



SISTEMUL MEDICAL  
**MedLife**

**CONSOLIDATED ADMINISTRATORS' REPORT  
MED LIFE GROUP**

**YEAR ENDED 31 DECEMBER 2022**

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## 1. Presentation of the Group

Med Life S.A. ("MedLife" or the "Parent Company", or the "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania, with its headquarters in Bucharest, 365, Calea Grivitei, with a share capital of RON 33,217,623, with a nominal share value of 0.25 RON.

The Company's activity resides in the performance of healthcare services activities through medical centres with national coverage.

MedLife, together with its subsidiaries ("MedLife Group" or the "Group"), is offering a large range of medical service, with a network of 34 hyperclinics, 64 clinics, 11 hospitals – located in Bucharest, Arad, Sibiu, Brasov, Cluj and Ploiesti, 36 laboratories, 23 pharmacies and 18 dental clinics. The Group has also more than 170 private clinic partners around Romania.

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

List of the entities part of MedLife Group as at 31 December 2022 and 1 January 2022 are presented below: (ownership percentage):

No.	Entity	Main activity	Location	31 December 2022	1 January 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	50%	50%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66%	66%
5	Bahtco Invest SA	Development of building projects	Bucharest, Romania	100%	100%
6	Med Life Occupational SRL	Medical Services	Bucharest, Romania	100%	100%
7	Pharmalife-Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
8	Med Life Broker de Asigurare si Reasigurare SRL	Insurance broker	Bucharest, Romania	99%	99%
9	Accipiens SA	Rental activities	Arad, Romania	83%	73%
10	Genesys Medical Clinic SRL (indirect)*	Medical Services	Arad, Romania	83%	73%
11	Bactro SRL (indirect)*	Medical Services	Deva, Romania	83%	73%
12	Transilvania Imagistica SA (indirect)*	Medical Services	Oradea, Romania	83%	73%
13	Biofarm Farmec SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Arad, Romania	100%	100%
14	RUR Medical SA (indirect)*	Medical Services	Brasov, Romania	83%	83%
15	Biotest Med SRL	Medical Services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical Services	Iasi, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	90%
18	Ultratest SA (direct si indirect)*	Medical Services	Craiova, Romania	92%	92%
19	Diamed Center SRL	Medical Services	Bucharest, Romania	100%	100%
20	Prima Medical SRL	Medical Services	Craiova, Romania	100%	100%
21	Stem Cells Bank SA	Medical Services	Timisoara, Romania	100%	100%
22	Dent Estet Clinic SA	Dental healthcare	Bucharest, Romania	60%	60%
23	Green Dental Clinic SRL (indirect)*	Dental healthcare	Bucharest, Romania	31%	31%
24	Dentist 4 Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	60%	60%
25	Dent A Porter SRL (indirect)*	Dental healthcare	Bucharest, Romania	31%	31%
26	Dentestet Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	32%	32%
27	Aspen Laborator Dentar SRL (indirect)*	Dental healthcare	Bucharest, Romania	45%	45%
28	Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	100%	100%

No.	Entity	Main activity	Location	31 December 2022	1 January 2022
29	Almina Trading SA	Medical Services	Targoviste, Romania	90%	80%
30	Anima Specialty Medical Services SRL	Medical Services	Bucharest, Romania	100%	100%
31	Anima Promovare si Vanzari SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
32	Valdi Medica SA	Medical Services	Cluj, Romania	55%	55%
33	Clinica Polisano SRL	Medical Services	Sibiu, Romania	100%	100%
34	Solomed Clinic SA	Medical Services	Pitesti, Romania	80%	80%
35	Solomed Plus SRL (indirect)*	Medical Services	Pitesti, Romania	80%	80%
36	Ghencea Medical Center SA	Medical Services	Bucharest, Romania	100%	100%
37	Sfatul medicului SRL	Medical Platform	Bucharest, Romania	100%	100%
38	RMC Dentart (indirect)*	Dental healthcare	Budapesta, Ungaria	81%	51%
39	RMC Medical (indirect)*	Medical Services	Budapesta, Ungaria	81%	51%
40	RMC Medlife	Holding	Budapesta, Ungaria	81%	51%
41	Badea Medical SRL	Medical Services	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SA	Medical Services	Bucharest, Romania	79%	75%
43	Centrul medical Micromedica SRL	Medical Services	Piatra Neamt, Romania	100%	100%
44	Micromedica Targu Neamt SRL (indirect)*	Medical Services	Targu Neamt, Romania	100%	100%
45	Micromedica Bacau SRL (indirect)*	Medical Services	Bacau, Romania	100%	100%
46	Micromedica Roman SRL (indirect)*	Medical Services	Roman, Romania	100%	100%
47	Medrix Center SRL (indirect)*	Medical Services	Roznov, Romania	100%	100%
48	Spitalul Lotus SRL	Medical Services	Ploiesti, Romania	100%	100%
49	Labor Maricor SRL (indirect)*	Medical Services	Bacau, Romania	100%	100%
50	Centrul Medical Matei Basarab SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
51	Pharmachem Distributie SRL	Distribution of Pharmaceutical Products	Bucharest, Romania	75%	75%
52	CED Pharma SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
53	Leti Pharm 2000 SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
54	Monix Pharm SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
55	KronDent SRL (indirect)*	Dental healthcare	Brasov, Romania	36%	36%
56	Medica SA	Medical Services	Sibiu, Romania	60%	60%
57	Dent Estet Ploiesti SRL (indirect)*	Dental healthcare	Ploiesti, Romania	31%	31%
58	The Lab Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	36%	36%
59	Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	36%	36%
60	Stomestet Plus SRL (indirect)*	Dental healthcare	Cluj, Romania	36%	36%
61	Costea Digital Dental SRL (indirect)*	Dental healthcare	Oradea, Romania	36%	36%
62	Expert Med Centrul Medical Irina (indirect)*	Medical Services	Galati, Romania	76%	76%
63	MNT Healthcare Europe SRL	Medical Services	Ifov, Romania	50%	0%
64	MNT Asset Management SRL (indirect)*	Holding	Bucharest, Romania	50%	0%
65	Clinica Life-Med SRL (indirect)*	Medical Services	Bucharest, Romania	100%	0%
66	Pro Life Clinics SRL (indirect)*	Medical Services	Iasi, Romania	60%	0%
67	Onco Card SRL (indirect)*	Medical Services	Brasov, Romania	83%	0%
68	Onco Card Invest SRL (indirect)*	Holding	Brasov, Romania	83%	0%
69	Tomorad Expert SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66%	0%

No.	Entity	Main activity	Location	31 December 2022	1 January 2022
70	IT Repair SRL (indirect)*	Medical Services	Targu Mures, Romania	50%	0%
71	Medici's SRL *	Medical Services	Timisoara, Romania	80%	0%
72	Micro-Medic SRL *	Medical Services	Timisoara, Romania	80%	0%
73	Sweat Concept One SRL *	Wellness	Bucharest, Romania	60%	0%
74	OptiCristal Consult SRL (indirect)*	Medical Services	Brasov, Romania	50%	0%
75	Alinora Optimex SRL (indirect)*	Medical Services	Brasov, Romania	50%	0%
76	Medicris SRL (indirect)*	Medical Services	Oradea, Romania	83%	0%
77	Triamed SRL (indirect)*	Medical Services	Oradea, Romania	83%	0%
78	SC M-Profilaxis SRL (indirect)*	Medical Services	Timisoara, Romania	80%	0%
79	VitaCare Flav SRL (indirect)*	Medical Services	Pitesti, Romania	80%	0%
80	Dent Estet Genesys SRL (indirect)*	Medical Services	Arad, Romania	71%	0%
81	Aspire Dental SRL (indirect)*	Dental healthcare	Bucharest, Romania	60%	0%
82	Sanopass SA	Medical Platform	Targoviste, Romania	51%	0%

\*These companies are subsidiaries in 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

## Business Model

MedLife Group business model is focused on providing medical services to clients, both natural and legal persons. The Group seeks to capture the private healthcare spending of these clients throughout all stages of the medical act: prevention, diagnosis and treatment, by offering a wide range of medical services delivered in modern, high-quality facilities, by professional teams of doctors, nurses and support personnel. The Group places great emphasis on the quality of the services offered to its patients, operating an IT infrastructure and customer service and sales operations that has served over 5.5 million unique patients, representing over 1 in 4 Romanians.

The Group divides its operations into six main business lines:

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

The Group has a portfolio of over 800,000 HPPs patients.

The HPPs offered by the Group consist of the following:

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

- **Clinics:** The Clinics business line includes the Group's ambulatory clinics and diagnostic imaging services. Clinics offer general practitioner and specialist consultations, diagnostic imaging services, and some of the clinics also offer day-inpatient services.

The Group's clinics provide a wide range of services delivered mainly in two formats:

- **Hyper clinics**, a format pioneered by the Group in Romania, consisting of large facilities with more than 20 medical offices and surface areas of more than 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 inhabitants. Hyper clinics would usually include on site a broad range of imaging services such as 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 or pharmacies.
- **Clinics**, offering a range of treatments from general practitioner services to specialists, are aimed at servicing the core needs of the Group's HPP patients, but also FFS patients and patients opting for services subsidised by the National Health Insurance House. The Group's clinics typically have between 5 and 12 medical offices, although smaller satellite clinics are in operation to address specific market situations. Clinics are designed for smaller cities or to serve specific

concentrations of patients. Clinics, with limited capacity and generally limited imaging services, act as feeder networks for the more specialized services located in the hyper clinics.

- **Laboratories:** The Laboratories business line provides a range of services: biochemistry, pathological anatomy (cytology and histology), molecular biology and genetics, haematology, immunology, microbiology and toxicology. Sampling points are locations where the Group collects blood and other samples from patients. The Laboratories business line sources the majority of its revenue from FFS patients.
- **Hospitals:** The Hospitals business line covers the Group's inpatient activities, which consist of a wide range of medical and surgical specializations. The 11 hospitals of the group are located in Arad, Bucharest, Brasov, Cluj, Sibiu and Ploiesti. The Group holds 8 inpatient hospital licenses, which encompass the business line's activities. One of the licences was issued for one hospital unit and 3 other external sections. In addition to these, the Group was granted licenses for three additional day-inpatient units, which operate within Clinic locations and provide only day-inpatient services (i.e. Iași, Craiova and Timișoara). The financial results from these three day-inpatient services are accounted for in the Clinics division. The Group regards these units as functional parts of the hyper clinics located in Iași, Craiova and Timișoara. The Hospitals business line derives its revenue predominantly from FFS patients. Treatment of State insured patients by the NHIH, generally relates to maternity, gynecology, cardiology and oncology.
- **Pharmacies:** The Pharmacies business line offers prescription, over the counter and other related medical products in 23 pharmacies opened mainly within the Group's clinics or their proximity.
- **Stomatology:** The Stomatology business line provides a wide range of dental services from simple check-ups to complicated surgeries. Stomatology business line is not subject to NHIH allocations, all the sales being FFS.

In addition to these 6 main business lines, MedLife Group, through the acquisitions performed, includes a pharmaceutical distribution company, Pharmachem. It is one of the leading pharmaceutical distribution companies based in Romania, with total Sales of RON 176 million in 2022. With a strong focus on providing high-quality healthcare products and services, the company plays a critical role in the country's pharmaceutical supply chain. By partnering with a diverse range of suppliers, Pharmachem Distribuție SA ensures that pharmacies and other healthcare providers have access to a wide array of medications and medical supplies to meet the needs of their patients.

As a pharmaceutical distribution company, Pharmachem Distribuție SA is responsible for the storage, handling, and transportation of pharmaceutical products from manufacturers to the end-users. This involves complying with strict regulatory guidelines and maintaining a high level of quality control to guarantee the safety and efficacy of the products they distribute.

In 2022 MedLife completed the acquisition of Sweat Concept gyms, marking the entry on a new business line, wellness, which complements the complex medical services offered nationwide. Sweat will develop rapidly in the coming years throughout the country in order to capture synergies with the corporate business line.

## 2. 2022 Developments

The results for 2022 confirm the efforts of MedLife Group to consolidate services at a national level, with a focus on medical excellence and improving patient satisfaction.

Despite the economic turbulence and the visible impact of high inflation on the business environment, MedLife Group was able to continue its plan of growth and expansion. The Group completed 13 significant transactions and developed seven projects organically, thus strengthening its expertise in integrated medical services and niche services. The group significantly consolidated its position in the oncology area, which is less sensitive to market turbulence, and the wellness area, where it has high expectations due to the change in the fiscal regime, even though it entered a company in the scale-up zone.

### 2.1. Acquisitions completed in 2022

In 2022, MedLife Group increased its participation in certain subsidiary companies and also signed contracts for the acquisition of share capital of the following companies:

- Acquisition of 50% shares in MNT Healthcare Europe (Neolife), in February 2022;
- Acquisition of 50% shares in MNT Asset Management (Neolife), in February 2022;
- 10% subsequent acquisition of shares in Almina Trading in February 2022;
- 10% subsequent acquisition of shares in Genesys Medical Clinic in March 2022;
- Acquisition of 100% shares in Life Med Clinic in March 2022;
- Acquisition of 60% shares in Pro Life Clinics in April 2022;
- Acquisition of 100% shares in Oncocard, in May 2022;
- Acquisition of 100% shares in Oncocard Invest, in May 2022;
- Acquisition of 100% shares in Tomorad Expert, in May 2022;

- 4% subsequent acquisition of shares in Oncoteam Diagnostic in April 2022;
- 30.32% subsequent acquisition of shares in RMC Group in April and May 2022;
- Acquisition of 100% shares in Medicris and Triamed, in June 2022.
- Acquisition of 60% shares in IT Repair, in June 2022;
- Acquisition of 80% shares in SC M-Profilaxis SRL, in June 2022.
- Acquisition of 60% shares in Clinica Opticristal and Alinora Optimex, in July 2022.
- Acquisition of 51% shares in SanoPass, in September 2022.
- Acquisition of 60% shares in Sweat Concept gyms network, in September 2022;
- Acquisition of 80% shares in Medici's and Micro-Medic, in October 2022;
- Acquisition of 99.67% shares in Muntenia Medical Competences SRL, in July 2022 (transaction approved by the Competition Council and completed in January 2023);
- Acquisition of 51% shares in Provita Group, in October 2022 (approved by the Competition Council, in process of closing at the date of the reporting).

#### **Completing the acquisition of 50% of Neolife shares**

On 23 February 2022, MedLife has completed the acquisition of 50% shares in Neolife Romania's oncology centers, following its approval by the Competition Council. Thus, MedLife Group consolidates its integrated diagnostic and oncological treatment services through the 4 Neolife medical centers in Bucharest (2), Iasi and Brasov. Currently Neolife is opening two more oncological medical centers in Braila and Valcea.

#### **Increased participation in Genesys Medical Clinic and Almina Trading**

In the first quarter of 2022 MedLife announced the increase of the participation by 10% in each of the two subsidiaries of the group, Genesys and Almina.

#### **Acquisition of Life Med Clinic**

In March 2022, MedLife Group completed the acquisition of 100% shares in Life Med Clinic. The company was integrated under Sfanta Maria network, part of MedLife Group.

Life Med is one of the largest private providers of outpatient medical services under contract with NHIH, covering 24 specialties. Life Med offers comprehensive diagnostic and treatment services from consultations, clinical investigations to laboratory tests for over 130,000 patients annually.

#### **Acquisition of Pro Life Clinics**

In April 2022, MedLife Group completed the acquisition of 60% shares in Pro Life Clinics; the new company was integrated under Sfanta Maria network.

Pro Life Clinics has been operating on the private medical services market in Iasi for over 13 years and offers outpatient medical services that integrate 19 medical specialties: from allergology and clinical immunology, dermatology and cardiology, to endocrinology, medical imaging, internal medicine, neurology.

#### **Acquisition of OncoCard Hospital in Brasov**

In May 2022, MedLife Group finalized the acquisition of OncoCard Hospital in Brasov after the approval of the transaction by the Competition Council. This is one of the most important transactions of the first half of this year that comes to consolidate with Neolife - the area of oncology and radiotherapy, in accordance with the strategic objectives set by MedLife and announced to shareholders.

#### **Expanding operations in the center of the Country**

In May and June 2022, MedLife Group completed the acquisition of 100% shares in Tomorad Expert - Diagnostic and Imaging Medical Center from Sfantu Gheorghe and of 60% shares of the Gastroenterology Medical Center from Targu Mures, thus consolidating its position in the Center of the Country.

#### **Acquisition of Medicris Group in Oradea**

In June 2022, MedLife Group completed the acquisition of 100% shares in Medicris Oradea Group, the largest center of occupational health and related services in Bihor County, which is present for over 20 years on the private medical services market in Oradea and offers outpatient medical services that integrate 9 medical specialties: occupational health, ophthalmology, internal medicine, ENT, psychology and others.

#### **Acquisition of Profilaxis Center in Timisoara**

In June 2022, MedLife Group completed the acquisition of 80% shares in SC M-Profilaxis SRL, one of the top polyclinics in Timisoara. The company was integrated under Sfanta Maria brand, through which the network expands its presence in the western part of the country.

Profilaxis Timisoara has an experience of almost 25 years on the local market and is one of the most well-known medical operators in Timisoara, which provides patients with complete prevention and prophylaxis services. The medical unit integrates occupational health, outpatient services, day hospitalization department and an important portfolio of subscribers.

### **Acquisition of Opticristal clinic in Brasov**

In July 2022, MedLife Group completed the acquisition of 60% shares in the ophthalmological diagnosis and surgery clinic Opticristal in Brasov. The transaction, carried out by Policlinica de Diagnostic Rapid (PDR), comes in addition to the medical services offered in the regional hub developed by MedLife in Brasov County, which thus reaches 16 medical units.

### **Acquisition of SanoPass digital platform**

In September 2022, MedLife completed the acquisition of 51% shares in SanoPass digital platform, one of the most active Romanian startups in the health-tech area, which offers subscription and individual medical, wellness and fitness services. SanoPass digital platform unifies and facilitates access to health and fitness, offering access to over 1,200 private clinics, both local and large networks, and over 200 fitness rooms in Romania and the Republic of Moldova. Through this national partnership network, SanoPass provides medical and fitness services for 50,000 subscribers.

### **Acquisition of Sweat Concept gyms**

In September 2022, MedLife completed the acquisition of 60% shares in Sweat Concept, thus marking the entry into a new line of business - wellness, which complements the complex medical services offered nationwide.

### **Acquisition of Medici's Group**

In October 2022, MedLife completed the acquisition of 80% shares in Medici's Group, the most important local medical operator in the western region. The transaction marks a strong consolidation in the western part of Romania and aims to transform Timisoara into one of the strongest regional health hubs in the next 2-3 years.

### **Acquisition of Muntenia Medical Competences**

On 14 July 2022, MedLife Group announced the acquisition of 99.76% shares in Muntenia Medical Competences S.A. The acquisition was completed in 2023, after the fulfillment by both parties of conditions precedent to Closing, including the approval by the Competition Council.

### **Acquisition of of Provita Group**

On 5 October 2022, MedLife announced the acquisition of 51% shares in Provita Group. The transaction marks the consolidation of diagnostic and treatment services at the national level. In Bucharest, Provita Group is present with a multidisciplinary hospital, two imaging centers equipped with the latest technology, a laboratory where a wide range of analyzes and medical tests can be processed, as well as a pain therapy training center, the only one in Central and Eastern Europe, approved by the European Society of Regional Anesthesia and Pain Therapy.

In the immediately following period, Provita will also develop in other big cities in the country, the first targeted city being Suceava where the Group will inaugurate a specialized clinic, the key areas being interventional pain therapy and complete screening for breast pathology. As at the date of this reporting, transaction was approved by the Competition Council and closing of the transaction is currently in progress.

## **2.2. Organic growth**

### **Organic development - MedLife Targu Mures Hyperclinic**

In June 2022, MedLife inaugurated the first large medical clinic in Targu Mures. The new multidisciplinary unit provides patients in the center and north of the country with 16 medical and surgical specialties for consultations, investigations and minor surgeries, ensuring an integrated circuit of investigation, diagnosis and treatment.



### 3. Credit facilities contracted by the Group

	December 31, 2022	January 1, 2022
Cash and cash equivalents	89,068,154	135,858,888
Borrowings (including overdraft)	(886,769,729)	(524,789,129)
Lease liabilities	(302,317,038)	(202,272,073)
<b>Net debt</b>	<b>(1,100,018,613)</b>	<b>(591,202,314)</b>
<b>Current debt</b>		
Overdraft	(27,801,016)	(25,493,223)
Current portion of lease liability	(77,141,698)	(52,586,827)
Current portion of long term debt	(55,695,054)	(58,455,422)
<b>Long Term Debt</b>		
Lease liability	(225,175,340)	(149,685,246)
Long term debt	(803,273,659)	(440,840,484)

#### Increases in credit facility during 2022

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

As at 31 December 2022, the Group's drawn and undrawn financing facilities included also the following:

- a loan agreement and an overdraft facility agreement secured by CEC Bank S.A. and Clinica Polissano S.R.L., with an outstanding balance of RON 30,009,820 as of 31 December 2022;
- a loan agreement secured by Banca Transilvania S.A. and Ghencea Medical Center, with an outstanding balance of RON 499,817 as of 31 December 2022;
- a loan agreement secured by Banca Transilvania S.A. and Micromedica Roman S.R.L., with an outstanding balance of RON 1,051,316 as of 31 December 2022;
- two loan agreements secured by Banca Transilvania S.A. and Centrul Medical Micromedica S.R.L., with an outstanding balance of RON 1,048,207 as of 31 December 2022;
- a loan agreement secured by Raiffeisen Bank S.A. and Krondent S.R.L., with an outstanding balance of RON 62,876 as of 31 December 2022;
- a loan agreement secured by Banca Transilvania S.A. and Dent Estet Ploiesti S.R.L., with an outstanding balance of RON 2,303,156 as of 31 December 2022;
- a loan agreement and an overdraft facility agreement secured by Banca Transilvania S.A. and MNT HEALTHCARE EUROPE SRL, with an outstanding balance of RON 22,924,806 as of 31 December 2022;

- a loan agreement secured by Banca Transilvania S.A. and Life Med S.R.L., with an outstanding balance of RON 573,125 as of 31 December 2022;
- a loan agreement secured by BRD GROUPE SOCIETE GENERALE S.A. and Pro Life Clinics S.R.L., with an outstanding balance of RON 87,500 as of 31 December 2022, and a loan agreement secured by ING BANK N.V. AMSTERDAM SUCURSALA BUCURESTI and Pro Life Clinics S.R.L., with an outstanding balance of RON 458,695 as of 31 December 2022;
- a loan agreement secured by EXIM BANK S.A. and Medicris S.R.L., with an outstanding balance of RON 338,339 as of 31 December 2022;
- a loan agreement secured by ING BANK N.V. AMSTERDAM SUCURSALA BUCURESTI and Medici's S.R.L., with an outstanding balance of RON 41,170 as of 31 December 2022;
- an overdraft facility agreement secured by Garanti Bank S.A. and Med Life S.A., with the amount drawn as of 31 December 2022 being RON 9,894,800;
- an overdraft facility agreement secured by Unicredit Tirioc Bank and Prima Medical S.R.L., with a maximum credit limit of RON 800,000, fully drawn as of 31 December 2022;
- an overdraft facility agreement secured by Banca Transilvania S.A. and Onco Team Diagnostic S.R.L., with an outstanding balance of RON 252,537 as of 31 December 2022;
- an overdraft facility agreement secured by Banca Transilvania S.A. and Pharmachem Distributie S.R.L., with an outstanding balance of RON 3,193,399;
- an overdraft facility agreement concluded between Banca Transilvania S.A. and Stomestet S.R.L., with an outstanding balance of RON 175,951 as of 31 December 2022.

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

## 4. Financial Analysis

### Analysis of the Condensed Consolidated Profit and Loss

	12 months ended December 31,		Variation
	2022	2021	
Revenue from contracts with customers	1,795,432,748	1,427,218,373	25.8%
Other operating revenues	14,118,061	10,362,989	36.2%
<b>Operating Income</b>	<b>1,809,550,809</b>	<b>1,437,581,362</b>	<b>25.9%</b>
<b>Operating expenses</b>	<b>(1,715,321,136)</b>	<b>(1,265,729,459)</b>	<b>35.5%</b>
<b>Operating Profit</b>	<b>94,229,673</b>	<b>171,851,903</b>	<b>-45.2%</b>
Finance cost	(42,489,150)	(27,451,079)	54.8%
Other financial expenses	(2,183,221)	(8,981,263)	-75.7%
<b>Financial result</b>	<b>(44,672,371)</b>	<b>(36,432,342)</b>	<b>22.6%</b>
<b>Result Before Taxes</b>	<b>49,557,301</b>	<b>135,419,561</b>	<b>-63.4%</b>
Income tax expense	(12,124,746)	(22,506,352)	-46.1%
<b>Net Result</b>	<b>37,432,555</b>	<b>112,913,209</b>	<b>-66.8%</b>

Sales for the 12 months period ended 31 December 2022 amounted to RON 1,795,432,748, higher by 25.8% compared to the same period last year. This increase was mainly the result of significant growth in almost all of the Group's business lines, especially in Clinics, Hospitals, Stomatology and Corporate, as well as the impact of the acquisitions completed by the Group in 2021 and 2022. Regarding the Laboratories, the decrease of 22.5% compared to the same period last year was related to decrease in one-off demand of COVID-19 laboratory tests.

Sales breakdown by business line is presented below:

<b>Business Line</b>	<b>12 months 2022 Sales</b>	<b>% of Total Sales</b>	<b>12 months 2021 Sales</b>	<b>% of Total Sales</b>	<b>Variation 2022/2021</b>
Clinics	616,685,378	34.3%	407,035,457	28.5%	51.5%
Stomatology	119,068,495	6.6%	93,204,531	6.5%	27.7%
Hospitals	377,991,740	21.1%	317,305,322	22.2%	19.1%
Laboratories	199,919,067	11.1%	257,907,412	18.1%	-22.5%
Corporate	221,374,274	12.3%	206,070,519	14.4%	7.4%
Pharmacies	80,941,362	4.5%	59,949,420	4.2%	35.0%
Others	179,452,431	10.0%	85,745,712	6.0%	109.3%
<b>TOTAL SALES</b>	<b>1,795,432,748</b>	<b>100.0%</b>	<b>1,427,218,373</b>	<b>100%</b>	<b>25.8%</b>

The key operational indicators of the Group are:

<b>Business line</b>	<b>Info</b>	<b>12 months ended</b>	
		<b>2022</b>	<b>2021</b>
Clinics	<b>Revenue</b>	<b>616,685,378</b>	<b>407,035,457</b>
Clinics	Visits	3,205,637	2,279,580
Clinics	Avg fee	192.4	178.6
Stomatology	<b>Revenue</b>	<b>119,068,495</b>	<b>93,204,531</b>
Stomatology	Visits	176,437	154,358
Stomatology	Avg fee	674.9	603.8
Hospitals	<b>Revenue</b>	<b>377,991,740</b>	<b>317,305,322</b>
Hospitals	Patients	116,447	100,230
Hospitals	Avg fee	3,246.0	3,165.8
Laboratories	<b>Revenue</b>	<b>199,919,067</b>	<b>257,907,412</b>
Laboratories	Analyses	6,278,105	8,541,036
Laboratories	Avg fee	31.8	30.2
Corporate	<b>Revenue</b>	<b>221,374,274</b>	<b>206,070,519</b>
Corporate	Subscriptions	834,434	742,739
Corporate	Avg fee	265.3	277.4
Pharmacies	<b>Revenue</b>	<b>80,941,362</b>	<b>59,949,420</b>
Pharmacies	Clients	575,323	361,236
Pharmacies	Sales per client	140.7	166.0
Others	<b>Revenue</b>	<b>179,452,431</b>	<b>85,745,712</b>

Other operating revenues of the Group for the 12 months period ended 31 December 2022 were of RON 14,118,061, recording an increase of 36.2% as compared to the same period last year. Other operating revenues mainly include capitalized costs of intangible assets in amount of RON 6.7 million, income from operating grants in amount of RON 2.5 million and other operating revenues in amount of RON 4.9 million.

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide the Group's services. The Group recorded operating expenses of RON 1,715,321,136 in the year ended 31 December 2022, representing an increase of 36% as compared to year ended 31 December 2021.

Operating expenses as a percentage of total operating income accounted for 88% in 2021 and 95% in 2022.

The evolution of operating expenses is the following:

**OPERATING EXPENSES**

	<b>12 months 2022</b>	<b>12 months 2021</b>	<b>Variation 2022/2021</b>
Consumable materials and repair materials	311,233,127	234,425,408	33%
Commodities expenses	209,975,320	106,225,169	98%
Utilities	25,955,216	15,441,386	68%
Repairs maintenance	13,361,182	14,703,501	-9%
Rent	8,432,798	7,698,479	10%
Insurance premiums	4,711,548	3,651,389	29%
Promotion expense	26,664,612	15,138,844	76%
Communications	5,211,175	4,907,836	6%
Third party expenses (including doctor's agreements)	468,196,458	380,388,868	23%
Salary and related expenses	442,897,905	333,837,004	33%
Social contributions	15,852,088	12,214,486	30%
Depreciation	152,410,751	113,760,199	34%
Impairment losses and gains (including reversals of impairment losses)	4,851,599	5,269,269	-8%
Other administration and operating expenses	25,567,358	18,067,621	42%
<b>TOTAL</b>	<b>1,715,321,136</b>	<b>1,265,729,459</b>	<b>36%</b>

The increase in operating expenses is the cumulative result of several events:

- The increase in consumable materials and repair materials by 33%, following Neolife and Oncocard consolidation of chemotherapy drugs consumables;
- The increase in commodities expenses by 98%, following the expansion of MedLife Group into pharmaceutical business line in 2021; Pharmachem was consolidated starting with August 2021, while the chain of 6 pharmacies was consolidated starting with July 2021.
- The increase in utilities with 68% both due to the expansion of the group organically and by acquisitions, but also due to increase in energy prices in 2022;
- The increase in promotion expenses by 76% following rebranding process and intensification of marketing activity;
- The increase in third party expenses, including doctor`s collaboration agreements, by 23%, in line with the expansion of the group organically and by acquisitions;
- The increase in salary and related expenses by 33%, in line with the expansion of the group;
- Depreciation increased by 34%, since the assets` base of the Group expensed significantly YoY;

Despite economic turbulence and the visible impact of high inflation on the business environment, MedLife Group continued the plan of growth and expansion during 2022, with 13 M&A transactions completed and 7 organic development projects, thus strengthening the expertise in integrated medical services and niche services. We now have in the ecosystem companies with large growth potential and ability to generate margins, and we expect to see clear trends in capturing margins towards the end of 2023 and beginning of next year.

Operating profit decreased by 44,2% in 2022 as compared to 2021, from RON 171,851,903 in 2021, to RON 94.229.673 in 2021.

Financial result increased by 22.6% in 2022 as compared to 2021, from a loss of RON 36,432,342 in 2021, to a loss of RON 44,672,371 in 2022.

The net result recorded in 2022 decreased by 66.8%, from a profit of RON 112,913,209 in 2021 to a profit of RON 37,432,555 in 2022.

**Analysis of the consolidated statement of financial position**

	<b>December 31, 2022</b>	<b>January 1, 2022</b>	<b>Variation</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Goodwill	368,672,606	199,679,613	84.6%
Intangible assets	100,192,265	60,556,655	65.5%
Property, plant and equipment	828,501,060	552,206,613	50.0%
Right-of-use asset	306,413,389	190,715,602	60.7%
Other financial assets	82,810,704	31,610,586	162.0%
<b>Total Non-Current Assets</b>	<b>1,686,590,024</b>	<b>1,034,769,069</b>	<b>63.0%</b>
<b>Current Assets</b>			
Inventories	98,770,370	74,229,585	33.1%
Trade Receivables	221,358,860	140,356,238	57.7%
Other assets	44,362,334	24,357,735	82.1%
Cash and cash equivalents	89,068,154	135,858,888	-34.4%
Prepayments	11,826,587	8,030,713	47.3%
<b>Total Current Assets</b>	<b>465,386,305</b>	<b>382,833,159</b>	<b>21.6%</b>
<b>TOTAL ASSETS</b>	<b>2,151,976,329</b>	<b>1,417,602,228</b>	<b>51.8%</b>
<b>LIABILITIES &amp; SHAREHOLDER'S EQUITY</b>			
<b>Non-Current Liabilities</b>			
Lease liability	225,175,340	149,685,246	50.4%
Other long term debt	21,657,277	7,546,394	187.0%
Interest-bearing loans and borrowings	803,273,659	440,840,484	82.2%
Deferred tax liability	44,250,160	23,559,617	87.8%
<b>Total Non-Current Liabilities</b>	<b>1,094,356,436</b>	<b>621,631,741</b>	<b>76.0%</b>
<b>Current Liabilities</b>			
Trade and other payables	335,356,742	224,242,318	49.6%
Overdraft	27,801,016	25,493,223	9.1%
Current portion of lease liability	77,141,698	52,586,827	46.7%
Current portion of interest-bearing loans and borrowings	55,695,054	58,455,422	-4.7%
Current tax liabilities	814,508	1,467,625	-44.5%
Provisions	9,783,326	7,992,337	22.4%
Other liabilities	68,989,304	44,328,176	55.6%
<b>Total Current Liabilities</b>	<b>575,581,648</b>	<b>414,565,928</b>	<b>38.8%</b>
<b>TOTAL LIABILITIES</b>	<b>1,669,938,084</b>	<b>1,036,197,669</b>	<b>61.2%</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital and Share premium	83,812,556	82,395,091	1.7%
Treasury shares	(3,219,219)	(4,015,977)	-19.8%
Reserves	204,591,242	137,335,499	49.0%
Retained earnings	131,596,255	122,394,796	7.5%
<b>Equity attributable to owners of the Group</b>	<b>416,780,834</b>	<b>338,109,409</b>	<b>23.3%</b>
Non-controlling interests	65,257,411	43,295,149	50.7%
<b>TOTAL EQUITY</b>	<b>482,038,245</b>	<b>381,404,558</b>	<b>26.4%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,151,976,328</b>	<b>1,417,602,227</b>	<b>51.8%</b>

Non-current assets amounted to RON 1,686,590,024 as at 31 December 2022, recording an increase of 63% as compared to 31 December 2021. The increase is mainly influenced by the acquisitions finalized in 2022.

Current assets increased by 21.6% from RON 382,883,159 as at 31 December 2021 to RON 465,386,305 as at 31 December 2022.

Current liabilities (excluding interest-bearing debt) increased by 49.2%, from RON 278,030,456 as at 31 December 2021 to RON 414,943,880 as at 31 December 2022.

Interest-bearing debt increased by 63.5%, from RON 727,061,202 as at 31 December 2021 to RON 1,189,086,767 as at 31 December 2022. The increase is mainly due to financing of the acquisitions completed in 2022, but also the organic development projects for 2022.

## 5. Main Financial Indicators

<b><u>Current ratio</u></b>	<b>Period ended at December 31, 2022</b>
Current assets	465,386,305
Current liabilities	575,581,648
	= 0.81

<b><u>Debt to equity ratio</u></b>	<b>Period ended at December 31, 2022</b>
Long Term Debt	1,050,106,276
Equity	482,038,245
	= 218%
Long Term Debt	1,050,106,276
Capital Assets	1,532,144,520
	= 69%

<b><u>Trade receivables turnover (days)</u></b>	<b>Period ended at December 31, 2022</b>
Average receivables	180,857,549
Sales	1,795,432,748
	= 36.26

<b><u>Fixed assets turnover</u></b>	<b>Period ended at December 31, 2022</b>
Sales	1,795,432,748
Net Fixed Assets	1,686,590,024
	= 1.06

## 6. Outlook for 2023 and mid-term

After a highly dynamic year marked by 20 significant projects, 2023 is expected to be a year of business optimization and consolidation at the national level.

One of the main priorities of the Group for 2023 remains the MedLife Medical Hub project, the largest medical park of the Group, which has entered the second stage of development. This involves putting into operation new operating rooms, expanding pre- and post-operative units, and recalibrating hospital circuits. In the long run, the MedLife Medical Hub pilot project will be replicated in other areas of the country such as Brasov, Sibiu, Cluj, or Arad.

On short term, MedLife is set to inaugurate a new hyperclinic in Bacau and finalize the acquisition of Provita Group, for which it has already received approval from the Competition Council. To stay ahead of industry trends, MedLife is committed to investing in technology and digitalization and is convinced that the future of medicine lies in utilizing the latest innovations, developing the medical platform, and offering personalized treatments.

## 7. Non-Financial Information

### 7.1. General presentation of the Group's activity

MedLife Group dedicates all its resources for providing its patients with professional medical services of the highest standards, based on the latest technological support, in conditions of safety and increased comfort. The group has constantly developed, based on the desire to offer the most demanding and complex medical services. The purpose of the Group's medical units is to improve the quality of life of every patient who benefits from the Group's medical services. Access to the Group's services is facilitated by the existing integrated system consisting of: hospitals, outpatient units, laboratories, pharmacies, imaging and corporate subscriptions. As a result, MedLife has become the largest private provider of medical services at the national level based on turnover and makes every effort to continue to meet the needs of patients and to ensure the quality and safety of the medical act.

The Group offers medical services through the largest team of doctors and nurses working in the private sector in Romania. MedLife hires full-time specialists for the vast majority of specialties offered, but also on a limited-term basis for specific specialties or functions, or works with collaborating medical personnel. Additionally, given its commitment to providing quality medical services, the Group has consistently invested in medical equipment, which has helped maintain its position as a market leader in diagnostic imaging technology.

## 7.2. Business Model

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

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

Many private healthcare providers in Romania remain dependent for a significant portion of their sales on contracts awarded by the NHII to service State insured patients. This increases their exposure to changes in the NHII healthcare priorities, pricings and allocation systems. With only 25% of its sales during 2022 deriving from the treatment of NHII insured patients, the Group can independently determine its policies and priorities.

### **The largest number of HPP clients in Romania**

With over 800,000 HPP subscribers as at 31 December 2022, the Group has access to a significant potential client base for its FFS activities. This base is further expanded when the HPP subscribers bring family members and provide referrals to others for the Group's FFS offering. The HPP client base also provides opportunities for up-selling as many of the HPP clients begin with basic medical services packages and gradually move to more comprehensive services.

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

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

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

From 2010 until 2022, MedLife has completed 48 acquisitions, thus gaining valuable expertise and knowledge for the Group, which will allow them to find the best method of continuous and efficient expansion.

## 7.3. Strategy and results

The Group's strategy focuses on maintaining leadership position. MedLife Group seeks to expand its portfolio of units and services, ensuring profitable national coverage to meet the needs of existing and new customers of the Group. At the same time, the Group remains committed to providing patients with safe and quality medical treatments, ensuring a balance between the medical risks and opportunities and the commercial objectives of the Group. Therefore, at the end of 2022, MedLife network include 34 hyper clinics, 64 clinics, 11 hospitals, 36 laboratories, 18 dental clinics and 23 pharmacies, the Group being the only healthcare provider with large clinics with presence in all cities with over 150,000 inhabitants.

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

### **Organic growth**

The group's strategy aims to consolidate in large cities with over 150,000 inhabitants, such as Cluj, Timisoara, Constanta through the Medlife brand network, but also in medium and small cities through the Sfânta Maria brand, considering the large number of acquisitions in recent years. Externally, MedLife Group management is analyzing the expansion at the Balkan and regional level, especially in the markets of nearby countries, with a population of approximately 10 million, where the business model could be successfully replicated.

Internally, MedLife continues its development plan for the Group's 6 important directions: clinics, laboratories, hospitals, medical subscriptions, pharmacies and dental clinics.

In addition to these, MedLife's priorities continue to focus on the area of research, oncology and radiotherapy, as well as the amplification of the digitization process.

### **7.4. People and resources**

The Group services patients through the largest private team of doctors and nurses in Romania. As of 31 December 2022, the Group was collaborating with a number of more than 4,500 doctors and 2,600 qualified nurses across its business lines, including both employees working exclusively for the Group and collaborators, providing services as independent professionals. In addition, more than 2,500 full-time employees were working in support and administrative functions as at 31 December 2022.

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

The Group seeks to provide adequate compensation and incentives to physicians and other medical staff in exchange for quality medical care and commitments to promote the MedLife Group business model. The usual compensation package offered by the Group to its employees includes fixed remuneration, to which a variable remuneration is added, determined based on a revenue sharing mechanism connected to appointment and medical activity. Collaborators are compensated based on their appointment and medical activity. The Group does not operate retirement plans or long-term benefit plans.

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

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

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

### **7.5. Quality Standards**

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

- ISO 9001:2015 (Quality Assessment) through which the organization demonstrates that it has identified the risks and acts to eliminate or limit their effects, which may have a negative impact on the quality management system's ability to achieve the desired results, and a negative impact on customer satisfaction.
- ISO 14001:2015 (Environmental Management System) Implementation of this standard ensures management of the company and its employees as well as external stakeholders (shareholders, investors, institutions, authorities) that the organization's environmental impact is measured and constantly improved.
- ISO 45001:2018 (Occupational health & safety management system) represents a working model for the organizations that intend to have a better control over the professional risks.

### **Health, Safety, Security and Environment**

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

### **Equipment and Technology**

The Group purchases medical equipment to ensure professionally qualified to the highest standards medical services to every client. These devices include, but are not limited to: optical coherence tomography systems, magnetic resonance imaging



equipment, computerized tomography equipment, bone density measuring instruments, imaging and identification systems used in dermatoscopy, measurement equipment hepatic rigidity, laser, vacuum systems to reduce fat deposits by cryolysis (LipoCryo), video capsule endoscopy systems.

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

#### **Information Technology**

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

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

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

#### *7.6. Principles for respecting human rights*

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

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

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

#### *7.7. Anti-Bribery and Anti-Corruption principles*

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

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

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

#### *7.8. Corporate Social Responsibility*

MedLife Group values include:

- **Responsibility:** Medlife Group guides its actions according to what is important to people's lives and health;
- **Professionalism:** Medlife Group brings together over 4,500 doctors, professors, associate professors of medicine who do their job every day with dedication and professionalism;
- **Innovation:** Medlife Group has a constant concern about methods, technology and organization that will result in better and more effective medical solutions;
- **Care and respect:** Every patient is important and respected, and everyone's needs are treated with care and attention.

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

MedLife concept "**Getting Romania Well**" began with the desire to do good in Romania in many forms, not only in health and medical system. Thus, Medlife Group has developed and supported a number of projects, events and ideas for the benefit of employees and healthcare professionals and for the sake of the environment. The Group also organized or participated in medical events where doctors from the country or from abroad had the opportunity to share their knowledge, technologies or procedures.

### **Medical Hotline 24/7**

Through the MedLife subscription, each subscriber benefits from medical advice, after which it is determined if a physical consultation is needed. The telephone line is available to subscribers 24/7, offering unlimited access to medical information and advice. In 2022, the medical HotLine remained a base service for MedLife subscribers.

### **Online consultation platform**

We were the first private healthcare company to launch the online consultation platform. Thus, the patient was able to contact the doctor by videoconference and receive a diagnosis and treatment, where the physical visit was not necessary.

### **Doctor`s advice**

Doctor`s advice is a newsletter dedicated to our patients. Through it, we provided the correct information about various ailments or symptoms. Thus, via e-mail, MedLife customers regularly receive informative materials made with the support of our medical staff.

### **Mobile caravans for information**

Through mobile caravans, MedLife specialists conducted interactive medical workshops at company headquarters. Thus, company employees receive answers and details about the most common ailments at work, but also advice on how they can be identified and prevented.

### **InfoLife**

InfoLife magazine is a traditional project, launched 10 years ago, in order to support our patients with medical articles of interest, information about the latest techniques and technologies, interviews with doctors and other Romanians who Get Romania Well.

### **Blood donation campaign**

MedLife has launched a national blood donation program to support blood transfusion centres and promote this behaviour in Romanian society. The program runs every year in the largest cities in the country.

### **Pro-bono cases**

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

### **Good for the Environment - The Green Project for Romania**

The Green project, together with every action taken by the Group, is the essence of the brand. Besides respecting the promise of a quality medical act and excellence proven to every patient, the campaign is the Group's desire to get even more involved in the future of new generations. Therefore, the project requires that for each child born in our maternities, the Group plants a tree in a deforested area. Two years after the launch of the project, we continue to reforest areas that are difficult to access and affected by logging. Through this project, we managed to plant 55,000 seedlings. In 2019, a large team of doctors and support staff from Bucharest, Sibiu, Cluj-Napoca, Craiova and Iasi, contributed to the planting of fir and spruce seedlings on a plateau in the Făgăraş Mountains. In 2019, 15,000 seedlings were planted, through 70 MedLife volunteers.

## **7.9. Research**

During the pandemic period, MedLife has invested in research into the SARS CoV-2 virus, conducting with its own resources several types of studies that have provided authorities with important information on natural immunization of the population, nationally and in specific outbreaks, dynamics of antibodies against COVID-19, the origin of the SARS-CoV-2 virus circulating in Romania, the mode of transmission or the presence of other strains, as well as the degree of post-vaccination immunization. MedLife has been in constant contact with state institutions, providing in real time crucial information for the management of the COVID-19 pandemic.

## **8. Corporate Governance**

### **8.1. Corporate governance statement**

MedLife and its board members comply with the corporate governance regime established by the Companies Law.

Starting from 4 January 2016, a new corporate governance code issued by the Bucharest Stock Exchange (BSE) entered into force and is applicable to all issuers of securities traded on the regulated market of the Bucharest Stock Exchange. MedLife adhered to the Corporate Governance Code of the Bucharest Stock Exchange considering the quality of the issuer on the capital market. The Corporate Governance Code of BSE can be consulted on the BSE's official website ([www.bvb.ro](http://www.bvb.ro)).

All the owners of financial instruments benefit from equal treatment, the Company ensuring efficient, active and transparent communication with its shareholders. In this regard, on MedLife website, in the section Investor Relations - Corporate Governance - Corporate Governance Documents, the following policies and procedures can be consulted: The procedure for organizing and holding the General Meetings of Shareholders, the Code of Ethics and Conduct, the Code of Social Responsibility, the Forecast Policy, the Statute of Corporate Governance, the Audit Committee's Operating Regulations, the Dividend Policy, as well as the Remuneration Policy, documents referred to in the Declaration on Compliance with the Corporate Governance Code.

The Group monitors environmental, social and human resources policies through existing corporate governance procedures. The responsibility was delegated by the Board of Directors to the management team specific to each existing department.

## 8.2. Shareholding structure

As of 31 December 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
<b>TOTAL</b>	<b>132,870,492</b>	<b>100.00%</b>	<b>33,217,623</b>

## 8.3. The shares evolution on the Bucharest Stock Exchange

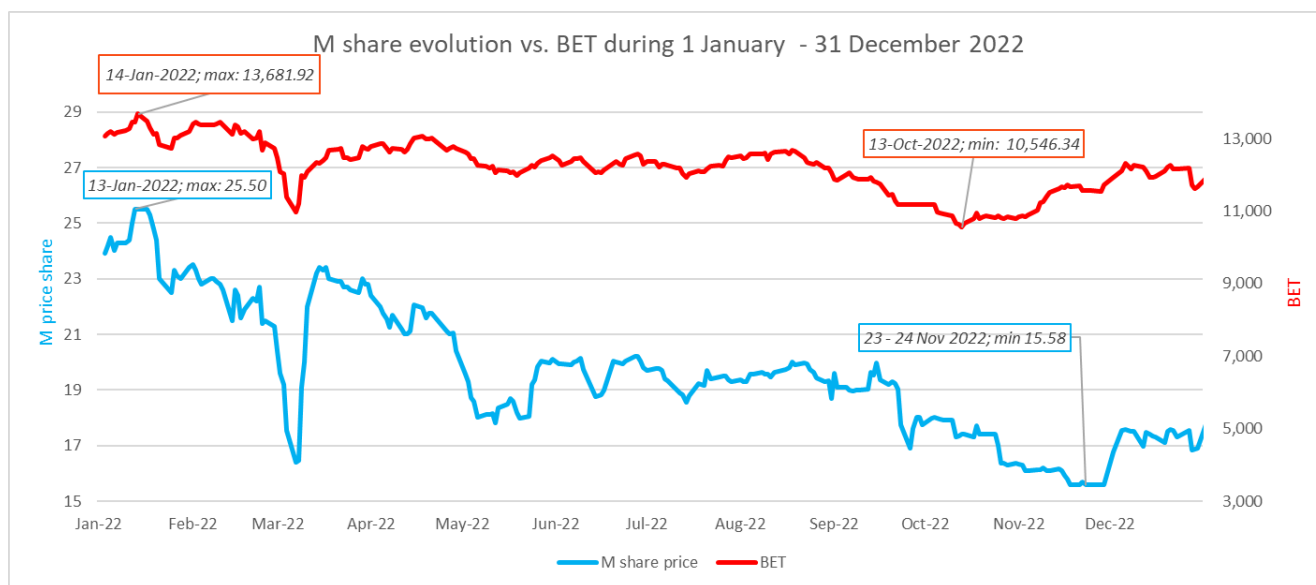
In December 2016, following the approval by the FSA (Financial Supervisory Authority) of the prospectus of the initial public offer for the sale of shares (IPO), MedLife is admitted to trading on the main segment, on Premium category, at a share price of RON 26.

MedLife shares are included in the component of several BSE indices, including the BET index - the reference index of the capital market in Romania that reflects the evolution of the most traded companies on the regulated market of the BSE.

Between 1 January and 31 December 2022, MedLife shares reached a maximum price of RON 25.50 - recorded in January 2022 and a minimum price of RON 15.58 - recorded in November 2022, so that the average price for 2022 was RON 19.66.

During 2022, MedLife shares attracted a liquidity of RON 369 million on the BSE, ranking the 7<sup>th</sup> on the BSE trading top. 16.97 million shares were traded, the average daily turnover being 67,617 shares.

In terms of capitalization, MedLife ranked the 13<sup>th</sup> on the top of listed companies at the end of 2022, registering a value of RON 2.43 billion.



## 8.4. The Management of the Company

MedLife is managed in a unitary system by the Board of Directors consisting of 7 members appointed by the Ordinary General Meeting of Shareholders for a four-year term with the possibility of being re-elected. Out of 7 members of MedLife Board of Directors, 3 members are independent members. The Board of Directors is responsible for MedLife's management, acting in the interest of the Company and protecting the interests of its shareholders by ensuring a sustainable development of the Company and the entire Group. According to the Articles of Incorporation, the Board of Directors is responsible for all

necessary acts in order to fulfil MedLife object of activity, including the management of MedLife subsidiaries or investments, except for the attributions attributable to the General Meeting of Shareholders by law.

### MedLife Board of Directors

As at the date of 31 December 2022, the Board of Directors consists of the following members:

Name	Position	Appointment Date	Termination Date
Mihail Marcu	Chairman of the Board of Directors, CEO	01.08.2006	20.12.2024
Ana Maria Mihaescu	Independent Member of the Board of Directors	01.09.2017	20.12.2024
Dimitrie Pelinescu-Onciul	Member of the Board of Directors	01.05.2017	20.12.2024
Dorin Preda	Member of the Board of Directors, Executive Director	02.05.2017	20.12.2024
Nicolae Marcu	Member of the Board of Directors, Executive Director	01.05.2017	20.12.2024
Voicu Cheta	Independent Member of the Board of Directors	21.12.2020	20.12.2024
Ovidiu Fer	Independent Member of the Board of Directors	21.12.2020	20.12.2024

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

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

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

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

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

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

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

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

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

Nicolae Marcu has been a member of the Board of Directors of MedLife and Chief Healthcare and Operations Officer since December 2016. Nicolae Marcu is a graduate of Carol Davila Medicine and Pharmacy University of Bucharest, Faculty of Medicine (1996), and has been a doctoral student in psychiatry since 2000. Nicolae Marcu graduated a number of postgraduate studies in psychiatry in the country and abroad. Prior to his position as a member of the Board of Directors of

MedLife, Nicolae Marcu was the Chief Executive Officer of MedLife between August 2006 and December 2016, and prior to joining the MedLife team, Nicolae Marcu was a specialised physician in psychiatry with "Dr. Al Obregia" Psychiatric Hospital.

**Voicu Cheța (1981) - Independent Member of the Board of Directors**

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

**Ovidiu Fer (1983) - Independent Member of the Board of Directors**

Ovidiu Fer has been a member of the Board of Directors of MedLife since December 2020. He is a graduate of the Academy of Economic Studies in Bucharest, Faculty of Finance, Insurance, Banking and Stock Exchanges (2006) and holds an MBA from INSEAD (2014). Starting with 2016, Ovidiu Fer founded the Alpha Quest Regional Investment Fund, as a founding member and is also a member of the Advisory Board of GapMinder VC Fund (since 2018). He previously served on the IJC Funds Investment Committee (2014-2016) and served as an external advisor to Elliott Advisors (2013-2014). He also held the position of Equity Analyst, Frontier Markets Expert and Country Manager at Wood & Company (2007-2013), but also Financial Analyst for KTD Invest (2005-2007).

**Executive Committee**

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

Name	Title	Appointment date	Mandate termination date
Mihail Marcu	Chief Executive Officer (CEO)	01.04.2017	21.10.2024
Nicolae Marcu	Chief Healthcare and Operations Officer	03.04.2017	21.10.2024
Dorin Preda	Chief Finance and Treasury	03.04.2017	21.10.2024
Adrian Lungu*	Chief Financial Officer (CFO), until 30 September 2022	03.04.2017	03.10.2022
Alina Irinoiu*	Chief Financial Officer (CFO), starting 20 September 2022	20.09.2022	21.10.2024
Radu Petrescu	HR Director	13.09.2017	21.10.2024
Marius Petrilă	IT Director	12.04.2021	21.10.2024
Mariana Brates	Purchasing Director	03.04.2017	21.10.2024
Larisa Chirirac	Medical Director	02.05.2018	21.10.2024
Vera Firu	Accounting and Tax Director	03.04.2017	21.10.2024
Mirela Dogaru	Corporate and Marketing Director	03.04.2017	21.10.2024

*\*\*Mandate contract of Mr. Adrian Lungu ceased on 30 September 2022, the position of Financial Director being taken over by Ms. Alina Irinoiu on 20 September 2022, by appointment by the Company's Board of Directors.*

**8.5. Audit Committee**

The audit committee has three members:

Name	Title
Ana Maria Mihaescu	Independent Member of the Board of Directors - President of Audit Committee
Voicu Cheta	Independent Member of the Board of Directors
Ovidiu Fer	Independent Member of the Board of Directors

The Audit Committee has mainly, the following tasks:

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

- to make BoD recommendations.

## 8.6. Remuneration Committee

The remuneration committee consists of the following members:

Name	Title
Voicu Cheta	Independent Member of the Board of Directors - President of the Remuneration Committee
Ana Maria Mihaescu	Independent Member of the Board of Directors
Ovidiu Fer	Independent Member of the Board of Directors

The Remuneration Committee has the following responsibility:

- responsible for making decisions regarding the remuneration of the members of the Executive Committee and of the other non-executive directors of the Company, according to the decision of the Board of Directors. In making such decisions, the Remuneration Committee must take into account the long-term interests of the shareholders, investors and other participants in MedLife's business;
- implements the Decisions of the Board of Directors that fall within the scope of activity of the committee.

The Company's Remuneration Policy in force was approved by the General Meeting of Shareholders on 28 April 2021 and is available on the company's website, on the Investor Relations section - Corporate Governance - Corporate Governance Documents. At the same time, MedLife prepared a Remuneration Report for the year 2022, according to the provisions of the legislation on the capital market, which will be subject to the consultative vote of the shareholders in the Ordinary General Meeting of Shareholders on 27 April 2023.

## 8.7. Internal Control – Internal Audit function

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

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

The objectives of internal control and internal audit are:

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

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

Internal control is applicable:

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

## 8.8. The activity of MedLife from the Investors Relations perspective

The Investor Relations Department, together with the Company's management, were involved in numerous activities dedicated to investors and analysts: national and international conferences, individual online meetings or telephone discussions with Romanian or foreign investors and analysts.

Every year, MedLife organizes four teleconferences to present the Group's financial results: annual, quarterly and half-yearly. Participation to these events is possible by requesting the login data, and the audio recording is later available on the company's website, on Investor Relations - Periodic / Annual Reports section.

During 2022, MedLife representatives joined the following conferences organized in physical format, for analysts and investors:

- Wood Spring Emerging Markets Conference, Prague (8 - 10 June 2022)
- Wood Frontier Investor Days Conference, Bucharest (15 - 16 September 2022)
- Wood's EME NYC Conference, New York (4 - 5 October 2022)

At the same time, MedLife was involved in numerous projects carried out by the The Romanian Investor Relations Association (ARIR), as an associate member and was evaluated according to the VEKTOR criteria indicator established by ARIR (the indicator of communication with investors for listed companies), obtaining a score of 10.

Thus, MedLife ranks among the top listed companies in terms of transparency and communication related to investors relations, indicating at the same time a constant concern for the retention and satisfaction of shareholders.

## 9. Risk exposure and risk management

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

In the course of its business the Group is exposed to a number of financial risks, including credit, interest rate, liquidity and foreign currency risks.

The Group's objectives, policies and processes for managing these risks and methods used to measure risks are presented below. The central treasury function has an important role in managing the Group's financial risks with the aim to control and manage the Group's financial exposure and financial costs with a balance between risk and costs.

### (a) Credit risk

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

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

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

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

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

The gross carrying amounts of financial assets (before credit loss allowances) included in the statement of financial position represent the Group's maximum exposure to credit risk in relation to these assets. The Group has only 25% of its sales during 2022 deriving from the treatment of NHIH insured patients (concentration of credit risk) - reliance on major customers.

At 31 December 2022 and 31 December 2021, the Group did not consider there to be a significant concentration of credit risk.

### (b) Interest rate risk

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

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

Interest rate sensitivity analysis is performed by management, using a 10% increase / 10% decrease in interest rates and monitored periodically. This assumption has not changed from previous years and represents management's assessment of the reasonably possible change in interest rates.

**(c) Liquidity risk**

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

**(d) Foreign currency risk**

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

The Group is mainly exposed in respect of the exchange rate of the RON versus EUR. Sensitivity analysis is performed by management, using a 10% increase and decrease in RON against EUR and monitored periodically. This assumption has not changed from previous years 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.

**Litigations**

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

## 10. Corporate events

### 10.1. Corporate events during 2022

**Russia – Ukraine conflict**

In the context of the conflict between Russia and Ukraine, started on February 24, 2022, the European Union, the United States of America, United Kingdom and other countries imposed various sanctions against Russia, including financing restrictions on certain Russian banks and state-owned companies as well as personal sanctions against a number of individuals.

Considering the geopolitical tensions, since February 2022, there has been an increase in financial markets volatility and exchange rate depreciation pressure.

It is expected that these events may affect the activities in various sectors of the economy, could result in further increases in European energy prices and increased risk of supply chain disturbances.

The Group does not have direct exposures to related parties and/or key customers or suppliers from those countries.

Since the beginning of the border conflict, MedLife Medical System responded to the call of the Ukrainian Embassy in Bucharest and made considerable efforts to help the besieged hospitals and provide first-aid assistance to Ukrainian refugees. In the first stage, MedLife deployed a large mobile clinic in Sighetu Marmatei, one of the busiest border points. The unit, equipped with medicines and led by a dedicated medical team, included three collection cabinets and an imaging investigation area. In a record time of 24 hours, approximately 30 tons of materials were collected throughout the Group, such as ultrasound machines, laboratory equipment, operating tables, anesthesia machines, and medicines.

Internally, the MedLife Group formed a crisis cell with the direct involvement of the management team and leaders from hospitals, clinics, pharmacies, and distribution lines.

Thus, to support hospitals affected by the war, MedLife organized a large donation campaign, managing to transmit over 65 tons of sanitary materials, consumables, and medical equipment to Ukraine.

In addition, transit individuals were able to benefit, free of charge, from antigen tests for detecting COVID-19 infection at three MedLife collection points near the borders - Sighetu Marmatei, Suceava, and Galați.

Furthermore, MedLife collaborated in this humanitarian effort with other interested companies operating in the banking, courier, or pharma sector.

**Appointment of MedLife Group CFO**

Considering the termination, by mutual agreement, of the mandate contract as CFO of MedLife and respectively as a member of the Executive Committee of the Company of Mr. Adrian Paul Lungu, on 30 September 2022, the Board of Directors of MedLife decided on 19 September 2022 to appoint Ms. Alina Oana Irinoiu as CFO of MedLife and member of the Company's Executive Committee, the mandate starting on 20 September 2022 and ending on 21 October 2024.

**Increase of the syndicated credit**



On 21 November 2022, the Extraordinary General Meeting of MedLife Shareholders was convened, in order to obtain the approval of a new increase in the credit limit based on the Syndicated Credit Facility Agreement concluded on 31 October 2018 (as it was later amended through the additional documents), with EUR 50.7 mn. and the extension of the repayment period of the existing facilities, the rearrangement of the related terms and conditions, as well as the modification of the guarantees.

## *10.2. Subsequent events to the reporting period*

### **Acquisitions**

#### **Completion of the acquisition of Muntenia Hospital**

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

### **Organic growth**

#### **MedLife Deva Hyperclinic**

MedLife continued its expansion plans at the national level through organic development with the inauguration, in January 2023, of the largest medical clinic in the Municipality of Deva. The newest hyperclinic in the network of 700 units that MedLife owns nationwide covers an area of 1,000 square meters and is the result of an investment of approximately EUR 2.7 million.

### **Chairman of the Board of Directors, Mihail MARCU**