SISTEMUL MEDICAL MedLife

MED LIFE S.A.

AUDITED SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31st, 2023

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

The English version of the separate financial statements represents a translation of the original separate financial statements issued in Romanian language

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

CONTENTS:	**PAGE:**

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

ASSETS	Note	December 31, 2023	December 31, 2022
Non-current Assets			
Intangible assets	5	19,166,955	14,665,892
Property, plant and equipment	5	356,486,820	342,815,667
Right-of-use asset	13, 14	52,406,445	71,911,269
Investment in subsidiaries	4.1	488,124,810	398,886,091
Other financial assets	4.2	15,825,680	14,945,160
Total Non-Current Assets		**932,010,711**	**843,224,079**
Current Assets			
Inventories	6	14,382,019	12,513,597
Trade Receivables	7.1	87,202,024	66,525,981
Loans granted to related parties	23	161,747,816	162,430,816
Other assets	7.2	27,118,812	18,251,900
Cash and cash equivalents	8	10,201,516	15,141,431
Prepayments	9	1,228,014	2,674,932
Total Current Assets		**301,880,201**	**277,538,657**
TOTAL ASSETS		**1,233,890,912**	**1,120,762,736**
LIABILITIES & SHAREHOLDER'S EQUITY			
Non-Current Liabilities			
Lease liability	13, 14	30,921,580	50,184,177
Other long term debt	14	-	12,651,217
Interest-bearing loans and borrowings	14	593,857,396	508,264,032
Deferred tax liability	24	16,905,872	19,052,772
Total Non-Current Liabilities		**641,684,848**	**590,152,198**
Current Liabilities			
Trade and other payables	10	160,343,456	122,505,239
Overdraft	14	9,949,200	9,894,800
Current portion of lease liability	13	24,607,775	26,229,711
Current portion of interest-bearing loans and borrowings	14	45,140,930	31,933,045
Loans received from related parties	23	10,538,675	12,632,124
Current tax liabilities	24	97,549	980,993
Provisions	12	2,790,424	3,480,319
Other liabilities	11	14,497,795	17,677,023
Total Current Liabilities		**267,965,804**	**225,333,254**
TOTAL LIABILITIES		**909,650,652**	**815,485,452**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	15	132,562,337	83,812,556
Treasury shares	15	(681,894)	(3,219,221)
Reserves	16	141,691,848	141,003,106
Retained earnings		50,667,968	83,680,844
TOTAL EQUITY		**324,240,259**	**305,277,285**
TOTAL LIABILITIES AND EQUITY		**1,233,890,911**	**1,120,762,736**

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	17	636,435,030	586,566,266
Other operating income	18.1	8,166,567	6,826,511
Dividend income	18.2	24,503,878	-
Operating Income		**669,105,475**	**593,392,777**
Consumable materials and repair materials		(88,422,209)	(81,748,854)
Third party expenses	19	(236,076,062)	(205,746,479)
Salaries and related expenses	21	(184,464,871)	(173,443,751)
Social contributions	21	(7,097,321)	(6,090,747)
Depreciation and amortization	5, 13	(62,185,124)	(57,865,833)
Impairment losses and gains (including reversals of impairment losses)	7	(949,607)	(889,139)
Other operating expenses	20	(44,352,874)	(44,119,711)
Operating expenses		**(623,548,068)**	**(569,904,514)**
Operating Profit		**45,557,407**	**23,488,263**
Finance income	22	12,904,228	6,922,660
Finance cost	22	(39,774,586)	(21,855,297)
Other financial expenses	22	(4,100,145)	(2,752,063)
Financial result		**(30,970,503)**	**(17,684,700)**
Profit Before Tax		**14,586,903**	**5,803,563**
Income tax credit/(expense)	24	2,146,900	(2,196,569)
Profit After Tax		**16,733,803**	**3,606,994**
Other comprehensive income items that will not be reclassified to profit or loss			
Revaluation of land and buildings	16	-	47,470,993
Deferred tax on other comprehensive income components	24	-	(7,595,359)
TOTAL OTHER COMPREHENSIVE INCOME		**-**	**39,875,634**
TOTAL COMPREHENSIVE INCOME		**16,733,803**	**43,482,628**

MihailMarcu,
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
Profit before tax		**14,586,903**	**5,803,563**
Adjustments for			
Depreciation and amortization	5, 13	62,185,124	57,865,833
Interest expense	22	39,774,586	21,855,297
Dividends	18.2	(24,503,878)	-
Net Gain on disposal of business and investments	18.1	6,193,794	-
Allowance for expected credit losses and receivables written-off	7	949,607	889,139
Reverse of provision for other current assets		(201,679)	-
Provisions for liabilities and charges	12	(689,895)	335,184
Other non-monetary gains	18	(4,909,682)	(3,612,057)
Unrealised exchange loss	22	4,100,145	2,752,063
Interest income	22	(12,904,228)	(6,922,660)
Operating cash flow before working capital changes		**84,580,797**	**78,966,362**
(Increase) in accounts receivable		(24,389,508)	(3,501,026)
(Increase) in inventories		(1,666,743)	(2,474,681)
Decrease in prepayments		1,446,918	(66,582)
Decrease in accounts payable		14,104,928	43,553,889
Cash generated from working capital changes		**(10,504,405)**	**37,511,600**
Cash generated from operations		**74,076,393**	**116,477,962**
Income tax paid	24	(883,444)	(1,337,691)
Dividends received from subsidiaries	18.2	23,784,034	-
Interest received		585,939	-
Interest paid	14	(30,796,601)	(17,016,867)
Net cash from operating activities		**66,766,320**	**98,123,404**
Purchase of investments	4	(84,701,318)	(149,251,414)
Payment of loans assigned from former shareholders		-	(16,746,241)
Purchase of intangible assets	5	(5,116,781)	(10,712,880)
Purchase of property, plant and equipment	5	(41,209,359)	(70,010,600)
Proceeds from the transfer of business under common control (sale of Stomatology Division)	7.2	741,285	-
Loans granted to intercompany	23	(298,922)	(20,271,938)
Net cash used in investing activities		**(131,138,166)**	**(266,993,073)**
Payment of loans	14	(31,952,047)	(32,704,054)
Lease payments (IFRS 16)	14	(28,814,599)	(27,431,784)
Proceeds from loans	14	123,249,867	204,845,867
Payments for purchase of treasury shares	15	(488,718)	(7,851,828)
Increase/ (Decrease) from loans obtained from Group Companies	23	(3,115,644)	8,523,000
Net cash from/(used in) financing activities		**58,878,859**	**145,381,201**
Net change in cash and cash equivalents		**(4,939,915)**	**(23,488,469)**
Cash and cash equivalents beginning of the period	8	15,141,431	38,629,900
Cash and cash equivalents end of the period		**10,201,516**	**15,141,431**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Share Capital	Treasury shares	Share premium	General reserves and other reserves	Revaluation Reserve	Accumulated Results	Total Equity
Balance at December 31, 2022	**33,217,623**	**(3,219,221)**	**50,594,933**	**34,538,597**	**106,464,509**	**83,680,844**	**305,277,284**
Profit of the year	**-**	**-**	**-**	**-**	**-**	**16,733,803**	**16,733,803**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**16,733,803**	**16,733,803**
Recognition of other reserves for fiscal purposes (legal reserves) (Note 16)	**-**	**-**	**-**	688,742	**-**	(688,742)	**-**
Increase of social capital through the issue of shares (Note 15)	99,652,869	-	(50,594,933)	-	-	(49,057,936)	**-**
Increase from own shares acquisition (Note 15)	-	(488,718)	-	-	-	-	**(488,718)**
Net release of own shares used for investing in subsidiaries (Note 15)	-	3,026,045	-	-	-	-	**3,026,045**
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made (Note 15)	-	-	(308,155)	-	-	-	**(308,155)**
Balance as at December 31, 2023	**132,870,492**	**(681,894)**	**(308,155)**	**35,227,339**	**106,464,509**	**50,667,969**	**324,240,260**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Share Capital	Treasury shares	Share premium	General reserves and other reserves	Revaluation Reserve	Accumulated Results	Total Equity
Balance at December 31, 2021	**33,217,623**	**(4,015,977)**	**49,177,468**	**34,538,597**	**66,588,874**	**80,073,849**	**259,580,434**
Profit of the year	**-**	**-**	**-**	**-**	**-**	**3,606,995**	**3,606,995**
Revaluation of land and buildings (Note 16)	-	-	-	-	47,470,993	-	47,470,993
Deferred tax related to other comprehensive income (Note 24)	-	-	-	-	(7,595,358)	-	(7,595,358)
Total comprehensive income	**-**	**-**	**-**	**-**	**39,875,635**	**3,606,995**	**43,482,630**
Increase from own shares acquisition (Note 15)	-	(7,851,828)	-	-	-	-	(7,851,828)
Net release of own shares used for investing in subsidiaries (Note 15)	-	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
Balance as at December 31, 2022	**33,217,623**	**(3,219,221)**	**50,594,933**	**34,538,597**	**106,464,509**	**83,680,844**	**305,277,284**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

1. DESCRIPTION OF THE BUSINESS

Med Life S.A. ("Med Life" or the "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania. The Company's activity resides in the performance of healthcare services activities (detailed under 3.17 and Note 17) through medical centres located in Bucharest, Cluj, Braila, Timisoara, Iasi, Galati, Ploiesti, Constanta and Targu Mures.

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

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

2.1 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS and amendments to IFRS which have been adopted by the Company 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 Company'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 Company does not issue contracts in scope of IFRS 17; therefore, its application does not have an impact on the company'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 Company 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 Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company'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 Company'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 Company's financial position and performance.

- **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 Company's financial statements as the Company is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

2.2 Standards issued but not yet effective and not early adopted

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.
The amendment will not have a material impact on the Company'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 company as it does not issue 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 company 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 Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

3. MATERIAL ACCOUNTING POLICIES

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

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

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

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

The financial year corresponds to the calendar year.

3.1 Basis of preparation

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

3.2 Going Concern

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

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

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

All measures taken have been decided upon having in mind the Company'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 Company's current financial position and the modelled scenarios, the directors have concluded that the Company has sufficient liquidity to meet all its obligations for at least the twelve months from the date of this report and the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

3.3 Significant judgements, estimates and assumptions

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

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

3.3.1. Judgements

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

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

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

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

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

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

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

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

Cash generating units (CGUs)

Management exercises judgement in determining the appropriate level of companying 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 28.

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

Revaluation of Land and Buildings
The Company 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 Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of 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 five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company. The key assumptions used to determine the recoverable amount for the various cash-generating units, including a sensitivity analysis, are calculated and explained below in Note 20.

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

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

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

Allowance for expected credit losses of intercompany loans

In case of loans granted to related parties and other receivables with related parties, the Company considers that at the reporting date, the credit risk has not increased significantly since initial recognition, and measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For loans granted to related parties and trade and other receivables, the loss in allowance determined as of 31 December 2023 was not material and no allowance for expected credit loss in relation to loans grated to related parties was recorded.

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

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

3.4 Foreign currency and translation

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

The exchange rates as announced by the National Bank of Romania on 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 rates of exchange ruling at the reporting date. The foreign exchange differences arising on these translations are recognised as other financial income/expense in the income statement.

3.5 Property, plant and equipment

Property, plant and equipment under the revaluation model
Land and buildings held for use in the supply of services, or for administrative purposes, are stated in the 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 financial statements is based on the valuation reports which were prepared as of December 31, 2022 by independent valuators certified by ANEVAR. The following steps were taken to estimate the market value of the assets: analysis of assets subject to valuation; the evaluation approaches and the valuation methods applied were based on the category of assets analysed, their location, their characteristics, specific market information; application of appropriate valuation methods for each asset category (i.e. land and buildings) subject to evaluation and estimation of the fair value of the assets analysed at the valuation date, 31 December 2022. The land is not depreciated.

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

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

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

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

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

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

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

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

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

Costs with capital repairs are included in the carrying amount of the asset when it is probable that future economic benefits above the initially evaluated standard of performance of the existing asset will be transferred to the Company. 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	3 – 15 years

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

3.6 Intangible assets

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

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

Company's intangible assets are represented by software licenses, concessions, patents and other intangible assets that are amortized on a straight-line basis over a period of 3 years. Please see Note 5.

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

Impairment of non-financial assets

At the end of each reporting period, the Company reviews whether there is an indication that an asset may be impaired.

If any such indication exists, the recoverable amount of the asset is estimated.

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

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

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

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

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

3.7 Inventories

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

3.8 Cash and cash equivalents

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

3.9 Government grants

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

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

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

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

3.10.1. Investments in subsidiaries

Investments in subsidiaries

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

Dividends from subsidiaries

Dividends on equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established. Income from dividends with subsidiaries are presented in Statement of Cash Flows under operating activities.

3.10.2. Transfer of business in a transfer between entities under common control

In case of transfer of business between entities under common control, the transactions is recognised at the consideration agreed between the parties, being the amount of cash paid or fair value of shares issued.

3.10.3. 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.

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

With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price 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 Company has only recognised and subsequently measured financial assets at amortised cost.

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

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

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

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

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

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

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

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

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

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

3.10.4. Equity instruments and financial liabilities

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

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

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

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

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

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

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

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

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

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

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

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

Derecognition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Med Life's core activities
The Company's core activities are conducted through four business lines (due to the transfer of stomatology to another entity of the Group in April 2023 - there were five business lines in the previous year), providing a well-balanced business portfolio that covers all key segments of the private medical services market. Disaggregation of revenue from contracts with customers by business line comprises the following major categories: clinics, stomatology (moved starting with 2023, please see below), hospitals, laboratories and corporate.

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

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

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

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

Stomatology
The Company's Dentistry business line offers a full range of services, ranging from medical examinations to surgery, implants or orthodontic services. Stomatology business line is not subject to NHIH allocations. All of the sales are fee for service ("FFS") based, and the revenue is recognised at a point in time, when the performance obligation is satisfied. Starting with April 2023, the Stomatology Division has been sold to another entity in the Group, Dentestet Clinic, which already manages the entire Stomatology business line at Group level.

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

Hospitals
Hospital services provided to patients are regarded as a bundle of services which comprise medical care, accommodation, meals, use of equipment, pharmacy stock and nursing services. This is considered to be a single performance obligation as the medical procedures cannot be performed without one of the above elements.

Revenue is recorded during the period in which the hospital service is provided and is based on the amounts due from patients. Fees are calculated and billed based on various tariff agreements.

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

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

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

The HPPs offered by the Company consist of the following:

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

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

Contract assets and liabilities
A contract asset (accrued income) is the right to consideration in exchange for services transferred to the customer. Where the Company transfers services to a customer over time before the customer pays consideration or before

payment is due, a contract asset is recognized for the earned consideration to date under the contract. Contract assets are presented within trade and other receivables (Note 7) on the Company's Balance Sheet and are expected to be realized in less than one year.

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

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

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

3.18. Employee benefits

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

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

Bonus schemes

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

3.19. Fair value

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

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

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

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

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

3.20. Segment information

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

An operating segment is a component of an entity:

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

The Company has identified four (five in the previous year) core business lines, which comprise the following major categories: clinics, stomatology (moved during 2023), hospitals, laboratories and corporate. For further details on disaggregation of revenue streams, please refer to Note 3.18.

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

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

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

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

Each reporting made to the Board of Directors includes the five business lines, represented by the four revenue streams. Managements costs are fully distributed to the operative business lines. The monthly target-to-actual and actual-to-actual comparison in the report to the Board of Directors serves to control the targets published in the Med Life's annual forecast, in particular the total revenue figure and EBITDA margin(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 characteristics of healthcare services are around physical facilities staffed by professionals in direct contact with patients, diagnosing, monitoring and treating patients. The payment for these services is either direct payment by the patient or indirect via an employer paid benefit/insurance and in much smaller degree by public health funds. In all these cases the beneficiary of the service is always the individual patient. Because of the specific nature of the source of funds that finance the provision of medical services to the end users (i.e., patients) the correct allocation of profitability for each business line is limited considering that they are complementary in servicing the patient: one would originate whereas the other might render the medical services. In this respect, the business lines could not operate on their own, proving, once again, their high interdependent nature.

The following operating segments are aggregated into one reporting segment, being the provision of healthcare services, since they exhibit similar economic characteristics: clinics, stomatology (moved during 2023), hospitals, laboratories and corporate. As a result of the same structural framework conditions, the operations of the Company with the healthcare services provided are characterised by a similar risk and rewards profile whose economic environment is largely regulated by legislation. It is thus possible for the operations to achieve similar EBITDA margins on the long term. We thus continue to have only one reportable segment that aggregates the above-mentioned operating segments.

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

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

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

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

The Company assesses whether a contract is or contains a lease, at inception of the contract. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company - except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Payments associated with short-term leases and all leases of low-value assets (including small equipment such as printers, PC's and others) are recognised on a straight-line basis as an expense in profit or loss. The Company uses the exemption in IFRS 16 for low value assets, considering the nature of the assets, their costs and their low significance to the operations of the Company. Assets and liabilities arising from a lease are initially measured on a present value basis.

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

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

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

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

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

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

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

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

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

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

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

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

4. INVESTMENT IN SUBSIDIARIES AND OTHER FINANCIAL ASSETS

4.1. Cost of investment

The Company holds significant investments in other companies.

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

Cost of investments	**31 December 2023**	**31 December 2022**
Balance at the beginning of the year	398,886,091	242,878,520
Investments recognised during the year	89,238,719	156,007,571
TOTAL	**488,124,810**	**398,886,091**

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;
- 11.5% subsequent acquisition of shares in Sanopass in March 2023;
- Acquisition of 51% shares in Provita Company, transaction being approved by the Competition Council and completed in March 2023;
- 21% subsequent acquisition of shares in Oncoteam Diagnostic in August 2023;
- 6.25% subsequent increase in participation of shares in RMC Hungary in November 2023.

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

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

No.	Entity	Main activity	Location	31 December 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%
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%

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

No.	Entity	Main activity	Location	31 December 2023	31 December 2022
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 merged under Anima Specialty Medical Services SRL. ;*
Accipiens SA, Transilvania Imagistica SA, Bactro SRL and Triamed SRL merged under Genesys Medical Clinic SRL. ;
Biofarm Farmec SRL, CED Pharma SRL, Leti Pharm 2000 SRL and Monix Pharm SRL merged under Pharmalife-Med SRL.

Management conducts impairment tests on an annual basis or whenever there is an indication of impairment to assess the recoverability of the carrying value of investments at individual level. This is performed using discounted cash flow models. The impairment test is performed at the level of each company with significant cost of investment, that represents a CGU in the Med Life Group.

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 amount that is not considered to be significant in comparison with the Company's total carrying amount of cost of investment in other companies.

The discounted future Cash flows of the CGUs, using the DCF method, are determined on the basis of the approved business plans 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 Company-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); Company's own estimates referring to past experiences and expected market trends, market potential analysis. External market studies are also used, if available.
- Application of current and historical organic growth rates for business units or business areas.
- Consideration of regulatory changes affecting the development of business units.
- Development of purchased services based on current circumstances (e.g., contractual basis, strategic business model) and the anticipated development of sales activities (expected revenue situation).
- Expected development of personnel expenses and other operating expenses, based on demand analyses, contractual framework and statistical procedures (e.g., inflation).

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

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

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

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

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, , therefore, there will be no impairment of their respective cost of investmentl 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. No additional impairment resulted.

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)

4.2. Other financial assets

Carrying amount	**31 December 2023**	**31 December 2022**
Long-term loans granted to group companies	13,973,722	13,239,277
Other financial assets	1,851,958	1,705,883
TOTAL	**15,825,680**	**14,945,160**

Long-term loans granted to othercompanies in the Med Life Group

As of December 31, 2023, the Company presents long-term loans granted to Bahtco Invest SA and Medlife Ocupational SRL. Please refer to Note 23 for more details.

Other financial assets

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

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

5. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

	Intangible assets	*Property, plant and equipment*						
	Intangibles	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total Property, plant and equipment***	**Total**
31 December 2022	**59,859,669**	**95,295,965**	**127,274,295**	**68,340,287**	**224,999,157**	**18,753,317**	***534,663,021***	**594,522,690**
Additions	10,026,463	-	-	0	42,172,725	7,385,331	*49,558,056*	59,584,519
Transfers	-	-	-	2,670,019	-	(2,670,019)	-	-
Disposals	-	-	-	(275,752)	(1,547,586)	(6,982,110)	*(8,805,448)*	(8,805,448)
31 December 2023	**69,886,132**	**95,295,965**	**127,274,295**	**70,734,554**	**265,624,296**	**16,486,519**	***575,415,629***	**645,301,761**

	Intangibles	**Land**	**Constructions**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total Property, plant and equipment***	**Total**
Depreciation								
31 December 2022	**45,193,778**	**-**	**-**	**47,875,860**	**143,971,495**	**-**	***191,847,355***	**237,041,133**
Charge of the year	5,525,400	-	3,913,275	2,972,147	21,942,957	-	*28,828,380*	34,353,779
Disposals	-	-	-	(267,769)	(1,479,156)	-	*(1,746,924)*	(1,746,924)
31 December 2023	**50,719,178**	**-**	**3,913,275**	**50,580,238**	**164,435,297**	**-**	***218,928,810***	**269,647,988**
Net Book Values								
31 December 2022	**14,665,891**	**95,295,965**	**127,274,295**	**20,464,427**	**81,027,662**	**18,753,317**	***342,815,666***	**357,481,557**
31 December 2023	**19,166,955**	**95,295,965**	**123,361,020**	**20,154,316**	**101,189,000**	**16,486,519**	***356,486,820***	**375,653,774**

During 2023, the costs incurred with the website implementation were capitalised as a new intangible asset, which is amortized over a period of 3 years. Please see note 5.2
The amortization of intangible assets is presented in the line depreciation and amortization in the statement of profit or loss.

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

	Intangible assets	*Property, plant and equipment*						
	Intangibles	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	**Total Property, plant and equipment**	**Total**
31 December 2021	**49,146,788**	**12,792,780**	**168,752,018**	**56,733,687**	**179,330,519**	**22,200,752**	**439,809,756**	**488,956,544**
Additions	10,712,881	15,657,715	1,021,908	10,267	46,952,748	11,900,090	75,542,729	86,255,610
Transfers	-	35,416,298	(30,871,520)	10,792,480	-	(15,337,258)	-	-
Disposals	-	-	-	-	(1,284,111)	(10,267)	(1,294,378)	(1,294,378)
Reclassifications during the year	-	-	-	803,853	-	-	803,853	803,853
Revaluation impact (accumulated depreciation and impairment eliminated against cost)	-	-	(27,669,933)	-	-	-	(27,669,933)	(27,669,933)
Revaluation impact recognised in OCI	-	31,429,171	16,041,822	-	-	-	47,470,993	47,470,993
31 December 2022	**59,859,669**	**95,295,965**	**127,274,295**	**68,340,287**	**224,999,157**	**18,753,317**	**534,663,021**	**594,522,690**

	Intangibles	**Land**	**Constructions**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	**Total Property, plant and equipment**	**Total**
Depreciation								
31 December 2021	**39,251,431**	**-**	**23,248,125**	**45,133,799**	**126,754,174**	**-**	**195,136,098**	**234,387,528**
Charge of the year	5,942,347	-	4,421,808	2,742,062	17,812,156	-	24,976,025	30,918,372
Disposals	-	-	-	-	(594,835)	-	(594,835)	(594,835)
Revaluation impact (accumulated depreciation and impairment eliminated against cost)	-	-	(27,669,933)	-	-	-	(27,669,933)	(27,669,933)
Impairment losses recognized in profit or loss	-	-	-	-	-	-	-	-
31 December 2022	**45,193,778**	**-**	**-**	**47,875,860**	**143,971,495**	**-**	**191,847,355**	**237,041,133**
Net Book Values								
31 December 2021	**9,895,358**	**12,792,780**	**145,503,893**	**11,599,888**	**52,576,345**	**22,200,752**	**244,673,659**	**254,569,016**
31 December 2022	**14,665,892**	**95,295,965**	**127,274,295**	**20,464,427**	**81,027,662**	**18,753,317**	**342,815,667**	**357,481,557**

During 2022, the costs incurred with the website implementation were capitalised as a new intangible asset, which is amortized over a period of 3 years.
The amortization of intangible assets is presented in the line depreciation and amortization in the statement of profit or loss.

(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 Company are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's freehold land and buildings as at 31 December 2022 were performed by independent valuers not related to the Company. They are certified by ANEVAR and have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.
The total revaluation difference was in amount of RON 47,470,993. The difference was recorded in the revaluation reserve in amount of RON 47,470,993 as a surplus.

Net book value ("NBV") 31 December 2022

	NBV before revaluation	NBV after revaluation	Revaluation differences
Land	63,866,793	95,295,965	31,429,171
Buildings	111,232,473	127,274,295	16,041,822
TOTAL	**175,099,266**	**222,570,259**	**47,470,993**

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 Company 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 free 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 were 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 by RON 1,297,562.

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 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 1,673,468 in the fair value of the buildings.

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

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

Carrying amount	**December 31, 2023**	**December 31, 2022**
Land	52,421,011	52,421,011
Buildings	13,665,028	14,098,512
TOTAL	**66,086,039**	**66,519,523**

Buildings do not include Leasehold improvements as they were presented separately starting with 2022. Also, during 2022, the Company has presented accordingly the split between Land and Constructions and has made a transfer of RON 35,416,298 from Land to Buildings.

5.2. 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 937,345, 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 3,972,337, and it is already included in the other intangible assets on the balance sheet – for further details please also see Note 18.1.

6. INVENTORIES

	31 December 2023	**31 December 2022**
Consumable	14,015,439	12,174,959
Materials in the form of inventory items	365,961	337,718
Inventory in transit	619	920
TOTAL	**14,382,019**	**12,513,597**

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 separate statement of comprehensive income.

7.1. TRADE RECEIVABLES

	December 31, 2023	**December 31, 2022**
Trade receivables	115,464,039	93,838,389
Allowance for doubtful receivables	(28,262,015)	(27,312,408)
TOTAL	**87,202,024**	**66,525,981**

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

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

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

Based on the assessed credit risk of the customers, the Company`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**
Trade receivables	68,703,082	46,760,957	115,464,039
Allowance for doubtful receivables	(9,631,518)	(18,630,497)	(28,262,015)
TOTAL	**59,071,565**	**28,130,459**	**87,202,024**

December 31, 2022	**Individually assessed**	**Collectively assessed**	**Total**
Trade receivables	49,378,641	44,459,748	93,838,389
Allowance for doubtful receivables	(9,631,518)	(17,680,890)	(27,312,409)
Total	**39,747,123**	**26,778,858**	**66,525,980**

Individually assessed trade receivables include mainly accrued income, trade receivables from National Health Insurance House and subsidiaries of MedLife, for which due to management`s assessment of a lower credit risk, which resulted to no material allowance for expected credit losses, the Company 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 S.A. from the Health Insurance House of the Municipality of Bucharest, not yet invoiced. The Company 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 receivable and the 100% allowance are still in 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 Company 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 allowance for expected credit losses collectively assessed based on the Company'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	0.25%	3.15%	4.69%	7.96%	26.61%	84.02%	
Customers	23,295,739	485,820	450,672	240,487	363,692	21,924,548	46,760,957
Allowance for doubtful receivables	(57,293)	(15,326)	(21,133)	(19,141)	(96,793)	(18,420,812)	(18,630,497)
TOTAL	**23,238,446**	**470,494**	**429,539**	**221,346**	**266,899**	**3,503,736**	**28,130,459**

December 31, 2022	**Current**	**<30 days**	**< 90 days**	**<180 days**	**<365 days**	**>365 days**	**Total**
Expected credit loss rate	0.45%	5.46%	8.27%	13.23%	39.35%	80.67%	
Customers	20,245,087	597,555	852,037	713,979	957,985	21,093,104	44,459,748
Allowance for doubtful receivables	(90,329)	(32,623)	(70,459)	(94,489)	(376,941)	(17,016,049)	(17,680,890)
TOTAL	**20,154,758**	**564,932**	**781,578**	**619,490**	**581,044**	**4,077,056**	**26,778,858**

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

For Customers in ">365 days" category, the expected credit loss rate of 84.02% 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 analyzed for collection.

A reconciliation of the allowance for doubtful receivables is presented as follows:

	2023	2022
As at 1 January	**27,312,408**	**26,423,269**
Recognised in income statement	949,607	889,139
Amounts written of	-	-
As at 31 December	**28,262,015**	**27,312,408**

7.2. OTHER ASSETS AND RECEIVABLES

	31 December 2023	31 December 2022
Advances paid	5,097,626	5,718,526
Other receivables	21,638,682	8,920,834
Other assets	382,504	3,612,540
TOTAL	**27,118,812**	**18,251,900**

During 2023, the Other receivables has increased as a result of the sale made by Med Life SA to Dentestet Clinic SA for Dentalife Clinic, therefore the entire Stomatology Division has been moved to another Company within Group Medlife. The transaction price was established between the parties and out of the total receivable registered by Med Life SA of RON 5,802,929, the first payment was made until 31 December 2023, in a total amount of RON 741,285.
Also, the increase on the Other receivables include the amount of RON 6,982,109, in relation to investments in intercompany fixed asset that was transferred from Med Life SA to Polisano. No amounts were collected during 2023. Please also refer to Note 23 Related parties.

8. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash in bank	8,994,237	14,149,971
Cash in hand	483,812	556,456
Cash equivalents	723,467	435,004
TOTAL	**10,201,516**	**15,141,431**

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

9. PREPAYMENTS

As of December 31, 2023 the Company has prepayments in amount of RON 1,228,014 (RON 2,674,932 as of December 31, 2022). The prepayments balance as of December 31, 2023 consists mainly of deferred commissions for financing related to the Club loan for undrawn facilities and amounts such as insurance policies for professionals and tangible assets.

10. TRADE AND OTHER PAYABLE

	31 December 2023	31 December 2022
Suppliers	135,085,307	105,588,173
Fixed assets suppliers	22,780,305	14,431,608
Contract liability	2,477,844	2,485,458
TOTAL	**160,343,456**	**122,505,239**

The balance of the suppliers account consists of debts for the acquisition of consumables, materials and commodities.
Fixed assets suppliers account consists of debts for the acquisition of medical equipment.
The Company's total Trade payables due to related parties are in the amount of RON 71,259,012 (31 December 2022: RON 50,151,209) and were presented on Note 23.

11. OTHER LIABILITIES

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

	31 December 2023	31 December 2022
Salary and related liabilities (incl. contributions)	8,899,336	13,672,405
Other liabilities	5,598,459	4,004,618
TOTAL	**14,497,795**	**17,677,023**

On the Other liabilities account it is included the amount of RON 1,761,907 (31 December 2022: 1,761,907) in relation to an intercompany investment that was transferred from Policlinica Diagnostic Rapid in the past. The amount is presented on the Note 23 for related parties.

12. PROVISIONS

	December 31, 2023	December 31, 2022
As at 31 December, 2022	**3,480,319**	**3,145,135**
Charged/(credited) to profit or loss		
- additional provisions recognised	9,338	990,497
- unused amounts reversed	-	-
Amounts used during the year	(699,234)	(655,313)
As at 31 December, 2023	**2,790,424**	**3,480,319**

Provisions booked as of 31 December 2023 and 31 December 2022 refer to provisions related to untaken holidays, which covers 100% from total balance. The total balanced has decreased with 689,894 RON compared with prior year.

13. LEASE

Leasing facilities refer to buildings, vehicles and medical equipment.

Amounts recognised in the balance sheet

Right-of-use asset	**Buildings**	**Vehicles**	**Equipment**	**Total**
Cost				
Value at 31 December 2022	**120,985,954**	**14,838,272**	**23,332,153**	**159,156,379**
Additions	17,357,558	1,111,863	368,967	18,838,388
Decrease due to renegotiation of lease term	(17,939,225)	(495,521)	-	(18,434,746)
Value at 31 December 2023	**120,404,287**	**15,454,615**	**23,701,120**	**159,560,021**
Accumulated depreciation				
Value at 31 December 2022	**68,863,810**	**6,989,626**	**11,391,674**	**87,245,110**
Charge for the year	21,500,000	3,036,279	3,295,065	27,831,344
Decrease due to renegotiation of lease term	(7,579,530)	(343,348)	-	(7,922,878)
Value at 31 December 2023	**82,784,280**	**9,682,557**	**14,686,740**	**107,153,576**
Carrying amount				
Value at 31 December 2022	**52,122,144**	**7,848,646**	**11,940,479**	**71,911,270**
Value at 31 December 2023	**37,620,007**	**5,772,058**	**9,014,380**	**52,406,445**

	December 31, 2022	December 31, 2022
Non-current - Lease Liabilities	30,921,580	50,184,177
Current portion – Lease Liabilities	24,607,775	26,229,711
TOTAL	**55,529,355**	**76,413,888**

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

Amounts recognised in the statement of profit or loss	**December 31, 2023**	**December 31, 2022**
Depreciation charge of right-of-use assets	27,831,344	26,947,462
Interest expense on lease liabilities (included in finance cost)	2,482,884	2,819,366
PL (Gain) from contracts terminated earlier	374,131	-
Foreign exchange loss in relation with Lease Liabilities	375,286	95,110
Expense relating to short-term leases (included in rent expenses)	125,687	77,237
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rent expenses)	660,161	533,767
Other categories	3,363,595	3,100,673

The total cash outflow for leases amount to RON 31,443,801 (2022: RON 30,251,150) for contracts that fall under IFRS 16 (which refer to rental of buildings, vehicles and equipment), out of which RON 28,814,599 (2022: RON 27,431,784) refer to payments of principal and RON 2,629,202 (2022: RON 2,819,366) refer to payments of interest.

Extension and termination options
Extension and termination options are only included in the lease term when the Company has the right to unilaterally extend/terminate and judges that this right is reasonably certain to be exercised. For some of the Company'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 Company contain termination options with a purpose to achieve operational flexibility. For most of these agreements, the Company 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 Company's current business strategy and plans.

14. FINANCIAL DEBT

	31 December 2023	**31 December 2022**
Current portion of long-term loans	45,140,930	31,933,045
Non-current portion of long-term loans	593,857,396	508,264,032
TOTAL	**638,998,326**	**540,197,077**

	December 31, 2023	**December 31, 2022**
Cash and cash equivalents	10,201,516	15,141,431
Borrowings (including overdraft)	(648,947,526)	(550,091,877)
Lease liabilities	(55,529,355)	(76,413,888)
Net debt	**(694,275,365)**	**(611,364,334)**
Current debt		
Overdraft	(9,949,200)	(9,894,800)
Current portion of lease liability	(24,607,775)	(26,229,711)
Current portion of long term debt	(45,140,930)	(31,933,045)
Long Term Debt		
Lease liability	(30,921,580)	(50,184,177)
Long term debt	(593,857,396)	(508,264,032)

Increases in credit facility during 2023
On 13 December 2022, following the approval of the General Meeting of Shareholders on 21 November 2022, MedLife,

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

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 Company is comprised of Banca Comerciala Romana, as coordinator, lead arranger, documentation agent, facility and guarantee agent, and financier, Raiffeisen Bank, BRD Companye Societe Generale, Banca Transilvania, ING Bank N.V. Amsterdam Branch Bucharest, and Erste Company Bank AG, as lead arrangers and financiers.

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.

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

As at December 31, 2023, the Company's drawn and undrawn financing facilities also included the following:
- a guaranteed overdraft facility between Garanti Bank S.A. and Med Life S.A., the amount drawn on December 31, 2023, is of RON 9,949,200.

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 of 31 December 2023, in relation to the loans with balance of RON 635,141,578 the Company has pledged the property, plant and equipment with a carrying value of RON 244,947,699. The Company has also pledged cash in a total amount of RON 7,031,274 and pledged receivables of RON 10,644,975 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 Company 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 is presented in the following table:

	Liabilities from financing activities			
	Borrowings	**Leases**	**Overdraft**	**Total**
Financial Debt as at 31 December 2022	**(540,197,077)**	**(76,413,888)**	**(9,894,800)**	**(626,505,765)**
Cash movements				
Cash flows net related to principal	(91,297,820)	28,814,599	-	**(62,483,221)**
Payments of interest	28,167,398	2,629,202	-	**30,796,601**
Non-cash movements				
New leases	-	(7,583,422)	-	**(7,583,422)**
Foreign exchange adjustments	(3,867,661)	(346,643)	(54,400)	**(4,268,705)**
Other changes (non-cash movements)	(31,803,167)	(2,629,203)	-	**(34,432,369)**
Financial Debt as at 31 December 2023	**(638,998,326)**	**(55,529,355)**	**(9,949,200)**	**(704,476,881)**

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

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

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	(308,155)	50,594,933
TOTAL	**132,562,337**	**83,812,556**

During 2023 the Company 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.

16. RESERVES

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

	December 31, 2023	December 31, 2022
General reserves (i)	7,332,266	6,643,525
Other reserves (ii)	27,895,072	27,895,072
Revaluation reserves (iii)	106,464,509	106,464,509
TOTAL	**141,691,848**	**141,003,106**
(i), (ii) General reserves and other reserves		
Balance at beginning of the year	**34,538,597**	**34,538,597**
Movements	688,742	-
Balance at the end of the year	**35,227,339**	**34,538,597**
(iii) Revaluation reserves		
Balance at beginning of the year	**106,464,509**	**66,588,874**
Decrease arising revaluation correction	-	-
Increase due to revaluation	-	47,470,993
Deferred tax related to revaluation	-	(7,595,359)
Balance at the end of the year	**106,464,509**	**106,464,509**

On the General reserves account there are legal reserves registered in the amount of RON 7,332,266 (2022: RON 6,643,525).

The properties revaluation reserve arises on the revaluation of land and buildings. During 2022, the Med Life SA 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 47,470,993. Please refer to Note 5 for more details.
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, resulting from the revaluation of property, plant and equipment are recognized and disclosed in accordance with IAS 12 Income Taxes (please see Note 24). Deferred tax recognised on other comprehensive income as a result of revaluation of Land and Buildings is in the amount of RON 7,595,359 (please refer to Note 24).

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

Turnover for the 12 months period ended December 31, 2023 was 636,435,030 RON (12 months ended December 31, 2022: 586,566,266 RON) and consists of medical services, including revenues from prevention packages of corporate customers and fees for services rendered within Med Life's clinics and various hospitals within Romania. Of the total sales in 2023, around 10% come from the treatment of patients insured through the Health Insurance House. The Company's revenues are generated in Romania. The entire amount included in contractual obligations at the beginning of the year (Note 10) was recorded as income in 2023.

18.1 OTHER OPERATING INCOME

	12 months 2023	12 months 2022
Other operating income	8,166,567	3,214,454
Capitalized cost of intangible assets	-	3,612,057
TOTAL	**8,166,567**	**6,826,511**

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 revenues".
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 made by Med Life SA to Dentestet Clinic SA for Dentalife Clinic, the entire Stomatology Division being moved to another Company within Group Medlife; the net gain from this transaction is in the amount of 5.802.829 RON.

18.2 Dividend Income

During 2023, the Company has received dividends of RON 24,503,878, received from its subsidiaries, out of which RON 23,784,034 were collected until the end of the year.

19. THIRD PARTY EXPENSES

	12 months 2023	12 months 2022
Medical services	210,751,745	186,545,976
Other services	1,907,971	1,944,448
Cleaning and laundry	5,725,998	4,686,886
Consulting services	4,301,518	2,928,256
Legal services	3,600,531	1,097,423
Others	4,200,829	3,635,933
Security and safety	2,043,623	1,795,876
Waste collection and sanitation	1,786,379	1,739,195
Logistics and telecommunications services	263,773	85,294
IT services	508,815	565,444
Storage and archiving services	366,530	347,870
Accreditations and authorizations	618,350	373,878
TOTAL	**236,076,062**	**205,746,479**

20. OTHER OPERATING EXPENSES

	12 months 2023	12 months 2022
Utilities	9,039,038	8,918,081
Repairs maintenance	5,205,379	5,424,966
Rent	4,149,443	3,711,677
Insurance premiums	2,392,115	2,655,158
Promotion expense	13,636,147	11,240,283
Communications	2,313,600	2,193,123
Other administration and operating expenses	7,617,152	9,976,423
TOTAL	**44,352,874**	**44,119,711**

21. SALARY AND RELATED EXPENSES AND SOCIAL CONTRIBUTIONS

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

The structure of Med Life personnel is described below:

	December 31, 2023	December 31, 2022
Management	45	48
Staff	1,997	1,979
Total	**2,042**	**2,027**

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

	December 31, 2023	December 31, 2022
Management	21,492,146	22,381,073
Staff	170,070,046	157,153,425
Total	**191,562,192**	**179,534,498**

22. FINANCIAL NET RESULT

	12 months 2023	12 months 2022
Loss from foreign exchange rate impact	(4,100,145)	(2,752,063)
Finance cost	(37,880,512)	(17,076,816)
Bank commissions	(1,894,074)	(4,778,481)
Interest income	12,904,228	6,922,660
FINANCIAL NET LOSS	**(30,970,503)**	**(17,684,700)**

23. 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**

(b) Executive Committee and Board of Directors' compensation

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

	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

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

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, starting December 21st 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) Balances and transactions with subsidiaries and other related parties

Balance of receivables and payables from/to subsidiaries and other related parties:

Trade Receivables/Trade Payables

The Company's trade relations with its subsidiaries represent rendering of medical services, rental of medical facilities and acquisition of materials and commodities.

The Company's total Trade receivables from related parties are in the amount of RON 37,546,876 (31 December 2022: RON 21,898,256) and are part of Trade receivables on the balance sheet.
The Company's total Trade payables due to related parties are in the amount of RON 71,259,012 (31 December 2022: RON 50,151,209) and are part of Trade and other payables on the statement of financial position..

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

	Receivables from		Payables to	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Centrul Medical Panduri S.A.	1,435,122	852,421	3,378,578	4,451,008
Almina Trading S.A.	1,017,374	404,159	194,279	384,428
Anima Speciality Medical Services S.R.L.	1,371,995	973,646	6,351,922	4,427,353
Pharmalife Med S.R.L.	-	-	666,056	352,510
Biofarm Farmec S.R.L.	-	-	8,887	8,887
Policlinica de Diagnostic Rapid S.A.	9,635,407	4,610,825	14,281,612	7,157,549
Histo S.R.L.	1,233	1,233	472,485	380,375
Genesys Medical S.R.L.	2,250,876	860,122	6,816,052	3,693,285
Policlinica de Diagnostic Rapid Medis S.R.L.	709,949	419,894	2,781,705	2,679,766
Accipiens S.A.	6,692	6,692	-	-
Biotest Med S.R.L.	1,973,406	543,024	8,408,190	6,016,780
Vital Test S.R.L.	-	-	1,223,199	1,223,199
Centrul Medical Sama S.A.	2,300,733	1,298,434	5,360,516	2,622,081
Ultratest Craiova S.A.	38,109	38,109	-	-
Bahtco Invest S.R.L.	-	-	1,228,437	2,289,740
Medapt S.R.L.	-	-	832,033	832,033
RUR Medical S.R.L.	244,108	244,108	1,134,616	1,134,616
Transilvania Imagistica S.A.	-	-	173,789	83,060
Diamed Center S.R.L.	3,186,291	3,019,672	295,583	82,166
Stem Cells Bank S.A.	4,179,399	2,994,128	-	-
Dent Estet Clinic S.A.	103,489	29,329	158,370	117,693
Medlife Ocupational S.R.L.	55,990	55,990	-	-
Solomed Clinic S.A.	2,118,842	1,497,557	2,214,593	1,326,125
Clinica Polisano S.R.L.	3,878,070	2,578,089	3,281,882	1,643,340
Prima Medical S.R.L.	46,639	46,639	59,792	324,838
Aspen Laborator Dentar S.R.L.	947	2,422	-	5,335
Solomed Plus S.R.L.	1,156	1,156	1,219,049	978,995
Valdi Medica S.A.	840,797	607,214	142,168	91,437
Sfatul Medicului S.R.L.	187,954	179,046	57,641	8,046
Spital Lotus S.R.L.	266,482	290,033	193,998	390,791
Centrul Medical Micromedica S.R.L.	417,367	198,928	3,162,277	1,704,577
Onco Team Diagnostic S.R.L.	8,190	-	3,850,636	2,254,706
Badea Medical S.R.L.	(213)	-	14,714	51,398
RMC Medlife Holding Kft.	877	-	-	-
Centrul Medical Matei Basarab S.R.L.	187,762	105,171	-	-
CED Pharma S.R.L.	404	-	-	-
Pharmachem Distributie S.R.L.	4,388	4,570	2,569,420	3,338,587
Dent Estet Ploiesti S.R.L.	1,313	312	-	-
Expert Med Centrul Medical Irina S.R.L.	-	-	107,416	38,105
Krondent S.R.L.	1,104	-	-	-
Medica S.A.	-	-	10,180	-
Leti Farm 2000 S.R.L.	87	-	-	-
Monix Pharm S.R.L.	72	-	-	-
Stomestet S.R.L.	-	-	12,881	-
Costea Digital Dental S.R.L.	1,164	-	-	-
MNT Heathcare Europe S.R.L.	132,689	-	4,500	-
Pro Life Clinics S.R.L.	-	-	83,278	-
Onco Card S.R.L.	-	-	45,120	-
Tomorad Expert S.R.L.	-	-	4,550	-
Triamed S.R.L	-	-	3,610	-
Sanopass S.A.	13,680	-	2,659	-
Medici's S.R.L.	468,675	-	4,466	-
SC M-Profilaxis S.R.L.	396,356	-	-	-
Muntenia Medical Competences S.A.	-	-	8,677	-
Centrul de Diagnostic si Tratament Provita S.A.	-	-	314,213	-
Laborator Cuza Voda S.R.L.	49,375	-	-	-
Provita Pain Clinic S.A.	-	-	8,554	-
Dent Estet Genesys S.R.L.	689	-	-	-
Dentist 4 Kids S.R.L.	1,523	-	-	-
Green Dental Clinic S.R.L.	535	-	-	-
Marcu Nicolae	-	-	-	-
Life Finance G.I.E.	-	-	-	-
Nautic Life S.R.L.	-	-	-	2,616
DIETLIFE FOOD S.R.L.	278	206	-	-
BLACK SEA MAGIC S.R.L	9,500	10,290	-	-
DR. CRISTESCU I. MIHAELA-GABRIELA	-	24,839	116,429	58,400
Total	**37,546,876**	**21,898,256**	**71,259,012**	**50,153,824**

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

Other liabilities from related parties

On the Other liabilities account it is included the amount of RON 1,761,907 (31 December 2022: 1,761,907) in relation to Policlinica Diagnostic Rapid, please refer to Note 11.

Other receivables from related parties

On the Other assets it is included an intercompany amount with Pharmachem Distributie as a result of assigned receivables of RON 7,914,243 (31 December 2022: RON 7,914,243), after the acquisition took place in 2021. Also, the Other assets account includes an intercompany balance as a result of the sale made by Med Life SA to Dentestet Clinic SA for Dentalife Clinic in the amount of RON 5,802,829 and also the amount of RON 6,982,109, in relation to an intercompany investment that was transferred from Med Life SA to Polisano. Please refer to Note 7.

Loans granted to subsidiaries

	Outstanding balance of:			
	Loans granted to:		Interest receivable from:	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Valdi Medica S.A.	1,870,000	1,870,000	434,163	255,271
Policlinica de Diagnostic Rapid S.A.	11,689	12,050	-	-
Bahtco Invest S.R.L.	43,002,870	43,846,376	10,576,389	7,266,694
MedLife Ocupational S.R.L.	313,535	708,319	468,005	420,702
Vital Test S.R.L.	-	-	-	269
Stem Cells Bank S.A.	20,289,586	15,373,186	3,037,504	1,382,509
Clinica Polisano S.R.L.	21,710,245	28,380,363	6,985,186	4,555,198
Diamed Center S.R.L.	10,353,605	10,353,605	2,500,799	1,537,575
Ghencea Medical Center S.A.	-	60,000	-	14,310
Sfatul Medicului S.R.L.	4,210,500	3,376,500	642,819	288,468
Pharmalife Med S.R.L.	7,706,088	9,706,088	1,626,936	745,766
RMC Medlife Holding Kft.	1,094,412	346,318	80,345	41,421
CED Pharma S.R.L.	630,000	630,000	108,611	47,485
LETI Farm 2000 S.R.L.	103,270	103,270	17,388	7,783
Badea Medical S.R.L.	727,860	607,860	80,296	17,804
MNT Healthcare Europe S.R.L	5,790,384	4,490,384	219,806	93,923
Sanopass S.A.	4,326,101	4,326,101	469,568	67,238
Solomed Clinic S.A.	-	9,172,690	256,699	262,138
Sweat Concept One S.R.L.	14,810,430	12,420,140	1,876,212	231,077
Centrul de Diagnostic si Tratament Provita	9,195,630	-	148,191	-
Total	**146,146,205**	**145,783,250**	**29,528,917**	**17,235,631**

The balances of the loans granted to the affiliated parties also include the amount of RON 13,973,722 (2022: RON 13,239,277), values that are found in the statement of financial position on the line of Other financial assets.
Total interest income recognized in the period was in amount of RON 12,904,228.
Total interest expense recognized in the period was in amount of RON 978,475.
The management has calculated the impact of accounting for amortized cost and concluded that the ECL impact is not material.
No collateral is provided for loan contracts, for the amounts granted to related parties and the interest rates range between 2% and 6% for EUR and between 9% and 9.5% for RON.

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

Loans obtained from subsidiaries

	Outstanding balance of:			
	Loans obtained from:		Interest payable to:	
	December 31, 2023	December 31, 2022	December 31, 2023	December 2022
Pharmalife Med S.R.L.	-	-	-	-
Policlinica de Diagnostic Rapid S.A.	-	-	1,624	1,624
Policlinica de Diagnostic Rapid Medis S.R.L.	-	-	39,160	39,160
Med Life Broker de Asigurare si Reasigurare S.R.L.	159,000	159,000	62,481	47,693
Prima Medical S.R.L.	-	1,265,413	72,255	69,457
Almina Trading S.A.	1,900,000	900,000	120,963	11,732
Genesys Medical Clinic S.R.L.	6,731,769	5,323,000	648,285	57,243
Micromedica Bacau S.R.L.	-	1,200,000	32,288	4,613
Spitalul Lotus S.R.L.	-	3,484,000	297,907	69,189
Biotest Med S.R.L.	468,720	-	4,223	-
Total	**9,259,489**	**12,331,413**	**1,279,186**	**300,711**

No collateral is provided for loan contracts, for the amounts received from related parties and the interest rates range between 2% and 6% for EUR and between 9% and 9.5% for RON.

	Movement in:			
	Borrowings received		Reimbursments paid	
	2023	2022	2023	2022
Policlinica de Diagnostic Rapid Medis S.R.L.	-	-	-	-
Med Life Broker de Asigurare si Reasigurare	-	-	-	-
Policlinica de Diagnostic Rapid S.A.	-	-	-	-
Prima Medical S.R.L.	1,004,000	1,100,000	2,269,413	-
Pharmalife Med S.R.L.	-	-	-	-
Almina Trading S.A.	1,000,000	900,000	-	-
Genesys Medical Clinic S.R.L	2,408,769	5,323,000	1,000,000	-
Micromedica Bacau S.R.L.	-	1,200,000	1,200,000	-
Spitalul Lotus S.R.L.	3,740,000	3,484,000	7,224,000	-
Biotest Med S.R.L.	425,000	-	-	-
Total	**8,577,769**	**12,007,000**	**11,693,413**	**-**

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

	Movement in:			
	Borrowings granted		Reimbursments received	
	2023	2022	2023	2022
Bahtco Invest S.R.L.	6,047,601	4,547,459	6,955,141	2,129,592
Diamed Center S.R.L.	410,000	1,357,000	410,000	2,550,000
Ghencea Medical Center S.A.	-	-	60,000	40,000
MedLife Ocupational S.R.L.	-	7,500	394,783	400,000
Policlinica de Diagnostic Rapid S.A.	1,224	1,950	1,585	1,264
Pharmalife Med S.R.L.	650,000	6,775,500	2,650,000	6,615,500
Clinica Polisano S.R.L.	2,048,199	8,792	8,718,317	8,841
RMC Medlife Holding Kft.	755,122	4,693,000	7,028	145,000
Stem Cells Bank S.A.	4,916,400	500,000	-	-
Sfatul Medicului S.R.L.	1,298,000	-	464,000	-
Valdi Medica S.A.	8,446,000	-	8,446,000	-
Accipiens S.A.	-	607,860	-	-
Genesys Medical Clinic S.R.L.	-	4,520,580	-	30,196
CED Pharma S.R.L.	-	4,326,101	-	-
Leti Farm 2000 S.R.L.	-	9,630,690	-	458,000
Vital Test S.R.L.	-	12,420,140	-	-
Badea Medical S.R.L.	120,000	-	-	-
MNT Healthcare Europe S.R.L	1,300,000	-	-	-
Sanopass S.A.	-	-	-	-
Solomed Clinic S.A.	3,606,290	-	12,778,980	-
Sweat Concept One S.R.L.	2,390,290	-	-	-
Centrul de Diagnostic si Tratament Provita S.A.	9,195,630	-	-	-
Total	**41,184,756**	**49,396,572**	**40,885,835**	**12,378,393**

<u>Transactions with subsidiaries:</u>

Sales and purchases of services

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

	Sales		Purchases	
	2023	2022	2023	2022
Policlinica de Diagnostic Rapid S.A.	5,023,841	3,946,623	7,124,071	6,536,529
Policlinica de Diagnostic Rapid Medis S.R.L.	306,503	258,569	101,940	250,562
Bahtco Invest S.R.L.	-	-	16,828,005	15,990,768
Genesys Medical S.R.L.	3,332,912	2,793,137	3,522,767	3,048,826
Biotest Med S.R.L.	1,389,881	379,846	2,430,699	2,906,692
Centrul Medical Sama S.A.	1,002,300	732,177	2,738,434	2,243,886
Ultratest Craiova S.A.	688	1,442	-	-
Prima Medical S.R.L.	-	1,463	61,908	55,458
Diamed Center S.R.L.	166,619	183,319	228,417	262,406
Aspen Laborator Dentar S.R.L.	4,268	3,530	33,590	3,140
Almina Trading S.A.	1,535,149	1,429,549	731,781	944,408
Centrul Medical Panduri S.A.	584,785	482,771	4,119,219	3,266,206
Dentestet 4 Kids S.R.L.	17,633	14,035	-	-
Dent Estet Clinic S.A.	108,640	87,671	624,016	336,647
Green Dental S.R.L.	2,931	1,809	-	-
Clinica Polisano S.R.L.	1,300,355	1,070,989	1,765,663	1,445,531
Solomed Clinic S.A.	621,285	693,250	888,469	840,336
Anima Speciality Medical Services S.R.L.	398,350	341,307	2,431,436	2,783,727
Stem Cells Bank S.A.	1,026,813	1,164,561	-	-
Valdi Medica S.A.	713,171	432,727	191,461	102,383
Sfatul Medicului S.R.L.	8,910	9,545	99,405	24,266
Pharmalife Med S.R.L.	-	-	289,831	410,893
Centrul Medical Micromedica S.R.L.	218,440	159,328	1,457,691	1,365,979
Onco Team Diagnostic S.R.L.	8,190	12,000	3,841,300	2,667,449
Spital Lotus S.R.L.	1,863,815	1,918,897	418,383	317,559
Centrul Medical Matei Basarab S.R.L.	82,595	60,891	-	-
Dent Estet Ploiesti S.R.L.	7,463	2,930	-	-
CED Pharma S.R.L.	5,238	4,806	2,091	-
Leti Farm 2000 S.R.L.	1,033	1,029	492	2,699
Monix Pharm S.R.L.	861	860	-	10,957
KronDent S.R.L.	12,204	4,317	-	-
Costea Digital Dental S.R.L.	11,580	2,173	-	-
Pharmachem Distributie S.R.L.	53,300	39,305	5,088,903	-
SC M-Profilaxis S.R.L.	301,758	94,598	144,121	4,293,257
Badea Medical S.R.L.	-	-	148,772	-
Transilvania Imagistica S.A.	-	-	90,729	68,825
Histo S.R.L.	-	-	92,111	53,341
Solomed Plus S.R.L.	-	-	-	88,862
Tomorad Expert S.R.L.	-	-	3,073	271,974
OptiCristal Consult S.R.L.	-	-	-	1,479
Centrul de Diagnostic si Tratament Provita S.A.	4,050	-	314,213	10,264
Dent Estet Genesys S.R.L.	4,160	-	-	-
Medici's S.R.L.	491,526	-	111,175	-
Laborator Cuza Voda S.R.L.	39,991	-	-	-
Muntenia Medical Competences S.A.	144,168	-	13,633	-
MNT Healthcare Europe SRL	132,690	-	-	-
Triamed S.R.L.	-	-	2,950	-
Sanopass S.A.	51,835	-	14,771	-
Policlinica Union S.R.L.	74,749	-	26,736	-
Solomed Plus S.R.L.	-	-	240,056	-
Provita Pain Clinic S.A.	-	-	8,717	-
Onco Card S.R.L.	-	-	45,120	-
Medica S.A.	-	-	10,180	-
Medicris S.R.L.	-	-	5,676	-
Biofarm Farmec S.R.L.	-	-	-	-
Pro Life Clinics S.R.L.	-	-	127,300	-
Expert Med Centrul Medical Irina S.R.L.	-	-	81,619	-
Stomestet S.R.L.	-	-	20,862	-
DIETLIFE FOOD S.R.L.	2,840	2,486	-	-
BLACK SEA MAGIC S.R.L	9,500	-	-	22,522
LIFE RESORT S.R.L.	-	-	80,115	-
NAUTIC LIFE	-	-	-	-
MARCU NICOLAE	-	-	-	-
DR. CRISTESCU I. MIHAELA-GABRIELA	-	-	700,800	700,800
Life Finance G.I.E.	-	-	2,988	-
Total	**21,067,020**	**16,331,940**	**57,305,689**	**51,328,631**

Sales of business transfer and investments

During 2023, Med Life SA has sold to Dentestet Clinic SA the Stomatology Division, in the amount of RON 5,802,829 and also sold an investment to Polisano in the the amount of RON 6,982,109.

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

24. TAXATION

	December 31, 2023	December 31, 2022
Current income tax expense	-	2,196,569
Deferred tax income	2,146,900	-
Total income tax expense / (income)	**(2,146,900)**	**2,196,569**
Profit before tax	**14,586,903**	**5,803,563**
Tax expense using the statutory rate of 16%	2,333,905	928,570
Fiscal effect of non-deductible expenses	1,495,334	1,267,999
Fiscal effect of non-taxable income	(3,920,620)	-
Fiscal effect of deductible legal reserve	-	-
Sponsorship/other compensation	-	-
Reinvested profit and other fiscal facilities	-	-
Adjustments in respect of current income tax of previous years	-	-
Other elements (including different fiscal treatment)	(2,055,518)	-
Deferred tax income	-	-
Income tax for the current year	**(2,146,900)**	**2,196,569**
Income tax to comprehensive income	-	-
Income tax to profit or loss – Expense / (Income)	**(2,146,900)**	**2,196,569**

	December 31, 2023	December 31, 2022
Income tax liabilities as at January 1	980,993	122,115
Income tax paid in the current year	(883,444)	(1,337,691)
Income tax payable in the current year	-	2,196,569
Current tax liabilities	**97,549**	**980,993**

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

Components of deferred tax	December 31, 2023	Change in deferred tax	December 31, 2022
Deferred tax assets			
Non-current assets	-	-	-
Amount related to untaken holidays provisions	446,468	(812,066)	1,258,534
Total deferred tax asset	**446,468**	**(812,066)**	**1,258,534**

Deferred tax liability	December 31, 2023	Change in deferred tax	December 31, 2022
Other elements	104,870	-	104,870
Revaluation reserve	17,247,468	(2,958,966)	20,206,435
Total deferred tax liability	**17,352,338**	**(2,958,966)**	**20,311,305**
Net deferred tax liability	**16,905,872**	**(2,146,900)**	**19,052,772**

Components of deferred tax	December 31, 2022	Change in deferred tax	December 31, 2021
Deferred tax assets			
Non-current assets	-	-	-
Amounts that refer to the provision for untaken holidays	1,258,534	-	1,258,534
Total deferred tax asset	**1,258,534**	**-**	**1,258,534**

Deferred tax liability	December 31, 2022	Change in deferred tax	December 31, 2021
Other elements	104,870	-	104,870
Revaluation reserve	20,206,435	7,595,359	12,611,076
Total deferred tax liability	**20,311,305**	**7,595,359**	**12,715,946**
Net deferred tax liability	**19,052,772**	**7,595,359**	**11,457,413**

The Company 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.

25. CAPITAL MANAGEMENT

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

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

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

The Company is the Parent entity of MedLife Company. The Company 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 Company'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 Company as a buffer to protect the Company in case of variations in performance that could impact the established activities. The Company 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 Company's equity for the activities and exposures the Company analyses the ratio of loans payable net of cash to total equity as presented in the following table:

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

	December 31, 2023	December 31, 2022
Interest-bearing loans and borrowings without overdraft	638,998,326	540,197,077
Cash and cash equivalents	10,201,516	15,141,431
Loans payable net of cash	628,796,810	525,055,646
Total Equity	**324,240,259**	305,277,285
Ratio Loans payables net of cash to total Equity	**1.94**	**1.72**

The medium-term aim of the Company 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.

26. RISK MANAGEMENT

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's internal controls, regulatory compliance and risk management.

In the course of its business the Company is exposed to a number of financial risks, including credit, interest rate, liquidity and foreign currency risks. This note presents the Company'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 Company's financial risks with the aim to control and manage the Company'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 and other receivables and other financial assets, as well as intercompany loans. The Company's cash equivalents and short-term deposits are placed with reputable financial institutions with a high credit rating in Romania.

Trade receivables are represented net of the allowance for expected credit losses. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Company's customer base, which consists mainly of both individuals and companies. Around 62% of the total sales are cash-based with remaining being based on issuance of invoices. The financial condition of these customers in relation to their credit standing is evaluated on an ongoing basis.

The Company 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 Company has established an internal Collection department which actively monitors encashments received from customers.

The gross carrying amounts of financial assets (before credit loss allowances) included in the statement of financial position represent the Company's maximum exposure to credit risk in relation to these assets. The Company has only 10% of its sales during 2022 deriving from the treatment of NHIH insured patients (concentration of credit risk) – reliance on major customers.

At 31 December 2023 and 31 December 2022, the Company did not consider there to be a significant concentration of credit risk. Please see Note 7 and Note 23 for further details regarding credit risks of trade and other receivables, loans granted and expected credit loss allowance and also 3.11.1 Financial assets, for further details of accounting policies used by the Company.

(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 Company 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 lease contracts (which refer to rent of buildings, equipment and vehicles) have been considered for the sensitivity on interest rate computation. These amounts which were included in the analysis cover more than 80% of the total outstanding balances for both borrowings and leases.

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

-

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.

If interest rates had been 10% per cent higher and all other variables were held constant, the Company's profit for the year ended 31 December 2023 would decrease by RON 4,589,955 RON (2022: decrease with RON 1,868,471). An equal positive variance would occur for a 10% decrease of interest rate. This is mainly attributable to the Company's exposure to interest rates on its borrowings and leases.

Amounts exposed to interest rate risk

LIABILITIES	**Total**	**Out of which included in the sensitivity analysis**		**%**	**Interest expenses per year at the current interest rate for the selected portion**	**Interest expenses per year at the interest rate increased by 10% for the selected portion**	**Variation that affects the profit and loss account when the interest rate increases by 10%**
2023							
Overdraft	9,949,200						
Short-Term and Long-Term portions of loans	638,998,326	Club loan	635,141,580	98%	33,100,550	36,410,605	3,310,055
Short-Term and Long-Term portions of leases	55,529,355	Contracts that refer to rent of buildings, equipment and vehicles which fall under IFRS 16	47,806,393	86%	2,421,187	3,661,052	1,239,865
2022							
Overdraft	9,894,800						
Short-Term and Long-Term portions of loans	540,197,077	Club loan	540,061,143	98%	14,254,294	15,679,724	1,425,429
Short-Term and Long-Term portions of leases	76,413,888	Contracts that refer to rent of buildings, equipment and vehicles which fall under IFRS 16	65,849,672	86%	2,576,297	3,019,338	443,042

	December 31, 2023	**December 31, 2022**
Profit or loss and Equity	4,549,920	1,868,471

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the executive committee, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Loans granted to related parties are not used to manage liquidity risk of the Company.

The following table details the Company'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 Company 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 rate	Carrying amount	Total	Year 1	Year 2	Year 3	Year 4	Year 5	> Year 5
Non-interest bearing instruments									
Trade payables		160,343,456	160,343,456	160,343,456	-	-	-	-	-
Interest bearing instruments									
Overdraft		9,949,200	9,949,200	9,949,200	-	-	-	-	-
Club Loan	EURIBOR 6M / ROBOR 6M + margin	638,998,326	813,581,223	79,433,224	112,189,812	82,708,765	87,382,023	120,709,228	331,158,170
Lease contracts		55,529,355	59,393,369	25,292,634	15,261,828	8,145,504	5,504,406	4,469,790	719,206
Total		**864,820,337**	**1,043,267,248**	**275,018,514**	**127,451,640**	**90,854,269**	**92,886,429**	**125,179,019**	**331,877,376**

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		122,505,239	122,505,239	122,505,239	-	-	-	-	-
Interest bearing instruments									
Overdraft		9,894,800	9,894,800	9,894,800	-	-	-	-	-
Club Loan	EURIBOR 6M / ROBOR 6M + margin	540,197,077	667,316,208	53,306,387	57,462,984	71,121,905	58,756,129	64,789,076	361,879,727
Lease contracts		76,413,888	82,481,117	27,085,437	17,702,598	12,923,679	8,640,372	6,622,499	9,506,532
Total		**749,011,004**	**882,197,364**	**212,791,863**	**75,165,582**	**84,045,584**	**67,396,501**	**71,411,574**	**371,386,259**

(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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

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

2023	**RON**	**1 EUR = 4.9746 RON**	**Total**
ASSETS			
Cash and cash equivalents	9,416,793	784,723	10,201,516
Trade receivables	87,202,024	-	87,202,024
Receivables from group companies	148,694,706	13,053,110	161,747,816
Long-term loans to group companies	-	13,973,722	13,973,722
Other long term receivables	1,851,958	-	1,851,958
LIABILITIES			
Trade payables	160,343,456	-	160,343,456
Overdraft	-	9,949,200	9,949,200
Other long term debt	-	-	-
Short-Term and Long-Term portions of loans	0	638,998,326	638,998,326
Short-Term and Long-Term portions of financial leasing	479,350	55,050,005	55,529,355
Payables to group companies	10,538,675	-	10,538,675

2022	**RON**	**1 EUR = 4.9474 RON**	**Total**
ASSETS			
Cash and cash equivalents	14,318,149	823,282	15,141,431
Trade receivables	66,525,981	-	66,525,981
Receivables from group companies	138,107,539	11,672,060	149,779,599
Long-term loans to group companies	-	13,239,277	13,239,277
Other long term receivables	1,705,883	-	1,705,883
LIABILITIES			
Trade payables	122,505,239	-	122,505,239
Overdraft	-	9,894,800	9,894,800
Other long term debt	-	-	-
Short-Term and Long-Term portions of loans	2,602	540,194,475	540,197,077
Short-Term and Long-Term portions of financial leasing	491,689	75,922,198	76,413,888
Payables to group companies	12,632,124	-	12,632,124

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

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 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	67,618,598	60,027,685

(e) Sustainability

The Company 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 Company's electricity and energy use, or other compliance costs.

The Company 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 Company is concerned with the reduction energy consumption through implementation energy efficiency measures. Over time the Company 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 Company 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 Company'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 the Company consumes water that is captured exclusively from the public network. The Company 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 the Company 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 analysed 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 Company 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.

The Company 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 Company 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 separate financial statements as of December 31, 2023.

(g) Macroeconomic environment

The economic context at national and international level that may negatively influence the Company'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 next year. 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 Company'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 Company 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 Company level, brings sufficient confidence over the value of the assets held, being stated at their current fair value less accumulated depreciation in these financial statements.

The Company revises quarterly its sensitivities to interest rates and foreign currency fluctuations. At the date of these financial statements, the Company 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.

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments in the statement of financial positioninclude 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 at the end of 2022, 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 Company debt position exposure.

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

At level 3 of the fair value hierarchy, the Company 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	10,201,516	10,201,516	10,201,516	-	-
Trade Receivables	Amortized cost	87,202,024	87,202,024	-	-	87,202,024
Other financial assets	Amortized cost	15,825,680	15,825,680	-	-	15,825,680
LIABILITIES						
Trade and other payables	Amortized cost	160,343,456	160,343,456	-	-	160,343,456
Overdraft	Amortized cost	9,949,200	9,949,200	-	-	9,949,200
Other long term debt	Amortized cost	-	-	-	-	-
Lease liability	Amortized cost	55,529,355	55,529,355	-	-	55,529,355
Long term debt	Amortized cost	638,998,326	638,998,326	-	-	638,998,326

Recognised fair value measurements

Fair value hierarchy
This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 3.20.
According to the Company'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	-	-	222,570,260

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 Company 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.

28. COMMITMENTS AND CONTINGENCIES

Contingent liabilities are not recognized in the separate 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 separate 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 Company 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 Company has to provide primary medical services to National House's insured citizens.

BCR issued letters of warranties in the favour of Med Life S.A. in amount of RON 6,774,165, out of which 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.

In Romania the statute of limitation for tax controls (audits) is of 5 years. During 2021, the Company had a tax control which covered period from 2016 to 2020. The control was finalised during 2021 and the results were booked in accounting. 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 Company 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 Company is confident that, if required, they will submit the necessary information in due time to the fiscal authorities. Transactions with related parties and company companies are carried out on the basis of the market value principle.

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

29. FEES TO AUDITORS

Starting with 2021, the auditor of the Company 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, 2022 of Med Life SA prepared in accordance with IFRS in line with the provisions of Ministry of Finance Order number 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 number 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.

30. EVENTS AFTER THE BALANCE SHEET DATE

Increase in loan facilities

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.

There were no other significant events subsequent to December 31, 2023.

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

31. ALTERNATIVE PERFORMANCE MEASURES (APMs)

The Company uses some alternative performance measures (APMs) not defined in IFRS to provide information to assess the Company'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:

	For the period ended December 31,	
	2023	**2022**
Revenue from contracts with customers (Note 17)	**636,435,030**	**586,566,266**
Net income / (loss) for the period	16,733,803	3,606,994
Add back		
Income tax expense / (income) (Note 24)	(2,146,900)	2,196,569
Net financial result (Note 22)	30,970,503	17,684,700
Depreciation (Note 5)	62,185,124	57,865,833
EBITDA	107,742,531	81,354,096
EBITDA MARGIN	17%	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 separate statement of financial position, theseparate statement of comprehensive income, the separate statement of changes in equity, the separate statement of cash flows and notes, were approved on March 29, 2024.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO