healthcare	Bucharest, Romania	65%	60%
82	Sanopass SA	Medical Platform	Targoviste, Romania	62.5%	51%
83	Muntenia Medical Competences S.A. (indirect)*	Medical Services	Pitesti, Romania	51%	0%
84	Bios Diagnostic Medical Services SRL (indirect)*	Medical Services	Bucharest, Romania	51%	0%
85	Centrul de Diagnostic si Tratament Provita S.A.	Medical Services	Bucharest, Romania	51%	0%
86	Medical City Blue SRL (indirect)*	Medical Services	Bucharest, Romania	51%	0%
87	Laborator Cuza Voda SRL (indirect)*	Medical Services	Bucharest, Romania	51%	0%
88	Provita Pain Clinic SA (indirect)*	Medical Services	Suceava, Romania	35.7%	0%
89	Policlinica Sf. Ilie SRL (indirect)*	Medical Services	Craiova, Romania	100%	0%
90	Policlinica Union SRL (indirect)*	Medical Services	Cluj, Romania	51%	0%
91	Brol Medical Center S.A. (indirect)*	Medical Services	Timisoara, Romania	56%	0%

**These companies are subsidiaries of other subsidiaries in the Group and are included in the consolidation, as they are controlled by the entities which are subsidiaries of the ultimate parent.*
*** Starting January 2024, these companies have changed their legal form from S.A. to S.R.L..*
****Starting January 2024, Ghencea Medical Center SA, Clinica Life-Med SRL, Laborator Maricor SRL, Policlinica SF. Ilie SRL, Diamed Center SRL and Centrul Medical Matei Basarab SRL were merged under Anima Specialty Medical Services SRL. ;*
Accipiens SA, Transilvania Imagistica SA, Bactro SRL and Triamed SRL were merged under Genesys Medical Clinic SRL. ;
Biofarm Farmec SRL, CED Pharma SRL, Leti Pharm 2000 SRL and Monix Pharm SRL were merged under Pharmalife-Med SRL.

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

2.1 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS and amendments to IFRS which have been adopted by the Group as of 1 January 2023:

- IFRS 17 insurance contracts,
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments),
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments),
- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments),
- IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)

The newly adopted IFRS and amendments to IFRS did not have a material impact on the Group's accounting policies.

- **IFRS 17: Insurance Contracts**

The standard is effective for annual periods beginning on or after 1 January 2023. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts.

The Group does not issue contracts in scope of IFRS 17; therefore, its application does not have an impact on the group's financial performance, financial position or cash flows.

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**

The Amendments are effective for annual periods beginning on or after January 1, 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Group assessed its accounting policies are already being disclosed using judgement and the financial statements accounting policies section has been disclosed by using qualitative and quantitative factors. There will be changes in wording, by replacing "significant" with "material" and if necessary, other wording or exclusion of certain paragraphs.
The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.
The new amendments had no material impact on the Group's financial position and performance.

- **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The new amendments had no significant impact on the Group's financial position and performance, but had an impact on the deferred tax presentation in the Note 26 to the financial statements.

- **IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)**

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.
The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

2.2 Standards issued endorsed by the European Union but not yet effective and not early adopted

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required

for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.
The amendment will not have a material impact on the Group's financial statements.

- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**

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

2.3 Standards that are not yet effective and they have not yet been endorsed by the European Union

- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements.

The amendments have not yet been endorsed by the European Union, however when and if there will be mandatory for application, management will prepare the Statement of Cash Flows accordingly. There will be no material impact on the financial statements.

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments have not yet been endorsed by the European Union, however management anticipates that there will not be a material impact, considering the group mainly uses in majority of transactions, the national currency RON and reports in this certain currency as well.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

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

The amendments have not yet been endorsed by the European Union, however the Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

3. MATERIAL ACCOUNTING POLICIES

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

3.1 Statement of compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

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

3.2 Basis of preparation

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

3.3 Going Concern

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

For the purposes of assessing liquidity and going concern, the Group has modelled scenarios reflecting suitable assumptions over the next 12–month period from signing date that serve to inform the decisions the Group takes regarding future cost savings, cash generation, debt covenants and levels of investment. The Group's financial performance to date in 2024 across all revenue streams has been in line with the modelled scenarios.

As a result of the recent signing on 14 March 2024 of the increase in facility of the syndicated loan contract, the Group has also an additional undrawn facility of an amount of EUR 50m, which along with other liquidity of the Group, will be used for possible new acquisition opportunities on the market as well as organic development projects.

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

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

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company (Med Life S.A.) and entities controlled by the Company (its subsidiaries).

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns. Generally, there is a presumption that a majority of voting rights results in control.

To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

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

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

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income, expenses and cashflows related to transactions between members of the Group are eliminated in full on consolidation. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

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

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

3.5 Business combinations

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

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

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

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

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

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

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

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

3.6 Significant judgements, estimates and assumptions

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

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

3.6.1. Judgements

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

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

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

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. When determining the lease term to be used for the measurement of the lease, the Group takes into account all the relevant facts and circumstances that create an economic incentive for exercising either the extension or termination option of the lease term.
For leases of buildings, cars and equipment, the following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.
- If the Group considers that some of the lease agreement shall be terminated earlier, then the assumption of the tenor shall be reassessed accordingly in order to fairly represent the management's view of the leased asset's impact to the financial statements.
- In case of lease term in relation to indefinite lease contracts the assumption applied was that the lease term will be similar to other contracts signed with the same provider or based on the relevant period beyond which the exercise of any option becomes uncertain.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.
Please see note 13.

Separate performance obligations for stem cells contracts

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

Intangible assets with indefinite useful life

The Group's management normally uses judgement to assess whether its intangible assets have a definite or indefinite life and revises periodically this estimate. Please see note 5.2.

Capitalisation of major inspections or components replacement (including spare parts)

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

Fair value assets and liabilities acquired

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

Cash generating units (CGUs)

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

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.
Please see note 31.

Control over subsidiaries
The Group assesses whether or not it has control over the acquired companies based on whether it has the practical ability to direct the relevant activities of the targets, immediately after acquisition. Please see note 27.

In relation with the acquisition in 2022 of the MNT companies (or Group Neolife, consisting of MNT Healthcare and MNT Asset Management), where 50% of the voting rights were acquired, the Group has established to have control over them. Considering the 50:50 shareholding structure, the Board of Directors structure, where the Group nominates 3 members out of 5 while MNT nominates only 2 members out of 5 and that the ratio will be respected within each period, together with the responsibilities set for decision making process and execution of responsibilities, the Group has concluded that it has power over the investee.

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

In respect of the ability to use its power over the investee to affect the amount of the investor's returns, according to Articles of Incorporation, the Board of directors (which is controlled by MedLife given the 3-2 ratio) is in charge with the preparation and approval of the budget and business plan, including investment strategy. In 2022, investment in 3 centers was drafted and approved. Reinvestment of profit from the AS IS business together with Banks financing were also approved by the Board of Directors. During 2023, 2 new medical centers were opened in July, following the directions set out in the previous approved business plan.

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

Revaluation of Land and Buildings
The Group accounts for land and building using the revaluation model based on market comparative valuations performed by certified ANEVAR professional, as per revaluation reports concluded as at 31 December 2022. The valuations conform to International Valuation Standards. Please refer to Note 5 for further information.

IAS 16 requires valuations to be performed with sufficient regularity as to ensure that the fair value does not materially differ from the carrying amount. As of 31 December 2023, considering the evolution of the market prices for real estate properties and the recent revaluation which took place at the end of 2022, management has reached to the conclusion that the carrying amount at 31 December 2023 does not materially differ from the fair value for both Land and Buildings.

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

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

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

In determining adjustments for impairment of receivables, management incorporates forward-looking information, exercises professional judgement and uses estimates and assumptions. Estimation of expected credit risk losses involved forecasting future macroeconomic conditions for the next year, compared to the average for 2020-2022 period. More details on the provision matrix can be found in note 7 dedicated to receivables.

In the case of long-term receivables for stem cells processing, the Group recognises an allowance based on the loss rate assigned for the established buckets, which reflect the credit risk characteristics of the stem cells receivables, as the payments are usually due in several years. The allowance represents the Group's best estimate of the losses inherent in the receivables portfolio as of the reporting date. Please see note 3.13.1. and 5.4. for more details.

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

Financing component in contracts concluded with customers - Estimating the discount rate
In order to account for time value of money in contracts concluded with customers for a period longer than one year, where there is a significant financing component, the Group has determined the prevailing interest rate in the market used to discount the transaction price in the contract. This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Please also refer to Note 3.20. for more details on the determination of the discount rate.

Provision for untaken holidays
The Company recognizes a provision for untaken holidays equal to the number of unused leave multiplied by the relevant employee's gross salary at the reporting date.
Please see note 12.

3.7 Foreign currency and translation

Functional and presentation currency
These consolidated financial statements are presented in Romanian Leu ("RON"), which is the currency of the primary economic environment in which almost all of the Group's companies operate (their "functional currency").

The exchange rates as announced by the National Bank of Romania on 31 December 2023 were RON 4.9746 for EUR 1 (31 December 2022: RON 4.9474 for EUR 1), respectively RON 1.2995 for HUF 100 (31 December 2022: RON 1.2354 for 100 HUF).
The average exchange rates for the period of 12 months 2023 were RON 4.9465 for EUR 1 (12 months 2022: RON 4.9315 for EUR 1), respectively RON 1.2960 for HUF 100 (12 months 2022: RON 1.2648 for HUF 100).

Translation of foreign currencies
Transactions in foreign currencies are initially recorded at the respective functional currency exchange rate valid at the time of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at the rates of exchange valid at the reporting date. The foreign exchange differences arising from these conversions are recognised as other financial income/expense in the income statement.

Translation of foreign operations
For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at the exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Foreign exchange differences arising from the translation are recognised in comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

3.8 Property, plant and equipment

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

The value of land and buildings owned presented in these consolidated financial statements is based on the valuation reports which were prepared as of December 31, 2022 by independent valuators certified by ANEVAR, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The following steps were taken to estimate the market value of the assets: analysis of assets subject to valuation; the evaluation approaches and the valuation methods applied were based on the category of assets analysed, their location, their characteristics, specific market information; application of appropriate valuation methods for each asset category (i.e. land and buildings) subject to evaluation and estimation of the fair value of the assets analysed at the valuation date, 31 December 2022. The land is not depreciated.

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

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

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

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

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

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

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

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

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

Costs with capital repairs are included in the carrying amount of the asset when it is probable that future economic benefits above the initially evaluated standard of performance of the existing asset will be transferred to the Group. Capital repairs are depreciated over the remaining useful period of the respective asset.

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

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

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

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

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives, residual values and depreciation method are reviewed at the end of each year, and the effects of changes in estimates are recorded prospectively.

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

	Years
Buildings	10 – 50 years
Leasehold improvements	Term of the lease contract or useful life if shorter
Plant and equipment	3 – 15 years
Fixtures and fittings, including spare parts	3 – 15 years

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

3.9 Intangible assets
Intangible assets acquired separately are measured at initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

The Group's intangible assets are represented by software licenses, concessions, patents and other intangibles which are amortized straight-line over a period of 3 years.
Additionally, the group has trademarks with indefinite useful lives and customer lists and customers advantages with finite useful lives acquired as part of business combinations that are further presented under Note 5.2.

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

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

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

If any such indication exists, the recoverable amount of the asset is estimated.
Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The Group bases its impairment calculation on most recent budgets and forecast calculations. These budgets and forecast calculations generally cover a period of six years. A long-term growth rate is calculated and applied to project future cash flows after the sixth year.

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash held at call with banks mainly with maturities of three months or less. For deposits at banks held with a maturity higher than there months, the Group assimilates the amounts also as cash and cash equivalents, due to the nature of the deposits, which are intended to cover short term cash commitments and not investment purposes, being highly liquid and readily convertible in cash, with no significant penalty in the case of early withdrawal.

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

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

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

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

3.13 Financial instruments – initial recognition and subsequent measurement

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

3.13.1 Financial assets

Initial recognition and classification

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

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

With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price as disclosed in Note 3.20 Revenue from contracts with customers recognition.

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

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

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

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

Subsequent measurement

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

Amortised cost and effective interest method

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

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

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

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The contractual rights to receive cash flows from the asset have expired or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

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

In the case of contracts containing a significant financing component, the Group assesses the Expected Credit Loss (ECL) on receivables arising from stem cell processing services in accordance with simplified approach of IFRS 9. The ECL model incorporates a range of financial and non-financial information, like the ageing of receivables and contract-specific historical cash inflows that reflects the credit risk associated with the receivables. To estimate the ECL, receivables are segmented into buckets based on the credit risk characteristics.

For each risk bucket, an assessed loss rate is applied. These loss rates are determined through an analysis of historical trends, adjusted for current conditions and reasonable and supportable forecasts of future economic conditions. The application of these rates reflects the Group's best estimate of the losses inherent in the receivables portfolio as of the reporting date.
The ECL is updated at each reporting period to reflect changes in the credit risk profile of the receivables.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Starting with 2023, the new amendments specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. These changes from the implementation of IAS 12 amendments did not result in a material impact in the profit and loss section. The impact is only in terms of presentation of Deferred tax asset and Deferred tax liability in the note, but the net impact is not material. A statement was made in this regard in the New Standards section.

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

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

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

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

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

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

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

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

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

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

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

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

Revenue is recognised over time where (i) there is a continuous transfer of control to the customer in the case of goods provided or the consumption of the benefits for the services provided takes place over time; or (ii) there is no alternative use for any asset created and there is an enforceable right to payment for performance completed to date. Other revenue contracts are recognised at a point in time when control of the goods transfers to the customer, or in the case of services provided, when the customer receives and consumes the benefits provided.

The Group provides health care medical services to corporate and retail customers, in which one performance obligation is a promise to transfer distinct services to the beneficiary. Another business line that is continuously being developed in the Group in close relationship with the medical act is the delivery of goods (mainly generic medicines) under contractual conditions. The moment the client acquires control over the goods is considered to be substantially the same for most of the Group's contracts under IFRS 15.

Group’s core activities

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

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

Clinics

The core of the Group's operations is the network of ambulatory clinics. The business line comprises a network of 103 facilities, which offer a wide range of outpatient services covering a broad range of medical specialties. The Group's diagnostic imaging services provided to clients other than hospital inpatients also form part of this business line. The Group's clinics provide a wide range of services delivered mainly in two formats:

- ***Hyper clinics***, a format pioneered by the Group in Romania, consisting of large facilities with at least 20 medical offices and surface areas in excess of 1,000 sqm. It is a one-stop-shop for clinical examinations and imaging. This format is designed for larger urban areas, with a population over 175,000. Hyper clinics would usually include a broad range of imaging services on site including radiology, bone density – DEXA, CT, MRI, 2D-4D ultrasounds and Mammography; in the case of new openings, such services may be included in the hyper clinics' offering gradually. Hyper clinic locations also host the services of other business lines, such as sampling points for laboratories.
- ***Clinics***, offering a range of treatments from general practitioner services to specialists, are aimed at servicing the core needs of the Group's HPP patients and FFS clients. The Group's clinics typically have between 5 and 12 medical offices, although smaller satellite clinics are in operation to address specific market situations. Clinics are designed for smaller cities or to serve specific concentrations of patients. Clinics, with limited capacity and generally limited imaging services, act as feeder networks for the more specialized services located in the hyper clinics.

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

Stomatology

The Group's Dentistry business line offers a full range of services, ranging from medical examinations to surgery, implants or orthodontic services.

Stomatology business line is not subject to NHIH allocations. All of the sales are fee for service (“FFS”) based, and the revenue is recognised at a point in time, when the performance obligation is satisfied.

Laboratories

The Laboratories business line provides the following range of services: biochemistry, pathological anatomy (cytology and histology), molecular biology and genetics, hematology, immunology, microbiology and toxicology. Sampling points are locations where the Group collects blood and other samples from patients. The Laboratories business line sources the bulk of its revenue from FFS clients, and the revenue is recognised at a point in time, when the performance obligation is satisfied.

Hospitals

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

The Hospitals business line derives its revenue predominantly from FFS patients. Treatment of State insured patients for the NHIH, generally relates to maternity, genecology, cardiology and oncology. The revenues are recognised at a point in time, when the consumption of the benefits for the services provided is accomplished.

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

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

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

As of December 31, 2023, there were 21 functional pharmacies, offering patients both prescription and over-the-counter products, including Doctor Life's own branded products.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In conclusion, given the analysis performed, the Group used as a proxy the relevant rates for loans granted by Romanian banks to companies in EUR. Moreover, considering that the loans to companies are usually done on lower maturities (1 year), we have performed a maturity adjustment based on the yield of the Euro area curves (for 2023, given the inverse shape of the curve, this leads to a reduced value of the interest rate).

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

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

A contract liability (deferred income) is the obligation to transfer services to a customer for which the Group has received consideration from the customer. Where the customer pays consideration before the Group transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. Contract liabilities are presented within trade and other payables (Note 10) on the Consolidated Statement of Financial Position.

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

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

3.21 Employee benefits

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

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

Bonus schemes
The Group recognizes a liability and an expense where a contractual obligation exists for short-term incentives. The amounts payable to employees in respect of the short-term incentive schemes are determined based on annual business performance targets.

3.22 Fair value

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in the Note 5.1, Note 5.3, Note 5.4 and Note 4.

3.23 Segment information

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

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

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

An operating segment is a component of an entity:

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

The Group has identified six core business lines, which comprise the following major categories: clinics, stomatology, hospitals, laboratories, pharmacies and corporate.
The core purpose of the Group is to enhance the quality of life for individuals, the ultimate end users of healthcare services, therefore setting the patient as first priority in all activities performed.

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

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

Each reporting made to the Board of Directors includes the six business lines, represented by the six revenue streams. Group managements costs are fully distributed to the operative business lines. The monthly target-to-actual and actual-to-actual comparison in the report to the Board of Directors serves to control the targets published in the Group's annual forecast, in particular the total revenue figure and EBITDA margin (please see Note 34 for further details).

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

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

As a result of the same structural framework conditions, the operations of the Group with the healthcare services provided are characterised by a similar risk and rewards profile whose economic environment is largely regulated by legislation. It is thus possible for the operations to achieve similar EBITDA margins on the long term. We thus continue to have only one reportable segment that aggregates the above mentioned operating segments.
The Group generates most of all revenues for all areas of activity in Romania, with only a small share of revenues (below 1%) being generated from operations held in Hungary. Although there are locations in different countries, the executive management assumes that the resulting differences in the billing logic do not entail any material different opportunities and risks and these therefore do not conflict with aggregating the healthcare services into a single segment.

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

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

In order to enable users of the financial statements to evaluate the nature and financial effects of the business, the Group decided to present the revenues split on the main business lines.

3.24 IFRS 16 - Leases

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

The management has evaluated its options for early termination as well as the existence of the Group's single triggered decision to extend the lease term, on a case-by-case basis. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or to exercise a termination option, are considered.

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

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

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

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

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

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

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

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

After initial recognition, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
Right-of-use assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

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

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.
Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

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

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

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

3.25 Earnings per share
Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

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

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

4. GOODWILL

The Group records goodwill resulting from business combinations. Please see below the goodwill recorded as of December 31, 2023 and December 31, 2022 (carrying amount):

	December 31, 2023	**December 31, 2022**
Group Policlinica de Diagnostic Rapid	11,281,899	11,281,899
Group Accipiens (including Bactro & Transilvania Imagistica)	10,930,535	10,930,535
Group Sama (including Ultratest)	1,502,344	1,502,344
Diamed Center SRL	2,646,208	2,646,208
Prima Medical SRL	1,422,493	1,422,493
Stem Cells Bank SA	1,217,669	1,217,669
Group Dent Estet Clinic	7,576,551	7,576,551
Centrul Medical Panduri SA	6,979,272	6,979,272
Almina Trading SRL	6,354,631	6,354,631
Group Anima (including Anima Promovare)	12,863,892	12,863,892
Valdi Medica SRL	2,824,203	2,824,203
Clinica Polisano SRL	4,070,023	4,070,023
Ghencea Medical Center SA	4,693,895	4,693,895
Group Solomed (including Solomed Plus)	6,066,602	6,066,602
Sfatul medicului SRL	1,503,438	1,503,438
Badea Medical SRL	1,881,349	1,881,349
Group RMC Ungaria	8,452,114	8,452,114
Onco Team Diagnostic SRL	1,366,312	1,366,312
Spital Lotus SRL	25,670,864	25,670,864
Group Micromedica	25,653,196	25,653,196
Pharmalife Med SRL	138,997	138,997
Biotest Med SRL	215,289	215,289
Laborator Maricor SRL	15,740	15,740
Krondent SA	9,642,317	9,642,317
Centrul Medical Matei Basarab SRL	600,271	600,271
Medica SA	1,961,763	1,961,763
Group CED Pharma (including Monix & Leti)	16,773,526	16,773,526
Pharmachem Distributie SRL	10,763,546	10,763,546
Group Stomestet	11,560,195	11,560,195
Costea Digital Dental SRL	1,121,170	1,121,170
Expert Med Centrul Medical Irina SRL	1,090,162	1,090,162
Group Neolife (MNT Healthcare Europe SRL & MNT Asset Management S.R.L.)	58,827,359	58,827,359
Life Med SRL	3,085,316	3,085,316
Pro Life Clinics SRL	2,242,012	2,242,012
Group Oncocard (Onco Card SRL & Onco Card Invest SRL)	32,027,708	32,027,708
Tomorad Expert SRL	515,443	515,443
IT Repair SRL	1,266,850	1,266,850
Vita Care Flav SRL	484,106	484,106
Medicris SRL	2,909,612	2,909,612
Triamed SRL	468,970	468,970
M-Profilaxis SRL	2,047,401	2,047,401
Group Opticristal (Opticristal Consult SRL & Alinora Optimex SRL)	8,947,709	8,947,709
Sweat Concept One SRL	11,778,458	11,778,458
Sanopass SA	10,826,150	10,826,150
Group Medici`s (Medici`s SRL & Micro-Medic SRL)	32,475,738	32,475,738
Muntenia Medical Competences SA	15,664,132	-
Policlinica Sf. Ilie SRL	1,391,332	-
Group Provita	56,050,343	-
Policlinica Union SRL	2,181,034	-
Brol Medical Center SA	1,436,171	-
Other	1,929,308	1,929,308
TOTAL	**445,395,617**	**368,672,606**

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

Movement in Goodwill

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	368,672,606	199,679,613
Goodwill recognized during the year	76,723,011	168,992,993
TOTAL	**445,395,617**	**368,672,606**

During the year ended December 31, 2023, the Group obtained control over various companies and recorded an additional goodwill of RON 76,723,011 (December 31, 2022: RON 168,992,993). For further details on business combinations acquired during the year ended December 31, 2023 and the year ended December 31, 2022, please see Note 27.

Accumulated impairment over Goodwill amounts to RON 313,506 as of 31 December 2023 (RON 313,506 as of 31 December 2022).

For the purpose of impairment testing, goodwill is allocated to the cash generating unit (CGU) which is expected to benefit from the synergies of the business combination. Intangible assets with indefinite useful lives are also allocated to CGUs and tested for impairment. Management conducts impairment tests on an annual basis or whenever there is an indication of impairment to assess the recoverability of the carrying value of goodwill and intangible assets with indefinite useful life, at each individual level. No impaired goodwill or intangible assets with indefinite useful life was identified in this context. For more details regarding intangible assets with indefinite useful life please see Notes 5.2 and 5.3.

The recoverable amount is based on fair value less cost of disposal (FVLCOD) of the underlying assets. There are 47 CGUs included in the valuation process, as the remaining ones have a carrying commercial fund amount that is not considered to be significant in comparison with the Group's total carrying amount of goodwill.

The discounted future Cash flows of the CGUs, using the DCF (discounted cash-flow) method, are determined on the basis of the approved business plans for 2024 that forecast financial position and results of operations and take into account historical values and estimated performance. Cash flows are estimated in RON, having a nominal value. The results are then extrapolated for 5 additional years using bottom-up, 5-year planning that reflects the future development of the CGUs under current conditions.

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

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

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

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

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

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

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

In the case of CGUs subject to the impairment test, the discount rates considered are higher than the average industry-level data in emerging European countries to take into account country risk, currency risk, and CGU's size. On average, depending on the particularities of each CGU, the discount rate varies, for the most significant entities in the Group, between 8.7% and 18.9%, depending on the specific risks associated with each CGU.
Estimates of future cash flow management are based on the most recent 6-year forecasts (2024-2029).

The estimation of the terminal value was made based on the hypothesis of continuing the activity. The final value is given by the capitalization of the available cash flow with the capitalization rate which has in view a perpetual increase in close relation with the GDP growth and inflation forecast for Romania.

The analysis of the results shows that for the CGUs subject to the impairment test, the related recoverable amount is higher than their net book value and, therefore, there will be no impairment of goodwill recorded on the reporting date.

At an aggregated level for all 47 CGUs under analysis, the recoverable amount is RON 4.1 bn, while the net book value is RON 1.5 bn.

The sensitivity analysis that evaluates the sensitivity of the recoverable amount was performed according to the changes of the main factors: WACC discount rate plus 2 percent, operating margin decrease with 20 percent and perpetual growth rate decrease with 1 percent.

In performing the sensitivity analysis, except for Neolife and Provita cash generating units, an increase in WACC of 2 percent would give rise to a reduction in the Group-wide surplus with 22%, namely a decrease from RON 3.5 bn to RON 2.7 bn in the recoverable amount compared to a net book value of RON 984 mil.

Except for Neolife and Provita cash generating units, a decrease in the operating margin of 20 percent would give rise to a reduction in the Group-wide surplus with 25%, namely a decrease from RON 3.5 bn to RON 2.6 bn in the recoverable amount compared to a net book value of RON 984 mil.

Except for Neolife and Provita cash generating units, a decrease with 1 percentage point in the perpetual growth rate would give rise to a reduction in the Group-wide surplus with 9%, namely a decrease from RON 3.5 bn to RON 3.2 bn in the recoverable amount compared to a net book value of RON 984 mil.

For Neolife cash generating unit, an increase in WACC of 2 percent would give rise to a goodwill impairment of 17.0 mil RON (2022: 40 mil RON), a decrease in the operating margin of 20 percent would give rise to a goodwill impairment of 49.6 mil RON (2022: 58.8 mil RON, which represented a 100% impairment) and a decrease of 1 percentage point in the perpetual growth rate would not give rise to a goodwill impairment (2022: an impairment of 11 mil RON).

For Provita cash generating unit, an increase in WACC of 2 percent would not give rise to a goodwill impairment, a decrease in the operating margin of 20 percent would give rise to a goodwill impairment of 10.1 mil RON and a decrease of 1 percentage point in the perpetual growth rate would not give rise to a goodwill impairment.

Nevertheless, Neolife is an acquisition completed in 2022, while Provita is more recent, finalised in 2023. Management is confident that the business plan used in goodwill impairment testing followed a conservative approach, while negative developments in the analysed parameters are unlikely to materialize. Both business plans have incorporated an important CAPEX component, in line with the investment development plans and strategy of the Group, moving forward. No goodwill impairment is expected in the future.

Management has engaged external specialists to assist with the impairment analysis, the entire valuation process being performed by certified ANEVAR valuators. There were no changes in the valuation techniques compared to prior year.

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

5. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As of December 31, 2023 the Group's property, plant and equipment and intangible assets' structure was the following.
For details regarding additions from business combinations – please see further details in Note 27.

	Intangible assets		***Property, plant and equipment***						
	Intangible assets	**Intangible assets in progres**	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total fixed assets***	**TOTAL**
31 December 2022	**185,325,033**	**-**	**118,558,183**	**297,358,837**	**140,603,584**	**659,366,725**	**59,949,392**	***1,275,836,721***	**1,461,161,754**
Additions	18,639,571	-	-	-	10,759,331	129,837,499	103,252,841	*243,849,672*	262,489,243
Transfers	1,144,614	-	-	-	17,034,835	34,417,288	(52,596,737)	*(1,144,614)*	0
Disposals	(4,239,996)	-	-	-	(430,409)	(13,171,354)	(10,561,684)	*(24,163,447)*	(28,403,443)
Additions from business combinations	21,313,560	-	2,294,403	-	32,101,647	76,527,357	25,217,219	*136,140,626*	157,454,186
31 December 2023	**222,182,781**	**-**	**120,852,586**	**297,358,837**	**200,068,988**	**886,977,515**	**125,261,031**	***1,630,518,958***	**1,852,701,739**
Depreciation	**Intangible assets**	**Intangible assets in progres**	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total fixed assets***	**TOTAL**
31 December 2022	**85,132,768**	**-**	**-**	**(0)**	**73,773,177**	**373,562,484**	**-**	**447,335,661**	**532,468,429**
Charge of the year	16,787,666	-	-	7,891,882	11,907,689	77,576,266	-	97,375,836	114,163,503
Disposals	(1,287,418)	-	-	-	(297,360)	(14,910,294)	-	(15,207,654)	(16,495,072)
Impairment of Trademarks	2,643,753	-	-	-	-	-	-	-	2,643,753
31 December 2023	**103,276,769**	**-**	**-**	**7,891,882**	**85,383,505**	**436,228,456**	**-**	**529,503,844**	**632,780,613**
Net Book Value									
31 December 2022	**100,192,265**	**-**	**118,558,183**	**297,358,837**	**66,830,407**	**285,804,241**	**59,949,392**	**828,501,060**	**928,693,325**
31 December 2023	**118,906,012**	**-**	**120,852,586**	**289,466,955**	**114,685,483**	**450,749,059**	**125,261,031**	**1,101,015,115**	**1,219,921,126**

During 2023, the Group has capitalized borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset in the amount of Ron 1,292,016 (2022: 0 Ron).

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

As of December 31, 2022 the Group's property, plant and equipment and intangible assets' structure was the following:

	Intangible assets		***Property, plant and equipment***						
	Intangible assets	**Intangible assets in progres**	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total fixed assets***	**TOTAL**
31 December 2021	**131,145,798**	**-**	**31,842,685**	**315,018,421**	**96,585,107**	**507,344,820**	**35,060,845**	***985,851,878***	**1,116,997,676**
Additions	19,500,674	742,916	19,348,924	2,785,636	64,260	90,242,155	50,790,594	*163,231,568*	183,475,159
Transfers	1,172,635	(1,172,635)	36,293,649	(31,509,228)	22,468,329	2,115,136	(29,367,887)	-	-
Disposals	(32,547)	-	(148,542)	(390,535)	-	(7,599,380)	(10,267)	*(8,148,724)*	(8,181,271)
Additions from business combinations	33,538,473	429,719	193,271	31,339,897	20,682,035	67,263,995	3,476,106	*122,955,304*	156,923,496
Reclassifications during the year	-	-	(21,132)	(830,895)	803,853	-	-	*(48,173)*	(48,173)
Revaluation impact (accumulated depreciation and impairment eliminated against cost)	-	-	(1,866,599)	(54,297,543)	-	-	-	*(54,297,543)*	(54,297,543)
Revaluation impact recognised in OCI	-	-	32,915,927	33,376,484	-	-	-	*66,292,412*	66,292,412
Impairment arising from revaluation, impact recognised in the consolidated statement of profit and loss	-	-	(1,866,599)	-	-	-	-	*(1,866,599)*	(1,866,599)
Gain from revaluation recognized in profit or loss	-	-	-	1,866,599	-	-	-	1,866,599	1,866,599
31 December 2022	**185,325,033**	**-**	**118,558,183**	**297,358,837**	**140,603,584**	**659,366,725**	**59,949,392**	***1,275,836,721***	**1,461,161,755**

	Intangible assets	**Intangible assets in progres**	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total fixed assets***	**TOTAL**
Depreciation									
31 December 2021	**70,589,143**	**-**	**84,120**	**46,301,870**	**65,410,737**	**321,848,538**	**-**	***433,645,265***	**504,234,408**
Charge of the year	14,576,172	-	-	8,826,567	8,362,440	57,715,341	-	*74,904,349*	89,480,521
Disposals	(32,547)	-	-	-	-	(6,001,395)	-	*(6,001,395)*	(6,033,943)
Reclassifications during the year	-	-	(84,120)	(830,895)	-	-	-	*(915,015)*	(915,015)
Revaluation	-	-	-	(54,297,543)	-	-	-	*(54,297,543)*	(54,297,543)
31 December 2022	**85,132,768**	**-**	**-**	**-**	**73,773,177**	**373,562,484**	**-**	***447,335,661***	**532,468,429**
Net Book Value									
31 December 2021	**60,556,655**	**-**	**31,758,565**	**268,716,551**	**31,174,371**	**185,496,281**	**35,060,845**	***552,206,613***	**612,763,268**
31 December 2022	**100,192,265**	**(0)**	**118,558,183**	**297,358,838**	**66,830,407**	**285,804,241**	**59,949,392**	***828,501,061***	**928,693,326**

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

5.1. Land and buildings carried at fair value

The value of land and buildings of the Group are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The last revaluation on Land and Buildings took place at the end of 2022. The fair value measurements of the Group's freehold land and buildings as at 31 December 2022 were performed by independent valuator certified by ANEVAR and having appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

In 2022, the total revaluation difference was in amount of RON 66,292,412. The difference was recorded in the revaluation reserve in amount of RON 66,292,412 as a surplus. In the consolidated statement of profit or loss on a net basis the overall impact registered is null, as the Group has identified an expense in the amount of RON 1,866,599 in relation with Land and a corresponding gain of RON 1,866,599 on the Buildings side, as a result of the revaluation. Please also refer to Note 26 for impact recognised for Deferred Tax at the end of 2022.

	Net book value ("NBV") 31 December 2022		
	NBV before revaluation	**NBV after revaluation**	**Revaluation differences**
Land	87,508,855	118,558,183	31,049,328
Buildings	262,115,754	297,358,837	35,243,083
TOTAL	**349,624,609**	**415,917,021**	**66,292,412**

The fair value was determined by reference to market-based evidence, using the market comparable method, the cost and income approach. The valuation techniques are selected by the independent appraiser, in accordance with International Valuation Standards.
The fair value is overall determined to be Level 3 in the fair value measurement hierarchy. The inputs used in the valuation were:
- Level 2 inputs based on the IFRS 13 classification (e.g. current rents, prices per sqm, yields, occupancy rates, etc. publicly available on the market for similar assets and other market-corroborated inputs), or
- Level 3 (unobservable) inputs through which Group develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, rather than direct inputs from the market, with orderly adjustments performed by the appraiser in order to determine fair value.

The fair value of the land was determined based on the market price comparison method. This method was considered appropriate due to the nature of the assets valued, which have an active market. An active market is a market that simultaneously meets the following three conditions: goods traded on the market are homogeneous, buyers and sellers can be found at any time on the market and prices are available to the public.
In estimating the value, it was taken into account the physical condition indicated by the company's representatives and found at the time of the field valuation of the assets, as well as the information available in relation to the analysed assets and data extracted from the market analysis. Assets were compared with other similar assets and adjustments were made accordingly to indicate the current value.

The cost approach was chosen exclusively for properties that, although directly generating profit, have a unique nature, special destination and physical characteristics. The assets which were valued with cost approach refers mostly to hospital buildings. The lack of hospital facilities on the market makes the Income or Market approach very difficult to apply due to absence of market comparable or, if any exist, they are extremely limited and insignificant in terms of equipment or involved surface areas.
The cost method reflects the costs which a market participant would incur to construct or acquire assets of similar utility and age, adjusted for obsolescence and other relevant forms of depreciation.

The income approach is based on the idea that the real estate being appraised can be a revenue-generating investment. The rental value is obtained through direct comparisons from the appraiser's database or information obtained from real estate agencies, using the average rental values identified in the market, or, if the situation of the building requires it, the closest rental value can be selected by considering the similarity of comparable properties.
Direct capitalization is the method used to transform the estimated level of net income into a property valuation indicator. Considering the fact that certain buildings with clinical functionality can be converted into office spaces, the appraiser used the income approach. Thus, comparable rental and sale market data for relatively similar buildings were extracted to generate both an average rent and an average capitalization rate, which in turn led to a value for the analysed property. The reported rents are of a contractual nature, therefore, the facilities granted by the owner (such as free rent months or the owner's contribution to the space arrangement) are not taken into account.

For the sensitivity analysis two important elements of the income approach were analysed, namely:
- Losses due to vacancy
- Capitalization rate

Losses due to vacancy represent the loss of potential gross income in case the property that is intended to be rented cannot be rented, rent is not paid or the tenant is changed. It generally represents the ratio between demand and supply in the real estate market at a given time. + 2.1% percentages was used, which represent a period of one week that is added to the vacancy loss considered valid for each property, taking into account both the type of building and the size of the city. As a result the value of the properties appraised through income approach decreased overall with RON 1,737,256.
The capitalization rate (yield) expresses the ratio between the expected net operating income for one year and the total value of the property obtained from the transaction. This does not express the performance of the investment, but it can

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

be an indicator of the real estate market performance at a given time. The capitalization rate may fluctuate depending on the income forecast and the change in property value. For the sensitivity analysis was subtracted - 0.25% from the capitalization rate identified by the market, resulting in a potential negative variation of rental values. The overall effect resulted in a decrease of RON 2,280,490 in the fair value of the buildings.

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

Carrying amount without revaluation	**31 December 2023**	**31 December 2022**
Land	62,665,659	60,371,256
Buildings	166,743,002	171,289,000
TOTAL	**229,408,661**	**231,660,256**

During 2023, no indicators of impairment were identified and the Group concluded that the fair value of Land and Buildings does not differ significantly from their carrying amount. Part of the items related to Land and Buildings are included in the cash-generating units established for the Group and annually tested for impairment as part of the goodwill impairment testing, please refer to Note 4 for more details. For the carrying value of property, plant and equipment pledged to secure the borrowings please refer to Note 14.

5.2. Intangible assets

Carrying amount	**December 31, 2023**	**December 31, 2022**
Customer lists	11,668,958	13,132,836
Contract advantage	15,077,469	12,932,301
Trademark	58,127,347	42,497,347
Concessions, patents, licenses and similar rights and assets and other intangible assets	34,032,236	31,629,780
TOTAL	**118,906,011**	**100,192,265**

At initial recognition, trademarks resulted from business combinations, used to identify and distinguish the medical services, have an indefinite useful life. The Group allocates a definite useful life for both customer lists and contract advantages.

Trademarks

The Group intends to use these intangibles continuously and evidence supports its ability to do so. An analysis of market and competitive trends provides evidence that the services will generate net cash inflows for the group for an indefinite period. Therefore, the intangibles are carried at cost without amortisation, but are annually tested for impairment.

The following factors were considered in determining the indefinite useful life for the above intangible assets, including:

- the indefinite useful life of an asset means that the asset’s usefulness to the business is not limited by age, legal or regulatory obligations, contracts, or any other factory;
- also, the useful life cannot be reasonably estimated as to determine a precise period over which the asset will generate benefits to the Group through the continuous use.

The useful life for trademarks cannot be reasonably estimated as they are intended to generate future benefits over the period which the company is expected to continue its activity.

Starting with January 2024, as a result of the recently decided merger projects on Anima Specialty Medical Services SRL, Genesys Medical Clinic SRL and Pharmalife-Med SRL, the Group considers that some of the trademarks will no longer be in use. Therefore, as of 31 December 2023, the Group recognised an impairment for these trademarks covering their entire value, in the amount of RON 2,643,753.

Customer lists and contracts advantages

The Group allocated the following useful lives for:

	Years
Customer lists	10 years
Contract advantages	5 years

These intangibles are depreciated on a straight-line basis.

Other intangibles

All the other intangibles are depreciated on a straight-line basis, over a period of 3 years. During 2023, the costs incurred with the website implementation that met the capitalization criteria of IAS 38 Intangible assets were capitalised as a new intangible asset, in the amount of RON 3,288,782, which is amortized over a period of 3 years.

The capitalized cost for other intangible assets, such as development of internal IT applications, was recognized during the year, in the amount of RON 6,944,633, and it is already included in the other intangible assets on the balance sheet – for further details please see Note 20.

5.3. Intangible assets acquired in a business combination

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

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

Subsidiary	Customer List	Contract Advantage	Trademark	Total
Policlinica de Diagnostic Rapid (2010)	2,335,446	282,163	-	2,617,609
Med Life Ocupational (2010)	10,427	64,546	-	74,973
Genesys Clinic (2011)	631,221	-	-	631,221
Vital Test (2014)	-	8,462	-	8,462
Biotest (2014)	-	25,579	-	25,579
Diamed (2016)	-	839,438	605,153	1,444,591
Prima Medical (2016)	-	115,865	688,850	804,715
Stem Cells Bank (2016)	338,056	-	-	338,056
Dent Estet Clinic (2016)	930,189	-	9,654,592	10,584,781
Centrul Medical Panduri (2016)	-	318,179	-	318,179
Almina Trading SRL (2017)	-	632,000	321,000	953,000
Anima S (2017)	1,130,000	1,150,000	1,288,000	3,568,000
Anima P (2017)	-	870,567	-	870,567
Valdi Medica SRL (2017)	-	-	98,000	98,000
Clinica Polisano (2018)	-	-	2,076,000	2,076,000
Ghencea Medical Center (2018)	-	600,000	280,000	880,000
Grupul Solomed (2018)	-	170,000	157,000	327,000
Sfatul medicului (2018)	2,338,781	-	235,000	2,573,781
Transilvania Imagistica (2018)	-	134,000	49,000	183,000
Badea Medical (2019)	-	-	73,000	73,000
Oncoteam Diagnostic (2019)	-	-	541,000	541,000
Rozsakert Medical Center Ungaria (2019)	-	-	2,011,624	2,011,624
Spital Lotus SRL (2020)	-	-	2,387,000	2,387,000
Grupul Micromedica (2020)	-	-	1,243,000	1,243,000
Laborator Maricor SRL (2020)	-	-	7,600	7,600
Krondent SA (2021)	-	-	410,000	410,000
Centrul Medical Matei Basarab SRL (2021)	-	-	298,000	298,000
Medica SA (2021)	-	-	201,000	201,000
Grupul CED Pharma (inclusiv Monix si Leti) (2021)	-	-	536,000	536,000
Pharmachem Distributie SRL (2021)	6,278,000	-	5,820,000	12,098,000
Grupul Stomestet (2021)	-	-	871,000	871,000
Costea Digital Dental SRL (2021)	-	-	255,000	255,000
Expert Med Centrul Medical Irina SRL (2022)	-	300,000	239,000	539,000
Life Med SRL (2022)	-	780,000	662,000	1,442,000
Pro Life Clinics SRL (2022)	-	740,000	621,528	1,361,528
Onco Card SRL (2022)	-	4,540,000	6,330,000	10,870,000
Tomorad Expert SRL (2022)	-	65,000	92,000	157,000
IT Repair SRL (2022)	-	-	118,000	118,000
Medicris SRL (2022)	95,000	-	271,000	366,000
Triamed SRL (2022)	-	-	46,000	46,000
M-Profilaxis SRL (2022)	-	140,000	440,000	580,000
Grupul Opticristal (includes Opticristal Consult SRL and Alinora Optimex SRL) (2022)	-	160,236	680,000	840,236
Sweat Concept One SRL (2022)	-	-	910,000	910,000
Sanopass SA (2022)	-	-	1,380,000	1,380,000
Grupul Medici`s (includes Medici's SRL and Micro-Medic SRL) (2022)	3,610,000	4,330,000	601,000	8,541,000
Muntenia Medical Competences SA (2023)	-	-	2,470,000	2,470,000
Policlinica Sf. Ilie SRL (2023)	-	850,000	160,000	1,010,000
Group Provita (2023)	-	4,110,000	12,160,000	16,270,000
Policlinica Union SRL (2023)	-	240,000	620,000	860,000
Brol Medical Center SA (2023)	-	-	220,000	220,000
Total	**17,697,120**	**21,466,035**	**58,127,347**	**97,290,502**

The fair value of intangible assets at acquisition date was measured using level 3 fair value measurements.
In 2023, for trademarks measurement, the royalty relief valuation technique was used, with the following inputs: i) Royalty Rate between 0.8% and 1.0% (between 0.8% and 1.2% in 2022) and ii) Capitalization Rate between 11.7% and 16.0% (between 9.5% and 16.3% in 2022); for the contract advantages, returns on contributing assets ranging between

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6.9% and 17.9% (between 5.1% and 17.4% in 2022) and a discount rate which reflects the specific risks of the intangible asset ranging between 13.6% and 17.9% (between 13.2% and 17.4% in 2022).

5.4. OTHER FINANCIAL ASSETS

Carrying amount	December 31, 2023	December 31, 2022
Long-term receivables for stem cells processing	44,858,657	36,518,106
Allowance for expected credit losses long-term receivables	(4,110,927)	(2,631,842)
Other receivables	194,810	48,924,440
TOTAL	**40,942,540**	**82,810,704**

Trade receivables of stem cells processing with payments due in more than one year are presented under Other financial assets.
An allowance for expected credit losses was determined for customers, based on the loss rate assigned for the established buckets, which reflect the credit risk characteristics of the stem cells receivables.

Advances for acquisition of subsidiaries were included under Other receivables at the end of 2022.

6. INVENTORIES

	December 31, 2023	December 31, 2022
Consumables	60,386,702	50,500,617
Materials in the form of inventory items	1,267,448	1,153,623
Merchandise	48,002,728	47,115,210
Inventory in transit	619	920
TOTAL	**109,657,497**	**98,770,370**

During 2023, no amount (2022: RON 900,203) was recognised as an expense for inventories carried at net realisable value. This is recognised in line Other operating expenses in the consolidated statement of comprehensive income.

7.1. TRADE RECEIVABLES

	December 31, 2023	December 31, 2022
Trade receivables	301,363,147	258,302,033
Allowance for expected credit losses on receivables	(39,698,737)	(36,943,173)
TOTAL	**261,664,410**	**221,358,860**

Credit risk for MedLife Group primarily relates to trade receivables in the ordinary course of business.
Customers' compliance with agreed credit terms is monitored regularly and closely. Where payments are delayed by customers, steps are taken to restrict access to services or contracts are terminated.

Certain customers, which are public or quasi-public institutions, or subsidiaries of MedLife, may have longer payment terms and services may continue to be delivered when amounts are overdue, based on management's assessment of a lower credit risk. The average maturity period for the services offered is 95 days. There is no interest on commercial receivables within the first 95 days from the date of issue of the invoice, which also represents the average contractual term.

The carrying amount of financial assets, measured at amortised cost, represents the maximum credit exposure. There are no credit enhancements or collateral held that would offset such amounts. As the customer base of the Group is very diverse, there are generally no large concentrations of credit risk.

Based on the assessed credit risk of the customers, Group`s trade receivables are split between individually assessed and collectively assessed.

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

December 31, 2023	**Individually assessed**	**Collectively assessed**	**Total**
Customers	156,034,194	145,328,953	301,363,147
Allowance for expected credit losses on receivables	(11,211,398)	(28,487,339)	(39,698,737)
Total	**144,822,796**	**116,841,614**	**261,664,410**

December 31, 2022	**Individually assessed**	**Collectively assessed**	**Total**
Customers	119,431,189	138,870,844	258,302,033
Allowance for expected credit losses on receivables	(11,330,452)	(25,612,720)	(36,943,173)
Total	**108,100,737**	**113,258,124**	**221,358,860**

Individually assessed trade receivables include mainly accrued income and trade receivables from National Health Insurance House for which due to management`s assessment of a lower credit risk, which resulted to no material allowance for expected credit losses, the Group did not recognise any in the financial statements. As an exception, as accrued income, it is included an amount of RON 7,365,835 which represents amounts receivable by MedLife from the Health Insurance House of the Municipality of Bucharest, not yet invoiced. The Group has booked this amount in the previous years. The company has also commenced court proceedings in the past 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 unfavourable decisions of the courts in similar cases, the Company has decided to register a value adjustment for the entire amount in the previous years.

As of 31 December 2023 and 31 December 2022, the amounts, both the accrued income and the 100% allowance are still in closing balance. Remaining amounts recorded in accrued income represent services rendered, for which the invoices were not yet issued as at year end.

The allowance for expected credit losses for individually assessed trade receivables include the value adjustment aforementioned in relation to the Health Insurance House as well as an allowance for certain customers for which management has assessed as having a default rate of 100% and computed an allowance for expected credit losses for the entire amount.

The Group applies the simplified approach for providing for expected credit losses (ECL) prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables which are collectively analysed. A provision matrix was prepared based on historical observed default rates over the expected life of trade receivables resulting in an ECL reflecting the predictive risk by type of customer.

Changes in economic conditions were also considered as part of forward-looking information. Estimating adjustments for expected credit losses involves forecasting future macroeconomic conditions for 2024, compared to the average during 2020-2022.

The incorporation of forward-looking elements reflects the Groups expectations. GDP (Gross Domestic Product) was used as a macroeconomic factor considered statistically relevant for the analyzed trade receivables.

The allowance for expected credit losses collectively assessed based on the Group’s provision matrix was determined as follows:

December 31, 2023	**Current**	**<30 days**	**< 90 days**	**< 180 days**	**< 365 days**	**> 365 days**	**Total**
Expected credit loss rate	0.13%	0.61%	2.33%	5.80%	21.87%	68.97%	
Customers	89,032,989	7,077,045	3,251,238	2,762,108	3,621,584	39,583,990	145,328,953
Allowance for expected credit losses on receivables	(116,386)	(43,470)	(75,863)	(160,194)	(792,042)	(27,299,385)	(28,487,339)
TOTAL	**88,916,603**	**7,033,576**	**3,175,375**	**2,601,913**	**2,829,542**	**12,284,605**	**116,841,614**

December 31, 2022	**Current**	**<30 days**	**< 90 days**	**<180 days**	**<365 days**	**>365 days**	**Total**
Expected credit loss rate	0.26%	1.17%	5.02%	10.84%	37.18%	72.45%	
Customers	93,193,672	5,442,137	2,864,506	1,863,002	2,149,554	33,357,973	138,870,844
Allowance for expected credit losses on receivables	(238,013)	(63,495)	(143,727)	(201,946)	(799,221)	(24,166,318)	(25,612,720)
TOTAL	**92,955,659**	**5,378,642**	**2,720,779**	**1,661,056**	**1,350,333**	**9,191,654**	**113,258,124**

For Customers in ">365 days" category, the expected credit loss rate of 69.0% represents an average of expected credit loss rates, depending on the aging of the receivables. Expected credit loss rates range from 34.3% for receivables from 2022 gradually increasing to 100%. For all receivables from 2017 and older, allowance for doubtful receivables was computed for the entire amount as having a default rate of 100% and no longer analysed for collection%.

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

A reconciliation of the allowance for expected credit losses is presented as follows:

	2023	2022
As at 1 January	**36,943,173**	**33,288,919**
Business combinations	1,525,217	1,434,497
Recognised in income statement	1,230,347	2,219,757
As at 31 December	**39,698,737**	**36,943,173**

For the carrying value of trade receivables pledged to secure the borrowings please refer to Note 14.

7.2. OTHER ASSETS

	December 31, 2023	December 31, 2022
Guarantees paid	9,733,862	7,415,600
Advances paid	19,322,089	24,181,412
Other subsidies received	7,922,222	4,750,309
Other sundry debtors	4,843,680	3,577,991
Other assets	8,394,389	4,437,022
TOTAL	**50,216,242**	**44,362,334**

8. CASH AND BANKS

	December 31, 2023	December 31, 2022
Cash in bank	96,423,004	85,385,761
Cash in hand	2,031,272	2,554,466
Cash equivalents	1,816,817	1,127,928
TOTAL	**100,271,093**	**89,068,154**

For the carrying value of cash pledged to secure the borrowings please refer to Note 14.

9. PREPAYMENTS

As of December 31, 2023 the Group has prepayments in amount of RON 11,699,369 (RON 11,826,587 as of December 31, 2022). The prepayments balance as of December 31, 2023 and December 31, 2022 consists mainly of deferred commissions for financing related to the Club loan for undrawn facilities and other amounts such as insurance policies for professionals and tangible assets.

10. TRADE AND OTHER PAYABLES

	December 31, 2023	December 31, 2022
Suppliers	308,881,426	281,384,001
Suppliers for property, plant and equipment	90,879,608	48,347,315
Advances paid by customers (contract liabilities)	4,792,738	5,625,426
TOTAL	**404,553,771**	**335,356,742**

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

11. OTHER SHORT TERM LIABILITIES

	December 31, 2023	December 31, 2022
Salary and related liabilities (including contributior	28,272,208	24,169,661
Government grants	3,732,024	2,378,369
Deferred revenue	27,185,939	28,827,508
Other sundry creditors	5,146,930	10,099,383
Other liabilities	7,623,374	3,514,383
TOTAL	**71,960,475**	**68,989,304**

Other short term liabilities include the current portion of government grants of RON 3,732,024 (RON 2,378,369 as of December 31, 2022), while the non-current portion is presented as Other long term debt. Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants. Also, other liabilities include a deferred revenue in the amount of RON 27,185,938 (RON 28,827,508 as of December 31, 2022), which refers mainly to future income in relation with National Health Programme, in which the Group is involved.

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

Also, Other liabilities include other sundry creditors in the amount of RON 5,146,930 (RON 10,099,383 as of December 31, 2022).

12. PROVISIONS

	December 31, 2023	December 31, 2022
Carrying amount at start of year	9,783,326	7,992,337
Acquired through business combination	462,682	1,165,445
Charged/(credited) to profit or loss		
- additional provisions recognised	2,423,638	2,153,470
Amounts used during the year	(1,553,102)	(1,527,926)
Carrying amount at end of year	**11,116,544**	**9,783,326**

Provisions booked as of 31 December 2023 and 31 December 2022 refer to provisions related to untaken holidays, which cover above 92% from total balance.

13. LEASES

Leasing facilities refer to buildings, vehicles and medical equipment.

Amounts recognised in the balance sheet

Right-of-use asset	**Buildings**	**Vehicles**	**Equipment**	**Total**
Cost				
At 31 December 2022	**351,790,125**	**25,202,895**	**103,302,774**	**480,295,794**
Additions	73,182,300	4,697,335	35,046,771	**112,926,407**
Business combinations	92,812,396	559,035	4,292,626	**97,664,058**
Decrease due to renegotiation of lease term	(45,660,789)	(1,253,024)	(15,009,417)	**(61,923,230)**
Value at 31 December 2023	**472,124,033**	**29,206,241**	**127,632,755**	**628,963,029**
Accumulated depreciation				
At 31 December 2022	**132,955,693**	**11,973,328**	**28,953,385**	**173,882,405**
Charge for the year	62,427,504	5,683,679	12,472,475	**80,583,659**
Decrease due to renegotiation of lease term	(17,113,865)	(1,015,053)	(3,943,654)	**(22,072,572)**
Value at 31 December 2023	**178,269,332**	**16,641,954**	**37,482,206**	**232,393,492**
Carrying amount				
At 31 December 2022	**218,834,432**	**13,229,567**	**74,349,389**	**306,413,389**
At 31 December 2023	**293,854,701**	**12,564,288**	**90,150,548**	**396,569,537**

	December 31, 2023	December 31, 2022
Non-current - Lease Liabilities	309,158,946	225,175,340
Current portion – Lease Liabilities	99,589,187	77,141,698
TOTAL	**408,748,133**	**302,317,038**

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

Amounts recognised in the statement of profit or loss	**12 months ended December**	
	2023	**2022**
Depreciation charge of right-of-use assets	80,583,659	62,930,229
Interest expense on lease liabilities for rent contracts that fall under IFRS 16 (included in finance cost)	16,309,869	8,299,604
PL (Gain) from contracts terminated earlier	1,049,203	565,862
Foreign exchange loss for rent contracts that fall under IFRS 16 in relation with Lease Liabilities	2,216,556	58,218
Expense relating to short-term leases (included in rent expenses)	1,853,985	595,003
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rent expenses)	2,070,174	1,177,428
Other categories	8,898,966	6,660,366

The total cash outflow for leases amount to RON 100,166,757 (2022: RON 77,681,591) for contracts that fall under IFRS 16 (which refer to rental of buildings, vehicles and equipment), out of which RON 83,856,888 (2022: RON 69,381,987) refer to payments of principal and RON 16,309,869 (2022: RON 8,299,604) refer to payments of interest.

Extension and termination options
Extension and termination options are only included in the lease term when the Group has the right to unilaterally extend/terminate and judges that this right is reasonably certain to be exercised. For some of the Group's lease agreements with extension options, these criteria are considered met and the extension option is therefore included in the lease term.

Some of the real estate leases within the Group contain termination options with a purpose to achieve operational flexibility. For most of these agreements, the Group is reasonably certain that the termination option will be exercised. Consequently, the lease liability does not include future rental payments in the period after the earliest termination date.

During 2023, the Company has renegotiated some of its contracts on shorter periods, with options to extend that were not included in the lease term, reflecting the Group's current business strategy and plans.

14. NET FINANCIAL DEBT

	December 31, 2023	**December 31, 2022**
Current portion of interest-bearing loans and borrowings (incl. overdraft)	112,132,814	83,496,070
Non-current portion of Interest-bearing loans and borrowings	1,040,639,641	803,273,659
TOTAL	**1,152,772,455**	**886,769,729**

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

	December 31, 2023	**December 31, 2022**
Cash and cash equivalents	100,271,093	89,068,154
Borrowings (including overdraft)	(1,152,772,455)	(886,769,729)
Lease liabilities	(408,748,133)	(302,317,038)
Net debt	**(1,461,249,495)**	**(1,100,018,613)**
Current debt		
Overdraft	(29,835,472)	(27,801,016)
Current portion of lease liability	(99,589,187)	(77,141,698)
Current portion of long term debt	(82,297,342)	(55,695,054)
Long Term Debt		
Lease liability	(309,528,916)	(225,175,340)
Long term debt	(1,040,639,641)	(803,273,659)

Increases in credit facility during 2023

On 13 December 2022, following the approval of the General Meeting of Shareholders on 21 November 2022, MedLife, together with co-borrowers BAHTCO INVEST S.A., ACCIPIENS S.A., POLICLINICA DE DIAGNOSTIC RAPID S.A., CLINICA POLISANO S.R.L., DENT ESTET CLINIC S.A., GENESYS MEDICAL CLINIC S.R.L., CENTRUL MEDICAL SAMA S.A., VALDI MEDICA S.R.L., PHARMALIFE MED S.R.L., PRIMA MEDICAL S.R.L., ANIMA SPECIALTY MEDICAL SERVICES S.R.L., CED PHARMA S.R.L., BADEA MEDICAL S.A., CENTRUL MEDICAL MICROMEDICA S.R.L., SOLOMED CLINIC S.A., VITA CARE FLAV S.R.L., PHARMACHEM DISTRIBUTIE S.A., SANO PASS S.A., MNT ASSET MANAGEMENT S.R.L., MNT HEALTHCARE EUROPE S.R.L., SWEAT CONCEPT ONE S.A., ONCO CARD S.R.L., ONCOCARD INVEST S.R.L., DIAMED CENTER S.R.L., STEM CELLS BANK S.A., SFATUL MEDICULUI.RO S.A. and MEDICI'S S.A., signed with Banca Comercială Română, as lead arranger, a syndicated credit facility in the total amount of 228 million euros for the refinancing and increase of the existing credit of 50.7 million euros. The bank syndicate that signed the new credit granted to the MedLife Group is comprised of Banca Comerciala Romana, as coordinator, lead arranger, documentation agent, facility and guarantee agent, and financier, Raiffeisen Bank, BRD Groupe Societe Generale, Banca Transilvania, ING Bank N.V. Amsterdam Branch Bucharest, and Erste Group Bank AG, as lead arrangers and financiers.

The syndicated credit contract involved a refinancing agreement for existing facilities, extending the financing period, rearranging terms and conditions, as well as an additional increase of 50.7 million euros in 2022, which is in the form of a term facility, used by MedLife, along with other liquidity of the Group, for acquisition opportunities on the market and organic development projects.

The closing balance of the syndicated loan is 1,009,658,454 RON as of December 31th 2023.
As at December 31, 2023, the Group's drawn and undrawn financing facilities included the following:

- loan agreement and an overdraft facility agreement secured by CEC Bank S.A. and Clinica Polisano S.R.L., with an outstanding balance of RON 29,616,443 as of 31 December 2023;
- a loan agreement secured by Banca Transilvania S.A. and Ghencea Medical Center S.A., with an outstanding balance of RON 433,641 as of 31 December 2023;
- a loan agreement secured by Banca Transilvania S.A. and Micromedica Roman S.R.L., with an outstanding balance of RON 630,789 as of 31 December 2023;
- two loan agreements secured by Banca Transilvania S.A. and Centrul Medical Micromedica S.R.L., with an outstanding balance of RON 476,628 as of 31 December 2023;
- a loan agreement secured by Banca Transilvania S.A. and Dent Estet Ploiesti S.R.L., with an outstanding balance of RON 1,908,305 as of 31 December 2023;
- a loan agreement secured by Banca Comercială Română and Life Med S.R.L., with an outstanding balance of RON 420,292 as of 31 December 2023;

a loan agreement secured by BRD GROUPE SOCIETE GENERALE S.A. and Pro Life Clinics S.R.L., with an outstanding balance of RON 37,500 as of 31 December 2023, and a loan agreement secured by ING BANK N.V.

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

AMSTERDAM SUCURSALA BUCURESTI and Pro Life Clinics S.R.L., with an outstanding balance of RON 35,247 as of 31 December 2023;

- a loan agreement secured by Banca Transilvania S.A. and Medical City Blue S.R.L., with an outstanding balance of RON 337,833 as of 31 December 2023;
- a loan agreement secured by Banca Transilvania S.A. and Centrul de Diagnostic și Tratament Provita S.R.L., with an outstanding balance of RON 83,981,514 as of 31 December 2023;
- a loan agreement secured by Banca Comercială Română and Provita Pain Clinic S.A., with an outstanding balance of RON 536,307 as of 31 December 2023;
- a loan agreement secured by Libra Bank and Policlinica Union S.R.L., with an outstanding balance of RON 98,759 as of 31 December 2023;
- a loan agreement secured by Banca Transilvania S.A. and Onco Team Diagnostic S.R.L., with an outstanding balance of RON 152,778 as of 31 December 2023;
- an overdraft facility agreement secured by Garanti Bank S.A. and Med Life S.A., with the amount drawn as of 31 December 2023 being RON 9,949,200;
- an overdraft facility agreement secured by Unicredit Tiriac Bank and Prima Medical S.R.L., with a maximum credit limit of RON 800,000, fully drawn as of 31 December 2023;
- an overdraft facility agreement secured by Banca Transilvania S.A. and Pharmachem Distributie S.R.L., with an outstanding balance of RON 1,306,367 as of 31 December 2023;
- an overdraft facility agreement concluded between Banca Transilvania S.A. and Medical City Blue S.R.L., with an outstanding balance of RON 293,797 as of 31 December 2023;
- an overdraft facility agreement concluded between Banca Transilvania S.A. and Centrul de Diagnostic și Tratament Provita S.R.L., with an outstanding balance of RON 2,901,572 as of 31 December 2023;

The interest rate for each loan for each interest period is the rate per year that is the sum of the applicable margin and depending on the currency of each loan, EURIBOR 6M for the amounts in EUR or ROBOR 6M for the amounts in RON.

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

Company	Bank	Currency	Maturity
Group Loan	Club**	EUR	15-Nov-29
Clinica Polisano SRL	CEC Bank	RON	29-Mar-33
Ghencea Medical Center SA	Banca Transilvania	RON	29-Jun-28
Micromedica Roman SRL	Banca Transilvania	RON	30-Jun-25
Centrul Medical Micromedica SRL	Banca Transilvania	RON	30-Jun-24
Centrul Medical Micromedica SRL	Banca Transilvania	RON	30-Jun-25
Dent Estet Ploiesti SRL	Banca Transilvania	RON	11-Oct-28
Life Med SRL	Banca Comerciala Romana	RON	02-Sep-26
Pro Life Clinics SRL	BRD - Groupe Société Générale	RON	19-Aug-24
Pro Life Clinics SRL	ING Bank N.V. Amsterdam Sucursala Bucuresti	RON	01-Jun-24
Provita Pain Clinic SA	Banca Comerciala Romana	EUR	05-Dec-28
Medical City Blue SRL	Banca Transilvania	EUR	17-Jul-29
Centrul de diagnostic si tratament Pro	Banca Transilvania	EUR	20-Jan-32
Onco Team Diagnostic SA	Banca Transilvania	RON	05-Aug-25
Policlinica Union SRL	Libra Bank	RON	15-Apr-26

** The companies that are part of the group loan are: MEDLIFE S.A., BAHTCO INVEST S.A., ACCIPIENS S.A., POLICLINICA DE DIAGNOSTIC RAPID S.A., CLINICA POLISANO S.R.L., DENT ESTET CLINIC S.A., GENESYS MEDICAL CLINIC S.R.L., CENTRUL MEDICAL SAMA S.A., VALDI MEDICA S.R.L., PHARMALIFE MED S.R.L., PRIMA MEDICAL S.R.L., ANIMA SPECIALTY MEDICAL SERVICES S.R.L., CED PHARMA S.R.L., BADEA MEDICAL S.A., CENTRUL MEDICAL MICROMEDICA S.R.L., SOLOMED CLINIC S.A., VITA CARE FLAV S.R.L., PHARMACHEM DISTRIBUTIE S.A., SANO PASS S.A., MNT ASSET MANAGEMENT S.R.L., MNT HEALTHCARE EUROPE S.R.L., SWEAT CONCEPT ONE S.A., ONCO CARD S.R.L., ONCOCARD INVEST S.R.L., DIAMED CENTER S.R.L., STEM CELLS BANK S.A, SFATUL MEDICULUI.RO S.A and MEDICI'S SA.*
*** The group of banks that signed the loan consists of: Banca Comerciala Română S.A, BRD Groupe Société Générale S.A, Banca Transilvania S.A, Raiffeisen Bank S.A and ING Bank N.V Amsterdam – Bucharest Branch*
As of 28th of December 2023, according to the transfer certificate signed, Erste Group Bank AG has left the club group of banks, transferring all the existing rights and obligations under the Facilities Agreement to Banca Comerciala Română.

As at 31 December 2023, in relation to the syndicated loan with balance of RON 1,009,658,454, the Group has pledged the property, plant and equipment with a carrying value of RON 390,654,321. The Group has also pledged cash in a total amount of RON 38,955,748 and pledged receivables of RON 21,319,316 at 31 December 2023.

As at 31 December 2023, in relation to the loans with balance of RON 133,958,130, the Group has pledged the property, plant and equipment with a carrying value of RON 24,674,328. The Group has also pledged cash in a total amount of

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

RON 3,389,634, inventories in total amount of RON 3,974,088 and receivables in total amount of RON 4,877,738 as at 31 December 2023.

The Company has pledged shares in relation with the companies acquired until December 31, 2023 and pledged assets in relation to the other loans presented in Note 14.

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

A reconciliation of cash and non-cash movements of loans payable, lease liabilities and other assets is presented in the following table:

	Liabilities from financing activities			
	Borrowings	**Leases**	**Overdraft**	**Total**
Financial Debt as at 31 December 2022	**(858,968,713)**	**(302,317,038)**	**(27,801,016)**	**(1,189,086,767)**
Cash movements				
Cash flows net related to principal	(207,577,817)	83,856,888	653,329	**(123,067,600)**
Payments of interest	44,944,711	16,309,869	408,191	**61,662,770**
Non-cash movements				
New leases	-	(67,273,290)	-	**(67,273,290)**
Foreign exchange adjustments	(6,288,638)	(2,216,556)	(54,400)	**(8,559,594)**
Business combinations	(38,657,131)	(120,884,820)	(2,616,150)	**(162,158,101)**
Other changes (non-cash movements)	(56,389,394)	(16,223,186)	(425,426)	**(73,038,005)**
Financial Debt as at 31 December 2023	**(1,122,936,983)**	**(408,748,133)**	**(29,835,472)**	**(1,561,520,588)**

*Other changes (non-cash movement) contains the accrued interest expense.

15. SHARE CAPITAL AND SHARE PREMIUM

The issued share capital in nominal terms consists of 531,481,968 ordinary shares as at 31 December 2023 (31 December 2022: 132,870,492) with a nominal value of RON 0.25 per share. The holders of ordinary shares are entitled to one vote per share in the shareholders' meetings of the Company, except for the treasury shares bought back by the Company as part of the share buy-back program. All shares rank equally and confer equal rights to the net assets of the Company, except for treasury shares.
In accordance with the Decision of the Extraordinary General Meeting of Shareholders of the Company dated 3 August 2023, the share capital of the Company was increased with the amount of RON 99,652,869, from RON 33,217,623 to RON 132,870,492, by issuance of a number of 398,611,476 new shares with a nominal value of RON 0.25 per share. The Share Capital increase was carried out through the incorporation of capital premiums and retained earnings, and the newly issued shares were allocated free of charge to the Company's shareholders registered in the register of shareholders kept by Depozitarul Central - S.A. as of 04.09.2023, established as record date ("Record Date"), based on their existing shareholdings and considering the allocation ratio of 3 new (issued) shares for 1 (previously) owned.
The effects of the share capital increase were processed on 5 September 2023 and the newly issued shares were allocated to shareholders. The total number of issued ordinary shares of the Company after the share capital increase is 531,481,968.

	December 31, 2023	**December 31, 2022**
Share capital	132,870,492	33,217,623
Share premium	(308,154)	50,594,933
TOTAL	**132,562,338**	**83,812,556**

During 2023 the Group reacquired own equity instruments (treasury shares) in a total amount of RON 488,718 and released shares in total value of RON 3,026,045, net of commissions. The difference between the fair value and cost of own shares when the change was made is in a total amount of RON 308,155 and was included as an increase on the share premium account.

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

16. EARNINGS PER SHARE

	December 31, 2023	December 31, 2022 (restated)
Total basic and diluted earnings per share attributable to the ordinary equity holders of the company	0.007	0.061

Earnings used in calculating earnings per share:

	December 31, 2023	December 31, 2022
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	3,684,292	32,173,072

Weighted average number of shares used as the denominator

	December 31, 2023	December 31, 2022
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	531,357,870	531,075,216

The amounts for 2022 on Basic and diluted earnings per share were properly restated to reflect the bonus issue that took place in 2023, while for the weighted average number of shares for 2023, the bonus issue is reflected as if the shares were outstanding from the beginning of the year (1st of January 2022).

17. RESERVES

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

	December 31, 2023	December 31, 2022
General reserves (i)	25,147,204	24,325,883
Other reserves (ii)	37,915,962	30,768,310
Revaluation reserves (iii)	149,497,049	149,497,049
TOTAL	**212,560,215**	**204,591,242**
(i), (ii) Legal reserves and other reserves		
Balance at beginning of the year	**55,094,193**	**41,850,759**
Movements	7,968,973	13,243,434
Balance at the end of the year	**63,063,166**	**55,094,193**
(iii) Revaluation reserves		
Balance at beginning of the year	**149,497,049**	**95,484,740**
Increase due to revaluation	-	64,300,368
Deferred tax related to revaluation	-	(10,288,059)
Balance at the end of the year	**149,497,049**	**149,497,049**

On the General reserves account there are legal reserves registered in the amount of RON 10,188,638 (2022: RON 9,367,317). The increase of RON 821,321 in legal reserves arised as a result of the national legislation.

Other reserves have increased with RON 7,147,653 in order to re-invest the profits earned during the year.

The properties revaluation reserve arises on the revaluation of land and buildings. During 2022, the Group engaged an independent appraiser to determine the fair value for land and buildings as of 31 December 2022. The total revaluation difference that was recorded as a revaluation surplus in the statement of changes in equity is in the amount of RON 54,012,309 (excluding NCI).
When revalued land or buildings are sold or otherwise disposed of, the portion of the properties revaluation reserve that relates to that asset, and that is effectively realized, is transferred directly to general reserves.

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

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 26). Deferred tax recognised on other comprehensive income as a result of revaluation of Land and Buildings was in the amount of RON 10,288,059 at the end of 2022 (excluding NCI) (please refer to Note 26).

18. NON-CONTROLLING INTEREST

	December 31, 2023	December 31, 2022
Balance at beginning of year	**65,257,412**	**43,295,149**
Share of profit/(loss) for the year	(7,849,149)	5,259,484
Share of other comprehensive income	-	1,673,316
Non-controlling interests arising on the acquisition of subsidiaries	27,511,565	21,895,097
Subsequent acquisition of NCI	(4,118,682)	(6,865,634)
Distribution of dividends	(1,900,421)	-
TOTAL	**78,900,725**	**65,257,412**

During 2023, the Group acquired an additional 5% of the issued shares in Dent Estet Clinic, an additional 11.5% of the issued shares in Sanopass, acquired additional 6.25% in shares in RMC Hungary and had a 21% subsequent acquisition in Oncoteam Diagnostic for a total consideration of RON 11,521,683, out of which RON 6,984,284 was made in cash and RON 2,717,890 through own shares release used for acquiring additional NCI (which is already netted with the difference in fair value of the treasury shares between acquisition and transfer date, presented as a share premium movement in the Consolidated Statement of Changes in Equity, in the amount of RON 308,155), the remaining amount being recognised as a payable (consideration to be paid, please see below for further details).

Immediately prior to the purchase, the carrying amount of the existing non-controlling interest in Group was 4,118,682 RON. The Group recognised a decrease in non-controlling interests of 4,118,682 RON and a decrease in equity attributable to owners of the parent of 7,403,001 RON. The effect on the equity attributable to the owners of Group during the year is summarised as follows:

	December 31, 2023	December 31, 2022
Carrying amount of non-controlling interests acquired	4,118,682	6,865,634
Consideration paid to non-controlling interests	(6,984,284)	(6,527,765)
Consideration to be paid to non-controlling interests	(1,819,509)	-
Consideration as a result of release of own shares	(2,717,890)	(10,066,049)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(7,403,001)**	**(9,728,179)**

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

Business Line	12 months 2023 Sales	% of Total Sales	12 months 2022 Sales	% of Total Sales	Variation 2023/2022
Clinics	831,236,066	37.6%	616,685,378	34.3%	34.8%
Stomatology	121,778,348	5.5%	119,068,495	6.6%	2.3%
Hospitals	480,454,826	21.7%	377,991,740	21.1%	27.1%
Laboratories	230,656,316	10.4%	199,919,067	11.1%	15.4%
Corporate	259,493,546	11.7%	221,374,274	12.3%	17.2%
Pharmacies	60,709,968	2.7%	80,941,362	4.5%	-25.0%
Others	226,106,278	10.2%	179,452,431	10.0%	26.0%
TOTAL SALES	**2,210,435,349**	**100.0%**	**1,795,432,748**	**100%**	**23.1%**

The Group has around 27% of its sales during 2023 deriving from the treatment of NHIH insured patients. The Group has one reportable segment, healthcare services, that aggregates the operating segments clinics, stomatology, hospitals, laboratories and corporate in the total amount of RON 1,923,619,102 in 2023.

The Group obtains revenues from goods mainly from Pharmacies and Others business lines, while the other business lines generate revenues from services. In the Other category there are also included revenues from processing and storage of stem cells and, starting with 2022, the wellness services.
The revenues of the Group are generated on the Romanian market, below 1% being generated from other geographical locations (Hungary). The entire amount included in contract liabilities at the beginning of the year (as per Note 10) was recorded as revenue in 2023.

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

During 2023, the increase for the Others revenue stream is mainly due to the consolidated results of a 12 month period for wellness services as a result of the acquisition of Sweat Concept in September 2022, the increase of medical and wellness platform SanoPass, also aquired in September 2022 and also due to the intensified distribution of medicine through Pharmachem Distributie, acquired during 2021.

20. OTHER OPERATING INCOME

	12 months 2023	12 months 2022
Other operating income	8,663,169	4,955,689
Income from operating grants	2,637,466	2,491,038
Capitalized cost of intangible assets	(0)	6,671,334
TOTAL	**11,300,635**	**14,118,061**

Starting with 2023, the Company has reclassified the capitalised cost of intangible assets as a decrease on the Salary and related expenses account, as opposed to 2022, when they were presented under "Other operating income".
The Company considers that presenting the amount on a net basis on the account "Salary and related expenses" provides better information to the users of financial statements, as it is computed based on the total number of working hours in house for the development of the internal applications. The change in presentation has no effect on operating profit.

During 2023, the Other operating income has increased as a result of the sale of two pharmacy licenses.

21. THIRD PARTY EXPENSES

	12 months 2023	12 months 2022
Medical services	549,773,038	413,954,469
Consulting services	8,243,239	5,622,559
Cleaning and laundry	14,239,586	7,664,001
Legal services	5,811,609	2,057,326
Other services	3,582,027	2,011,783
Waste collection and sanitation	4,926,184	4,102,363
Security and safety	4,371,462	3,678,470
IT services	4,961,917	3,404,421
Logistics and telecommunications services	5,122,958	3,457,567
Accreditations and authorizations	2,812,640	1,873,126
Storage and archiving services	855,125	654,901
Others	20,609,323	19,715,474
TOTAL	**625,309,108**	**468,196,458**

Around 88% of total Third party expenses incurred during 2023 and 2022 refer to collaboration contracts concluded with doctors.
The amounts included in the "Others" category represent Third party expenses cummulated from all Group entities, that cannot be further itemised and they represent 3% out of the total Third party expenses (2022: around 4%).

22. OTHER OPERATING EXPENSES

	12 months 2023	12 months 2022
Utilities	34,016,431	25,955,216
Repairs maintenance	19,369,183	13,361,182
Rent	12,823,124	8,432,798
Insurance premiums	5,962,658	4,711,548
Promotion expense	37,019,353	26,664,612
Communications	6,030,747	5,211,175
Other administration and operating expenses	29,081,116	25,567,358
TOTAL	**144,302,612**	**109,903,888**

On the Other administration and operating expenses it is included an amount of RON 10,539,331 (2022: RON 8,136,124) related to other (fiscal) taxes for the state budget, an amount of RON 5,282,510 (2022: RON 3,673,407) related to transportation and travel expenses, the remaining amounts representing other operating expenses incurred by the Group.

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

23. KEY MANAGEMENT PERSONNEL EXPENSES

The structure of Med Life personnel is described below:

	December 31, 2023	December 31, 2022
Management	242	309
Staff	6,755	5,972
Total	**6,997**	**6,281**

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

	December 31, 2023	December 31, 2022
Management	62,758,533	52,298,790
Staff	499,746,678	406,451,203
Total	**562,505,211**	**458,749,993**

24. NET FINANCIAL RESULT

	12 months 2023	12 months 2022
Finance cost	(76,309,357)	(34,323,373)
Bank commissions	(5,861,338)	(8,165,777)
Interest income	3,423,077	1,261,843
Other income	1,221,841	637,298
(Loss)/Gain from foreign exchange rate impact	(9,692,103)	(4,082,362)
FINANCIAL NET PROFIT/(LOSS)	**(87,217,880)**	**(44,672,371)**

Starting with 2023, interest income and other financial income are presented on a separate line in the Consolidated Statement of comprehensive income, as opposed to 2022, when they were presented under "Other financial expenses". The Group considers that presenting such expenditure on a separate line provides better information to the users of financial statements. There was no change for the values presented in the previous year, due to materiality considerations. The change in presentation has no effect on operating profit.

25. RELATED PARTIES

(a) Main shareholders

As of December 31, 2023, the shareholders' structure of Med Life SA is as presented below:

	Number of shares	%	Value
Legal entities	289,227,475	54.42%	72,306,869
Marcu Mihail	78,484,828	14.77%	19,621,207
Cristescu Mihaela Gabriela	74,642,760	14.04%	18,660,690
Marcu Nicolae	55,341,600	10.41%	13,835,400
Others	33,785,305	6.36%	8,446,326
TOTAL	**531,481,968**	**100.00%**	**132,870,492**

As of December 31, 2022, the shareholders' structure of Med Life SA is as presented below:

	Number of shares	%	Value
Legal entities	72,263,633	54.39%	18,065,908
Marcu Mihail	19,932,307	15.00%	4,983,077
Cristescu Mihaela Gabriela	18,660,690	14.04%	4,665,173
Marcu Nicolae	13,835,400	10.41%	3,458,850
Others	8,178,462	6.16%	2,044,616
TOTAL	**132,870,492**	**100.00%**	**33,217,623**

Please refer to Note 15 and Note 16.

(b) Executive Committee and Board of Directors' compensation

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

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

	12 months 2023	12 months 2022
Executive Committee	7,709,531	7,953,552

Executive Committee compensation includes the payments toward members of the top management under their mandate contracts concluded with the Company for a period of 4 years.
As at December 31, 2023, the Company's Executive Committee consisted of ten managers remunerated based on mandate agreements.

During the year 2023 there have been no amendments to the composition of Medlife's Executive Commitee, their mandates ending October 21st, 2024.

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

	12 months 2023	12 months 2022
Board of Directors	3,840,591	3,828,027

Med Life SA Board of Directors consists of 7 members under administration agreements concluded with the Company, and approved by the General Shareholders Meeting.
The members' mandates are for a period of 4 years, 2020 and ending December 20th 2024. No loans were granted to managers and administrators in 2023 and 2022.

During the year 2023 there have been no amendments to the composition of Medlife's Board of Directors.

(c) Related parties
The related parties identified are as follows:

	Receivables from		Payables to	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
DR. CRISTESCU I. MIHAELA-GABRIELA	-	24,839	116,429	58,400
DIETLIFE FOOD SRL	278	206	206	-
BLACK SEA MAGIC SRL	9,500	10,290	10,290	-
MNT BULGARIA EOOD	-	-	4,137,971	9,026,947
MNT SAGLIK	11,939	-	94,468	-
ANDREI VASILE *	-	-	41,459	896,769
RADU GROSU *	-	-	7,461,999	7,462,000
Ada Palea *	-	-	8,537,662	10,000
Ovidiu Nicolae Palea *	-	-	1,489,960	20,000
Catalin Constantin Lulciuc *	-	-	1,211,166	76,000
Ovidiu Laurentiu Piros *	-	-	300,000	300,000
Adrian Gabriel Barbos *	-	-	1,400,000	-
Valentin Muntean *	-	-	1,570,000	-
Sabina Grigorescu *	-	-	637,256	637,256
Virgiliu Grigorescu *	-	-	574,510	574,510
Oana Roxana Taban *	-	-	30,900	30,900
Narcisa Adela Badescu *	-	-	7,000	-
Cristian Stefan Lamba *	-	-	16,124	16,124
Monica Hincu *	-	-	9,509	9,509
Marius Adrian Penciu *	-	-	3,867	3,867
Serban Rogoz *	-	-	5,383	5,383
Total	**21,717**	**35,335**	**27,656,158**	**19,127,665**

	Sales in 2023	Sales in 2022	Purchases in 2023	2022
DR. CRISTESCU I. MIHAELA-GABRIELA	**-**	**-**	700,800	700,800
LIFE RESORT SRL	-	-	80,115	-
DIETLIFE FOOD SRL	2,840	2,486	-	-
BLACK SEA MAGIC SRL	9,500	-	-	22,522
MNT SAGLIK	1,493	-	-	-
RADU GROSSU **	1,414		-	
Total	**15,247**	**2,486**	**780,915**	**723,322**

During 2022, the Group has acquired the MNT companies (Group Neolife). As of 28 February 2022, date of acquisition, the balance registered with the related party MNT Bulgaria was in the amount of RON 9,026,947.
*Minority shareholders for the subsidiaries in the Group.

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

26. TAXATION

	December 31, 2023	December 31, 2022
Current income tax expense	13,541,391	12,124,746
Deferred tax income	(5,077,050)	-
Total income tax expense	**8,464,341**	**12,124,746**
Profit before tax	**4,299,484**	**49,557,301**
Tax expense using the statutory rate of 16% (2022 16%)	687,917	7,929,168
Fiscal effect of non-deductible expenses	2,632,208	2,990,801
Fiscal effect of non-taxable income	(4,770,402)	(244,293)
Fiscal effect of deductible legal reserve	(54,602)	(55,608)
Sponsorship/other compensation	(953,559)	(1,687,089)
Reinvested profit and other fiscal facilities	(1,318,674)	(595,003)
Adjustments in respect of current income tax of previous years	(399,387)	-
Other elements (including different fiscal treatment)	12,640,840	3,786,770
Deferred tax expense	-	-
Income tax for the current year	**8,464,341**	**12,124,746**

	December 31, 2023	December 31, 2022
Income tax liabilities as at January 1	814,508	1,467,625
Income tax liabilities through acquisitions	137,102	54,255
Income tax paid in the current year	(14,171,759)	(12,832,118)
Income tax payable in the current year	13,541,391	12,124,746
Current tax liabilities as at 31 December	**321,242**	**814,508**

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

Components of deferred tax	**31 December 2023**	**Change in deferred tax**	**31 December 2022**
Deferred tax assets			
Impact of IAS 12 amendments, in relation to lease transactions	31,179,388	(31,179,388)	-
Amount related to untaken holidays provisions	1,778,648	(446,464)	1,332,184
Total deferred tax asset	**32,958,036**	**(31,625,852)**	**1,332,184**

Deferred tax liability	**31 December 2023**	**Change in deferred tax**	**31 December 2022**
Business combinations	20,992,822	3,943,981	17,048,841
Other elements	104,870	-	104,870
Impact of IAS 12 amendments, in relation to lease transactions	31,288,453	31,288,453	-
Land and buildings revaluation	25,469,666	(2,958,967)	28,428,633
Total deferred tax liability	**77,855,811**	**32,273,467**	**45,582,344**
Net deferred tax liability	**44,897,775**	**647,615**	**44,250,160**

Components of deferred tax	**31 December 2022**	**Change in deferred tax**	**31 December 2021**
Deferred tax assets			
Amount related to untaken holidays provisions	1,332,184	-	1,332,184
Total deferred tax asset	**1,332,184**	**-**	**1,332,184**

Deferred tax liability	**31 December 2022**	**Change in deferred tax**	**31 December 2021**
Business combinations	17,048,841	10,083,757	6,965,084
Other elements	104,870	-	104,870
Land and buildings revaluation	28,428,633	10,606,786	17,821,847
Total deferred tax liability	**45,582,344**	**20,690,543**	**24,891,801**
Net deferred tax liability	**44,250,160**	**20,690,543**	**23,559,617**

The Group accrues income taxes at the rate of 16% on profits computed in accordance with the Romanian tax legislation. The net effect of the change on deferred tax balances recognized as at December 31, 2023, 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.
During 2023, the Group has recognised a deferred tax liability from business combination in the amount of RON 5,724,666 (please refer to Note 27) and decreased the same account with RON 1,780,686.

27. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

27.1. Subsequent acquisition of non-controlling interest and acquisition of subsidiaries

During the reporting period, the following important events have occurred (percentages below represent equity interest):

- 5% subsequent acquisition of shares in Dent Estet Clinic in January 2023;
- Acquisition of 99.76% shares in Muntenia Medical Competences SRL, transaction being approved by the Competition Council and completed in January 2023);
- Acquisition of 100% shares in Policlinica Sf. Ilie, in February 2023;
- 11.5% subsequent acquisition of shares in Sanopass in March 2023;
- Acquisition of 51% shares in Provita Group, transaction being approved by the Competition Council and completed in March 2023;
- 6.25% increase in participation of shares in RMC Hungary in November 2023;
- Acquisition of 51% shares in Policlinica Union, in June 2023;
- 21% subsequent acquisition of shares in Oncoteam Diagnostic in August 2023.
- Acquisition of 70% shares in Brol Medical Center, in September 2023.

27.1.1. Subsequent acquisition of non-controlling interest

Increased participation in SC Dent Estet Clinic SA
In January 2023, MedLife SA completed the acquisition of additional 5% shares in SC Dent Estet Clinic SA company, reaching a 65% stake. In 2016, MedLife SA acquired a majority stake of 60% in SC Dent Estet Clinic SA, the largest operator of dental services in Romania, which brings together 7 clinics in Bucharest and in the country.

Increased participation in Sanopass SA
In March 2023, MedLife SA completed the acquisition of additional 11.5% shares in Sanopass SA company, reaching a 62.5% stake. In 2022, MedLife SA acquired a majority stake of 51% in Sanopass SA, one of the most active Romanian startups in the healthtech area, which offers medical, wellness and fitness services on a subscription and individual basis.

Increased participation in RMC Hungary
In November 2023, MedLife increased its participation with 6.25% shares in RMC Group, reaching a stake of 87.57%. RMC Group has been part of MedLife System since 2019, when representatives announced the acquisition of 51% of its shares.

Increased participation in Onco Team Diagnostic SA
In August 2023, MedLife SA completed the acquisition of additional 21% shares in Onco Team Diagnostic SA company, reaching a 100% stake. In 2019, MedLife SA acquired a majority stake of 79% in Onco Team Diagnostic SA, a laboratory with profile of pathological anatomy and molecular biology.

27.1.2. Acquisition of subsidiaries

Acquisition of Muntenia Hospital
On 10 January 2023, MedLife Group announced the completion of the transaction to take over 99.76% of Muntenia Hospital shares, the largest hospital in Arges county, after the approval from the Competition Council. Thus, the leader of the private medical services market in Romania consolidates its medical expertise in the hospital area.

Acquisition of Nord Group (formerly Provita)
On 30 March 2023, MedLife announced the completion of the acquisition of a 51% stake in Nord Group (formerly Provita) after receiving approval from the Competition Council.
In its 11 years of activity in the private medical services market, Nord Group has been particularly successful in Bucharest, where it is present through a multidisciplinary hospital, 5 clinics, two state-of-the-art imaging centers, a laboratory for processing a wide range of medical analyses and tests, as well as the only pain therapy training center in Central and Eastern Europe. At the end of 2022, Nord Group expanded outside of the capital by opening a multidisciplinary clinic in Suceava worth EUR 2.5 million, which houses an integrated Pain Therapy Center and a Breast Center.

Acquisition of Union Medical Clinic (through Sfanta Maria Group)
In July 2023, the MedLife Group completed the acquisition of the majority stake of 51% of the Union Medical Clinic in Cluj, a clinic that was integrated into the Sfânta Maria network.
The Union Medical Clinic has over 10 years of experience on the Cluj market and offers a diverse range of high-quality services, covering 21 medical specialties, including cardiology, dermatovenerology, diabetes and nutrition, endocrinology, family medicine, neurology, obstetrics- gynecology, ophthalmology, orthopedics, psychiatry, psychology and urology. Being in a continuous process of development, the clinic integrates the latest techniques and medical devices to ensure treatment to patients at European standards.

Acquisition of Sfântul Ilie Polyclinic (through Sfanta Maria Group)
In July 2023, the MedLife Group completed the acquisition of the entire share package of the Sfântul Ilie Polyclinic in Craiova, this being integrated into the Sfânta Maria network, part of the MedLife Group.
Present on the local market since 2000, Policlinica Sfântul Ilie is one of the first private clinics in Craiova. With 12 medical specialties, the clinic offers comprehensive medical services and paraclinical investigations to meet the needs of all patients, thus becoming a point of reference in medical activity at county level.

Acquisition of Brol Medical Center
In September 2023, Med Life S.A., through Medici's SRL, completed the acquisition of a 56% stake in Brol Medical Center. Brol Clinic started its activity in 1996 and has over 25 years of experience in cosmetic surgery. The clinic offers plastic, reconstructive and aesthetic surgery services, consultations and dermatological treatments, as well as nutrition consultations.

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

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

Assets acquired and liabilities recognized at the date of acquisition	**31 December 2023**	**31 December 2022**
Non-current assets	**255,118,244**	**260,502,085**
out of which		
- Intangible assets	*21,313,560*	*33,968,192*
- Property, plant and equipment	*136,140,627*	*122,955,304*
- Right-of-use assets	*97,664,058*	*100,382,819*
- Others	*-*	*3,195,770*
Current assets	**37,741,647**	**84,854,668**
out of which		
- Inventories, cash and prepayments	*30,106,969*	*28,483,576*
- Trade Receivables and other receivables	*7,634,678*	*56,371,093*
Current liabilities	**167,950,250**	**195,161,941**
out of which		
- Overdraft	*2,616,150*	*1,111,865*
- Current tax liabilities	*137,102*	*54,255*
- Trade and other liabilities	*38,124,829*	*90,435,201*
- Lease liabilities	*120,884,820*	*92,273,753*
- Current portion of long term debt	*-*	*37,667*
- Provisions	*462,682*	*1,165,445*
- Deferred tax arising at acquisition	*5,724,666*	*10,083,756*
Non-current liabilities (Borrowings on long term)	**38,657,131**	**23,320,240**
Net assets	**86,252,510**	**126,874,572**

Tangible and intangible assets fair value valuation methodology uses a mix between the cost approach and the income approach, which estimates the depreciation of the assets considering also the economic benefits that would be generated by that particular assets. For certain medical equipment and vehicles, for which publicly available information allows, fair value was measured using market approach.

27.3. Acquisition related costs

The Group incurred acquisition-related costs of RON 2,029,980 on legal fees and due diligence costs. These costs have been included in Other operating expenses.

27.4. Goodwill arising on acquisition

	31 December 2023	**31 December 2022**
Consideration transferred	135,463,957	273,972,468
Less: fair value of identifiable net assets acquired	(86,252,510)	(126,874,572)
Plus non-controlling interest	27,511,565	21,895,097
Goodwill arising on acquisition	**76,723,011**	**168,992,993**

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

In 2023, the difference between consideration transferred (as stated here in Note 27.4.) and consideration paid in cash (as stated in Note 27.5.) represents prepayment for business combination in 2022.

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

27.5. Net cash outflow on acquisition of subsidiaries

	31 December 2023	31 December 2022
Consideration paid in cash	90,998,706	328,743,653
Less: cash and cash equivalent balances acquired at acquisition date	(24,454,041)	(12,188,904)
Total	**66,544,664**	**316,554,749**

In 2022, the consideration paid in cash included also the prepayment for future business combination.

28. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 14, cash and cash equivalents disclosed in Note 8 and equity, comprising issued capital, reserves and retained earnings as disclosed in note 15, 16 and note 17.

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.

The Group has grown in 2023 principally through acquisitions and less through organic development. In expanding organically, the Group is exposed to potential loss of capital if the expansion or new activities do not immediately meet their financial objectives.

The Group's objectives have been to balance the cash generation from established business units into higher risk investments in new activities. This has left the equity levels of the Group as a buffer to protect the Group in case of variations in performance that could impact the established activities. The Group has used debt funding for acquisitions of businesses due to the historically low cost of debt funding and availability of liquidity on the financial markets. When assessing the adequacy of the Group's equity for the activities and exposures the Group analyses the ratio of loans payable net of cash to total equity (including non-controlling interests), as presented in the following table:

	December 31, 2023	December 31, 2022
Interest-bearing loans and borrowings without overdraft	1,122,936,983	858,968,713
Cash and cash equivalents	100,271,093	89,068,154
Loans payable net of cash	1,022,665,890	769,900,559
Total Equity	494,192,023	482,038,245
Ratio total equity to loans payable (without overdraft) net of cash	**0.48**	**0.63**

The medium-term aim of the Group is to manage this ratio at sustainable levels whilst continuing to invest in new business development and acquisitions to maintain a balanced capital structure between debt and equity.

29. RISK MANAGEMENT

The Group's Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework.
The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The Audit Committee is responsible for monitoring and addressing issues concerning the effectiveness and efficiency of the Group's internal controls, regulatory compliance and risk management.

In the course of its business the Group is exposed to a number of financial risks, including credit, interest rate, liquidity and foreign currency risks.
This note presents the Group's objectives, policies and processes for managing these risks and methods used to measure risks.
The central treasury function has an important role in managing the Group's financial risks with the aim to control and manage the Group's financial exposure and financial costs with a balance between risk and costs.

(a) Credit risk

Financial assets that potentially give rise to concentrations of credit risk consist principally of cash, short-term deposits, trade receivables, long-term receivables from stem cells processing and advances for acquisitions of subsidiaries (in the prior year).

The Group's cash equivalents and short-term deposits are placed with reputable financial institutions with a high credit rating.
Trade receivables are represented net of the allowance for expected credit losses. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base, which consists mainly of both individuals and companies. Around 60% of the total sales are cash-based with remaining being based on issuance of invoices. The financial condition of these customers in relation to their credit standing is evaluated on an ongoing basis.

The Group has also developed certain procedures to assess legal entities as customers prior to signing contracts, aimed at providing health care packages (PPMs), and monitoring their ability to meet the payments during the course of contracts. Also, the Group has established an internal Collection department which actively monitors encashments received from customers.

Other long-term receivables for stem cells processing are represented net of the allowance for expected credit losses. Receivables were individually assessed taking into account specific information available in individual cases in order to measure credit risks. An allowance for expected credit losses was determined for certain customers for which management assessed high credit risk.

Advances for acquisition of subsidiaries are short-term in nature and might occur in certain business combinations between signing and closing, in line with Share Purchase Agreement terms and conditions. Muntenia Medical Competences acquisition was completed in January 2023, while Provita transaction was approved by the Competition Council in March 2023.

The gross carrying amounts of financial assets (before credit loss allowances) included in Note 5.4. and Note 7.1. represent the Group's maximum exposure to credit risk in relation to these assets.

The Group has only 27% of its sales during 2023 deriving from the treatment of NHIH insured patients (concentration of credit risk) – reliance on major customers, but in the management's view, the associated credit risk with the receivable balance is considered to be low, based on historical practice and specifics of the contracts (please also see Note 7 for further details).

At 31 December 2023 and 31 December 2022, the Group did not consider there to be a significant concentration of credit risk. Please see Note 7 Receivables, for further details regarding credit risks of trade receivables and expected credit loss allowance, Note 5.4 Other financial assets, for further details regarding credit risks of long-term receivables for stem cells processing and expected credit loss allowance and also 3.13.1 Financial assets, for further details of accounting policies used by the Group.

(b) Interest rate risk

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

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

Interest rate sensitivity analysis

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

A 10% percent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The assumptions used have not changed from previous years.

Based on historical data, the management of the Group considers a 10% increase in the interest rate as appropriate to be included in the sensitivity analysis performed in relation with interest rate risk measurement. Taking into consideration the value of loans in total and the actual level of the interest rate (as of 31 December 2023), any change with more that 10% is not expected.
According to National Bank of Romania, the EURIBOR level is predicted to slowly decrease during 2024 (from 4.004% as of 31 December 2023 to a predicted 3.7% as of 31 December 2024). This decrease is already supported as of January

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

2024 when the EURIBOR reached the level of 3.861%. As a result, the management of the Group does not consider the need of a higher expected increase in interest rate in the sensitivity analysis.

If interest rates had been 10% higher and all other variables were held constant, the Group's profit for the year ended 31 December 2023 would decrease by RON 9,766,056 RON (2022: decrease with RON 3,983,637). This is mainly attributable to the Group's exposure to interest rates on its borrowings and leases.

LIABILITIES	Total	Out of which included in the sensitivity analysis		%	Interest expenses per year at the current interest rate for the selected portion	Interest expenses per year at the interest rate increased by 10% for the selected portion	Variation that affects the profit and loss account when the interest rate increases by 10%
2023							
Overdraft	29,835,472						
Short-Term and Long-Term portions of loans	1,122,936,983	Club loan	1,009,659,583	88%	51,570,638	56,727,702	5,157,064
Short-Term and Long-Term portions of leases	408,748,133	Contracts that refer to rent of buildings, equipment and which fall under IFRS 16	336,545,420	82%	14,089,369	18,658,325	4,568,957
2022							
Overdraft	27,801,016						
Short-Term and Long-Term portions of loans	858,968,713	Club loan	816,408,338	92%	21,580,386	23,738,425	2,158,039
Short-Term and Long-Term portions of leases	302,317,038	Contracts that refer to rent of buildings, equipment and which fall under IFRS 16	245,389,824	81%	7,661,018	9,486,616	1,825,598

	December 31, 2023	December 31, 2022
Profit or loss	9,726,020	3,983,637

(c) Liquidity risk

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

The following table details the Group's remaining contractual maturity for financial liabilities as of December 31, 2023 and December 31, 2022. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

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

2023	**Weighted average effective interest**	**Carrying amount**	**Total**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**> Year 5**
Non-interest bearing instruments									
Trade payables		**404,553,771**	**404,553,771**	404,553,771	-	-	-	-	-
Interest bearing instruments									
Overdraft		**29,835,472**	**29,835,472**	29,835,472	-	-	-	-	-
Borrowings	EURIBOR 6M / ROBOR 6M + margin	**1,122,936,983**	**1,391,452,581**	138,827,091	207,680,536	149,171,697	155,143,222	206,070,129	534,559,906
Lease contracts		**408,748,133**	**534,261,128**	99,993,360	83,179,560	63,873,360	50,389,472	35,413,806	201,411,571
Total		**1,966,074,359**	**2,360,102,952**	**673,209,694**	**290,860,097**	**213,045,057**	**205,532,694**	**241,483,935**	**735,971,476**

2022	**Weighted average effective interest rate**	**Carrying amount**	**Total**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**> Year 5**
Non-interest bearing instruments									
Trade payables		**335,356,742**	**335,356,742**	335,356,742	-	-	-	-	-
Interest bearing instruments									
Overdraft		**27,801,016**	**27,801,016**	27,801,016	-	-	-	-	-
Borrowings	EURIBOR 6M / ROBOR 6M + margin	**858,968,713**	**1,052,246,374**	86,859,183	93,128,054	117,760,871	93,542,301	102,508,136	558,447,830
Lease contracts		**302,317,038**	**332,431,917**	79,720,542	69,602,919	54,815,224	43,573,508	30,778,670	53,941,054
Total		**1,524,443,509**	**1,747,836,049**	**529,737,483**	**162,730,972**	**172,576,094**	**137,115,810**	**133,286,806**	**612,388,884**

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

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

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

2023	RON	1 EUR = 4.9746 RON	100 HUF = 1.2995 RON	Total
ASSETS				
Cash and cash equivalents	82,878,300	17,392,793	-	100,271,093
Trade receivables	260,178,448	-	1,485,962	261,664,410
Financial assets	194,810	40,747,730	103,960	40,942,540
LIABILITIES				
Trade payables	391,625,523	10,361,481	2,566,768	404,553,771
Overdraft	19,940,672	9,894,800	-	29,835,472
Other long term debt	47,775,013	-	-	47,775,013
Short-Term and Long-Term portions of loans	19,255,743	1,103,681,240	-	1,122,936,983
Short-Term and Long-Term portions of leases	4,005,481	403,960,440	782,212	408,748,133

2022	RON	1 EUR = 4.9474 RON	100 HUF = 1.2354 RON	Total
ASSETS				
Cash and cash equivalents	79,669,747	9,344,717	53,690	89,068,154
Trade receivables	220,266,093	-	1,092,767	221,358,860
Financial assets	48,924,440	33,886,264	98,832	82,810,704
LIABILITIES				
Trade payables	325,697,092	8,153,765	1,505,885	335,356,742
Overdraft	17,906,216	9,894,800	-	27,801,016
Other long term debt	6,771,077	-	-	6,771,077
Short-Term and Long-Term portions of loans	23,008,547	835,960,166	-	858,968,713
Short-Term and Long-Term portions of leases	4,355,210	297,173,479	788,349	302,317,038

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

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

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

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

	December 31, 2023	December 31, 2022
Profit or loss (and Equity)	146,975,744	110,795,123

(e) Sustainability

The Group is subject to transitional and physical risks related to climate change. Transitional risks include, for example, a disorderly global transition away from fossil fuels that may result in increased energy prices; customer preference for low or no-carbon providers of medical services; stakeholder pressure to decarbonize assets; or new legal or regulatory requirements that result in new or expanded carbon pricing, taxes, restrictions on greenhouse gas emissions, and increased greenhouse gas disclosure and transparency. These risks could increase operating costs, including the cost of the Group's electricity and energy use, or other compliance costs.

The Group monitors energy consumption relative to area and to the type of activity carried out in each location. The main consumption is in respect of natural gas, electricity and fuel, and the main sources of consumption are: air conditioning system, MRI machines and other large imaging machines (radiotherapy, radiology, angiography, CT and PET-CT).

Also, the Group is concerned with the reduction energy consumption through implementation energy efficiency measures. Over time Medlife Group has implemented technology LED used in 99% of the cases. Halls of surgery within hospitals and not only, were equipped with devices that allow LED lighting and effective point settings have been implemented from an energy point of view for heating, ventilation and air conditioning, thus reducing the energy used. LED lighting is also used in elevators and areas waiting for patients. Currently, a set of intelligent control measures are implemented at the level of consumers of various types of energy (thermal, electrical, etc.), renewal cooling aggregates (chillers), 2 installations being replaced so far. The possibility of using photovoltaic panels is also considered for the future.
In terms of GHG emissions, the Group has the legal obligation to report these emissions, the main source of generation being thermal power plants powered by gas, followed by emissions generated by the leased car fleet.
Physical risks to Group's operations include water stress; wildfires; extreme temperatures and storms, which could impact the pharmaceutical distribution, increase costs, or disrupt supply chains of medicines for patients on a global level, which also could further affect the pharmacy segment.

To carry out the activities Medlife Group consumes water that is captured exclusively from the public network. The Group monitors water consumption monthly, and through internal work procedures ensures that any risk of biological contamination of the water spilled is eliminated.
Our supply chain is likely subject to these same transitional and physical risks and would likely pass along any increased costs to us.
The improvement of the corporate governance framework is continued. At the basis of this improvement stands the materiality analysis performed by MedLife Group through a complex process consisting of several stages, as follows: identification and prioritization of stakeholders - which allowed us to better understand who we affect and who can influence our work, identify and analyze best practices in the global and national health sector, consult with the most significant internal and external stakeholders and prioritize sustainability issues in terms of the impact of our activities on the environment, stakeholder expectations about how we manage environment issues, as well as the sustainability risks that can affect our position and the development of our business.

As at 31 December 2023 the Group does not consider that these risks will have a material financial impact in the near term.

(f) Ongoing war

The crisis started in February 2022 and was generated by the invasion of Russia in Ukraine, which led to a sharp increase in energy prices, both in Romania and in other European countries. The invasion created a refugee crisis with the fastest growth in Europe and a global food crisis. At the same time, at the regional level, a resource crisis was created due to the imposition of a series of restrictions on the international level, Russia being an important player in the natural gas market in Europe. Continued and/or intensified disruptions in Russian commodity flows to Europe could result in further increases in European energy prices.

Medlife Group does not own subsidiaries and affiliated entities on the territory of Ukraine, nor does it have any other relevant exposures in the countries directly involved in this conflict. From an operational point of view, the purchases of energy and natural gas are mainly made from the domestic market; availability, provenance and delivery of resources could be influenced by the dynamics of the conflict from region.

The consequences of the ongoing conflict in Ukraine, the European energy crisis and resulting regulatory measures and other economic disruptions currently being observed, and further regulatory interventions, as well as the extent and duration of their economic impact cannot be reliably estimated at this stage. The Group is responding to the situation with targeted measures to safeguard its economic stability. Because events are ongoing, the long-term impact can affect cash flows and profitability. However, at the date of these financial statements, the geopolitical context driven by the ongoing conflict in Ukraine has no significant negative impact on the consolidated financial statements as of December 31, 2023.

(g) Macroeconomic environment

The economic context at national and international level that may negatively influence the Group's activity refer to factors such as: inflation, recession, changes in fiscal and monetary policy, tighter lending, higher interest rates, new or rising tariffs, currency fluctuations, raw material price (electricity, natural gas), etc.

GDP Growth: In 2023, Romania's economy displayed a moderate GDP growth rate of 2%, reflective of both the domestic and global economic conditions. Despite facing challenges such as geopolitical tensions and supply chain disruptions, the growth was supported by consumer demand and investments in sectors deemed essential, including healthcare.

Inflation: The inflation rate in Romania remained at a particularly high level of 10.4% in 2023; expectations are that it will return to a downward trend from the beginning of 2024. However, over the medium term, inflation is likely to remain significantly above the central bank's target level, which will continue to put pressure on the monetary policy.
Monetary Policy Rates: The National Bank of Romania's monetary policy throughout 2023 aimed at stabilizing the inflation rate while supporting economic growth. The key rate was increased in January 2023 from 6.25% to 7% and was maintained at this level through the year.

Unemployment: The unemployment rate in Romania remained relatively stable in 2023 as compared to 2022, with an unemployment rate of 5.4%, supporting that the labor market remains robust.
EUR/RON Exchange Rates: in 2023, the EUR/RON exchange rate experienced a slight increase of 1%, from 4.9474 as at 31 December 2022, to 4.9746 as at 31 December 2023.

The Group's income or the value of its holdings can be affected by the particular movements in the global financial markets. As a result of the higher interest rates resulting on the market during 2023, the discount rates used in the impairment tests have remained at the same levels, compared with the previous year (between 8.7% and 18.9% compared with the prior year, between 8.4% and 18%). However, as a result of the sensitivity analysis performed, the Group considers that it has sufficient headroom in case of a potential increase above these numbers, with no material impact on the financial statements.

Notably, the healthcare sector has demonstrated considerable resilience to market turbulences. This resilience is attributed to the constant demand for healthcare services, the sector's ability to adapt to changing environments, and strategic investments in technology and infrastructure. This resilience translates into a relatively stable operational and financial outlook, even in the face of economic uncertainties.

Also, the revaluation process held at the end of 2022 on all owned Land and Buildings, which generated an overall surplus at the Group level, brings sufficient confidence over the value of the assets held, being stated at their current fair value less accumulated depreciation in these consolidated financial statements.

The Group revises quarterly its sensitivities to interest rates and foreign currency fluctuations. At the date of these financial statements, the Group considers that the impact of these changes would not affect the ability as a going concern, with appropriate measures undertaken in order to reduce any potential risks.

30. 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. These are presented at amortised cost. The estimated fair values of these instruments approximate their carrying amounts, largely due to the short term maturities of these instruments, except for loans.

The carrying amount of loans approximate their fair value considering the refinancing of the syndicated loan signed in 2023, in which all the credit facilities were re-arranged in terms of both maturities and interest rates. The syndicated loan covers around 88% of the total Group debt position exposure.

Financial instruments that are not held at fair value
At level 1 of the fair value hierarchy, the Group classified cash and cash equivalents as assets that are not held at fair value.

At level 3 of the fair value hierarchy, the Group classified in the category of assets: trade and other receivables, other financial assets, and in the category of debt: loans from banks and other financial institutions, leasing debts, trade payables and other financial liabilities.

The following table shows the fair value and the fair value hierarchy for assets and liabilities that are not measured at fair value in the statement of financial position as at 31 December 2023:

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

ASSETS	**Classification under IFRS 9**	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	Amortized cost	100,271,093	100,271,093	100,271,093	-	-
Trade Receivables	Amortized cost	261,664,410	261,664,410	-	-	261,664,410
Other financial assets	Amortized cost	40,942,540	37,444,080	-	-	37,444,080
LIABILITIES						
Trade and other payables	Amortized cost	404,553,771	404,553,771	-	-	404,553,771
Overdraft	Amortized cost	29,835,472	29,835,472	-	-	29,835,472
Other long term debt	Amortized cost	47,775,013	47,775,013	-	-	47,775,013
Lease liability	Amortized cost	408,748,133	408,748,133	-	-	408,748,133
Long term debt	Amortized cost	1,122,936,983	1,122,936,983	-	-	1,122,936,983

Recognized fair value measurements

Fair value hierarchy
This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the international financial reporting standards. An explanation of each level is provided in note 3.28.
According to the Group's last valuation report prepared in 2022, please see below the fair value measured using level 3.

31 December 2022	**Note**	**Level 1**	**Level 2**	**Level 3**
Land and buildings	5	-	-	415,917,021

On 24 November 2023 was published the Convening Notice for the General Extraordinary Shareholders Meeting scheduled for 22/23 December 2023. The main item submitted for shareholders' approval was the increase of the syndicated credit line of EUR 50 million.

On 22nd of December 2023, following the approval of The Resolution of Extraordinary General Shareholders Meeting, MedLife, together with co-borrowers, negotiated with Banca Comercială Română S.A., as Arranger, Agent and Lender and with other credit institutions that are syndicate members acting as Lenders, the terms and conditions of extending the credit limit by an additional amount of up to EUR 50 million. According to the new terms negotiated between the parties, the financing period remains the same as for the original loan contract, as well as the interest rate margin. Therefore, the Group considers that the fair value of Long term debt is similar with the carrying amount. The new term facility will be used by Medlife and the co-borrowers for the acquisition opportunities on the market and organic development projects.

31. COMMITMENTS AND CONTINGENCIES

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

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

Other commitments
As at December 31, 2023 and December 31, 2022, the Group holds insurance policies to cover possible liabilities towards doctors for malpractice as well as insurance contracts related to buildings and medical equipment.

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

BCR issued letters of warranties in the favour of Med Life S.A. in total amount of RON 16,884,456, out of which, in foreign currency, EUR 61,309 as of December 31, 2023 (December 31, 2022: RON 9,554,521, out of which EUR 91,309).

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.

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

In Romania the statute of limitation for tax controls (audits) is of 5 years. During 2021, the ultimate parent of the Group had a tax control which covered period from 2016 to 2020. The control was finalised during 2021 and the results were booked in accounting, the impact on the figures being RON 1,153,649. Management believes that the tax obligations included in these financial statements are adequate.

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

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

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.

32. FEES TO AUDITORS

Starting with 2021, the auditor of the Group is Ernst & Young Assurance Services SRL.
The fee for the audit services of the consolidated financial statements as of December 31, 2023 of the Group prepared in accordance with IFRS as adopted by EU and the separate financial statements as of December 31, 2023 of Med Life SA prepared in accordance with IFRS in line with the provisions of Ministry of Finance Order no. 2844/2016, as well as the audit services of the other separate financial statements of subsidiaries prepared in accordance with the provisions of Ministry of Finance Order no. 1802/2014 was EUR 430,000 excluding VAT and other expenses.

The fee for other non-audit services performed in 2023 (in accordance with ISRS 4400) was EUR 18,525, excluding VAT.

33. EVENTS AFTER THE BALANCE SHEET DATE

On 14 March 2024, the Group increased the existing facilities by 50 million euros upon signing an addendum to the existing loan. The syndicate of banks which signed the increase in syndicated loan consists of Banca Comercială Română, as Coordinating Mandated Lead Arranger, Documentation Agent, Facility Agent, Security Agent and Bookrunner, Raiffeisen Bank, BRD Groupe Société Générale, Banca Transilvania and ING Bank, as Original lenders. The new funds will be dedicated to consolidating and expanding the Group at national level, through the development of regional hospitals, where the patient will benefit from a 360-degree approach both in terms of the complexity of the medical act and the quality of complementary services. The expansion of the medical infrastructure and the M&A program are also a priority, and moreover, the Group will continue intensely its research efforts, aiming to intensify them through new investments during the year.

34. ALTERNATIVE PERFORMANCE MEASURES (APMs)

The Group uses some alternative performance measures (APMs) not defined in IFRS to provide information to assess the Group's development and performance. These measures should not be viewed in isolation or as an alternative to the measures presented in accordance with IFRS. These APMs may not be comparable to similar measures presented by other companies. The main alternative performance measures used by the Group are explained and reconciled as follows:

	Period ended December 31, 2023	**Period ended December 31, 2022**
Revenue from contracts with customers (Note 11)	**2,210,435,349**	**1,795,432,748**
Net income/(loss) for the period	**(4,164,857)**	**37,432,555**
Add back		
Income tax expense (Note 26)	8,464,341	12,124,746
Net financial result (Note 24)	87,217,880	44,672,371
Depreciation (Note 5 and Note 13)	197,390,915	152,410,751
EBITDA	**288,908,279**	**246,640,423**
EBITDA MARGIN	13%	14%

APM	Definition	Reason for use
EBITDA	Earnings before interest, other financial income/(expense), tax, amortisation, depreciation and impairment, other income/ (costs) and share of profit/(loss) of associates.	This measure is used to show profit generation in the operating activities excluding non-cash based depreciation, amortisation and impairment. This measure gives an approximation of the cash generation potential before reinvestment in the business.
EBITDA MARGIN	EBITDA as a percentage of revenue.	This measure is used to show profit generation in the operating activities excluding non-cash based depreciation, amortisation and impairment relative to revenue.

These financial statements, comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes, were approved on March 29, 2024.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO