SISTEMUL MEDICAL MedLife

Annual Report

2022

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MEDLIFE GROUP IN FIGURES

Consolidated Statement of Financial Position

RON	December 31, 2022
Total Non-Current Assets	1,686,590,024
Total Current Assets	465,386,305
TOTAL ASSETS	**2,151,976,329**
Total Non-Current Liabilities	1,094,356,436
Total Current Liabilities	575,581,648
TOTAL LIABILITIES	**1,669,938,084**
Equity attributable to owners of the Group	416,780,834
Non-controlling interests	65,257,411
TOTAL EQUITY	**482,038,245**
TOTAL LIABILITIES EQUITY	**2,151,976,329**

Consolidated Statement of Profit and Loss

RON	IFRS - December 31, 2022	Pro-forma December 31, 2022
GROSS SALES	1,795,432,748	1,996,224,842
NET SALES	1,795,432,748	1,861,355,336
Other operating revenues	14,118,061	17,804,398
Operating Income	**1,809,550,809**	**1,879,159,734**
Operating expenses	**(1,715,321,136)**	**(1,764,549,519)**
Operating Profit	**94,229,673**	**114,610,215**
Finance cost	(42,489,150)	(48,238,633)
Other financial expenses	(2,183,221)	(1,686,884)
Financial result	**(44,672,371)**	**(49,925,517)**
		-
Result Before Taxes	**49,557,301**	**64,684,697**
Income tax expense	(12,124,746)	(15,086,655)
Net Result	**37,432,555**	**49,598,043**

Operational data for 2022 financial year

Description	2022
Clinics visits	3,205,637
Stomatology visits	176,437
Laboratories analyses	6,278,105
Health Prevention Packages	834,434
Hospital Patients	116,447
Pharmacies transactions	575,323

MIHAIL MARCU

Chairman of the Board of Directors and Chief Executive Officer MedLife Group

Dear shareholders,

In 2022, the prevailing theme was the economic and social uncertainties resulting from the pandemic crisis, as well as the impact of the war that erupted at Romania's border. Drawing on their experience in navigating challenging circumstances, the management team at MedLife once again demonstrated their adaptability and agility in responding to change. Having been through a lot together over the past nearly 30 years, during which MedLife has made history as a leading player in the private medical market, our successes in 2022 showcased that we possess all the necessary resources not only to remain resilient but also to maintain our position as the foremost provider of private medical services in Romania.

Development and improvement of services were the keywords for us last year, which led to advances in all of our business lines, with the most successful being clinics, hospitals, and corporate, which saw growth of 78%, 39%, and 10%, respectively, followed by laboratories, dental clinics, and pharmacies.

We achieved outstanding performance by continuing our rapid ascent, concluding 13 major transactions and developing 7 projects organically. Our investments targeted not only expansion, but also strategic objectives, such as research, strengthening expertise in 360° medical services, consolidating oncology and wellness areas, as well as amplifying the digitalization process. As a result of these efforts, MedLife became the first private operator in Romania to surpass the milestone of EUR 400 million consolidated pro-forma turnover, representing a growth of 40% compared to the previous financial year.

The data shows us that the way we choose to build this business, with a focus on patient care at the center of our efforts, is widely appreciated in Romania. In 2022, over 4 million patients crossed the threshold of MedLife units, which is an increase of 1.1 million compared to 2021.

We are a responsible company both towards each patient individually and towards the community in which we constantly increase our level of involvement. Through the projects we support, we try to set an example of good practices and to act where needed. We contribute to the medical education of Romanians by providing accurate information materials through online platforms. We support events in the medical sector so that our doctors and professionals stay up to date with the latest developments in the field. And last but not least, we make Romania greener and organize annual clean-up actions, encouraging our employees and partners to act responsibly towards nature and the environment.

Perhaps not surprising for a company whose values are Care, Hope, Trust, Respect, and Empathy, we pay special attention to those who are isolated and vulnerable. Examples in this regard include the Health Caravan, through which we actively engage in rural communities with poor access to basic medical services, or the support offered to refugees from Ukraine. At the beginning of last year, no less than 65 tons of sanitary materials, consumables, and medical equipment were sent to Ukraine in support of hospitals affected by the war.

All these actions, as well as many others presented in the following report, would not have been possible without the dedication, professionalism, and high-quality standards with which our colleagues choose to engage in their activity. We thank them for their contribution to the progress of our company!

Looking ahead, it's worth highlighting some of our future plans. Firstly, the patient remains in the inner of our actions and we will strive to continue to provide them with the best medical services. We will attract and continue to value top medical staff, who are the foundation of our extraordinary results. We will prioritize the optimization and consolidation of our business at a national level, relying on a prudent approach in the coming period and acting based on the context and market trends. We will maintain investments in technology and digitization. And last but not least, we will aim to have a significant positive impact on our community, as we want to contribute to a better tomorrow.

Thank you for everything we have achieved together so far! We are confident that by the end of 2023, we will be able to list other important achievements that will contribute to consolidating our position as a national leader and, at the same time, to the commitment we have made to making Romania a better place together.

Mihail Marcu

President and CEO of MedLife Group

SIGNIFICANT EVENTS IN THE LAST 12 MONTHS

Acquisitions completed in 2022

- 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 99.76% 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 (transaction approved by the Competition Council and completed in March 2023).

Subsequent acquisition of non-controlling interests

Increased participation in Genesys Medical Clinic Almina Trading, Oncoteam Diagnostic and RMC Group
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. Also, in the second quarter of 2022 MedLife announced the increase of the participation by 4% and by 30.32% in Oncoteam Diagnostic and, respectively, RMC Group subsidiaries.

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.

Acquisitions of subsidiaries

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.

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. The transaction was approved by the Competition Council and the closing of the transaction was finalized in March 2023.

Corporate events in 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 Marmaţiei, 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 Marmației, 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.

MEDLIFE GROUP COMMITMENT

MedLife Group is dedicating all its resources to provide every patient with professional healthcare services at the highest standards, based on state-of-the-art technological support, in impeccable safety and comfort conditions.

We have permanently evolved due to our desire to meet the most demanding and complex requests in the healthcare field. Healthcare is our profession and our passion, and our objective is to improve the quality of life for every patient coming through our doors. Access to our services is enabled by the integrated system we apply: healthcare prevention packages, outpatient units, hospitals, laboratories, pharmacies and distribution of pharmaceutical products, imaging, stomatology, stem cells bank and fitness centers.

To your benefit, we bring the experience of almost 30 years of activity (considering the companies consolidated within Medlife Group) on the private healthcare service market in Romania. We are committed to providing unique services due to the professionalism, care and responsibility of our medical staff, with the ultramodern equipment and facilities that we make available to every patient, every day.

GROUP PRESENTATION

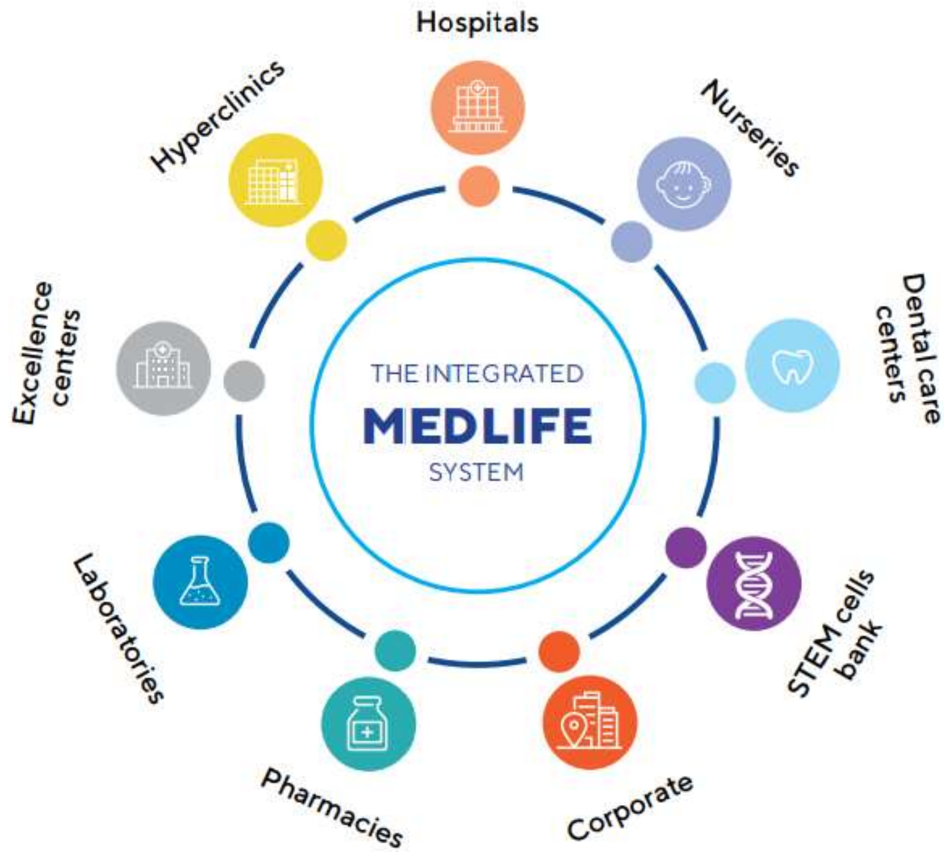
Med Life S.A. ("MedLife" or the "Parent Company" or the "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania, with its headquarters in Bucharest, 365, Calea Grivitei, with a share capital of RON 33,217,623, with a nominal share value of 0.25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

Founded in 1996, MedLife (together with its subsidiaries ("MedLife Group" or "the Group") is the most important private healthcare provider in Romania. The Group holds leadership position in key metrics, including sales, number of outpatient units, number of hospital beds and number of healthcare prevention packages ("HPP"). At the same time, it is one of the largest private healthcare providers in Central and Eastern Europe, based on the sales criterion, according to the Group's review of public data.
MedLife has developed its Stomatology business line, opening a standalone clinic in 2015 and acquiring in 2016 the majority stake of Dent Estet group, the largest dental clinic network in Romania. The Group is also active in the Pharmacies business line, operating 23 pharmacies in or near own outpatient units, but also next to state owned medical units.
MedLife's presence in all these core healthcare service areas is the basis of the Group's revenue capture model, offering patients a complete service from prevention to diagnosis to treatment.

The Group has the largest number of medical facilities in Romania. These include 67 medical facilities (including pharmacies) in Bucharest, making it the largest private healthcare network in the city, and a further 137 medical facilities in the rest of Romania including in cities such as Arad, Craiova, Ploiești, Cluj Napoca, Brașov, Galați, Iași, Bacau, Timișoara, Sibiu, Constanța, Targoviste, Braila, Pitesti, Oradea, Targu Mures and Neamt, but also 2 units in Budapest, Hungary. The Group owns the real estate underlying its most significant hospital facilities in Bucharest as well as its hospitals in Arad, Brasov and Sibiu. Other facilities are used under long term leases.

The Group provides its services via the largest single pool of private doctors and nurses in Romania, with more than 4,500 doctors and 2,600 nurses as of 31 December 2022. The Group employs full-time specialists for the vast majority of specialties offered, but also part-time, for specialties or specific functions, or works with medical staff under collaboration contracts. In addition, given its commitment to providing quality medical services, the Group has consistently invested in medical infrastructure, state-of-art medical equipment, with dedicated annual budgets for upgrades.

In the Group's 30 years of activity on the Romanian healthcare services market, over 5.5 million unique patients were provided services in the Group's medical facilities, which accounts for approx. one in four Romanians, based on the demographic data.



Business Model

MedLife's business model focuses on servicing corporations and individual clients. The Group seeks to capture the private healthcare spending of these clients throughout all stages of a medical condition: prevention, diagnosis and treatment, by offering a wide range of medical services delivered in modern, high quality facilities by professional teams of doctors, nurses and support personnel.

The Group divides its operations into six business lines:

Corporate: The Corporate business line offers HPPs (health prevention packages) to corporate clients as part of their employee benefit packages. These programs, 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 frequently, "prevention oriented" health plans, providing expanded access to general practitioners and specialists in the Group's clinics 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, while 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 paraclinic. 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 subsidized 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: Laboratories business line aims to perform biochemical, hematological, immunological, microbiological, toxicological, pathological anatomy (cytology and histology) and molecular biology and genetics analyzes. Within the Business Line of Laboratories, a total of 8.5 million laboratory analyzes were performed in 2022. As at 31 December 2022, the Group processed the samples taken in 34 laboratories and operated approximately 180 sampling points throughout the country.

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, genecology, cardiology and oncology.

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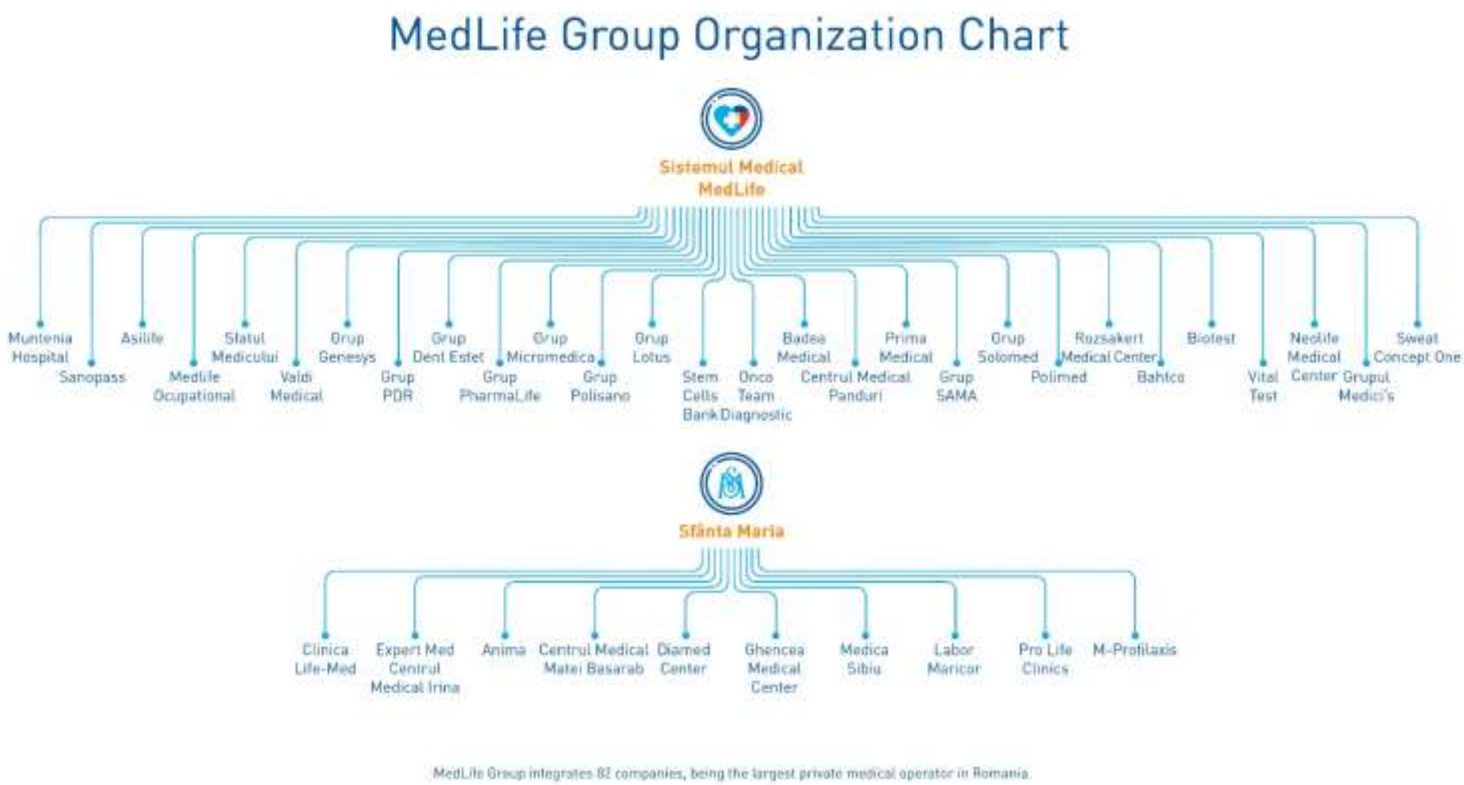
Pharmacies: The Pharmacies business line offers prescription, over the counter and other related medical products in 23 pharmacies belonging to the Group as at 31 December 2022.

Stomatology: The Stomatology business line provides a wide range of dental services from simple check-ups to complicated surgeries. As at 31 December 2022, the 18 dental units in operation included 4 clinics focused on children in Timisoara, Bucharest and Sibiu, a clinic focused on teens, and 13 clinics for adults.

MedLife Group structure as at 31 December 2022

The chart below shows the Group's simplified corporate structure, including the Group's material subsidiaries.



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 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%	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%
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%

No.	Entity	Main activity	Location	31 December 2022	1 January 2022
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	Ilfov, 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%
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%

No.	Entity	Main activity	Location	31 December 2022	1 January 2022
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 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.*

MedLife strategic objectives and directions

MedLife's strategy focuses on maintaining its leadership position, with an emphasis on medical excellence and improving patient satisfaction. The Group seeks to expand its portfolio of facilities and services, ensuring profitable national coverage to meet the needs of the Group's existing and new customers.

MedLife is pursuing opportunities to capture additional revenue and achieve synergies within its existing networks and services. The group will continue to achieve this goal through organic growth and the purchase of smaller private medical service providers operating both on the local market in Romania and abroad. At the same time, the Company maintains its commitment to provide customers with safe and quality medical treatments, ensuring a balance between medical risks and opportunities and the Group's commercial objectives.

Competitive strenghts

- The largest private healthcare provider in Romania and one of the larger providers of private healthcare services in Central and Eastern Europe;
- A balanced and robust business model, spanning all key private healthcare segments;
- A business model that generates significant revenue capture opportunities;
- Sales largely from cash-pay and HPPs with low dependency on NHIH funding;
- The largest number of HPPs in Romania;
- Experienced management able to create and handle growth both by organic development and acquisitions;
- Strong financials with an asset-rich balance sheet;
- Access to the financing required for expansion.

Development directions

Organic growth

The Company opened a number of new clinics and centers of excellence, as well as sampling points for its Laboratories business line. Many of these facilities are believed to still have the capacity to service greater numbers of patients, which should allow for the increase in their revenue and profit contribution, as they reach a higher utilization capacity. Further, the Group continues to optimize the mix of services offered at its other facilities to the specific local market conditions, seeking to improve the revenue and margins of each location. As a result, the continued and accelerated development of these facilities is expected to improve margins as well as deliver further sales growth. The Company often takes advantage of the base facilities resulting from an acquisition to further organically expand the business of the acquired company.

In 2016, the Group acquired Diamed Center, which was operating a network of laboratories and sampling points, mainly in Bucharest. Based on this acquisition, the Group further developed the second brand of laboratories and outpatient units under the brand "Sfânta Maria", which provides FFS laboratory tests at lower prices than in MedLife branded labs. Further, the Group continued to build on the existing contracts of Diamed Center with the NHIH, which however did not result into a significant change in the overall exposure of the Group to NHIH contracts as a percentage of its total sales.

As of 31 December 2022, the Group had approx. 30 sampling points opened under "Sfânta Maria" brand by adding organic growth and growth through further acquisitions.

Selective acquisitions and integration of other market players

The Group intends to continue to expand its service offering and geographical presence through strategic acquisitions. The Group's acquisition strategy is to target regional and other businesses that offer complementary geographic or service coverage to the Group's existing portfolio or provide the opportunity to access new healthcare specialties that provide synergy and revenue capture potential to the Group's existing activities. Post-acquisition, the Group generally rolls-out MedLife specialties and services which are not currently offered or upgrades the services offered by the acquired business to the Group's standards. The Group often re-invests the cash flow of the acquired business, as well as additional resources, in expanding the new subsidiary's business.

The Group's acquisition strategy is based on encouraging the founding shareholders of the acquired business to remain active post-acquisition in the integrated business and also to hold a minority stake in the respective business. Although the Group has also made 100% acquisitions, the Group's management believes that this approach often matches the goals of the sellers and expands the negotiations beyond the topic of price, providing the Group an advantage over strategies focused on the 100% buy-out of targets. Minorities' rights are carefully negotiated to ensure alignment with the Group's overall governance framework.

The Group's acquisition strategy envisages the full integration of the acquired units into MedLife Medical System, ensuring uniformity of services, branding and other standards across the business. The Group's support functions such as human resource management, financial, marketing, public relations and purchasing are centralized, thus reducing the costs and increasing the efficiencies within such functions. The Group pays particular attention to its IT solutions, which are a critical part of increased client service, and seeks to transfer its accumulated know-how to the operation of the acquired business. The Group's 38 announced acquisitions to date provide a clear road map for further acquisitions.

By acquiring clinic and laboratory businesses, the Group is also able to service directly its HPP patients. The margins formerly flowing to NetLife partners servicing the Group's HPP patients in the acquisition target's service area are now captured by the Group directly. NetLife is a network of partner medical units with which the Group has negotiated tariffs for the servicing of its HPP clients.

To pursuit the fulfillment of this strategy and vertical integration, in the 12-month period ending on 31 December 2022, the Company completed 13 M&A transactions and 7 projects of organic development, thus consolidating expertise in integrated medical services and niche services.

The Company maintains an active pipeline of potential acquisition targets and regularly scans the market for opportunities. Benefiting from a leading position and strong brand, the Company is also frequently approached by advisers and principals of potential target companies. As the consolidation of the market accelerates and with additional debt financing available, the Company expects to continue with acquisitions to complement its organic expansion on medium and long term.

Perspectives

The Group expects the financial results to continue to grow, in a post-pandemic context, and the financial results of the recently acquired businesses continue to be consolidated in the Group's financial results. The Group also expects to continue to consider the acquisition of potential businesses, which will result in an expansion of services in areas where it already has a presence or allow the Group to expand into new geographic areas, both nationally and internationally . The group is also developing potential organic expansion opportunities in the hospital business line by expanding existing medical facilities.

One of the main priorities of the Group for 2023 remains the MedLife Medical Hub project, the largest medical park of the Group, which entered the second stage of development. This provides for the commissioning of new operating rooms, the expansion of pre- and post-operative units and the recalibration of hospital circuits. On long term, 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 going to mark the inauguration of a new hyperclinic, in Bacau and the integration of the Provita Group following the completion of the acquisition in March 2023. Additionally, in order to anticipate trends in the field, the company renews its commitment to continue investing in technology and digitization, having the belief that the medicine of the future is about using the latest innovations, developing the medical platform and offering personalized treatments.

Principles for respecting human rights

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

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

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

Anti-Bribery and Anti-Corruption principles

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.

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.

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.

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

CORPORATE GOVERNANCE

The Corporate Governance in Med Life S.A. operates according to the provisions of the Companies Law no. 31/1990, republished, with the subsequent modifications and complements, of the Law no. 24/2017 on issuers of financial instruments and market operations concerning the capital market, republished and of the secondary legislation adopted by the Financial Supervisory Authority ("FSA") for the application of the Law no. 24/2017, of the Code of Bucharest Stock Exchange ("BVB") and of the Bucharest Stock Exchange ("BSE") Code of Corporate Governance ("Applicable Law"), as well as in accordance with the provisions of the Articles of Association in force of MedLife and of the internal regulations applicable. The Statute of Corporate Governance was adopted by MedLife's Board of Directors in March 2017.

MedLife aligns with the requirements of the capital market and the best practices in the field of corporate governance by constantly developing and adapting its corporate governance model, in order to create opportunities and increase competitiveness.

All holders of financial instruments benefit from equal treatment, the Company ensuring effective, active, and transparent communication with its shareholders through regulated communication channels (BSE platform, FSA platform), as well as by publishing all relevant documents on the company's website: https://www.medlifeinternational.com/investor-relations.

Furthermore, the Company has implemented procedures that regulate the company's governance, which are constantly updated in accordance with the provisions of the BSE Code of Corporate Governance. These documents can be consulted on the MedLife website, on the *Investor Relations section - Corporate Governance - Corporate Governance Documents*, respectively:

- The procedure for the organization and development of the General Meetings of Shareholders (GMS), which:
  - facilitates the participation of shareholders in the GMS and the exercise of their rights in connection with the GMS, including participation by representation or correspondence;
  - indicates the set of documents that will be made available to shareholders by MedLife for each GMS, including but not limited to informative materials regarding each item on the GMS agenda;
  - presents exhaustively the shareholders' rights related to the GMS;
  - presents the voting procedure within the GMS.
- Code of Ethics and Conduct
- Code of Social Responsibility
- Policy on Forecast
- The Statute of Corporate Governance
- Audit Committee Operating Regulation
- Dividend Policy
- Remuneration Policy,

documents referred to in the Statement of Corporate Governance Code Compliance.

General Meeting of Shareholders

The supreme governing body of MedLife is the General of Shareholders ("GMS"). The ordinary and extraordinary assignments of the GMS are provided in the Articles of Association and the Applicable Law. The GMS is organized and conducted in accordance with the relevant provisions of the Applicable Law, the Articles of Association, and the Procedure for the organization and development of the General Meetings of Shareholders of MedLife.

The Ordinary General Meeting of Shareholders (OGMS) meets at least once a year, within a maximum of four months from the end of the financial year. Except this case, the Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders meet whenever necessary, convened by the Company's Board of Directors. Additionally, the GMS may be convened by shareholders who individually or jointly hold at least 5% of the share capital. In this case, the Board of Directors shall convene the GMS within a maximum of 30 days and it shall meet within a maximum of 60 days from the date of receipt of the request.

Shareholders' rights

The rights of all MedLife shareholders are protected in accordance with applicable laws. Shareholders also have the right to obtain information regarding the Company's activities, the exercise of voting rights, and the results of voting at the GMS.

The rights of shareholders related to the GMS are:

- **The right to a minimum notification period;** The Company publishes information in the Official Gazette of Romania and a national circulation newspaper regarding an upcoming GMS through the GMS Convening Notice, at least 30 days before the GMS date. The convening is also transmitted to the Financial Supervisory Authority and the Bucharest Stock Exchange in the form of a current report, in accordance with applicable regulations, and is published on the Company's website on the "Investor Relations" section.
- **The right of access to information;** MedLife publishes the necessary documents and information on its website to ensure that all shareholders are treated equally, in order to exercise their rights in a fair manner.
- **The right to introduce items on the agenda;** MedLife shareholders who individually or together with other shareholders represent at least 5% of the share capital may request to include additional items on the agenda within the limits and in accordance with applicable legal provisions.
- **The right to participate in GMS meetings;** Shareholders registered in the shareholders' register on the registration date provided in the Convening Notice have the right to participate in person or by representative at the General Meetings of Shareholders of the Company.
- **Voting rights;** The share capital of the Company is represented by ordinary shares, which confer one voting right for each share registered in the name of the shareholder at the registration date, with the exception of treasury shares held by MedLife at the registration date as a result of buybacks made under the buyback program. Therefore, there are no shares that confer the right to more than one vote.
- **The right to address questions;** Any shareholder of the Company may addreess written questions regarding the items on the agenda of the GMS and has the right to receive answers from MedLife. Shareholders have the right to participate effectively and to vote within the GMS and to be informed of the rules, including voting procedures, that govern the GMS.

The Board of Directors

MedLife is managed in a unitary system by the Board of Directors ("BoD"), consisting of 7 members appointed within the General Meeting of Shareholders ("GMS") for a 4 years duration, with the possibility of being re-elected. The BoD is responsible for the management of MedLife, acting in the interest of the company and protecting the general interests of its shareholders by ensuring sustainable development of the company. According to the Articles of Association, the BoD is responsible for all useful and necessary acts in order to fulfill the purpose of MedLife's activity, including the administration of its subsidiaries or investments, except for the duties assigned to the GMS by law or the Company's Articles of Association.

The BoD meets whenever necessary, but at least once every 3 months. In 2022, the BoD held 8 meetings.

Structure of the Board of Directors

As 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

Out of the 7 members of the Board of Directors, 3 members are independent members.

As of 31 December 2022, the structure of the aforementioned members of the Board of Directors who hold shares in MedLife is as follows:

Name	Position	Number of shares held	Stake held (% of the share capital)
Mihail Marcu	Chairman of the Board of Directors, CEO	19,932,307	15.0013%
Nicolae Marcu	Independent Member of the Board of Directors	13,835,400	10.4127%
Dimitrie Pelinescu-Onciul	Member of the Board of Directors, Executive Director	17,845	0.0134%

According to the available information, there is no agreement, understanding, or family relationship between the company's administrators and any other person who may have contributed to their appointment as administrators.

According to the information available, the members of the Board of Directors have not been involved in any litigation or administrative proceedings regarding their activity within the company in the last five years, nor regarding their ability to fulfill their duties within the company in the last five years.

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 authorized 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. Mihail Marcu is also the founder of the Romanian Business Leaders Foundation, a community of Romanian entrepreneurs, managers and professionals in various fields. Since 2018, Mihail Marcu is also a member of the Board of Directors of Prutul SA.

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.

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 MedLife, 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).

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

Dimitrie Pelinescu-Onciul has been a member of the MedLife Board of Directors since 2008. He graduated from Carol Davila University of Medicine and Pharmacy in Bucharest, Faculty of Medicine (1972), specializing in obstetrics and gynecology (residency from 1978-1981), obtaining a Doctorate in Medical Sciences in 1994, and becoming a university professor in 2007. Dimitrie Pelinescu-Onciul is a member of 11 scientific societies in Romania and 7 scientific societies abroad, serving as president of the Romanian Perinatal Medicine Association (2006-2008) and founding president of the Romanian Society of Ultrasound in Obstetrics and Gynecology from 2011 to the present, among other positions. Prior to joining the MedLife team in 2004, Dimitrie Pelinescu-Onciul worked at the Filantropia Clinical Hospital in Bucharest (1994-2004), the Titan Clinical Hospital in Bucharest (1986-1991), the Brâncovenesc Clinical Hospital (1978-1986), and the rural Sinești Hospital in Vâlcea County (1972-1978), holding positions as chief obstetrician-gynecologist, clinic head, or hospital director.

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 Bucharest Bar with over 16 years of legal experience. His specialized practice covers various fields such as high value litigation, commercial arbitration, insolvency and restructuring, labor contracts, public procurement, administrative disputes, debt collection and company law.

In the field of legal advice and representation before the courts and arbitral tribunals, he has acquired comprehensive vision and proven skills of handling legal issues and their impact on corporate and economic needs of companies.

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). Previously, he was a member of the Investment Committee of the IJC Funds (2014-2016) and held the position of 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) and was a financial analyst for KTD Invest (2005-2007).

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 in 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 Raiffeisen Bank's Supervisory Board and member of the Board of Directors of Black Sea Oil and Gas and ICME.

Consultative Committees

According to the Articles of Association, the Board of Directors may establish consultative committees consisting of at least 2 members of the Board of Directors, which will formulate recommendations for the Board of Directors in various areas.

The Audit Committee

The audit Committee is composed of 3 non-executive members of the Board of Directors having, mainly, the following duties:

- 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

The composition of the Audit Committee as at 31 December 2022 is presented below:

Name	Position
Ana Maria Mihaescu	Independent Member of the Board of Directors – Chair of the Audit Committee
Voicu Cheta	Independent Member of the Board of Directors
Ovidiu Fer	Independent Member of the Board of Directors

In 2022, the Audit Committee held 5 meetings.

The Remuneration Committee

The audit Committee is composed of 3 non-executive members of the Board of Directors having, mainly, the following duties:

- is responsible for making decisions regarding the remuneration of the members of the Executive Committee and other non-executive directors of the company, in accordance with the decision of the Board of Directors;

- When making such decisions, the remuneration committee must take into account the long-term interests of shareholders, investors, and other participants in the activities of Med Life S.A.;
- implements the decisions of the Board of Directors that fall within the scope of the committee's activities.

The composition of the Remuneration Committee as at 31 December 2022 is presented below:

Name	Position
Voicu Cheta	Independent Member of the Board of Directors – Chair of the Audit Committee
Ana Maria Mihaescu	Independent Member of the Board of Directors
Ovidiu Fer	Independent Member of the Board of Directors

Comitetul Executiv

The Company's senior management team is led by Mr. Mihail Marcu, in his capacity of Chairman of the Board of Directors and Chief Executive Officer, Mr. Nicolae Marcu, member of the Board of Directors and Executive Director responsible for Healthcare and Operations and Mr. Dorin Preda, member of the Board of Directors and Executive Director responsible for Finance and Treasury. Under the leadership of the key managers referred to above is a group of senior managers, many of whom have an extensive track record with the Group, who manage the central functions, business lines and units. These professionals operate with substantial independence and freedom in the implementation of agreed unit and business line budgets.

The composition of the Executive Committee in 2022 is presented below:

Name	Position	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 Petrila	IT Director	12.04.2021	21.10.2024
Mariana Brates	Procurement 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	Sales 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.*

Mihail Marcu, Chief Executive Officer

Nicolae Marcu, Chief Healthcare and Operations Officer

Dorin Preda, Chief Finance and Treasury

Alina-Oana Irinoiu (1993), Chief Financial Officer

Alina Irinoiu is the Chief Financial Officer of MedLife Group and member of the Executive Committee, since October 2022. A graduate of Bucharest University Of Economic Studies, Faculty of International Business and Economics, Alina Irinoiu started the activity within the company in 2018, holding the position of MedLife Investor Relations Manager for four years. At the same time, she coordinated the M&A department for small and medium transactions, holding for a short period the position of Deputy Chief Financial Officer. Before joining the MedLife team, Alina Irinoiu worked in the field of financial audit for financial institutions, within PwC.

Radu Petrescu (1980), Human Resources Director

Radu Petrescu is director of the Human Resources Department starting with September 2017. Radu Petrescu has extensive experience in the human resources field, coordinating large-scale projects of organizational development, performance management or talent management. Previously, he worked in the FMCG field and in the pharmaceutical field where he held the position of HR Operations Manager Europe at Pfizer, where he worked for a while at the headquarters in Berlin. In financial services, Radu Petrescu worked in the advisory team for PricewaterhouseCoopers (PWC). Graduate of the sociology faculty of the Bucharest University, Radu Petrescu also attended a master program at the same institution. He has been appointed as a member of MedLife Executive Committee since September 13, 2017.

By decision of the Board of Directors adopted on 20 October 2020, the mandate was prolonged for a period of 4 years (namely for the period between 21 October 2020 to 21 October 2024).

Marius Petrila (1980), IT Director

Marius Petrila has been the IT Director of MedLife since 2004. Marius Petrila graduated in 2002 from the Faculty of Internal and International Business and Financial-Banking Relations, in 2004 from the Master in Marketing and in 2010 from the Master in Information Systems. He also has the following international certifications: PRINCE2, ITIL, AgilePM.

He has been appointed as a member of MedLife Executive Committee since April 12, 2021.

Mariana Ilea-Brates (1967), Procurement Director

Mariana Ilea-Brateş is the director of the Procurement Department of the Company since November 2004. Mariana Ilea-Brates graduated in 1992 from the Polytechnic Institute of Bucharest, Faculty of Inorganic Chemical Technology. Mariana Ilea-Brates is a graduate of several training courses in areas such as sales, management and accounting. During university, she worked as a laboratory chemist at the National Institute of Wood (1986-1992), and after graduation she was a chemical engineer at the same institution (1992-2000). Before joining MedLife team in 2004, she served as manager of procurement and management within Medicover S.R.L. (2000-2004). She has been appointed as a member of MedLife Executive Committee since December 16, 2016.

By decision of the Board of Directors adopted on 20 October 2020, the mandate was prolonged for a period of 4 years (namely for the period between 21 October 2020 to 21 October 2024).

Mirela Dogaru (1977), Sales Director

Mirela Dogaru is the director of the Corporate Division at Group level since 2014. Mirela Dogaru graduated the Polytechnic University of Bucharest, Faculty of Biochemistry (2003) and Executive Master program in Business Administration (EMBA) / ASEBUSS of Kenesaw University in Atlanta, Georgia, USA. Mirela joined MedLife team in 2005 as coordinator of the corporate sales team (Corporate Sales Manager), a position she held until 2011 when she was appointed as New Business Sales Manager. Prior to joining MedLife, Mirela Dogaru held the position of sales manager within Petchim S.A. (2004-2005) and Key Account Manager within Freshtex Textile Finishing S.R.L. (2003-2004). She has been appointed as a member of MedLife Executive Committee since December 16, 2016.

By decision of the Board of Directors adopted on 20 October 2020, the mandate was prolonged for a period of 4 years (namely for the period between 21 October 2020 to 21 October 2024).

Vera Firu (1959), Accounting and Tax Director

Vera Firu is the Accounting and Tax Manager of the Company. Vera Firu graduated in 1985 the Academy of Economic Studies, Faculty of Industry, Construction and Transport Economics. Prior to joining MedLife team, Vera Firu served as Chief Financial Officer of Unicom Holding S.A. (1996-2005) and previously, she was chief accountant within Romquartz S.A. She has been appointed as a member of MedLife Executive Committee since December 16, 2016.

By decision of the Board of Directors adopted on 20 October 2020, the mandate was prolonged for a period of 4 years (namely for the period between 21 October 2020 to 21 October 2024).

Larisa Chiriac (1969), Medical Director

Larisa Chiriac is the Medical Director of the Group. Larisa graduated as a physician from Titu Maiorescu University of Bucharest, Faculty of Medicine and Pharmacy in 1998, being licensed as a doctor in 1998. Larisa worked at the Army Cardiovascular Diseases Emergency Center in Bucharest. Her professional experience includes the position of a specialist in family medicine with medical management and general ultrasound management capabilities, head of the triage office of the Army Cardiovascular Diseases Emergency Center in Bucharest, from May 2003 to June 2016. She has been appointed as a member of MedLife Executive Committee since May 1, 2018.

By decision of the Board of Directors adopted on 20 October 2020, the mandate was prolonged for a period of 4 years (namely for the period between 21 October 2020 to 21 October 2024).

The Board of Directors has delegated the management of MedLife to its directors, and the delineation of responsibilities between the Board and the company's directors, including the threshold values of competence for legal acts concluded by the company, is included in the Board's internal regulations.

The Board appoints a maximum of 10 directors for a period of 4 years and decides on the competencies and responsibilities of the directors through regulations or decisions. The directors are generally responsible for the day-to-day operations of MedLife within the limits established by the Board, the Articles of Association, and the Applicable Law.

The decisions that require a resolution of the Executive Committee, the decisions that can be made by a director, and the organization and functioning of the Executive Committee are established by the regulations of the Executive Committee approved by the Board.

According to the available information, there is no agreement, understanding, or family relationship between the company's administrators and any other person who may have contributed to their appointment as administrators.

According to the information available, the members of the Board of Directors have not been involved in any litigation or administrative proceedings regarding their activity within the company in the last five years, nor regarding their ability to fulfill their duties within the company in the last five years.

Operational Management

The Group's management is structured on two pillars. Operational management is carried out by an experienced senior management team, acting below the executive directors of the Group. This body includes the functional heads of support departments, business line

heads and managers of larger units. The managers group meets weekly as a broad management committee with the objective to identify and address emerging risks and opportunities in the business and review actual vs. budget performance. The managers outside Bucharest usually attend by conference call.

The Group manages its business based on an annual budget, agreed on a bottom-up basis with the managers, initially, and subsequently confirmed by the Group's Executive Committee and by the Board of Directors. The budget includes detailed operational key performance indicators as well as financial targets, represents the Group's operating and financial plan for a financial year, and sets the operational and financial targets at the unit level. Compensation of the members of the 60+ group is heavily linked to the achievement of the budget. Within their units, the managers have substantial autonomy to operate within the agreed budget framework.

Alongside the operational management, the Group implements a medical management system with the primary objective to ensure quality care and the management of medical risks. Medical management at Group level is led by the Group's medical director.

Medical managers or coordinators at unit level meet regularly to review patient cases, identify current and upcoming medical issues, as well as plan medical resources. Each medical unit has a medical coordinator and in the more complex hospital settings, the medical management structure includes a Medical Director, Medical Council and Ethics Council. Conducting new medical procedures or altering existing protocols is usually conditional upon approval of the medical management groups.

PEOPLE AND RESOURCES

The Group services patients through the largest private pool of doctors and nurses in Romania. As of 31 December 2022, the Group collaborated with more than 4,500 doctors and 2,600 qualified nurses across its business lines, including both employees working exclusively for the Group under individual employment contract and collaborators, providing services as independent contractors. Also, as at 31 December 2022, more than 2,500 full-time employees were operating as support staff and administrative staff.

The type of contractual arrangement between the Group and its medical staff depends on various criteria, such as the professional context or the time that the medical staff can allocate to services provided to the 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 doctors and other medical staff in exchange for quality medical care and commitment to promote MedLife 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 the number of appointments and consultations. Collaborators are compensated based on the number of appointments and consultations.
The Group does not operate pension plans or long-term incentive schemes.

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

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 provide 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 behavior by presenting these concerns to the competent human resources department within the Group. The Group undertakes to investigate such concerns brought by good faith, maintaining the confidentiality of these steps.

RISK MANAGEMENT AND INTERNAL CONTROL

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.

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 was completed in March 2023.

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.

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.

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.

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.

Internal Control

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.

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.

Off-balance sheet arrangements

As of 31 December 2022, the Group is not part to any off-balance sheet obligations or arrangements.

Changes in Accounting Policies

To the best of the Company's knowledge, there are no material accounting standards applicable to the Group that will require a prospective change in any of the Group's accounting policies.

Significant accounting policies

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

MEDLIFE ON THE CAPITAL MARKET

Share Capital

Subscribed and paid in share capital

The issued share capital in nominal terms consists of 132,870,492 ordinary shares as at 31 December 2022 (31 December 2021: 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 15 December 2020, the share capital of the Company was increased with RON 27,681,352.50, from RON 5,536,270.5 to RON 33,217,623, by issuance of a number of 110,725,410 new shares with a nominal value of RON 0.25 per share. The Share Capital Increase was made with the incorporation of share premium reserves, and the newly issued shares (5-for-1) were allocated without a monetary compensation to all shareholders registered in the shareholders' register of the Company as at 4 of January 2021 (Registration Date). The effects of the share capital increase were processed on 15 of February 2021 and the newly issued shares were allocated to shareholders. The total number of issued ordinary shares of the Company after the share capital increase was 132,870,492.

History of the share capital of the Company

In the period 2013-2016 there were no changes in the share capital of the Company.

On 11 November 2016, the split of the nominal value of shares issued by the Company from 10 RON/share to 0.25 RON/share was recorded in the trade register, based on the decision of the Extraordinary General Meeting of Shareholders adopted on 1 November 2016. Following the division of the nominal value, the number of shares issued by the Company changed from 502,300 shares to 20,092,000 shares. The Company's share capital became 5,023,000 RON, divided into 20,092,000 shares, each share having a nominal value of 0.25 RON.

On December 19, 2017, the process of raising capital by issuing additional shares was completed. Thus new 753,082 shares were subscribed as a result of exercising the preference right of the shareholders registered in the shareholders' register on October 27, 2017. There were also additional 1.3 million shares set in private placement. The date of the newly issued shares was January 11, 2018. Thus the share capital of the Company became 5,536,270.5 RON, divided into 22,145,082 shares, each share having a nominal value of 0.25 RON.

As of 31 December 2022, MedLife had an ongoing share buyback program. The share buyback program, which is the third such program implemented by the Company, was initiated on 7 January 2022, through the decision of the BoD, according to the Extraordinary General Meeting of Shareholdersn Decision no. 2 on 29 September 2021. The aforementioned EGMS decision approved the repurchase of a maximum of 5,470,671 treasury shares for a maximum period of 18 months from the date of publication of the decision in the Official Gazette of Romania, Part IV, at a price per share ranging from RON 10 to RON 30, with the nominal value of the treasury shares thus acquired by the Company, including those already in its portfolio, not exceeding the threshold of 10% of the subscribed share capital of the Company. The treasury shares acquired under the Program are to be offered to former or current members of the management or former or current employees of certain subsidiaries of the Company in exchange for shares held by them in the respective subsidiaries of the Company.

The share buy-back program had the following results during 2022:

1. Number of shares repurchased:

- 382,134 shares in 2022 (0.2876% of the subscribed and paid-in share capital - after the Share Capital Increase)

2. Average buy-back price:

- RON 20.4961 / share in 2022

Treasury shares, which are repurchased equity instruments, are recognized at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium. During 2022 the Group reacquired own equity instruments (treasury shares) in a total amount of RON 7,851,826 and released shares in total value of RON 8,648,583, 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 1,417,465 and was included as an increase on the share premium account.

Shareholders structure of Med Life S.A. as at 31 December 2022

As at 31 December 2022, MedLife S.A. had the following shareholding structure:

Shareholder	Number of shares	Stake held (% of the share capital)
Marcu Mihail	19,932,307	15.0013%
Cristescu Mihaela Gabriela	18,660,690	14.0443%
FPAP NN/NN PENSII S.A.	17,589,235	13.2379%
Marcu Nicolae	13,835,400	10.4127%
Persoane Juridice	54,674,398	41.1486%
Persoane Fizice	8,178,462	6.1552%
Total	**132,870,492**	**100.0000%**

Shares evolution in 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 (price after 5 newly issued shares for every 1 share held).

During 2022, MedLife shares attracted a liquidity of RON 369 million on the BSE, ranking the 7th 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 13th on the top of listed companies at the end of 2022, registering a value of RON 2.43 billion.

MedLife's activity from the Investor 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.

DIVIDENDS POLICY

Shares owned by the Company's shareholders other than the Company bear equal and full rights to dividends.

The Company's financial year begins on January 1 and ends on December 31st. Under the Company Law, dividends may be distributed only if the Company records profit, optionally quarterly on the basis of interim financial statements, and annually, after the settlement adjustment is made in the annual financial statements approved by the General Shareholders' Meeting, as under the Romanian law, interim dividends may be distributed. The Company's profit after the profit tax payment will be distributed according to the decision of the general meeting of shareholders. The Company has the obligation to set up reserves and other funds required by the applicable laws.

The Company’s general meeting of shareholders is free to decide the distribution of dividends based on the proposal of the Board of Directors. If the Board of Directors do not make such proposal, shareholders holding individually or collectively at least 5% of the voting rights may also request to add to the agenda of the shareholders' meeting an item on the distribution of dividends, including the distribution quota. Dividends may be distributed only out of profits determined by law, pro rata with the contribution to the paid-in share capital, optionally quarterly based on interim financial statements and annually, after the settlement adjustment is made in the annual financial statements.

The General Meetings of Shareholders approving the annual financial statements generally establishes also the amount of the gross dividend per share, as well as the payment process. According to Law no. 24/2017 on issuers of financial instruments and market operations, the General Meeting of Shareholders approving the distribution of dividends must also set the period during which the dividends will be paid to the entitled shareholders. The beginning of the payment period shall not occur later than 6 months from the date of the meeting. If the General Meeting of Shareholders does not decide on a dividend payment period, the dividends shall be payable within 30 days from the date of publication of the resolution approving the payment of dividends in the Official Gazette of Romania, Part IV. Upon expiry of such period, the Company would be deemed to be in payment default by operation of law.

Dividends may be paid on an optional quarterly basis within the time limit set by the general meeting of shareholders, by adjusting the differences resulting from the distribution of dividends during the year in the annual financial statements. Payment of settlement adjustments is made within 60 days of the date of approval by the General Meeting of Shareholders of the annual financial statements for the financial year ended. Otherwise, the Company or its shareholders, depending on the outcome of the settlement, owes after this term a penalty interest calculated according to the applicable legal provisions, if the decision of the general meeting of the shareholders approving the financial statements of the concluded financial year did not set a higher interest rate. In the case of partial dividends being distributed among shareholders during a financial year, the annual financial statements will highlight dividends that are partially attributable and will properly adjust the resulting settlement differences.

Payment of dividends is made only to shareholders registered on the registration date (“data de înregistrare”) set by the General Meeting of Shareholders approving the distribution of dividends. The registration date must be set on a date that occurs at least 10 business days after the date of the General Meeting of Shareholders. Romanian law also requires that the payment date set by the General Meeting of Shareholders must not occur later than 15 business days after the registration date, but must occur within the six months period from the date of the General Meeting of Shareholders approving the dividend distribution.

According to the applicable regulations, the Company must publish, before the dividend payment date, a press release which will also be sent to FSA and market operator, specifying at least (i) the value of the dividend per share, (ii) the ex-dividend date, (iii) the date of registration, and (iv) the date of payment of the dividends, as approved by the General Meeting of Shareholders, as well as (i) the method of payment of the dividends and (ii) the identification information of the paying agent.

Any dividends that are not claimed within three years from the date on which their payment becomes due may be retained by the Company.

According to the Company Law, the distribution of dividends from fictitious profits or from sources that cannot be distributed during the financial year on the basis of the interim and annual financial statements, or contrary to the financial statements results, entails the criminal liability of directors, the members of the board of directors, members of the executive board or the supervisory board or the legal representatives of the Company and shall be punished by imprisonment from one year to five years. Furthermore, if the Company registers a loss of its net assets, the share capital must be replenished or reduced before any dividend distribution is made. In addition, if the Company has accumulated losses, it may not pay dividends until the losses are offset.

The Board of Directors is focused on creating value for the Company's shareholders. To sustain the Group's current pace of growth in terms of profitability, the Group needs both internal and external resources. Thus, the Board of Directors, committed to further expand the Group's profitability to the benefit of the shareholders, intends to propose not to distribute dividends to the shareholders for as long as the growth of the Group is comparable to that recorded historically.

In case the Board of Directors will propose the distribution of dividends in the future, certain matters will need to be considered, such as: general business conditions, the Group's financial results, investment requirements as well as contractual and legal restrictions on the payment of dividends or any other factors as the Board of Directors may deem relevant. Profits not required for the Company's growth plans or not encumbered by contractual, legal or other restrictions is expected to be paid to the shareholders as dividends, unless it is needed for any other corporate purpose including investments in value creating opportunities.

FINANCIAL ANALYSIS

The following analysis of the Group's financial condition and results of operations as of and for the years ended 31 December 2021 and 2022 should be read in conjunction with the Financial Statements and the information related to the Group's business included elsewhere in this Annual Report. Selected financial information presented in this section has been derived from the Consolidated Audited Financial Statements, in each case without material adjustment, unless otherwise stated. Investors should read the Annual Report together with the Financial Statements and other reports issued by the Group and should not rely upon summarized information only.

The following table sets out the Group's consolidated statement of profit and loss and other comprehensive income for the periods ended 31 December 2021 and respectively, 2022:

	12 months ended December 31, 2022	2021	Variation
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%
OPERATING INCOME	**1,809,550,809**	**1,437,581,362**	**25.9%**
Consumable materials and repair materials	(311,233,127)	(234,425,408)	32.8%
Third party expenses	(468,196,458)	(380,388,868)	23.1%
Salary and related expenses	(442,897,905)	(333,837,004)	32.7%
Social contributions	(15,852,088)	(12,214,486)	29.8%
Depreciation and amortization	(152,410,751)	(113,760,199)	34.0%
Impairment losses and gains (including reversals of impairment losses)	(4,851,599)	(5,269,269)	-7.9%
Commodities expenses	(209,975,320)	(106,225,169)	97.7%
Other operating expenses	(109,903,888)	(79,609,056)	38.1%
OPERATING EXPENSES	**(1,715,321,136)**	**(1,265,729,459)**	**35.5%**
OPERATING PROFIT	**94,229,673**	**171,851,903**	**-45.2%**
Finance cost	(42,489,150)	(27,451,079)	54.8%
Other financial expenses	(2,183,221)	(8,981,263)	-75.7%
FINANCIAL RESULT	**(44,672,371)**	**(36,432,342)**	**22.6%**
RESULT BEFORE TAXES	**49,557,301**	**135,419,561**	**-63.4%**
Income tax expense	(12,124,746)	(22,506,352)	-46.1%
NET RESULT	***37,432,555***	***112,913,209***	***-66.8%***
Owners of the Group	32,173,072	102,613,932	-68.6%
Non-controlling interests	5,259,483	10,299,277	-48.9%
Earnings per share			
Basic and diluted earnings per share	0.24	0.77	
Other comprehensive income items that will not be reclassified to profit or loss			
Revaluation of land and buildings	66,292,412	-	100.0%
Deferred tax on other comprehensive income components	(10,606,786)	-	100.0%
TOTAL OTHER COMPREHENSIVE INCOME	***55,685,626***	-	***100.0%***
			-
Total other comprehensive income attributable to:			
Owners of the Group	54,012,309	-	100.0%
Non-controlling interests	1,673,317	-	
TOTAL COMPREHENSIVE INCOME	***93,118,181***	***112,913,209***	***-17.5%***
Total comprehensive income attributable to:			
Owners of the Group	86,185,381	102,613,932	-16.0%
Non-controlling interests	6,932,799	10,299,277	-32.7%

Overview of the Group's sales streams

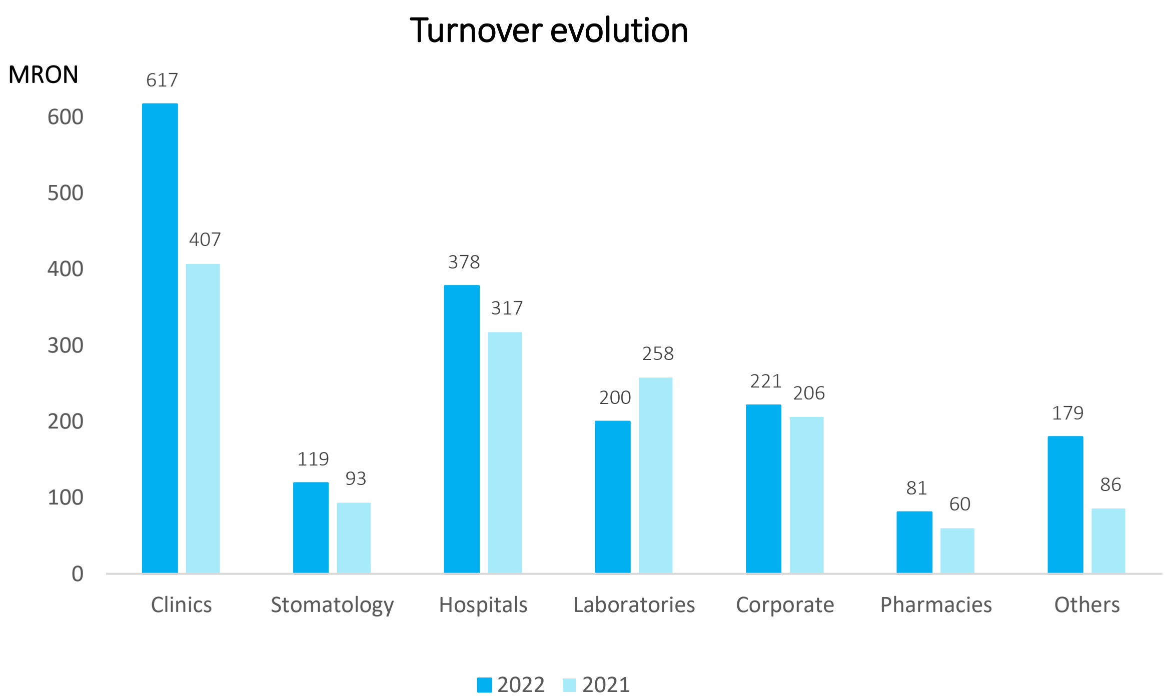
The Group's core activities are conducted through six business lines, providing a well-balanced business portfolio that covers all key segments of the private medical services market.

The turnover for the 2022 financial year amounted to RON 1,795,432,748, an increase of RON 368,214,374 or 25.8% compared to the turnover achieved in the 2021 financial year.

This growth was mainly the result of significant increases across all of the group's business lines, especially in Clinics, Hospitals, Stomatology and Corporate, as well as the impact of the group's acquisitions completed in 2021 and 2022. As for Laboratories, the 22.5% decrease compared to the same period last year is due to the decline in one-off demand for COVID-19 laboratory tests.

The following table sets out the sales for 2022 as compared to the sales recorded in 2021 for each of the Group's business lines:

Business Line	12 months 2022 Sales	% of Total Sales	12 months 2021 Sales	% of Total Sales	Variation 2022/2021
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%
TOTAL SALES	**1,795,432,748**	**100.0%**	**1,427,218,373**	**100.0%**	**25.8%**



Business model independent of NHIH funding

The Group's business and revenue model focuses on the spending power of corporations and private individuals on medical services, while the State's contribution through the NHIH represents a complement, not the core revenue of MedLife's activities. In 2022, 75% of the Group's revenue came from corporations and private individuals. During the same period, only 25% of the Group's revenue came from providing services to patients insured by State programs, so the Group has the autonomy to determine its own policies and priorities.

	2022 RON	%	2021 RON	%
Corporations and Private Individuals for HPP and fee-for service payments	1,348,369,994	75%	1,166,037,411	82%
State insured patients paid by the NHIH	447,062,754	25%	261,180,962	18%
TOTAL	**1,795,432,748**		**1,427,218,373**	

<u>Clinics</u>

The core of the Group's operations is the network of ambulatory clinics throughout Romania. The business line comprises a network of 98 facilities, which offer a wide range of outpatient services covering a broad range of medical specialties. The Group's diagnostic imaging services provided to clients other than hospital inpatients also form part of this business line.

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

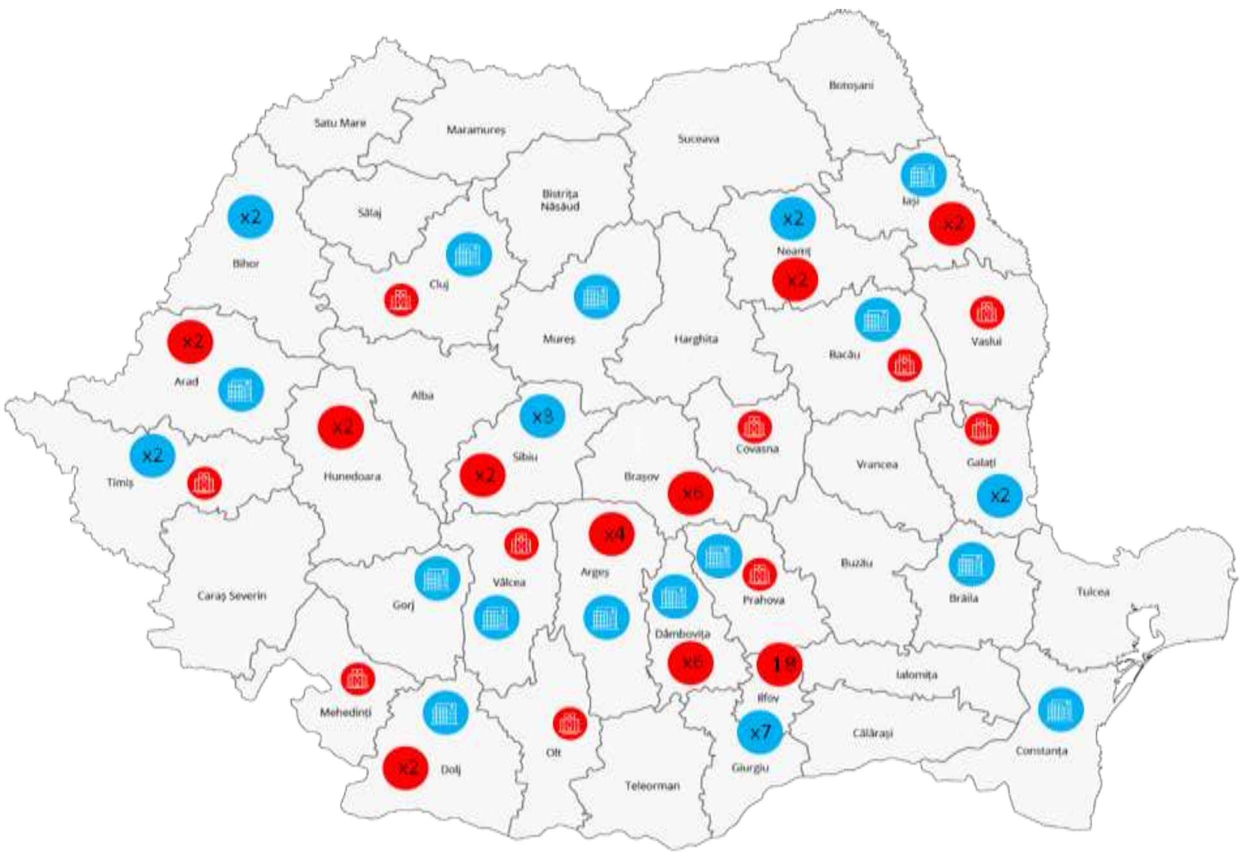
- Hyperclinics, a format pioneered by MedLife in Romania, consisting of large facilities with more than 20 medical offices and surface areas in excess of 1,000 sqm. It is a one-stop-shop for clinical examinations and imaging. This format is designed for larger urban areas, with a population over 175,000 inhabitants. Hyperclinics would usually include a broad range of imaging services on site including radiology, bone density – DEXA, CT, MRI 3T, 2D-4D ultrasounds and Mammography; in the case of new openings, such services may be included in the hyperclinics' offering gradually. Hyperclinic locations also host the services of other business lines, such as pharmacies or sampling points for laboratories. As of 31 December 2022, the Group operated 34 hyperclinics throughout Romania.

- Clinics, offering a range of treatments from general practitioner services to specialists, are aimed at servicing the core needs of the Group's HPP patients and FFS clients. The Group's clinics typically have between 5 and 12 medical offices, although smaller satellite clinics are in operation to address specific market situations. Clinics are designed for smaller cities or to serve specific concentrations of patients. Clinics, with limited capacity and generally limited imaging services, act as feeder networks for the more specialized services located in the hyperclinics. Certain clinics are fully specialized, such as Mindcare and the Obor and Paediatrics hospitals, which also have dedicated outpatient units. As of 31 December 2022, the Group operated 63 clinics throughout Romania and 1 clinic in Budapest, Hungary.

Clinics network national distribution

34
Hyperclinics

63
Clinics



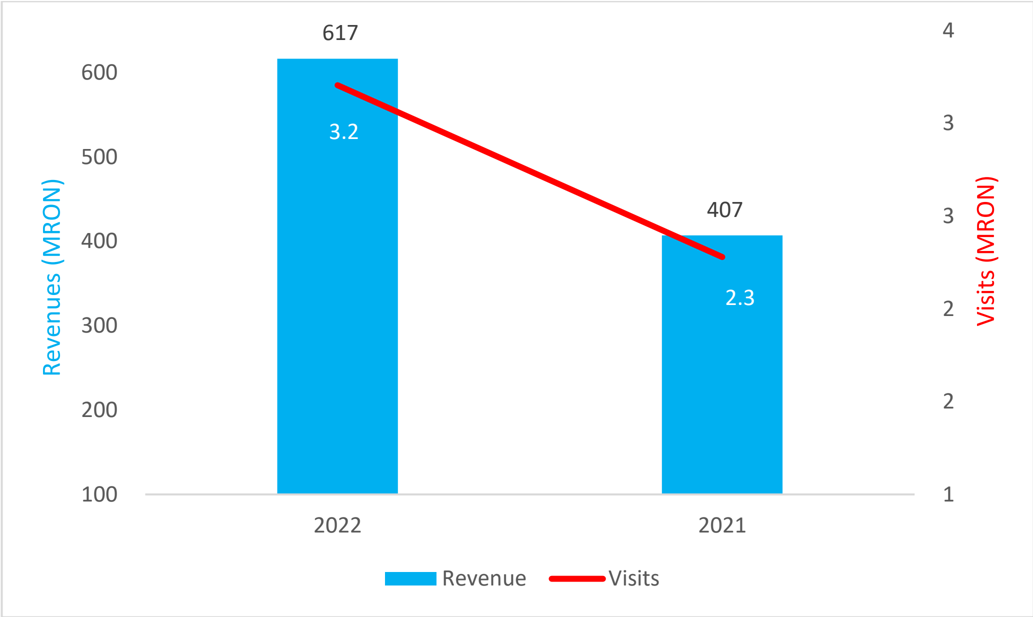
Analysis of clinics business line 2022 evolution

The revenues of the Clinics increased in 2022 by RON 209,649,921 or 51.5%, from RON 407,035,457 in 2021 to RON 616,685,378 in 2022. The growth is due to a 7.8% increase in the average price per visit from RON 178.6/visit in 2021 to RON 192.4/visit in 2022. The increase was caused by a change in the mix of services accessed by the group's customers in the post-pandemic period, as well as price increases. As for the number of visits, there was a 40.6% increase from 2,279,580 visits in 2021 to 3,205,637 visits in 2022 as the pandemic slowed down and the clinics focused on developing new service packages, from pre and post-covid screening packages to prevention packages for patients with chronic pathologies. The growth was also supported by the acquisitions completed by the Group in 2021 and 2022.

The sales of the business line do not reflect the sales of services provided to HPP patients as part of packages (these being recorded on corporate business line) but include sales paid as FFS in the Group's clinics by HPP patients.

The clinic sector obtains revenues predominantly from FFS customers. Treatment of patients insured by the state through NHIH, mainly with reference to diagnostic imaging services, constituted 26% in 2021 and 40% in 2022 of the business line.

Sales and Visits in Clinics in the period 2021 - 2022



Corporate sales

The Corporate business line offers HPPs 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 clients contract from MedLife as the Standard HPP.

MedLife has a portfolio of 834,000 HPPs packages. The Group has the largest base of individuals benefiting from HPPs in Romania, according to publicly available data.

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.

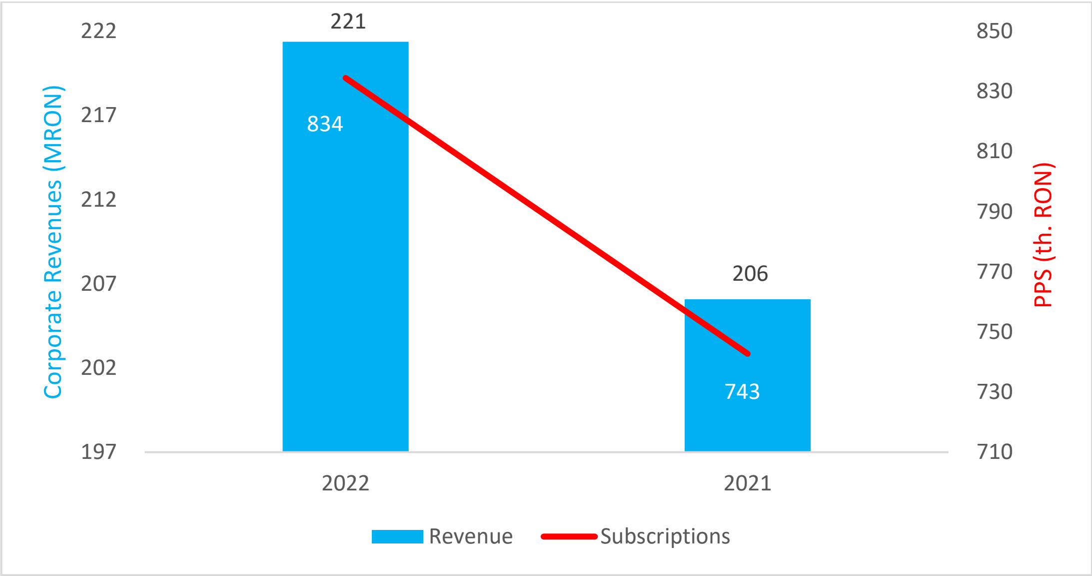
- More general, "prevention oriented" health plans, providing expanded access to general practitioners and certain specialists in the Group's clinics as well as specified laboratory tests and diagnostic imaging for higher end packages. The specific services vary depending on the type of package.

Analysis of corporate business line 2022 evolution

For the year ended 31 December 2022, MedLife increased its revenues from HPPs by 7.4%, as compared to the previous financial year. This was achieved by sustainably growing the number of corporate clients and implicitly the number of subscriptions, while focusing on the retention and up-sale of existing clients. MedLife also developed dedicated programs for the corporate segment, as employers become more and more concerned about the health of their employees.

The expansion of the Group's footprint outside Bucharest has enabled access to new potential clients as the Group's own branded Clinics and other facilities offer a local solution directly under the MedLife brand. The Group has consolidated its regional sales teams to address this market.

Corporate Sales and PPM subscriptions in the period 2021 – 2022



Stomatology

The Group opened its first standalone stomatology clinic under the DentaLife brand in Bucharest in 2015 in leased premises, with the plan to expand the network further within Bucharest and across the country.

On July 11, 2016, the Group completed the acquisition of Dent Estet, the most important player on the dental services market in Romania. The acquisition of Dent Estet has propelled the Group into a leading position in the dental services market, which continues to be a highly fragmented market.

Subsequently, the Group continued to expand this segment under the Dent Estet brand, consolidating its already well-defined position in the market. In 2022, Dent Estet opened a new dental clinic in Arad, alongside MedLife Genesys, and acquired through transfer Dentalife, the first dental clinic in MedLife's portfolio.

The Stomatology business line within the Group offers a complete range of services, from medical examinations to surgical interventions, implants, or orthodontic services.

As of 31 December 2022, MedLife Group included 18 dental clinics, including the RMC DentArt dental clinic in Budapest.

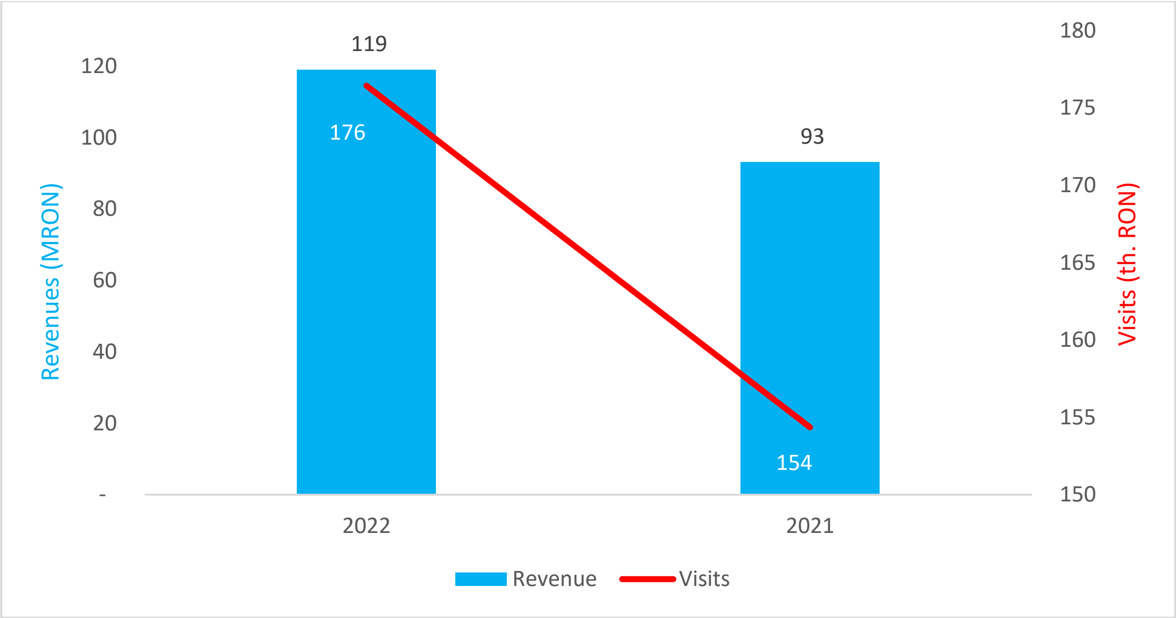
Stomatology national distribution

Analysis of stomatology business line 2022 evolution

In 2022, revenue from Stomatology increased by RON 25,863,964 or 271.7%, from RON 93,204,531 in 2021 to RON 119,068,495 in 2022. The growth was mainly driven by a 14.3% increase in the number of visits, from 154,358 visits in 2021 to 176,437 visits in 2022. This increase is also justified by the organic growth throughout the year. As for the average price per visit, there was a 11.8% increase in 2022 due to changes in the mix of services provided.

Stomatology business line is not subject to NHIH allocations; all of the sales are fee for service ("FFS") based.

Sales and Visits in Stomatology business line in the period 2021 – 2022

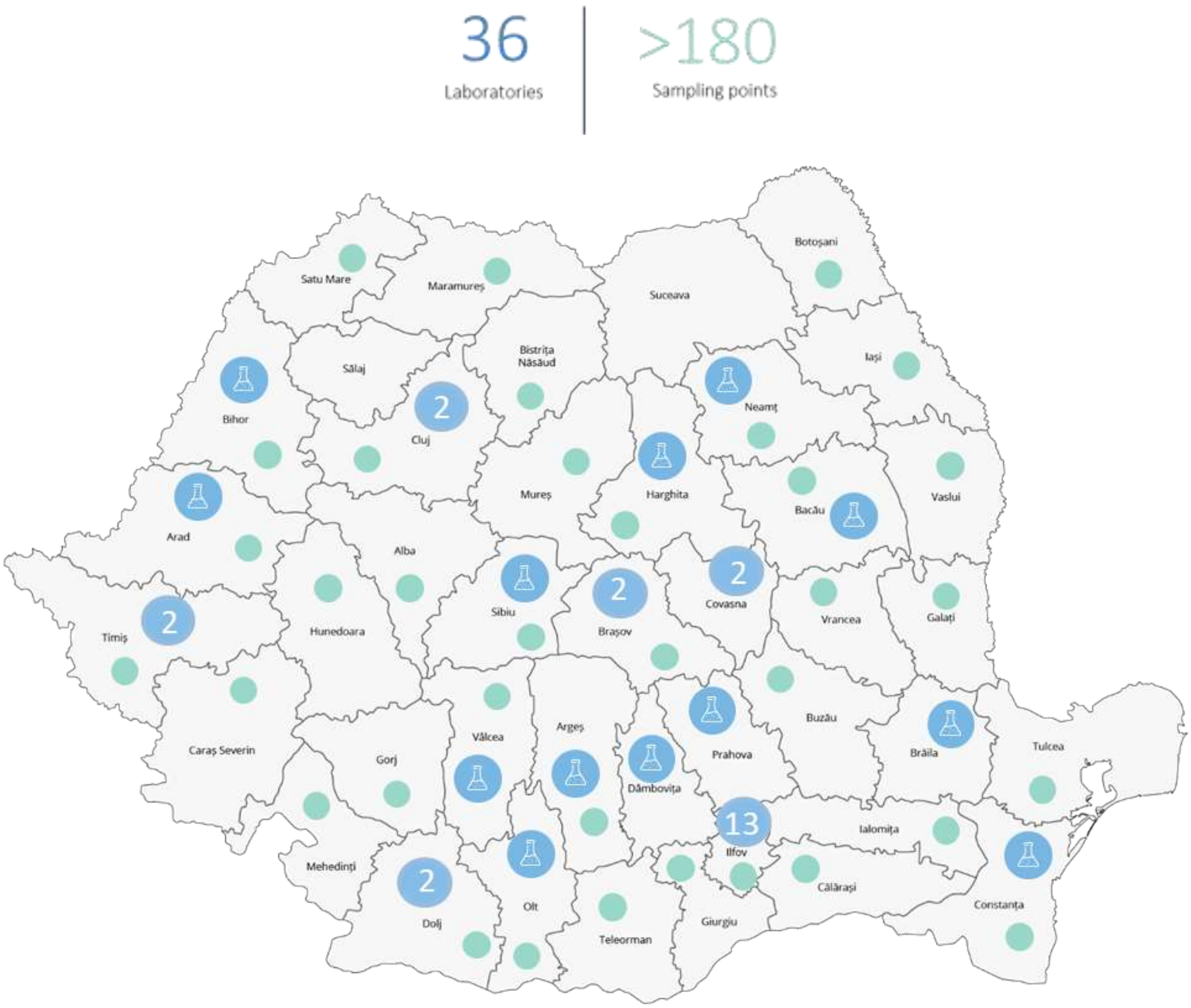


Laboratories

The Group is currently one of the leading laboratory chains focused on the private market in Romania. The Laboratories business line provides the following range of services: biochemistry, pathological anatomy (cytology and histology), molecular biology and genetics, hematology, immunology, microbiology and toxicology.

The Group operates 36 laboratories under both MedLife brand and Sfanta Maria brand, ranging from the large, state-of-the-art Grivita lab facility to smaller regional facilities. As of 31 December 2022, the Group also operated approximately 180 sampling points throughout Romania, under both brands of the Group. Sampling points are locations where the Group collects blood and other samples from patients.

Laboratories and Sampling Points national distribution



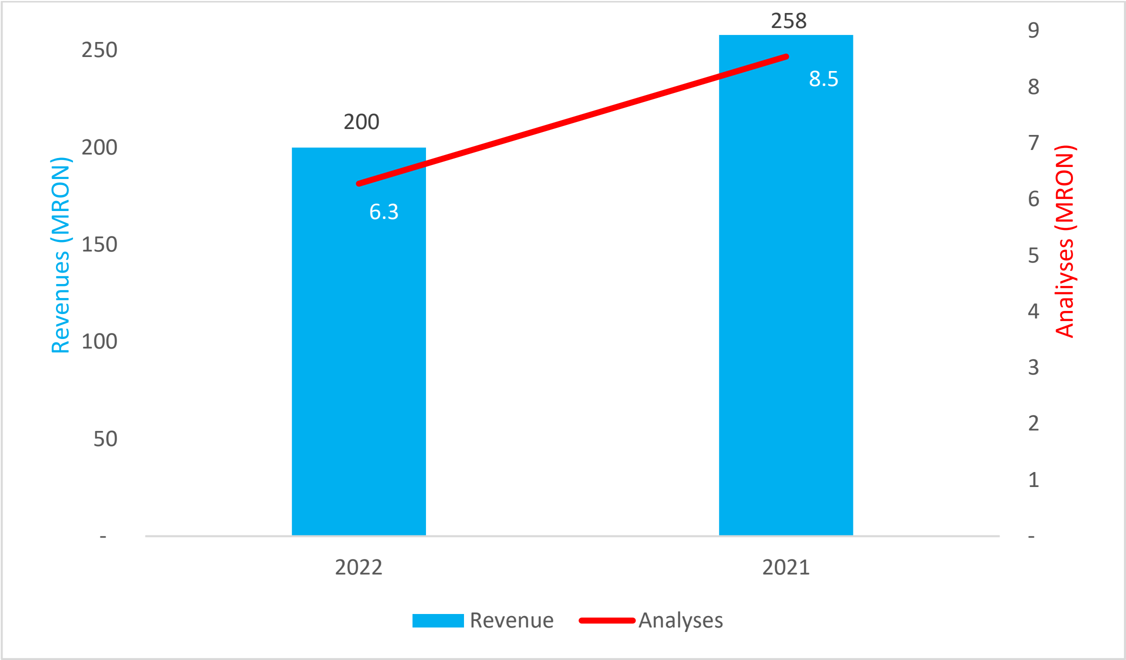
Analysis of laboratories business line 2022 evolution

Laboratory revenues decreased in 2022 by RON 57,988,345, a variation of 22.5%, from RON 257,907,412 in 2021 to RON 199,919,067 in 2022, due to a 26.5% decrease in one-off demand for COVID-19 laboratory tests, with 6,278,105 tests performed in 2022 compared to 8,541,036 tests in 2021.

Regarding the average price per test, there was a 5.5% increase in 2022 compared to 2021, from RON 30.2 in 2021 to RON 31.8 in 2022, as a result of changes in the mix of tests performed due to the gradual decrease in the proportion of PCR tests in the total number of tests performed.

The Laboratories business line sources the bulk of its revenue from FFS clients.

Sales and Analyses performed in Laboratories in the period 2021 – 2022



Hospitals

MedLife created its Hospitals business line to complement its clinic and laboratory activities, creating a full service offering. The Group's first hospital, Life Memorial Hospital ("LMH"), opened in 2007, was one of the first, and is still among the largest private hospitals in Romania. Subsequent growth has resulted in the Group becoming the largest private operator of inpatient facilities in Romania, measured by licensed number of beds, as well as operating theatres.

Between 2010-2022, the Group developed five new hospitals and acquired and integrated six existing hospital units:

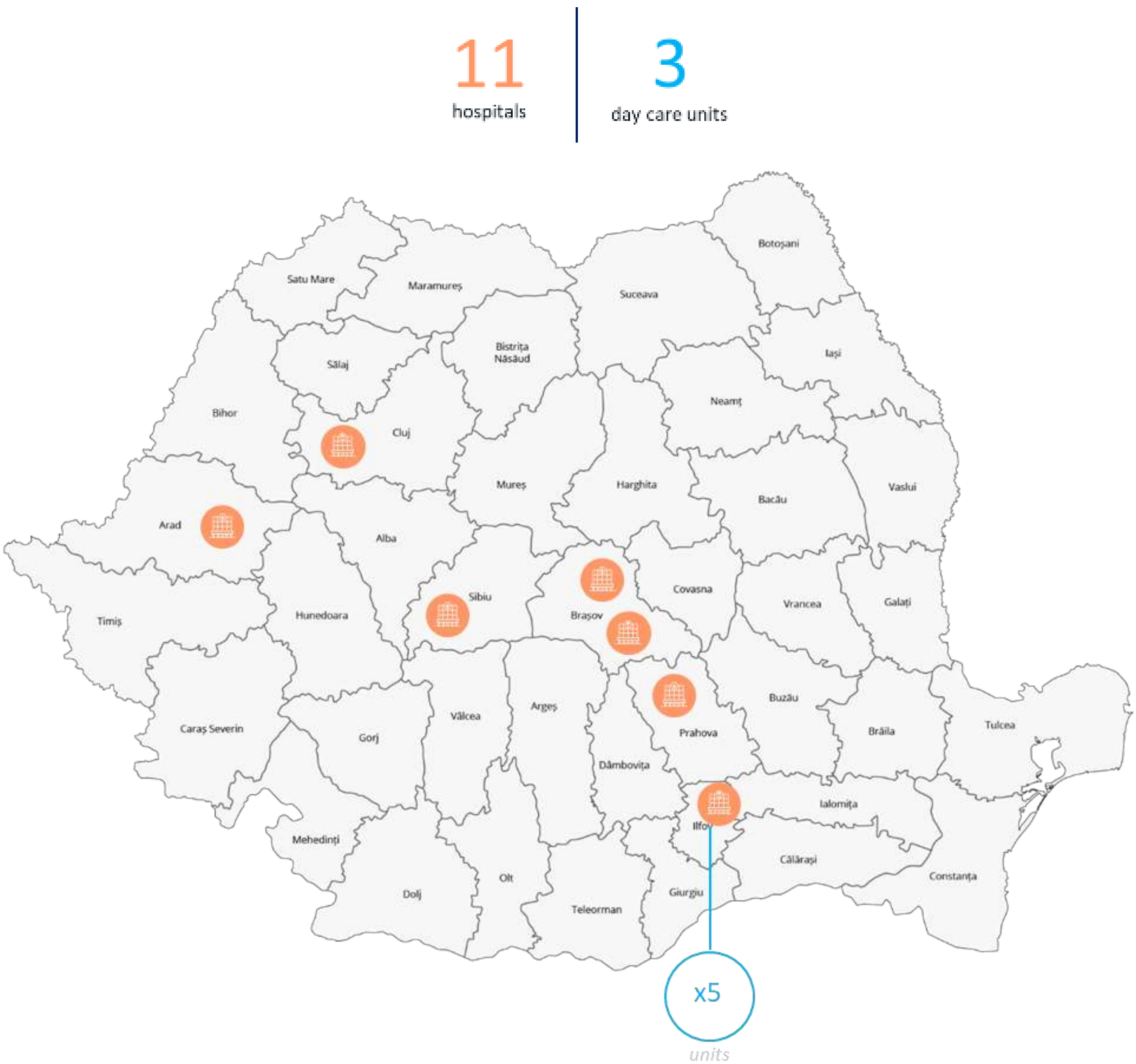
- **MedLife Pediatric Hospital** in Bucharest, opened in 2011. The hospital aims to care for hospitalized patients and surgery for pediatric patients and hosts a specialized clinic, a pharmacy and a laboratory (which operates according to their fields of activity).
- **Genesys Arad** was bought in 2011 and operates as a general hospital in Arad, in the western part of Romania.
- **PDR Hospital** in Brasov was developed and expanded by the Group following the acquisition of PDR in 2010, which included the land and building in which the hospital operates.
- **Orthopedics Obor Hospital**, located in central Bucharest in leased facilities, opened in 2012. It is licensed as an external section of LMH and it is specialized in orthopedic surgery.
- **Titan Hospital** was established in 2015 in rented facilities above the existing MedLife Titan outpatient unit. It is licensed as an external section of LMH.
- **Interventional Cardiology Centre (Angiolife)** was established as an external section of LMH next to the LMH site. Opened in 2015, the Centre has 12 beds and one operating theatre with one operating room, focusing on the treatment of heart disease through laparoscopic procedures. The development of the Interventional Cardiology Center reflects the Group's ongoing focus on niche opportunities where specialist medical teams can be recruited to serve the Group's patient base.
- **Humanitas Hospital** was acquired in 2017 and functions as a generalist hospital in Cluj.
- **Polisano Hospital** in Sibiu was acquired in 2018 - includes the Polisano European Hospital - recognized as one of the most modern and performing hospital units in Romania and the largest private maternity hospital in Transylvania.
- **Lotus Hospital** in Ploiești was bought in 2019.
- **OncoCard Hospital** in Brasov, inaugurated in 2012 with an investment of over 24 million euros and fully acquired by the MedLif Group in 2022, is based on an innovative concept of integrative medicine that begins with the diagnostic phase and covers the entire range of specific active therapies.

The following table contains the breakdown of beds per hospital and specialty:

	ATI	Neonatology	Pacients with continuous hospitalization	Patients with day care hospitalization	TOTAL
Pediatrics Hospital	10	-	96	26	**132**
LMH	18	43	151	14	**226**
Angiolife	3	-	9	-	**12**
Orthopedics Hospital	11	-	25	-	**36**
Titan Hospital	4	-	6	19	**29**
Turnului Hospital (including EVA Maternity)	15	18	72	27	**132**
Genesys Hospital	4	2	59	4	**69**
Iași day care	1	-	-	6	**7**

Timişoara day care	2	-	-	8	10
Craiova day care	1	-	-	39	40
Humanitas Hospital	6	-	42	9	57
Polisano Hospital	21	18	144	12	195
Lotus Hospital	3	-	12	10	25
Oncocard Hospital	4	-	10	80	94
TOTAL	103	81	626	254	1.064

Hospitals national distribution

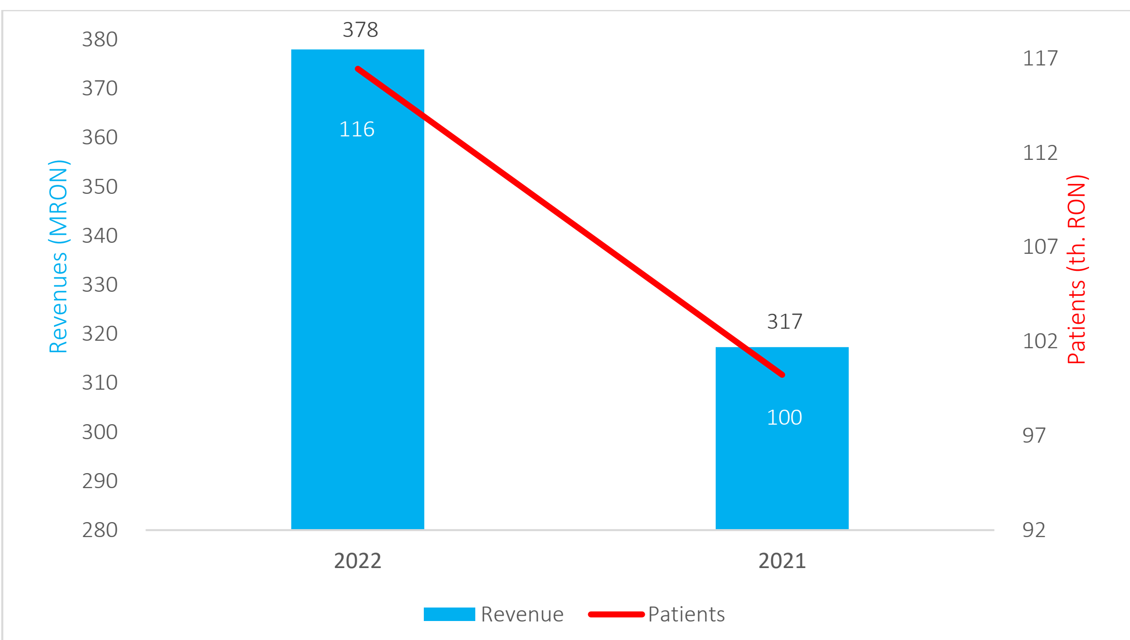


Analysis of hospitals business line 2021 evolution

The revenues from the Hospitals business line increased in 2022 by RON 60,686,418 or 19%, from RON 317,305,322 in 2021 to RON 377,991,740 in 2022. The growth is due to the increase in the average price per patient by 2.5%, from RON 3,165.8 in 2021 to RON 3,246 in 2022. The increase in the average price per patient was determined by a change in the mix of services, as well as by price increases. The number of patients increased in 2022 by 16.2%, from 100,230 patients in 2021 to 116,447 patients in 2022. More and more Romanians took care of their health and benefited from investigations and surgical interventions, most likely due to postponed surgical interventions during the isolation period. The growth was also supported by the acquisitions completed by the Group in 2021 and 2022.

The Hospitals business line derives its revenue predominantly from FFS patients. Treatment of State insured patients for the NHIH, generally relating to maternity, gynecology, cardiology and oncology represented 33% and 35.8% of the business line's sales in 2021 and 2022.

Sales and Patients in Hospitals in the period 2021 – 2022

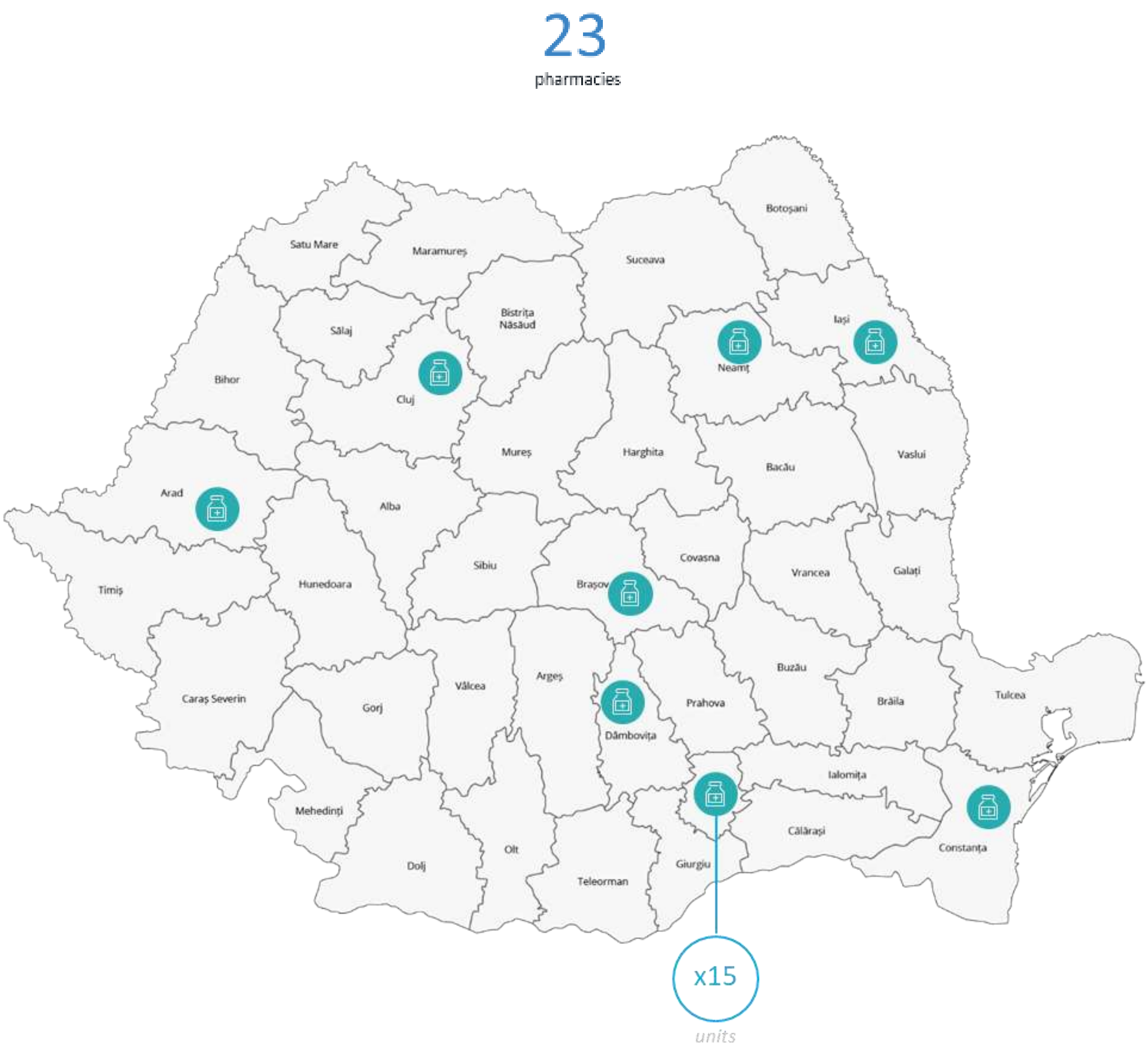


Pharmacies

The Group launched its PharmaLife brand of pharmacies in 2010 to capture additional revenue from the patient traffic in the Group's clinics. PharmaLife operates pharmacies in the Group's own facilities, space, license and sales potential permitting, but also in their proximity.

As at 31 December 2022, 23 pharmacies were in operation, providing patients with prescription and over-the-counter healthcare products, including products under own brand named Doctor Life.

Pharmacies national distribution



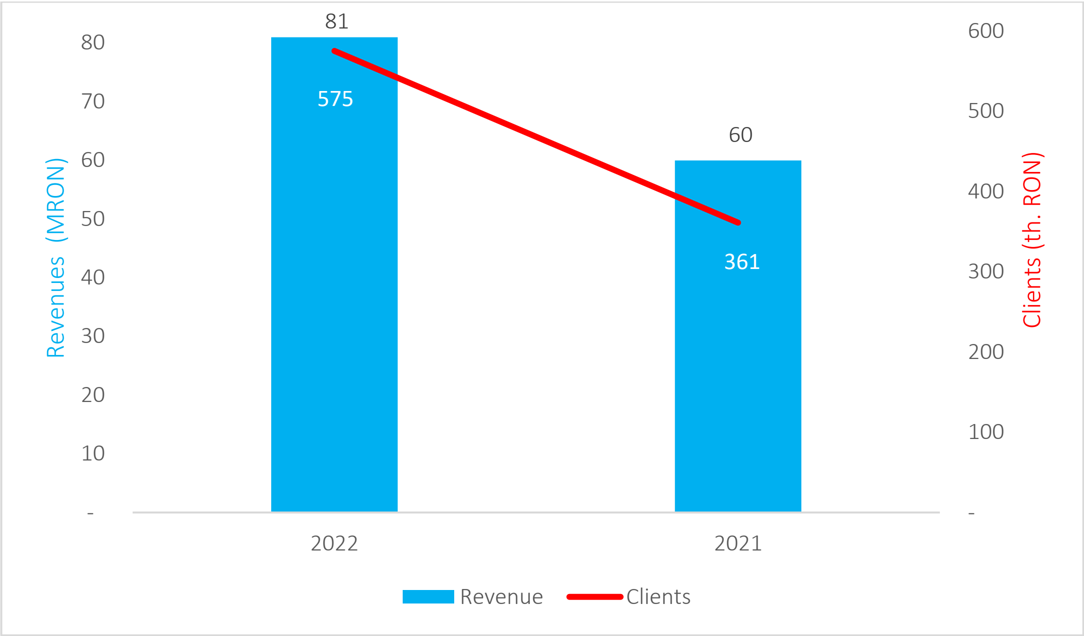
Analysis of pharmacies business line 2022 evolution

The revenues of the Pharmacy business line increased in 2022 by RON 20,991,941 or 35%, from RON 59,949,420 in 2021 to RON 80,941,362 in 2022. The growth was mainly due to a 59.3% increase in the number of customers, from 361,236 customers in 2021 to 575,323 in 2022, following the integration of the CED Pharma pharmacy group and the expansion of the product portfolio. The 15.2% decrease in the average value of transactions made by customers, from RON 166 in

2021 to RON 140.7 in 2022, was mainly due to changes in the mix of products sold, as a result of the integration of the newly acquired pharmacies, which target a different customer profile.

In 2022, 79% of the PharmaLife sales were cash-based, the difference being NHIH-subsidized.

Sales and transactions (clients) in pharmacies in the period 2021 – 2022



Other revenues

Other revenues include sales brokerage commissions pertaining to the insurances intermediated by the Group's insurance broker, revenue from Stem Cells Bank's stem cell collection & storage services and revenue from the newly acquired wholesale company – Pharmachem Distributie. Other revenues increased in 2022 by RON 93,706,719 or 109.3%, from RON 85,745,712 in 2021 to RON 179,452,431 in 2022, as a result of the consolidation of Pharmachem Distributie.

Analysis of the other items of the profit and loss account

Other operating revenues

The Group's other operating revenues for the 12-month period ended 31 December 2022 were RON 14,118,061, representing an increase of 36.2% compared to the same period last year. This category mainly includes operating subsidy revenues of RON 2,491,038, capitalized costs of intangible assets of RON 6,671,334 resulting from the Group's investments of its own resources and the continuous development of the Group's IT platform, as well as other operating revenues of RON 4,955,689.

Operating expenses

The operational expenses include fixed and variable expenses, as well as expenses for goods and materials used by the Group to provide services. Operational expenses as a percentage of operating revenues represented 88% in 2021 and 95% in 2022. The main categories of operational expenses are described below.

Operating expenses evolution for 2021 and 2022

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

Consumable materials and repair materials

These expenses include various medical supplies and other goods used by the Group's business lines, including laboratory reagents, chemotherapy drugs, surgery and consultation sterilized consumables, and cleaning supplies. The Group's expenses for consumable materials and repair materials increased in 2022 by RON 76,807,719 or 32.8%, from RON 234,425,408 in 2021 to RON 311,233,127 in 2022. The increase was mainly due to the consolidation of Neolife and Oncocard, as well as the consumables for chemotherapy drugs associated with them.

This category of expenses as a percentage of the Group's revenue represented 16.4% in 2021 and 17.3% in 2022.

Salary and related expenses and social contributions

These expenses include gross salary expenses and related contributions for the Group's own staff, including doctors, nurses, laboratory personnel, pharmacists, and administrative personnel from the central headquarters and operational units. Expenses for doctors who provide services to the Group on an independent basis are included in the category of Third-Party Expenses (including contracts with doctors), described below.

The Group's expenses for salaries and social contributions increased in 2022 by RON 112,698,503 or 32.6%, from RON 346,051,490 in 2021 to RON 458,749,993 in 2022, mainly due to the integration of acquired companies and organically developed units during 2022.

This category of expenses, as a percentage of the Group's sales, represented 24.2% in 2021 and 25.6% in 2022.

Third party expenses (including doctors' agreements)

Third party expenses include mainly the costs of doctors contracted by the Group as independent service providers. It also includes various other costs incurred with third parties such as financial and legal consultants and the costs of the NetLife network, which services the Group's HPP clients in areas where the Group is not present.

The Group's expenses with third parties increased in 2022 by RON 87,807,590 or 23.1%, from RON 380,388,868 in 2021 to RON 468,196,458 in 2022. This increase was mainly due to the growth in services provided by doctors contracted by the Group as independent service providers. This category of expenses as a percentage of the Group's sales represented 26.7% in 2021 and 26.1% in 2022.

Amortization and depreciation

The expenses related to amortization and depreciation increased in 2022 by RON 38,650,551 or 34%, from RON 113,760,199 in 2021 to RON 152,410,751 in 2022. The increase is due to the growth of the Group's assets, as well as the effects of IFRS 16. This category of expenses as a percentage of the Group's sales represented 8% in 2021 and 8.5% in 2022.

Commodities expenses

These expenses mainly include the cost of pharmaceutical products sold by the Group's pharmacies, as well as the pharmaceutical products sold by Pharmachem Distribution following its consolidation within the Group. Consequently, merchandise expenses increased in 2022 by RON 103,750,151 or 97.7%, from RON 106,225,169 in 2021 to RON 209,975,320 in 2022.

This category of expenses as a percentage of the Group's revenue represented 7.4% in 2021 and 11.7% in 2022.

Other operating expenses

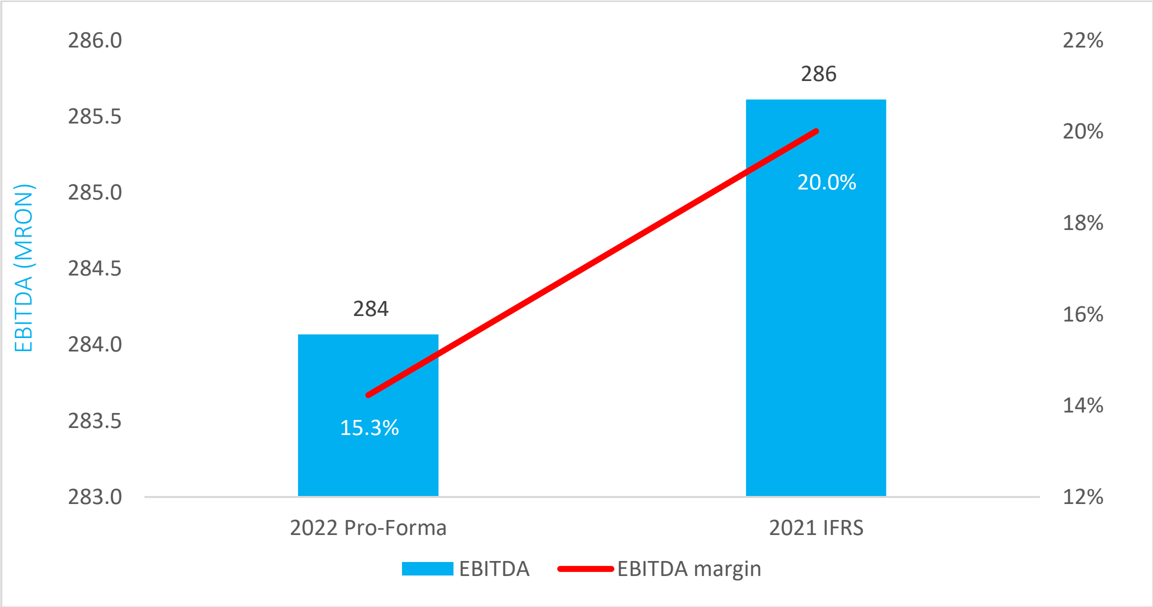
Other operating expenses include promotion expenses, maintenance and repair expenses, utilities, rent, insurance premiums, communications, and other administrative and operating expenses. Other operating expenses increased in 2022 by RON 30,294,832 or 38.1%, from RON 79,609,056 in 2021 to RON 109,903,888 in 2022.

This category of expenses as a percentage of Group sales represented 5.6% in 2021 and 6.1% in 2022.

EBITDA PRO-FORMA

Adjusted EBITDA, presented in the Pro-Forma Financial Information for the year ended 31 December 2022 decreased by 0.5%, or RON 1,544,753, compared to EBITDA for the year ended 31 December 2021, from RON 285,612,102 in 2021 to RON 284,067,349 in 2022. Further details regarding the pro-forma financial information can be found in the "Pro-Forma Financial Information for the 12-month period ended 31 December 2022" annex.

Pro-forma EBITDA and Pro-forma EBITDA Margin evolution for the period 2021 – 2022



Operating Profit

The operating profit decreased by 44.2% in 2022 compared to 2021, from RON 171,851,903 in 2021 to RON 94,229,673 in 2022, as a result of the increase in previously mentioned operating expenses and the consolidation of the MedLife Group structure through acquisitions and organic development, as well as the normalization of medical activity in the post-pandemic period.

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.

Financial result

The financial result increased by 22.6% in 2022 compared to 2021, from a loss of RON 36,432,342 in 2021 to a loss of RON 44,672,371 in 2022. The increase was mainly due to the increase in financing costs resulting from the increase in interest-bearing debt from period to period, in order to support the development strategy of the Group

Result before taxes

As a result of the factors presented above, the profit before tax decreased by RON 85,862,260 in 2022 or by 63.4%, from RON 135,419,561 in 2021 to RON 49,557,301 in 2022.

Income tax expense

Income tax expense decreased in 2022 by RON 10,381,606, or 46.1%, from RON 22,506,353 in 2021 to RON 12,124,746 in 2022.

Net result for the year

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.

Total other comprehensive income of RON 55,685,626 was recorded due to the revaluation process of the Land and Buildings owned.

Consolidated statement of financial position

The following table sets out the Group's consolidated statement of financial position for the periods ended 31 December 2021 and, respectively, 2022.

	December 31, 2022	January 1, 2022	Variation
ASSETS			
Non-current Assets			
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%
Total Non-Current Assets	**1,686,590,024**	**1,034,769,069**	**63.0%**
Current Assets			
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%
Total Current Assets	**465,386,305**	**382,833,159**	**21.6%**
TOTAL ASSETS	*2,151,976,329*	*1,417,602,228*	*51.8%*
LIABILITIES & SHAREHOLDER'S EQUITY			
Non-Current Liabilities			
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%
Total Non-Current Liabilities	**1,094,356,436**	**621,631,741**	**76.0%**
Current Liabilities			
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%
Total Current Liabilities	**575,581,648**	**414,565,928**	**38.8%**
TOTAL LIABILITIES	*1,669,938,084*	*1,036,197,669*	*61.2%*
SHAREHOLDER'S EQUITY			
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%
Equity attributable to owners of the Group	**416,780,834**	**338,109,409**	**23.3%**
Non-controlling interests	**65,257,411**	**43,295,149**	**50.7%**
TOTAL EQUITY	*482,038,245*	*381,404,558*	*26.4%*
TOTAL LIABILITIES AND EQUITY	*2,151,976,328*	*1,417,602,227*	*51.8%*

Analysis of the main elements of the consolidated statement of financial position

Non-current assets

Property, plant, and equipment of the Group amounted to RON 1,686,590,024 as of 31 December 2022, representing a 63% increase compared to 31 December 2021. The increase is mainly due to completed acquisitions in 2022, generating an increase of RON 168 m. in goodwill.

As at 31 December 2022, the Group reevaluated all the land and buildings owned.

The Group's property, plant, and equipment include buildings and land, which are used for the benefit of the private healthcare services network. Some of these assets are owned by the Group's companies.

In addition, the Group uses a large number of properties based on lease agreements, and some properties are used based on loan agreements or concession contracts, which are periodically renewed.

Most of the properties owned by the Group are subject to mortgages that guarantee repayment of loans granted to the Group by creditors.

As at 31 December 2022, the Group had the following structure of tangible and intangible assets:

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

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

Current Assets

The current assets increased by 21.6% from RON 382,883,159 on 31 December 2021 to RON 465,386,305 on 31 December 2022. The increase was in line with the development of the Group.

Inventories

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

	December 31, 2022	January 1, 2022
Consumables	50,500,617	30,688,305
Materials in the form of inventory items	1,153,623	658,855
Merchandise	47,115,210	42,879,249
Inventory in transit	920	3,176
TOTAL	98,770,370	74,229,585

Receivables

Receivables are measured in the balance sheet at the estimated amount to be realized. Group receivables cover a wide range of clients. The main client to the state budget is the National Health Insurance House.

The average collection period for services rendered is 95 days. No interest is charged on trade receivables for the first 95 days from the date of the invoice.

	December 31, 2022	January 1, 2022
Customers	258,302,033	173,645,157
Allowance for bad debt	(36,943,172)	(33,288,919)
TOTAL	**221,358,860**	**140,356,238**

Current Liabilities

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

Suppliers of the Group

The Group purchases medical and other materials from top suppliers of the market, including international companies and prestigious local firms. The Group has procurement contracts with its main suppliers of medical consumables, substances used in laboratory and pharmaceutical activities, medical equipment, and other non-medical purchases. These contracts are negotiated at the Group level in order to obtain more advantageous procurement conditions for the Group. The procurement department is an essential element in generating cooperation on costs, immediately after a procurement contract is concluded by the Group, and redirecting procurement flows of newly acquired units through the Group's centralized department. The Group selects its suppliers based on quality, price, and their delivery capacity, and seeks to establish strong long-term relationships with them.

Financial Debt

The interest-bearing debt increased by 63.5%, from RON 727,061,202 on 31 December 2021 to RON 1,189,086,767 on 31 December 2022. The increase is mainly due to the financing of acquisitions completed in 2022, as well as the organic projects developed in 2022. As of 31 December 2022, the companies within the Group were parties to a number of financing agreements, with the funds being used to finance the Group's investment expenditures as well as working capital financing.

The table below summarizes the Group's debts from loan and leasing contracts as at 31 December 2021 and 2022:

Loan agreements

	December 31, 2022	January 1, 2022
Current portion of interest-bearing loans and borrowings	83,496,070	83,948,645
Non-current portion of Interest-bearing loans and borrowings	803,273,659	440,840,484
TOTAL	886,769,729	524,789,129

Leasing liabilities

	December 31, 2022	January 1, 2022
Long term portion – Leasing	225,175,340	149,685,246
Current portion – Leasing	77,141,698	52,586,827

TOTAL	302,317,038	202,272,073

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 Polisano 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 Tiriac 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.

As of 31 December 2022, no entity within the Group has violated the contractual terms of the funding contracts.

Liquidity and Capital Resources

The following table sets out the Group's summary cash flow information for the periods ended 31 December 2021 and 2022:

	12 months ended December 31,	
	2022	2021
Net profit before taxes	**49,557,301**	**135,419,561**
Adjustments for		
Depreciation and amortization	152,410,751	113,760,199
Provisions for liabilities and charges	625,545	782,843
Interest revenue	(1,261,843)	(149,944)
Interest expense	42,489,150	27,451,079
Allowance for doubtful debts and receivables written-off	4,851,599	5,269,269
Other non-monetary gains	(6,671,334)	(4,464,820)
Unrealized exchange loss	3,501,567	9,076,658
Operating cash flow before working capital changes	**245,502,736**	**287,144,845**
Decrease / (increase) in accounts receivable	(36,113,767)	(6,506,380)
Decrease / (increase) in inventories	(12,198,174)	(5,902,852)
Decrease / (increase) in prepayments	156,186	(863,594)
Increase / (decrease) in accounts payable	31,216,630	8,752,697
Cash generated from working capital changes	**(16,939,126)**	**(4,520,129)**
Cash generated from operations	**228,563,610**	**282,624,716**
Income Tax Paid	(12,832,118)	(26,557,162)
Interest Paid	(32,377,399)	(28,820,100)
Interest received	1,261,843	149,944
Net cash from operating activities	**184,615,936**	**227,397,398**
Acquisition of subsidiary net of cash acquired and advances for acquisition of subsidiaries	(316,554,749)	(52,504,735)
Purchase of intangible assets	(20,243,591)	(5,385,050)
Purchase of property, plant and equipment	(149,107,846)	(91,525,535)
Net cash used in investing activities	**(485,906,186)**	**(149,415,320)**
Proceeds from loans	411,844,392	84,203,084
Payment of loans	(73,446,528)	(56,241,155)
Payment of principal portion of lease liabilities	(69,381,987)	(46,653,956)
Dividends paid to NCI	(136,861)	(70,000)
Payments for purchase of treasury shares	(7,851,825)	(3,669,570)
Additional participation interest acquired *	(6,527,676)	(1,661,990)
Net cash from/(used in) financing activities	**254,499,516**	**(24,093,587)**
Net change in cash and cash equivalents	**(46,790,734)**	**53,888,491**
Cash and cash equivalents beginning of the period	135,858,888	81,970,397
Cash and cash equivalents end of the period	**89,068,154**	**135,858,888**

Net cash generated from operating activities

The net cash generated from operating activities decreased in 2022 by RON 42,781,462 or 18.8%, from RON 227,397,398 in 2021 to RON 184,615,936 in 2022. The decrease was in line with the decrease in the Group's profitability during the post-pandemic normalization period, a year with numerous development projects both through acquisitions and organic development.

Net cash used in investing activities

The net cash used in investing activities increased by RON 336,490,865 or 225.2%, from RON 149,415,320 in 2021 to RON 485,906,186 in 2022, following the 13 acquisitions announced by the Group in 2022.

Net cash (used in)/ generated from financing activities

The net cash generated from financing activities increased by RON 278,593,102, from net cash used in financing activities of RON 24,093,587 in 2021 to net cash generated by financing activities of RON 254,499,516 in 2022."

SUBSEQUENT EVENTS

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.

Completion of the acquisition of Nord Group (formerly Provita)

On 30 March 2023, MedLife announced the completion of the acquisition of a 51% stake in Nord Group (formerly Provita) after receiving approval from the Competition Council. The announcement comes five months after the new partnership was finalized.

In its 11 years of activity in the private medical services market, Nord Group has been particularly successful in Bucharest, where it is present through a multidisciplinary hospital, 5 clinics, two state-of-the-art imaging centers, a laboratory for processing a wide range of medical analyses and tests, as well as the only pain therapy training center in Central and Eastern Europe. At the end of last year, Nord Group expanded outside of the capital by opening a multidisciplinary clinic in Suceava worth 2.5 million euros, which houses an integrated Pain Therapy Center and Breast Center. In the coming months, Nord Group will launch a new private medical hospital in Bucharest.

Organic growth

MedLife Deva Hyperclinic

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

Corporate events

Convening of Annual GMS

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

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

There were no other significant events after 31 December 2022.

ANNEXES

MED LIFE GROUP
PRO FORMA FINANCIAL INFORMATION
FOR THE PERIOD ENDED 12 MONTHS AT
31 DECEMBER 2022

CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2022 ("CONSOLIDATED PRO FORMA PL")

Introduction
The following Consolidated Pro Forma PL of the Consolidated PL is based on the Group's Consolidated Financial Statements (FS) for the 12 months period ended 31 December 2022, adjusted with the historical financial results of the companies acquired by the Group during the period from 1 January 2022 up to 31 December 2022 (the "**Acquired Companies**"). Details of the Acquired Companies are set out below.

The Consolidated Pro Forma PL for the 12 months period ended 31 December 2022 transposes (i) the acquisition of the Acquired Companies as if the acquisition had occurred on 1 January 2022 by combining the financial results for the period of the Acquired Companies with those of the Group and (ii) the elimination of certain expenses included in the Consolidated PL of the Group which the Group considers to be non-operational and/or non-recurring by nature.

The Consolidated Pro Forma PL provides a hypothetical illustration of the impact of the transactions on the Company's earnings. The Consolidated Pro Forma PL has been prepared for the Group as at and for the 12 months period ended 31 December 2022. The Consolidated Pro Forma PL should be read in conjunction with the Audited Consolidated FS for the 12 months period ended 31 December 2022.

Purpose of the Consolidated Pro Forma PL
The Consolidated Pro Forma PL set out below has been prepared to (i) illustrate the effect on the Group of the acquisitions completed in 2022 and (ii) provide an estimate of the Group's recurring EBITDA.

The Group's consolidated pro forma Adjusted EBITDA is also useful when analyzing the Group's current debt compared to its earnings capacity. Although the Consolidated BS in the Audited Consolidated FS include the of debt incurred to finance the acquisitions completed as of 31 December 2022, the Consolidated PL includes no portion of the annual earnings of the Acquired Companies. Using the consolidated pro forma Adjusted EBITDA for such comparison allows inclusion of a measure of the full period earnings that will contribute to the servicing of the debt incurred in relation to the acquisitions.

In the 12 months period ended 31 December 2022 the Company made the following acquisitions in pursuit of a consolidation strategy aimed at complementing the Group's service offering, expanding its national footprint and consolidating its market position (as detailed in 2022 Annual Report):

- 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 (transaction approved by the Competition Council and completed in March 2023).

Pro-forma Consolidated Profit and Loss Account

	12 Months ended December 31, 2022			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
GROSS SALES	**1,795,432,748**	200,792,094	**-**	**1,996,224,842**
NET SALES*	**1,795,432,748**	65,922,588	**-**	**1,861,355,336**
Other operating revenues	**14,118,061**	3,686,337	**-**	**17,804,398**
OPERATING INCOME	**1,809,550,809**	**69,608,925**	**-**	**1,879,159,734**
OPERATING EXPENSES	**(1,715,321,136)**	**(60,253,693)**	**11,025,310**	**(1,764,549,519)**
OPERATING PROFIT	**94,229,673**	**9,355,232**	**11,025,310**	**114,610,215**
Finance cost	(42,489,150)	(5,749,483)	-	(48,238,633)
Other financial expenses	(2,183,221)	496,337	-	(1,686,884)
FINANCIAL RESULT	**(44,672,371)**	**(5,253,146)**	**-**	**(49,925,517)**
RESULT BEFORE TAXES	**49,557,301**	**4,102,086**	**11,025,310**	**64,684,697**
Income tax expense	(12,124,746)	(1,197,859)	(1,764,050)	(15,086,655)
NET RESULT	**37,432,555**	**2,904,227**	**9,261,260**	**49,598,043**

*Net turnover presents the Group's turnover without the National Health Program - Oncology.

Net Income to Adjusted EBITDA

	12 Months ended December 31, 2022			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
Net income/(loss) for the period	**37,432,555**	**2,904,227**	**9,261,260**	**49,598,043**
Add back:				
Taxes on income	**12,124,746**	**1,197,859**	**1,764,050**	**15,086,655**
Out of which:				
Base tax expense	12,124,746	1,197,859	-	13,322,605
One off impact	-	-	1,764,050	1,764,050
Net financial result	**44,672,371**	**5,253,146**	**-**	**49,925,517**
Depreciation, amortisation and impairment, including write-ups	**152,410,751**	**17,046,384**	**-**	**169,457,134**
Adjusted EBITDA	**246,640,423**	**26,401,616**	**11,025,310**	**284,067,349**

Sales split by Business Line

	12 Months ended December 31, 2022			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
Clinics	616,685,378	107,794,297	-	724,479,675
Stomatology	119,068,495	-	-	119,068,495
Laboratories	199,919,067	15,942,115	-	215,861,183
Corporate	221,374,274	4,430,818	-	225,805,092
Hospitals	377,991,740	62,452,756	-	440,444,496
Pharmacies	80,941,362	-	-	80,941,362
Others	179,452,431	10,172,108	-	189,624,539
Total Sales	**1,795,432,748**	**200,792,093**	**-**	**1,996,224,841**

Basis for the Consolidated Pro Forma PL

The Consolidated Pro Forma PL for the 12-month period ended 31 December 2022 has been prepared starting from the Audited Consolidated PL of the Group as of 31 December 2022. The Consolidated Pro Forma PL was prepared in a manner consistent with the accounting policies adopted by the Group in the Consolidated FS as of 31 December 2022.

The Consolidated Pro Forma PL for the 12 months ended 31 December 2022 gives effect to the acquisitions of the Acquired Companies as if the acquisitions had occurred on 1 January 2022. Also, certain expense items incurred by the Group in the relevant period which are considered to be non-operational and non-recurring by nature as detailed in the notes to the tables, are reflected in the

Consolidated Pro Forma PL as one-off adjustments, based on management judgment for the Group, without taking into account the Acquired Companies.

CONSOLIDATED PRO FORMA PL ADJUSTMENTS

Normalization adjustments

Normalization adjustments are made to include the financial results of the Acquired Companies in the Group results for the relevant period. The adjustments represent the anaudited Income Statement items for the portion of the relevant period prior to and including the month of acquisition of the companies.

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

Entity	Date of obtaining control	Months included in Normalization (inclusive) 1 January – 31 December 2022
MNT Healthcare Europe SRL	March 2022	January – February 2022
MNT Asset Management SRL	March 2022	January – February 2022
Pro Life Clinics SRL	May 2022	January – April 2022
Clinica Life-Med	April 2022	January – March 2022
Onco Card SRL	June 2022	January – May 2022
Onco Card Invest SRL	June 2022	January – May 2022
Tomorad Expert SRL	June 2022	January – May 2022
Medicris SRL	July 2022	January-June 2022
Triamed SRL	July 2022	January-June 2022
IT Repair	July 2022	January – June 2022
Sweat Concept One SRL	September 2022	January-August 2022
OptiCristal Consult SRL	August 2022	January-July 2022
Alinora Optimex SRL	August 2022	January-July 2022
Medici's SRL	November 2022	January- October 2022
Micro-Medic SRL	November 2022	January- October 2022
SC M-Profilaxis SRL	July 2022	January-June 2022
Sano Pass SA	October 2022	January-September 2022
Muntenia Hospital	January 2023	January - December 2022
Grupul Provita*	February 2023	January - December 2022

* The transaction with the Provita Group was approved by the Competition Council in February 2023 and completed in March 2023

One off adjustment

One-off adjustments represent expenses which have been included in the Group's Consolidated PL but which, in the Group's opinion, represent non-recurring and/or non-operational expenses by nature. These expenses relate to costs incurred in relation to the acquisition of the Acquired Companies which were expensed rather than capitalized as part of the acquisition cost of the company, including also the costs of aborted or continuing acquisition processes.

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

Type of Expense	Amount for 2022	Note
Cost of Acquisitions	3,165,540	*Nota A*
Consultancy costs	1,639,393	*Nota B*
Other costs	6,220,377	*Nota C*
Total	**11,025,310**	

Note A

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

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

Note B

Includes expenses with consultancy services.

Note C

Includes other expenses that are considered non-recurrent and non-operational.

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

MED LIFE GROUP

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

CONTENTS:	**PAGE:**

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

	Note	December 31, 2022	January 1, 2022
ASSETS			
Non-current Assets			
Goodwill	4	368,672,606	199,679,613
Intangible assets	5	100,192,265	60,556,655
Property, plant and equipment	5	828,501,060	552,206,613
Right-of-use asset	13,14	306,413,389	190,715,602
Other financial assets	5.4	82,810,704	31,610,586
Total Non-Current Assets		**1,686,590,024**	**1,034,769,069**
Current Assets			
Inventories	6	98,770,370	74,229,585
Trade Receivables	7	221,358,860	140,356,238
Other assets	7	44,362,334	24,357,735
Cash and cash equivalents	8	89,068,154	135,858,888
Prepayments	9	11,826,587	8,030,713
Total Current Assets		**465,386,305**	**382,833,159**
TOTAL ASSETS		**2,151,976,329**	**1,417,602,228**
LIABILITIES & SHAREHOLDER'S EQUITY			
Non-Current Liabilities			
Lease liability	13,14	225,175,340	149,685,246
Other long term debt		21,657,277	7,546,394
Interest-bearing loans and borrowings	14	803,273,659	440,840,484
Deferred tax liability	26	44,250,160	23,559,617
Total Non-Current Liabilities		**1,094,356,436**	**621,631,741**
Current Liabilities			
Trade and other payables	10	335,356,742	224,242,318
Overdraft	14	27,801,016	25,493,223
Current portion of lease liability	13,14	77,141,698	52,586,827
Current portion of interest-bearing loans and borrowings	14	55,695,054	58,455,422
Current tax liabilities	26	814,508	1,467,625
Provisions	12	9,783,326	7,992,337
Other liabilities	11	68,989,304	44,328,176
Total Current Liabilities		**575,581,648**	**414,565,928**
TOTAL LIABILITIES		**1,669,938,084**	**1,036,197,669**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	15	83,812,556	82,395,091
Treasury shares		(3,219,219)	(4,015,977)
Reserves	17	204,591,242	137,335,499
Retained earnings		131,596,255	122,394,796
Equity attributable to owners of the Group		**416,780,834**	**338,109,409**
Non-controlling interests	18	65,257,411	43,295,149
TOTAL EQUITY		**482,038,245**	**381,404,558**
TOTAL LIABILITIES AND EQUITY		**2,151,976,328**	**1,417,602,227**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Note	12 months ended December 31, 2022	2021
Revenue from contracts with customers	19	1,795,432,748	1,427,218,373
Other operating revenues	20	14,118,061	10,362,989
Operating Income		**1,809,550,809**	**1,437,581,362**
Consumable materials and repair materials		(311,233,127)	(234,425,408)
Third party expenses	21	(468,196,458)	(380,388,868)
Salary and related expenses	23	(442,897,905)	(333,837,004)
Social contributions	23	(15,852,088)	(12,214,486)
Depreciation and amortization	5,13	(152,410,751)	(113,760,199)
Impairment losses and gains (including reversals of impairment losses)	5.4 ,7	(4,851,599)	(5,269,269)
Commodities expenses		(209,975,320)	(106,225,169)
Other operating expenses	22	(109,903,888)	(79,609,056)
Operating expenses		**(1,715,321,136)**	**(1,265,729,459)**
Operating Profit		**94,229,673**	**171,851,903**
Finance cost	24	(42,489,150)	(27,451,079)
Other financial expenses	24	(2,183,221)	(8,981,263)
Financial result	24	**(44,672,371)**	**(36,432,342)**
Result Before Taxes		**49,557,301**	**135,419,561**
Income tax expense	26	(12,124,746)	(22,506,352)
Net Result		**37,432,555**	**112,913,209**
Owners of the Group		32,173,072	102,613,932
Non-controlling interests	18	5,259,483	10,299,277
Earnings per share			
Basic and diluted earnings per share	16	0.24	0.77
Other comprehensive income items that will not be reclassified to profit or loss			
Revaluation of land and buildings	5	66,292,412	-
Deferred tax on other comprehensive income	26	(10,606,786)	-
TOTAL OTHER COMPREHENSIVE INCOME		**55,685,626**	**-**
Total other comprehensive income attributable			
Owners of the Group		54,012,309	-
Non-controlling interests		1,673,317	-
TOTAL COMPREHENSIVE INCOME		**93,118,181**	**112,913,209**
Total comprehensive income attributable to:			
Owners of the Group		86,185,381	102,613,932
Non-controlling interests	18	6,932,799	10,299,277

Mihail Marcu,
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Alina Irinoiu,
CFO

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

	Note	12 months ended December 31, 2022	2021
Net profit before taxes	26	**49,557,301**	**135,419,561**
Adjustments for			
Depreciation and amortization	5,13	152,410,751	113,760,199
Provisions for liabilities and charges	12	625,545	782,843
Interest revenue	24	(1,261,843)	(149,944)
Interest expense	24	42,489,150	27,451,079
Allowance for doubtful debts and receivables written-off	5.4, 7	4,851,599	5,269,269
Other non-monetary gains	20	(6,671,334)	(4,464,820)
Unrealized exchange loss		3,501,567	9,076,658
Operating cash flow before working capital changes		**245,502,736**	**287,144,845**
Decrease / (increase) in accounts receivable		(36,113,767)	(6,506,380)
Decrease / (increase) in inventories		(12,198,174)	(5,902,852)
Decrease / (increase) in prepayments		156,186	(863,594)
Increase / (decrease) in accounts payable		31,216,630	8,752,697
Cash generated from working capital changes		**(16,939,126)**	**(4,520,129)**
Cash generated from operations		**228,563,610**	**282,624,716**
Income Tax Paid	26	(12,832,118)	(26,557,162)
Interest Paid		(32,377,399)	(28,820,100)
Interest received		1,261,843	149,944
Net cash from operating activities		**184,615,936**	**227,397,398**
Acquisition of subsidiary net of cash acquired and advances for acquisition of subsidiaries	4,27	(316,554,749)	(52,504,735)
Purchase of intangible assets	5	(20,243,591)	(5,385,050)
Purchase of property, plant and equipment	5	(149,107,846)	(91,525,535)
Net cash used in investing activities		**(485,906,186)**	**(149,415,320)**
Proceeds from loans	14	411,844,392	84,203,084
Payment of loans	14	(73,446,528)	(56,241,155)
Payment of principal portion of lease liabilities	14	(69,381,987)	(46,653,956)
Dividends paid to NCI	18	(136,861)	(70,000)
Payments for purchase of treasury shares	15	(7,851,825)	(3,669,570)
Additional participation interest acquired *	27	(6,527,676)	(1,661,990)
Net cash from/(used in) financing activities		**254,499,516**	**(24,093,587)**
Net change in cash and cash equivalents		**(46,790,734)**	**53,888,491**
Cash and cash equivalents beginning of the period		135,858,888	81,970,397
Cash and cash equivalents end of the period	8	**89,068,154**	**135,858,888**

**The comparative figures as of December 31, 2021 have been reclassified in accordance with the presentation adopted in 2022. The amount of RON 1,661,990 included as of December 31, 2021 in the category "Net cash used in investing activities" is now presented in the category "Net cash from/(used in) financing activities"*

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Share Capital	Treasury shares	Share premium	Legal reserves and other reserves	Revaluation Reserve	Accumulated Results	Attributable to owners of the Group	Non-controlling interests	Total Equity
Balance as at January 1, 2022	**33,217,623**	**(4,015,977)**	**49,177,468**	**41,850,760**	**95,484,740**	**122,394,796**	**338,109,410**	**43,295,149**	**381,404,558**
Profit of the year	-	-	-	-	-	32,173,072	32,173,072	5,259,484	37,432,556
Revaluation of Land and Buildings (Note 5, 17)	-	-	-	-	64,300,368	-	64,300,368	1,992,043	66,292,411
Deferred tax related to other elements of the overall result (Note 26)	-	-	-	-	(10,288,059)	-	(10,288,059)	(318,727)	(10,606,786)
Total comprehensive income	**-**	**-**	**-**	**-**	**54,012,309**	**32,173,072**	**86,185,382**	**6,932,800**	**93,118,182**
Recognition of other reserves for fiscal purposes (legal reserves) (Note 17)	-	-	-	885,378	-	(885,378)	-	-	-
Recognition of other reserves (Note 17)	-	-	-	12,358,056	-	(12,358,056)	-	-	-
Additional non-controlling interest arising as of result of business combinations (Note 18)	-	-	-	-	-	-	-	21,895,097	21,895,097
Subsequent acquisition of NCI (Note 18)	-	-	-	-	-	(9,728,180)	(9,728,180)	(6,865,634)	(16,593,814)
Distribution of dividends	-	-	-	-	-	-	-	-	-
Increase from own shares acquisition (Note 15)	-	(7,851,825)	-	-	-	-	(7,851,825)	-	(7,851,825)
Net release of own shares used for acquiring additional NCI (Note 15)	-	8,648,583	-	-	-	-	8,648,583	-	8,648,583
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made (Note 15)	-	-	1,417,465	-	-	-	1,417,465	-	1,417,465
Balance as at December 31, 2022	**33,217,623**	**(3,219,219)**	**50,594,933**	**55,094,194**	**149,497,049**	**131,596,255**	**416,780,835**	**65,257,412**	**482,038,247**

During 2022, the Group performed the revaluation of Land and Buildings owned – please refer to Note 5 and Note 26 for relevant disclosures and overall impact. Also, please refer to Note 18 for transactions held during 2022 with Non-controlling interest.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Share capital	Treasury shares	Share premium	Legal reserves and other reserves	Revaluation Reserve	Accumulated Results	Attributable to owners of the Group	Non-controlling interests	Total Equity
Balance as at 1 January 2021	**33,217,623**	**(666,624)**	**48,809,388**	**28,726,817**	**95,484,740**	**35,701,579**	**241,273,524**	**27,633,022**	**268,906,545**
Recognition of other reserves for fiscal purposes (legal reserves) (Note 17)	-	-	-	4,129,505	-	(4,129,505)	-	-	-
Recognition of other reserves (Note 17)	-	-	-	8,994,437	-	(8,994,437)	-	-	-
Additional non-controlling interest arising as of result of business combinations (Note 18)	-	-	-	-	-	-	-	7,445,708	7,445,708
Subsequent acquisition of NCI (Note 18)	-	-	-	-	-	(2,796,773)	(2,796,773)	(1,865,109)	(4,661,882)
Distribution of dividends (Note 18)	-	-	-	-	-	-	-	(217,749)	(217,749)
Increase from own shares acquisition (Note 15)	-	(3,669,511)	-	-	-	-	(3,669,511)	-	(3,669,511)
Net release of own shares used for acquiring additional NCI (Note 15)	-	320,158	-	-	-	-	320,158	-	320,158
Increase in premiums due to difference btw FV and cost of own shares when the change was made (Note 15)	-	-	368,079	-	-	-	368,079	-	368,079
Total comprehensive income	-	-	-	-	-	102,613,933	102,613,933	10,299,277	112,913,209
Deferred tax related to other elements of the overall result	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit of the year	-	-	-	-	-	102,613,933	102,613,933	10,299,277	112,913,209
Balance as at 31 December 2021	**33,217,623**	**(4,015,977)**	**49,177,468**	**41,850,760**	**95,484,740**	**122,394,796**	**338,109,410**	**43,295,149**	**381,404,558**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

1. DESCRIPTION OF THE BUSINESS

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

MedLife, together with its subsidiaries ("MedLife Group" or the "Group"), is offering a large range of medical service, with a network of 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.

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

The Marcu family:
1. Mr. Mihail Marcu, considering his quality of shareholder of the company, which holds a percentage of 15.0013% of its share capital;
2. Mr. Nicolae Marcu, considering his quality of shareholder of the company, which holds a percentage of 10.4127% of its share capital;
3. Mrs. Mihaela Gabriela Cristescu, considering her quality of shareholder of the company, which holds a percentage of 14.0443% of its share capital.

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

List of the entities part of Med Life Group as at December 31, 2022 and January 1, 2022 are as follows (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 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%	73%
10	Genesys Medical Clinic SRL (indirect)*	Medical Services	Arad, Romania	83%	73%

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

No.	Entity	Main activity	Location	31 December 2022	1 January 2022
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%
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%

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

No.	Entity	Main activity	Location	31 December 2022	1 January 2022
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	Ilfov, 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%
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*

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

2.1 Changes in accounting policy and disclosures

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

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:
  - **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the previous version of the IASB's Conceptual Framework for Financial Reporting to the current version issued in 2018 without significantly changing the accounting requirements for business combinations.
  - **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment any proceeds from the sale of items produced while bringing the asset to the location and condition necessary for it be capable of operating in the manner intended by management. Instead, a company recognizes such sales proceeds and related cost in profit or loss.
  - **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous. The amendments clarify, the costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to the contract activities.
  - **Annual Improvements 2018-2020** make minor amendments to **IFRS 1 First-time Adoption of International Financial Reporting Standards**, **IFRS 9 Financial Instruments**, **IAS 41 Agriculture** and the Illustrative Examples accompanying **IFRS 16 Leases**

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

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

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

2.2 Standards issued but not yet effective and not early adopted

- **IFRS 17: Insurance Contracts**
  The standard is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts. The Group does not issue contracts in scope of IFRS 17; therefore its application does not have an impact on the Group's financial performance, financial position or cash flows.

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**
  The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. 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.

- **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 with earlier application permitted 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.

- **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 with earlier application permitted. 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. Management is currently conducting an assessment of the effect of this standard and its amendments.

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

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

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

  The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application, except for the effects of IAS 12 amendment where the analysis of impact is ongoing as of 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statement of compliance

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

The accounting policies applied in these financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2021, except for the adoption of new standards effective as of January 1st 2022.

The financial year corresponds to the calendar year.

3.2 Basis of preparation

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

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

3.3 Going concern

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

For the purposes of assessing liquidity and going concern, the Group has modelled scenarios reflecting suitable assumptions over the next 12–month period that serve to inform the decisions the Group takes regarding future cost savings, cash generation, debt covenants and levels of investment. The Group's financial performance to date in 2023 across all revenue streams has been ahead of the modelled scenarios.
As a result of the recent signing of the refinancing syndicated loan contract, the Group has also undrawn facilities of an amount of EUR 50.7m, which along with other liquidity of the Group, will be used for possible new acquisition opportunities on the market as well as organic development projects.

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

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

3.4 Basis of consolidation

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

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

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

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

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

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

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

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

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

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

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

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

3.5 Business combinations

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

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

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

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

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

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

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

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

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

3.6 Significant judgements, estimates and assumptions

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

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

3.6.1. Judgements

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

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

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

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

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

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

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

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

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

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

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

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

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

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:
• Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
• Exposure, or rights, to variable returns from its involvement with the investee;
• The ability to use its power over the investee to affect its returns.

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

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

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

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

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

3.6.2. Estimates and assumptions

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

Revaluation of Land and Buildings

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

Impairment of non-financial assets

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

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

Allowance for expected credit losses of trade receivables and long-term receivables for stem cells processing

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

In determining adjustments for impairment of receivables, management incorporates forward-looking information, exercises professional judgement and uses estimates and assumptions. Estimation of expected credit risk losses involved forecasting future macroeconomic conditions for the next year, compared to the average for 2019-2021 period. More details on the provision matrix can be found in note 7 dedicated to receivables.

In the case of long-term receivables for stem cells processing, the Group recognises an allowance based on the historical collection process for contracts in which the payment is usually due in several years. Please see note 5.4 for more details.

Leases - Estimating the incremental borrowing rate

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

Financing component in contracts concluded with customers - Estimating the discount rate

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

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

3.7 Foreign currency and translation

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

The exchange rates as announced by the National Bank of Romania on 31 December 2022 were RON 4.9474 for EUR 1 (31 December 2021: RON 4.9481 for EUR 1), respectively 1.2354 for HUF 100 (31 December 2021: RON 1.3391 for 100 HUF).
The average exchange rates for the period of 12 months 2022 were 4.9315 RON for 1 EUR (12 months 2021: 4.9204 RON for 1 EUR), respectively 1,2648 RON for 100 HUF (12 months 2021: 1.3733 for 100 HUF).

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

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

3.8 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.9 Intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.13.1 Financial assets

Initial recognition and classification

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Clinics
The core of the Group's operations is the network of ambulatory clinics. The business line comprises a network of 98 facilities, which offer a wide range of outpatient services covering a broad range of medical specialties. The Group's diagnostic imaging services provided to clients other than hospital inpatients also form part of this business line. The Group's clinics provide a wide range of services delivered mainly in two formats:

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

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

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

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

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

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

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

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

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

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

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

As of December 31, 2022, there were 23 functional pharmacies, offering patients both prescription and over-the-counter products, including Doctor Life's own branded products.

During 2021, the pharmacy network expanded with the acquisition of the Ced Pharma group of companies, which brought 6 more pharmacies in the Group.

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

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

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

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

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

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

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

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

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

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

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

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

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

In conclusion, given the analysis performed, the Group used as a proxy the relevant rates for loans granted by Romanian banks to companies in EUR. Moreover, considering that the loans to companies are usually done on lower maturities (1Y), we have performed a maturity adjustment based on the yield of the Euro area curves (for 2022, given the inverse shape of the curve, this leads to a reduced value of the interest rate).

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

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

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

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

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

3.21 Employee benefits

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

All employees of the Group are members of the Romanian State pension plan. The Group does not operate any other pension scheme.
Bonus schemes
The Group recognizes a liability and an expense where a contractual obligation exists for short-term incentives. The amounts payable to employees in respect of the short-term incentive schemes are determined based on annual business performance targets.

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

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

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

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

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

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

3.23 Segment information

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

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

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

An operating segment is a component of an entity:

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

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

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

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

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

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

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

As a result of the same structural framework conditions, the operations of the Group with the healthcare services provided are characterised by a similar risk and rewards profile whose economic environment is largely regulated by legislation. It is thus possible for the operations to achieve similar EBITDA margins on the long term. We thus continue to have only one reportable segment that aggregates the above mentioned operating segments.
The Group generates most of all revenues for all areas of activity in Romania, with only a small share of revenues (below 2%) being generated from operations held in Hungary. Although there are locations in different countries, the executive

management assumes that the resulting differences in the billing logic do not entail any material different opportunities and risks and these therefore do not conflict with aggregating the healthcare services into a single segment.

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

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

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

3.24 Leases

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

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

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

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

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

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

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

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

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

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an

unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

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

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

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

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

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

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

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

4. GOODWILL
The Group records goodwill resulting from business combinations. Please see below the goodwill recorded as of December 31, 2022 and December 31, 2021 (carrying amount):

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

	December 31, 2022	January 1, 2022
Group Policlinica de Diagnostic Rapid	11,281,899	11,281,899
Group Accipiens (including Bactro and Transilvania Imagistica)	10,930,535	10,930,535
Group Sama (including Ultratest)	1,502,344	1,502,344
Diamed Center SRL	2,646,208	2,646,208
Prima Medical SRL	1,422,493	1,422,493
Stem Cells Bank SA	1,217,669	1,217,669
Group Dent Estet Clinic	7,576,551	7,576,551
Centrul Medical Panduri SA	6,979,272	6,979,272
Almina Trading SRL	6,354,631	6,354,631
Group Anima (including Anima Promovare)	12,863,892	12,863,892
Valdi Medica SRL	2,824,203	2,824,203
Clinica Polisano SRL	4,070,023	4,070,023
Ghencea Medical Center SA	4,693,895	4,693,895
Group Solomed (including Solomed Plus)	6,066,602	6,066,602
Sfatul medicului SRL	1,503,438	1,503,438
Badea Medical SRL	1,881,349	1,881,349
Group RMC Ungaria	8,452,114	8,452,114
Onco Team Diagnostic SRL	1,366,312	1,366,312
Spital Lotus SRL	25,670,864	25,670,864
Group Micromedica	25,653,196	25,653,196
Pharmalife Med SRL	138,997	138,997
Biotest Med SRL	215,289	215,289
Laborator Maricor SRL	15,740	15,740
Krondent SA	9,642,317	9,642,317
Centrul Medical Matei Basarab SRL	600,271	600,271
Medica SA	1,961,763	1,961,763
Group CED Pharma (including Monix si Leti)	16,773,526	16,773,526
Pharmachem Distributie SRL	10,763,546	10,763,546
Group Stomestet	11,560,195	11,560,195
Costea Digital Dental SRL	1,121,170	1,121,170
Expert Med Centrul Medical Irina SRL	1,090,162	-
Group Neolife (MNT Healthcare Europe SRL and MNT Asset Management S.R.L.)	58,827,359	-
Life Med SRL	3,085,316	-
Pro Life Clinics SRL	2,242,012	-
Group Oncocard (Onco Card SRL si Onco Card Invest SRL)	32,027,708	-
Tomorad Expert SRL	515,443	-
IT Repair SRL	1,266,850	-
Vita Care Flav SRL	484,106	-
Medicris SRL	2,909,612	-
Triamed SRL	468,970	-
M-Profilaxis SRL	2,047,401	-
Group Opticristal (Opticristal Consult SRL si Alinora Optimex SRL)	8,947,709	-
Sweat Concept One SRL	11,778,458	-
Sanopass SA	10,826,150	-
Group Medici\`s (Medici\`s SRL si Micro-Medic SRL)	32,475,738	-
Other	1,929,308	1,929,308
TOTAL	**368,672,606**	**199,679,613**

Movement in Goodwill

	December 31, 2022	January 1, 2022
Balance at the beginning of the year	199,679,613	147,256,824
Goodwill recognized during the year	168,992,993	52,422,789
Impairment	-	-
TOTAL	**368,672,606**	**199,679,613**

During the year ended December 31, 2022, the Group obtained control over various companies and recorded an additional goodwill of RON 168,992,993 (December 31, 2021: RON 52,422,789). For further details on business combinations acquired during the year ended December 31, 2022 and the year ended December 31, 2021, please see Note 27.

Accumulated impairment over Goodwill amounts to RON 313,506 as of 31 December 2022 (RON 313,506 as of 31 December 2021).

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

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

The discounted future Cash flows of the CGUs, using the DCF method, are determined on the basis of the approved business plans for 2023 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 six additional years using bottom-up, six-year planning that reflects the future development of the CGUs under current conditions.

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

The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.
There are a number of key sensitive judgements made in determining the inputs into these models which include:

- Revenue growth considered for the next years and also the perpetual growth rate
- Operating margins and
- The discount rates applied to the projected future cash flows.

The following data provides information on key assumptions used to compile corporate planning:

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

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

The operating margin results from the application of the assumed planning assumptions. For the subsequent years, an average of the operating margins are 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 Group's capital structure and how the Group financed the purchase of the asset, because future cash flows expected to arise from an asset do not depend on how the Group financed the purchase of that asset.

In the case of CGUs subject to the impairment test, the discount rates considered are higher than the average industry-level data in emerging European countries to take into account country risk, currency risk, and CGU's size. On average, depending on the particularities of each CGU, the discount rate varies, for the most significant entities in the Group, between 8.4% and 20.5%, depending on the specific risks associated with each CGU.

Estimates of future cash flow management are based on the most recent 6-year forecasts (2023-2028).

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, with sufficient headroom and, therefore, there will be no impairment of goodwill recorded on the reporting date.

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

In performing the sensitivity analysis, except for Neolife cash generating unit, an increase in WACC of 2 percent would give rise to a reduction in the Group-wide surplus with 21%.
Except for Neolife cash generating unit, a decrease in the operating margin of 20 percent would give rise to a reduction in the Group-wide surplus with 25%.
Except for Neolife cash generating unit, a decrease with 1 percentage point in the perpetual growth rate would give rise to a reduction in the Group-wide surplus with 8%.

For Neolife cash generating unit, an increase in WACC of 2 percent would give rise to a goodwill impairment of 40 mil RON, a decrease in the operating margin of 20 percent would give rise to a goodwill impairment of 58.8 mil RON and a decrease of 1 percentage point in the perpetual growth rate would give rise to a goodwill impairment of 11 mil RON.

Nevertheless, Neolife is a new acquisition completed in 2022. Management is confident that the business plan used in goodwill impairment testing followed a conservative approach, while negative developments in the analysed parameters are unlikely to materialize. No goodwill impairment is expected in the future.

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

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

5. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As of December 31, 2022 the Group's property, plant and equipment and intangible assets' structure was the following.
For details regarding additions from business combinations – please see further details in Note 27.

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

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

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

As of December 31, 2021 the Group's property, plant and equipment and intangible assets' structure was the following:

	Intangible assets	*Property, plant and equipment*						
	Intangibles	**Land**	**Construction**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total fixed assets***	**TOTAL**
1 January 2021	**103,865,851**	**31,842,685**	**300,073,489**	**88,260,301**	**496,170,548**	**24,007,225**	***940,354,248***	**1,044,220,099**
Additions	9,920,491	-	9,366,757	-	63,952,621	23,618,155	*96,937,534*	106,858,025
Transfers	-	-	5,578,175	6,972,316	773,070	(13,323,561)	-	-
Disposals	(27,974)	-	-	(181,707)	(13,409,556)	(120,324)	*(13,711,588)*	(13,739,562)
Additions from business combinations	17,387,430	-	-	1,534,198	9,383,916	879,350	*11,797,464*	29,184,894
Reclassifications during the year	-	-	-	-	(49,525,779)	-	*(49,525,779)*	(49,525,779)
31 December 2021	**131,145,798**	**31,842,685**	**315,018,421**	**96,585,107**	**507,344,820**	**35,060,845**	***985,851,878***	**1,116,997,676**

	Intangibles	**Land**	**Construction**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total fixed assets***	**TOTAL**
Depreciation								
1 January 2021	**57,110,173**	**84,120**	**36,575,889**	**60,908,394**	**307,113,355**	**-**	***404,681,758***	**461,791,932**
Cost of the year	13,506,944	-	9,725,982	4,684,049	40,537,184	-	*54,947,215*	68,454,159
Disposals	(27,974)	-	-	(181,707)	(13,409,556)	-	*(13,591,262)*	(13,619,236)
Reclassifications during the year	-	-	-	-	(12,392,445)	-	*(12,392,445)*	(12,392,445)
31 December 2021	**70,589,143**	**84,120**	**46,301,870**	**65,410,737**	**321,848,538**	**-**	***433,645,265***	**504,234,408**
Net Book Value								
1 January 2021	**46,755,678**	**31,758,565**	**263,497,600**	**27,351,907**	**189,057,193**	**24,007,225**	***535,672,490***	**582,428,168**
31 December 2021	**60,556,655**	**31,758,565**	**268,716,551**	**31,174,371**	**185,496,281**	**35,060,845**	***552,206,613***	**612,763,268**

During 2021, the Group has reclassified leased assets with a total net carrying amount of RON 32,194,888 to Right-of-use assets from Property, plant and equipment. The Group has made this reclassification for a proper presentation of Right-of-use assets in accordance with the requirements of IFRS 16.
The change in presentation has no effect on other items stated on the consolidated statement of financial position or in the consolidated statement of comprehensive income for the year ended December 31, 2021.

*leasehold improvements were presented in the financial statements for the year ended 31 December 2021 as part of Construction.

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

5.1. Land and buildings carried at fair value

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

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

Net book value ("NBV") 31 December 2022

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

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

The fair value of the 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 was used, which represent a period of one week that is added to the vacancy loss considered valid for each property, taking into account both the type of building and the size of the city. As a result the value of the properties appraised through income approach decreased overall with RON 1,737,256.

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

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 2,280,490 in the fair value of the buildings.

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

Carrying amount without revaluation	**31 December 2022**	**1 January 2022**
Land	60,371,256	4,705,086
Constructions	171,289,000	169,063,229
TOTAL	**231,660,256**	**173,768,315**

Part of the items related to Land and Buildings are included in the cash-generating units established for the Group and annually tested for impairment as part of the goodwill impairment testing, please refer to Note 4 for more details. For the carrying value of property, plant and equipment pledged to secure the borrowings please refer to Note 14.

5.2. Intangible assets

Carrying amount	**December 31, 2022**	**January 1, 2022**
Customer lists	13,132,836	10,891,714
Contract advantage	12,932,301	3,891,897
Trademark	42,497,347	30,106,819
Concessions, patents, licenses, trademarks and similar rights and assets and other intangible assets	31,629,780	15,666,225
TOTAL	**100,192,265**	**60,556,655**

At initial recognition, trademarks resulted from business combinations, used to identify and distinguish the medical services, customer list, contract advantages had an indefinite useful life. Starting with 2021, the Group has decided to allocate a definite useful life for both customer lists and contract advantages. Under IFRS, this change in estimate was made in 2021 on a prospective basis.

Trademarks

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

The following factors were considered in determining the indefinite useful life for the above intangible assets, including:
- the indefinite useful life of an asset means that the asset's usefulness to the business is not limited by age, legal or regulatory obligations, contracts, or any other factory;
- also, the useful life cannot be reasonably estimated as to determine a precise period over which the asset will generate benefits to the Group through the continuous use.

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

Customer lists and contracts advantages

Starting with 2021, the Group has allocated the following useful lives for:

	Years
Customer lists	10 years
Contract advantages	5 years

These intangibles are depreciated on a straight-line basis.

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

Other intangibles

All the other intangibles are depreciated on a straight-line basis, over a period of 3 years. 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 capitalized cost for intangible assets recognized during the year is already included in the other intangible assets on the balance sheet – for further details please see Note 20.

5.3. Intangible assets acquired in a business combination

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

Subsidiary	Customer List	Contract Advantage	Trademark	Total
Policlinica de Diagnostic Rapid (2010)	2,335,446	282,163	-	2,617,609
Med Life Ocupational (2010)	10,427	64,546	-	74,973
Genesys Clinic (2011)	631,221	-	-	631,221
Vital Test (2014)	-	8,462	-	8,462
Biotest (2014)	-	25,579	-	25,579
Diamed (2016)	-	839,438	605,153	1,444,591
Prima Medical (2016)	-	115,865	688,850	804,715
Stem Cells Bank (2016)	338,056	-	-	338,056
Dent Estet Clinic (2016)	930,189	-	9,654,592	10,584,781
Centrul Medical Panduri (2016)	-	318,179	-	318,179
Almina Trading SRL (2017)	-	632,000	321,000	953,000
Anima S (2017)	1,130,000	1,150,000	1,288,000	3,568,000
Anima P (2017)	-	870,567	-	870,567
Valdi Medica SRL (2017)	-	-	98,000	98,000
Clinica Polisano (2018)	-	-	2,076,000	2,076,000
Ghencea Medical Center (2018)	-	600,000	280,000	880,000
Grupul Solomed (2018)	-	170,000	157,000	327,000
Sfatul medicului (2018)	2,338,781	-	235,000	2,573,781
Transilvania Imagistica (2018)	-	134,000	49,000	183,000
Badea Medical (2019)	-	-	73,000	73,000
Oncoteam Diagnostic (2019)	-	-	541,000	541,000
Rozsakert Medical Center Ungaria (2019)	-	-	2,011,624	2,011,624
Spital Lotus SRL (2020)	-	-	2,387,000	2,387,000
Grupul Micromedica (2020)	-	-	1,243,000	1,243,000
Laborator Maricor SRL (2020)	-	-	7,600	7,600
Krondent SA (2021)	-	-	410,000	410,000
Centrul Medical Matei Basarab SRL (2021)	-	-	298,000	298,000
Medica SA (2021)	-	-	201,000	201,000
Grupul CED Pharma (inclusiv Monix si Leti) (2021)	-	-	536,000	536,000
Pharmachem Distributie SRL (2021)	6,278,000	-	5,820,000	12,098,000
Grupul Stomestet (2021)	-	-	871,000	871,000
Costea Digital Dental SRL (2021)	-	-	255,000	255,000
Expert Med Centrul Medical Irina SRL (2022)	-	300,000	239,000	539,000
Life Med SRL (2022)	-	780,000	662,000	1,442,000
Pro Life Clinics SRL (2022)	-	740,000	621,528	1,361,528
Onco Card SRL (2022)	-	4,540,000	6,330,000	10,870,000
Tomorad Expert SRL (2022)	-	65,000	92,000	157,000
IT Repair SRL (2022)	-	-	118,000	118,000
Medicris SRL (2022)	95,000	-	271,000	366,000
Triamed SRL (2022)	-	-	46,000	46,000
M-Profilaxis SRL (2022)	-	140,000	440,000	580,000
Grupul Opticristal (includes Opticristal Consult SRL and Alinora Optimex SRL) (2022)	-	160,236	680,000	840,236
Sweat Concept One SRL (2022)	-	-	910,000	910,000
Sanopass SA (2022)	-	-	1,380,000	1,380,000
Grupul Medici`s (includes Medici's SRL and Micro-Medic SRL) (2022)	3,610,000	4,330,000	601,000	8,541,000
Total	**17,697,120**	**16,266,035**	**42,497,347**	**76,460,502**

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

The fair value of intangible assets at acquisition date was measured using level 3 fair value measurements.
In 2022, for trademarks measurement, the royalty relief valuation technique was used, with the following inputs: i) Royalty Rate between 0.8% and 1.2% and ii) Capitalization Rate between 9.5% and 16.3%.
For customer lists measurement, the multi-period surplus economic benefits valuation technique was used, with a return rate for customers above 90%, returns on contributing assets ranging between 5.1% and 17.4% and a discount rate which reflects the specific risks of the intangible asset of 13.2% and 17.4%.

5.4. OTHER FINANCIAL ASSETS

Carrying amount	**December 31, 2022**	**January 1, 2022**
Long-term receivables for stem cells processing	36,518,106	30,220,311
Allowance for doubtful long-term receivables	(2,631,842)	-
Advances for acquisition of subsidiaries	48,924,440	1,390,275
TOTAL	**82,810,704**	**31,610,586**

Trade receivables of SCB with payments due in more than one year are presented under Other financial assets.
Trade receivables were individually assessed taking into account specific information available in individual cases when measuring credit risks.

An allowance for doubtful receivables was determined for certain customers for which management assessed high credit risk.

6. INVENTORIES

	December 31, 2022	**January 1, 2022**
Consumables	50,500,617	30,688,305
Materials in the form of inventory items	1,153,623	658,855
Merchandise	47,115,210	42,879,249
Inventory in transit	920	3,176
TOTAL	**98,770,370**	**74,229,585**

The cost of inventories recognised as an expense in 2022 is RON 900,203 (2021: RON 827,296) in respect of write-downs of inventory to net realisable value.

7. TRADE RECEIVABLES AND OTHER ASSETS

	December 31, 2022	**January 1, 2022**
Trade receivables	258,302,033	173,645,157
Allowance for doubtful receivables	(36,943,173)	(33,288,919)
TOTAL	**221,358,860**	**140,356,238**

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

Certain customers, which are public or quasi-public institutions, or subsidiaries of MedLife, may have longer payment terms and services may continue to be delivered when amounts are overdue, based on management's assessment of a lower credit risk.

The average receivable period for the services offered is 95 days. There is no interest on commercial receivables within the first 95 days from the date of issue of the invoice, which also represents the average contractual term.

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

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

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

December 31, 2022	**Individually assessed**	**Collectively assessed**	**Total**
Customers	119,431,189	138,870,844	258,302,033
Allowance for doubtful receivables	(11,330,452)	(25,612,720)	(36,943,173)
Total	**108,100,736**	**113,258,124**	**221,358,860**

January 1, 2022	**Individually assessed**	**Collectively assessed**	**Total**
Customers	72,051,891	101,593,265	173,645,157
Allowance for doubtful receivables	(10,732,439)	(22,556,481)	(33,288,919)
Total	**61,319,453**	**79,036,784**	**140,356,238**

Individually assessed trade receivables include mainly accrued income and trade receivables from National Health Insurance House for which due to management`s assessment of a lower credit risk, no allowance for doubtful receivables in deemed necessary.

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 2022 and 31 December 2021, 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 doubtful receivables for individually assessed trade receivables include the value adjustment aforementioned as well as allowance for certain customers for which management assessed high credit risk and computed allowance for doubtful receivables for the entire amount.

The Group applies the simplified approach for providing for expected credit losses (ECL) prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables which are collectively analysed.

A provision matrix was prepared based on historical observed default rates over the expected life of trade receivables resulting in an ECL reflecting the predictive risk by type of customer. Changes in economic conditions were also considered as part of forward-looking information.

Estimating adjustments for doubtful receivables involves forecasting future macroeconomic conditions for 2023, compared to the average during 2019-2021. The incorporation of forward-looking elements reflects the Groups expectations. GDP (Gross Domestic Product) was used as a macroeconomic factor considered statistically relevant for the analyzed trade receivables.

The allowance for doubtful receivables collectively assessed based on the Group’s provision matrix arising from the ECL was determined as follows:

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

January 1, 2022	**Current**	**<30 days**	**< 90 days**	**<180 days**	**<365 days**	**>365 days**	**Total**
Expected credit loss rate	0.35%	2.33%	10.61%	20.44%	41.12%	67.53%	
Customers	59,474,058	4,878,680	2,320,280	1,819,165	2,785,714	30,315,368	101,593,265
Allowance for doubtful receivables	(207,821)	(113,705)	(246,115)	(371,874)	(1,145,428)	(20,471,538)	(22,556,481)
TOTAL	**59,266,237**	**4,764,975**	**2,074,165**	**1,447,291**	**1,640,286**	**9,843,831**	**79,036,784**

For Customers in ">365 days" category, the expected credit loss rate of 72.45% represents an average of expected credit loss rates, depending on the aging of the receivables. Expected credit loss rates range from 48.5% for receivables from 2021 gradually increasing to 100%.

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

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

	2022	2021
As at 1 January	**33,288,919**	**27,129,452**
Business combinations	1,434,497	890,199
Recognised in income statement	2,219,757	5,269,269
Amounts written off	-	-
As at 31 December	**36,943,173**	**33,288,919**

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

Other assets
Other assets have increased from RON 24,357,735 as of 31 December 2021 to RON 44,362,334 as of 31 December 2022.

Other assets include guarantees paid in the amount of RON 7,415,600 (as of 31 December 2021: RON 5,827,723), advances paid in the amount of RON 24,181,412 (31 December 2021: RON 11,558,371), other subsidies received in the amount of 4,750,309 (31 December 2021: RON 3,091,441) and other sundry debtors in the amount of RON 3,577,991 (31 December 2021: RON 4,164,224).

8. CASH AND BANKS

	December 31, 2022	January 1, 2022
Cash in bank	85,385,761	130,733,309
Cash in hand	2,554,466	2,367,682
Cash equivalents	1,127,928	2,757,898
TOTAL	**89,068,154**	**135,858,888**

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

9. PREPAYMENTS

As of December 31, 2022 the Group has prepayments in amount of RON 11,826,587 (RON 8,030,713 as of December 31, 2021). The prepayments balance as of December 31, 2022 and December 31, 2021 consists mainly of deferred commissions for financing related to the Club loan for undrawn facilities and other amounts such as insurance policies for professionals and tangible assets.

10. TRADE AND OTHER PAYABLES

	December 31, 2022	January 1, 2022
Suppliers	281,384,001	197,070,870
Fixed assets suppliers	48,347,315	22,723,765
Advances paid by customers (contract liabilities)	5,625,426	4,447,683
TOTAL	**335,356,742**	**224,242,318**

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

11. OTHER LIABILITIES

	December 31, 2022	January 1, 2022
Salary and related liabilities (incl. contributions)	24,169,661	17,305,119
Other liabilities	44,819,643	27,023,056
TOTAL	**68,989,304**	**44,328,176**

Other liabilities include the current portion of government grants of RON 2,378,369 (RON 2,020,718 as of December 31, 2021), while the non-current portion is presented as Other long term debt. Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants. Also, other liabilities include a deferred revenue in the amount of RON 28,827,508 (RON 10,604,820 as of December 31, 2021), which refers mainly to future income in relation with National Health Programme, in which the Group is involved.
Also, Other liabilities include other sundry creditors in the amount of RON 10,099,383 (RON 2,692,807 as of December 31, 2021). The increase during 2022 is mainly due to the amount owned by MNT Healthcare, company acquired through business combination during 2022, to its related party, MNT Bulgary EOOD (please refer to the Note for Related parties).

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

12. PROVISIONS

	December 31, 2022	January 1, 2022
Carrying amount at start of year	7,992,337	7,209,494
Acquired through business combination	1,165,445	-
Additional provision charged to plant and equipment	-	-
Charged/(credited) to profit or loss		
- additional provisions recognised	2,153,470	2,803,850
- unused amounts reversed	-	(36,173)
Amounts used during the year	(1,527,926)	(1,984,834)
Carrying amount at end of year	**9,783,326**	**7,992,337**

Provisions booked as of 31 December 2022 and 31 December 2021 refer to provisions related to untaken holidays, which cover above 95% from total balance.

13. LEASES

Leasing facilities refer to buildings, vehicles and medical equipment.

Amounts recognised in the balance sheet

Right-of-use asset	**Buildings**	**Vehicles**	**Equipment**	**Total**
Cost				
Value at 1 January 2022	**235,386,593**	**20,669,950**	**52,580,007**	**308,636,550**
Additions	53,999,923	4,342,660	27,667,659	**86,010,241**
Business combinations	75,698,148	795,137	23,889,534	**100,382,819**
Disposals	(13,294,539)	(604,852)	(834,426)	**(14,733,817)**
Value at 31 December 2022	**351,790,125**	**25,202,895**	**103,302,774**	**480,295,794**
Accumulated depreciation				
Value at 1 January 2022	**91,133,584**	**7,733,613**	**19,053,751**	**117,920,949**
Charge for the year	48,754,966	4,239,714	9,935,549	**62,930,229**
Disposals	(6,932,857)	-	(35,915)	**(6,968,772)**
Value at 31 December 2022	**132,955,693**	**11,973,328**	**28,953,385**	**173,882,405**
Carrying amount				
At 1 January 2022	**144,253,009**	**12,936,337**	**33,526,256**	**190,715,602**
At 31 December 2022	**218,834,432**	**13,229,567**	**74,349,389**	**306,413,389**

	December 31, 2022	January 1, 2022
Non-current - Lease Liabilities	225,175,340	149,685,246
Current portion – Lease Liabilities	77,141,698	52,586,827
TOTAL	**302,317,038**	**202,272,073**

For movement during the period please refer to Note 14 where a reconciliation of cash and non-cash movements of lease liabilities is provided.

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

Amounts recognised in the statement of profit or loss	**12 months ended December**	
	2022	**2021**
Depreciation charge of right-of-use assets	62,930,229	45,306,040
Interest expense on lease liabilities for rent contracts that fall under IFRS 16 (included in finance cost)	8,299,604	6,390,308
Covid (Gain) Foregiveness amount	-	-
PL (Gain) from contracts terminated earlier	565,862	70,621
Foreign exchange loss for rent contracts that fall under IFRS 16 in relation with Lease Liabilities	58,218	2,860,234
Expense relating to short-term leases (included in rent expenses)	595,003	715,761
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rent expenses)	1,177,428	1,076,996
Other categories	6,660,366	5,905,722

The total cash outflow for leases amount to RON 77,681,591 (2021: RON 53,044,264) for contracts that fall under IFRS 16 (which refer to rental of buildings, vehicles and equipment), out of which RON 69,381,987 refer to payments of principal and RON 8,299,604 refer to payments of interest.

Extension and termination options

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

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

14. NET FINANCIAL DEBT

	December 31, 2022	**January 1, 2022**
Current portion of interest-bearing loans and borrowings	83,496,070	83,948,645
Non-current portion of Interest-bearing loans and borrowings	803,273,659	440,840,484
TOTAL	**886,769,729**	**524,789,129**

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

	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)
Net debt	**(1,100,018,613)**	**(591,202,314)**
Current debt		
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)
Long Term Debt		
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 with Banca Comercială Română, as lead arranger, a syndicated credit facility in the total amount of 228 million euros for the refinancing and increase of the existing credit of 50.7 million euros. The bank syndicate that signed the new credit granted to the MedLife Group is comprised of Banca Comerciala Romana, as coordinator, lead arranger, documentation agent, facility and guarantee agent, and financier, Raiffeisen Bank, BRD Groupe Societe Generale, Banca Transilvania, ING Bank N.V. Amsterdam Branch Bucharest, and Erste Group Bank AG, as lead arrangers and financiers.

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

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

- a loan agreement and an overdraft facility agreement secured by CEC Bank S.A. and Clinica Polisano S.R.L., with an outstanding balance of RON 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;

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

- 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 Tiriac 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.

Company	Bank	Currency	Maturity
Group Loan*	Club**	EUR	15-Nov-29
Clinica Polisano SRL	CEC Bank	RON	29-Mar-33
Ghencea Medical Center SA	Banca Transilvania	RON	29-Jun-28
Micromedica Roman SRL	Banca Transilvania	RON	30-Jun-25
Centrul Medical Micromedica SRL	Banca Transilvania	RON	30-Jun-24
Centrul Medical Micromedica SRL	Banca Transilvania	RON	30-Jun-25
KronDent SRL	Raiffeisen Bank	RON	13-Jul-23
Dent Estet Ploiesti SRL	Banca Transilvania	RON	11-Oct-28
MNT HEALTHCARE EUROPE SRL	Banca Transilvania	EUR	26-Dec-29
Life Med SRL	Banca Comerciala Romana	RON	02-Sep-26
Pro Life Clinics SRL	BRD - Groupe Société Générale	RON	19-Aug-24
Pro Life Clinics SRL	ING BANK N.V. AMSTERDAM SUCURSALA BUCUREȘTI	RON	01-Jun-24
Medicris SRL	EximBank SA	RON	16-Dec-23
Medici`s SRL	ING BANK N.V. AMSTERDAM SUCURSALA BUCUREȘTI	RON	26-Oct-23

** The companies that are part of the group loan are: MEDLIFE S.A., BAHTCO INVEST S.A., ACCIPIENS S.A., POLICLINICA DE DIAGNOSTIC RAPID S.A., CLINICA POLISANO S.R.L., DENT ESTET CLINIC S.A., GENESYS MEDICAL CLINIC S.R.L., CENTRUL MEDICAL SAMA S.A., VALDI MEDICA S.R.L., PHARMALIFE MED S.R.L., PRIMA MEDICAL S.R.L., ANIMA SPECIALTY MEDICAL SERVICES S.R.L., CED PHARMA S.R.L., BADEA MEDICAL S.A., CENTRUL MEDICAL MICROMEDICA S.R.L., SOLOMED CLINIC S.A., VITA CARE FLAV S.R.L., PHARMACHEM DISTRIBUTIE S.A., SANO PASS S.A., MNT ASSET MANAGEMENT S.R.L., MNT HEALTHCARE EUROPE S.R.L., SWEAT CONCEPT ONE S.A., ONCO CARD S.R.L., ONCOCARD INVEST S.R.L., DIAMED CENTER S.R.L., STEM CELLS BANK S.A. and SFATUL MEDICULUI.RO S.A*

*** The group of banks that signed the loan consists of: Banca Comerciala Română S.A, Erste Group Bank AG, BRD Groupe Société Générale S.A, Banca Transilvania S.A, Raiffeisen Bank S.A and ING Bank N.V Amsterdam – Bucharest Branch*

As at 31 December 2022, in relation to the syndicated loan with balance of RON 165.017.653, the Company has pledged the property, plant and equipment with a carrying value of RON 39.540.215. The Company has also pledged cash in a total amount of RON 24.071.164 and pledged receivables of RON 13,945,403 at 31 December 2022.

As at 31 December 2022, in relation to the loans with balance of RON 886,769,729, the Group has pledged the property, plant and equipment with a carrying value of RON 428,658,044. The Group has also pledged cash in a total amount of RON 33,979,053, inventories in total amount of RON 4,196,820 and receivables in total amount of RON 78,757,133 as at 31 December 2022.

The Company has pledged shares in relation with the companies acquired until December 31, 2022 and pledged assets in relation to the other loans presented in Note 14.

As at December 31, 2022 the Group was not in breach of any applicable term of the financing facilities.

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

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

Changes in liabilities arising from financing activities

	Liabilities from financing activities			
	Borrowings	**Leases**	**Overdraft**	**Total**
Net debt as at 31 December 2021	**(499,295,906)**	**(202,272,073)**	**(25,493,223)**	**(727,061,202)**
Cash movements				
Cash flows net related to principal	(330,488,563)	69,381,987	(7,909,301)	**(269,015,877)**
Payments of interest	23,428,282	8,299,604	649,513	**32,377,399**
Non-cash movements				
New leases	-	(77,102,617)	-	**(77,102,617)**
Foreign exchange adjustments	(627,320)	(58,218)	1,400	**(684,139)**
Business combinations	(23,357,907)	(92,273,755)	(1,111,865)	**(116,743,527)**
Other changes (non-cash movements)	(28,627,298)	(8,291,966)	6,062,461	**(30,856,803)**
Net debt as at 31 December 2022	**(858,968,713)**	**(302,317,038)**	**(27,801,016)**	**(1,189,086,767)**

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

15. SHARE CAPITAL AND SHARE PREMIUM

The issued share capital in nominal terms consists of 132,870,492 ordinary shares as at 31 December 2022 (31 December 2021: 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 15.12.2020, the share capital of the Company was increased with RON 27,681,352.50, from RON 5,536,270.5 to RON 33,217,623, by issuance of a number of 110,725,410 new shares with a nominal value of RON 0.25 per share. The Share Capital Increase was made with the incorporation of share premium reserves, and the newly issued shares (5-for-1) were allocated without a monetary compensation to all shareholders registered in the shareholders' register of the Company as at 4 of January 2021 (Registration Date).

The effects of the share capital increase were processed on 15 of February 2021 and the newly issued shares were allocated to shareholders.

The total number of issued ordinary shares of the Company after the share capital increase was 132,870,492.

	December 31, 2022	**January 1, 2022**
Share capital	33,217,623	33,217,623
Share premium	50,594,933	49,177,468
TOTAL	**83,812,556**	**82,395,091**

During 2022 the Group reacquired own equity instruments (treasury shares) in a total amount of RON 7,851,826 and released shares in total value of RON 8,648,583, 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 1,417,465 and was included as an increase on the share premium account.

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

16. EARNINGS PER SHARE

Basic and diluted earnings per share

	December 31, 2022	**January 1, 2022**
Total basic and diluted earnings per share attributable to the ordinary equity holders of the company	0.24	0.77

Earnings used in calculating earnings per share:

	December 31, 2022	**January 1, 2022**
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	32,173,072	102,613,932

Weighted average number of shares used as the denominator

	December 31, 2022	**January 1, 2022**
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	132,768,804	132,792,071

17. RESERVES

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

	December 31, 2022	**January 1, 2022**
General reserves (i)	24,325,883	23,440,505
Other reserves (ii)	30,768,310	18,410,254
Revaluation reserves (iii)	149,497,049	95,484,740
TOTAL	**204,591,242**	**137,335,499**

(i), (ii) Legal reserves and other reserves		
Balance at beginning of the year	**41,850,759**	**28,726,817**
Movements	13,243,434	13,123,942
Balance at the end of the year	**55,094,193**	**41,850,759**

(iii) Revaluation reserves		
Balance at beginning of the year	**95,484,740**	**95,484,740**
Decrease arising revaluation correction	-	-
Increase due to revaluation	64,300,368	-
Deferred tax related to revaluation	(10,288,059)	-
Balance at the end of the year	**149,497,049**	**95,484,740**

On the General reserves account there are legal reserves registered in the amount of RON 9,033,264 (2021: RON 8,481,939). The increase of RON 885,378 in legal reserves arised as a result of the national legislation.

Other reserves have increased with RON 12,358,056 in order to re-invest the profits earned during the year.

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

The effects of taxes on income, if any, resulting from the revaluation of property, plant and equipment are recognized and disclosed in accordance with IAS 12 Income Taxes (please see Note 26). Deferred tax recognised on other comprehensive income as a result of revaluation of Land and Buildings is in the amount of RON 10,288,059 (excluding NCI), (please refer to Note 26).

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

18. NON-CONTROLLING INTEREST

	December 31, 2022	January 1, 2022
Balance at beginning of year	**43,295,149**	**27,633,022**
Share of profit for the year	5,259,484	10,299,277
Share of other comprehensive income	1,673,316	-
Non-controlling interests arising on the acquisition of subsidiaries	21,895,097	7,445,708
Subsequent acquisition of NCI	(6,865,634)	(1,865,109)
Distribution of dividends	-	(217,749)
TOTAL	**65,257,412**	**43,295,149**

During 2022, the Group acquired an additional 10% of the issued shares in Almina Company, an additional 10% of the issued shares in Genesys, an additional 4% in Oncoteam Diagnostic and 30.32% in Group RMC Hungary for a total consideration of RON 16,593,813, out of which RON 6,527,676 was made in cash and RON 10,066,138 through own shares release used for acquiring additional NCI.

Immediately prior to the purchase, the carrying amount of the existing non-controlling interest in Group was 6,865,634 RON. The Group recognised a decrease in non-controlling interests of 6,865,634 RON and a decrease in equity attributable to owners of the parent of 9,728,179 RON. The effect on the equity attributable to the owners of Group during the year is summarised as follows:

	December 31, 2022	January 1, 2022
Carrying amount of non-controlling interests acquired	6,865,634	1,865,109
Consideration paid to non-controlling interests	(16,593,813)	(4,661,882)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(9,728,179)**	**(2,796,773)**

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

Business Line	12 months 2022 Sales	% of Total Sales	12 months 2021 Sales	% of Total Sales	Variation 2022/2021
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%
TOTAL SALES	**1,795,432,748**	**100.0%**	**1,427,218,373**	**100%**	**25.8%**

The Group has only 25% of its sales during 2022 deriving from the treatment of NHIH insured patients. The Group has one reportable segment, healthcare services, that aggregates the operating segments clinics, stomatology, hospitals, laboratories and corporate in the total amount of RON 1,535,038,955 in 2022.

The Group obtains revenues from goods mainly from Pharmacies and Others business lines, while the other business lines generate mainly revenues from services. In the Other category there are also included revenues from processing and storage of stem cells and, starting with 2022, the wellness services.
The revenues of the Group are generated on the Romanian market, with only 1.1% from other geographical locations (Hungary). The entire amount included in contract liabilities at the beginning of the year (as per Note 10) was recorded as revenue in 2022.

During 2022, the increase for the Others revenue stream is mainly due to the intensified distribution of medicine as a result of the acquisition of Pharmachem Distributie during 2021, the company being currently consolidated considering all 12 months of activity in the profit and loss account.

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

20. OTHER OPERATING REVENUES

	12 months 2022	12 months 2021
Other operating revenues	4,955,689	3,199,337
Income from operating grants	2,491,038	2,628,211
Capitalized cost of intangible assets	6,671,334	4,535,441
TOTAL	**14,118,061**	**10,362,989**

21. THIRD PARTY EXPENSES

	12 months 2022	12 months 2021
Medical services	413,954,469	337,603,069
Consulting services	5,622,559	4,805,573
Cleaning and laundry	7,664,001	4,798,636
Legal services	2,057,326	3,823,202
Other services	2,011,783	3,762,967
Waste collection and sanitation	4,102,363	3,193,840
Security and safety	3,678,470	2,634,494
IT services	3,404,421	2,265,737
Logistics and telecommunications services	3,457,567	1,118,708
Accreditations and authorizations	1,873,126	751,668
Storage and archiving services	654,901	721,578
Others	19,715,474	14,909,396
TOTAL	**468,196,458**	**380,388,868**

Around 88% of total Third party expenses incurred during 2022 and 2021 refer to collaboration contracts concluded with doctors.

22. OTHER OPERATING EXPENSES

	12 months 2022	12 months 2021
Utilities	25,955,216	15,441,386
Repairs maintenance	13,361,182	14,703,501
Rent	8,432,798	7,698,479
Insurance premiums	4,711,548	3,651,389
Promotion expense	26,664,612	15,138,844
Communications	5,211,175	4,907,836
Other administration and operating expenses	25,567,358	18,067,621
TOTAL	**109,903,888**	**79,609,056**

23. KEY MANAGEMENT PERSONNEL EXPENSES

The structure of Med Life personnel is described below:

	December 31, 2022	January 1, 2022
Management	309	196
Staff	5,972	4,897
Total	**6,281**	**5,093**

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

	December 31, 2022	January 1, 2022
Management	52,298,790	41,295,641
Staff	406,592,429	304,755,849
Total	**458,891,219**	**346,051,490**

24. NET FINANCIAL RESULT

	12 months 2022	12 months 2021
(Loss)/Gain from foreign exchange rate impact	(4,082,363)	(9,166,155)
Finance cost	(34,323,373)	(21,598,655)
Bank commissions	(8,165,777)	(5,852,424)
Other income	637,298	34,949
Interest income	1,261,843	149,944
FINANCIAL NET PROFIT/(LOSS)	**(44,672,371)**	**(36,432,342)**

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

25. RELATED PARTIES

(a) Main shareholders
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**

As of December 31, 2021, the shareholders' structure of Med Life SA is as presented below:

	Number of shares	%	Value
Legal entities	70,466,706	53.03%	17,616,677
Marcu Mihail	20,552,307	15.47%	5,138,077
Cristescu Mihaela Gabriela	18,660,690	14.04%	4,665,173
Marcu Nicolae	14,034,400	10.56%	3,508,600
Others	9,156,389	6.89%	2,289,097
TOTAL	**132,870,492**	**100.00%**	**33,217,623**

Please refer to Note 15 and Note 16.

(b) Executive Committee and Board of Directors' compensation
Compensations granted to the members of the Executive Committee were as follows:

	12 months 2022	12 months 2021
Executive Committee	7,953,552	7,319,579

Executive Committee compensation includes the payments toward members of the top management under their mandate contracts concluded with the Company for a period of 4 years.

As at December 31, 2022, the Company's Executive Committee consisted of ten managers remunerated based on mandate agreement. Considering the termination, by mutual agreement, of the mandate contract of Mr. Adrian Paul Lungu as MedLife CFO and member of the Executive Committee of the Company on 30 September 2022, a new Executive Committee member and CFO of the Group was appointed starting October 1st 2022, respectively Ms. Alina-Oana Irinoiu.

During the year 2022 there have been no amendments to the composition of Medlife's Board of Directors, their mandates ending December 20, 2024.

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

	12 months 2022	12 months 2021
Board of Directors	3,828,027	3,909,013

Med Life SA Board of Directors consists of 7 members under administration agreements concluded with the Company, approved by the General Shareholders Meeting.

Members' mandate for a period of 4 years, starting December 21st, 2020 and ending December 20th, 2024. No loans were granted to managers and administrators in 2022 and 2021.

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

(c) Related parties

The related parties identified are as follows:

	Receivables from		Payables to	
	December 31, 2022	**January 1, 2022**	**December 31, 2022**	**January 1, 2022**
DR. CRISTESCU I. MIHAELA-GABRIELA	24,839	4,839	58,400	58,400
Nautic Life S.R.L.	-	-	-	2,616
DIETLIFE FOOD SRL	206	208	-	-
BLACK SEA MAGIC SRL	10,290	32,812	-	-
MNT BULGARIA EOOD	-	-	9,026,947	-
ANDREI VASILE *	-	-	896,769	-
RADU GROSSU **	-	-	7,462,000	-
Total	**35,335**	**37,859**	**16,085,972**	**61,016**

	Sales in 2022	**Sales in 2021**	**Purchases in 2022**	**Purchases in 2021**
DR. CRISTESCU I. MIHAELA-GABRIELA	-	-	700,800	700,800
LIFE RESORT SRL	-	1,200	-	-
DIETLIFE FOOD SRL	2,486	30,721	-	-
BLACK SEA MAGIC SRL	-	1,250	22,522	-
Total	**2,486**	**33,171**	**723,322**	**700,800**

During 2022, the Group has acquired the MNT companies (Group Neolife). As of 28 February 2022, date of acquisition, the balance registered with the related party MNT Bulgaria was in the amount of RON 9,026,947. *Andrei Vasile is one of the shareholders in Sanopass S.A. **Radu Grossu is one of the shareholders in Sweat Concept One S.R.L.

26. TAXATION

	December 31, 2022	**January 1, 2022**
Current income tax expense	12,124,746	22,506,352
Deferred tax expense	-	-
Total income tax expense	**12,124,746**	**22,506,352**
Profit before tax	**49,557,301**	**135,419,561**
Tax expense using the statutory rate of 16% (2021 16%)	7,929,168	21,667,130
Fiscal effect of non-deductible expenses	2,990,801	1,621,415
Fiscal effect of non-taxable income	(244,293)	(119,902)
Fiscal effect of deductible legal reserve	(55,608)	(616,219)
Sponsorship/other compensation	(1,687,089)	(1,524,943)
Reinvested profit and other fiscal facilities	(595,003)	(2,493,391)
Adjustments in respect of current income tax of previous years	-	1,153,649
Other elements (including different fiscal treatment)	3,786,770	2,818,613
Deferred tax expense	-	-
Income tax for the current year	**12,124,746**	**22,506,352**

	December 31, 2022	**January 1, 2022**
Income tax liabilities as at January 1	1,467,625	5,467,450
Income tax liabilities through acquisitions	54,255	50,985
Income tax paid in the current year	(12,832,118)	(26,557,162)
Income tax payable in the current year	12,124,746	22,506,352
Current tax liabilities as at 31 December	**814,508**	**1,467,625**

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

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

Deferred tax liability	**31 December 2022**	**Change in deferred tax**	**1 January 2022**
Business combinations	17,048,841	10,083,757	6,965,084
Other elements	104,870	-	104,870
Land and buildings revaluation	28,428,633	10,606,786	17,821,847
Total deferred tax liability	**45,582,344**	**20,690,543**	**24,891,801**
Net deferred tax liability	**44,250,160**	**20,690,543**	**23,559,617**

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

Deferred tax liability	**31 December 2021**	**Change in deferred tax**	**1 January 2021**
Business combinations	6,965,084	3,213,819	3,751,265
Other elements	104,870	-	104,870
Revaluation reserve	17,821,847	-	17,821,848
Total deferred tax liability	**24,891,801**	**3,213,819**	**21,677,983**
Net deferred tax liability	**23,559,617**	**3,213,819**	**20,345,799**

The Group accrues income taxes at the rate of 16% on profits computed in accordance with the Romanian tax legislation. The net effect of the change on deferred tax balances recognized as at December 31, 2020, 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.

27. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

27.1. Ssubsequent acquisition of non-controlling interest, companies established due to organic growth and acquisition of subsidiaries

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

- 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 Clinica Life Med, in March 2022;
- Acquisition of 60% shares in Pro Life Clinics, in April 2022;
- 4% subsequent acquisition of shares in Oncoteam Diagnostic 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;
- 30.32% subsequent acquisition of shares in RMC Group in April and May 2022;
- Acquisition of 100% shares is Medicris si 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 (following approval by the Competition Council);
- Acquisition announcement of 99.67% shares in Muntenia Medical Competences SRL, in July 2022 (transaction approved by the Competition Council and completed in January 2023);
- Acquisition announcement of 51% shares in Provita Group, in October 2022 (approved by the Competition Council in 2023, in process of closing as at the date of this reporting).

27.1.1. Subsequent acquisition of non-controlling interest

Increased participation in Almina Trading SA
In February 2022 MedLife completed the acquisition of additional 10% shares in Almina company, reaching a 90% stake. In 2017, MedLife acquired a majority stake of 80% in Almina Trading S.R.L., a company that includes eight medical centers and two laboratories, located in Dambovita and Ilfov counties.

Increased participation in Genesys Medical Clinic
In March 2022, MedLife completed the acquisition of additional 10% shares in Genesys Group, one of the largest private medical services providers in western Romania, thus reaching a stake of 83%. Genesys has been part of MedLife System since 2011, when representatives announced the acquisition of 55% of its shares.

Increased participation in Oncoteam Diagnostic
In April 2022, MedLife completed the acquisition of additional 4% shares in Oncoteam Diagnostic, reaching a stake of 79%. Oncoteam has been part of MedLife System since 2019, when representatives announced the acquisition of 75% of its shares.

Increased participation in RMC Hungary
In April and May 2022, MedLife completed the acquisition of additional 30.32% shares in RMC Group, reaching a stake of 81.32%. RMC Group has been part of MedLife System since 2019, when representatives announced the acquisition of 51% of its shares.

27.1.2. Organic growth

Organic development - MedLife Targu Mures Hyperclinic
On 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.

27.1.3. Acquisition of subsidiaries

Acquisition of Neolife Group

In 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, with other two centers in Braila and Valcea being under development.

Acquisition of Life Med

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

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

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 completed 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 together 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 in 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 Opticristal Clinic 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, 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 announced the acquisition of 99.76% shares in Muntenia Medical Competences S.A.

The transfer of ownership of the shares held by SIF Muntenia SA in Muntenia Medical Competences S.A. was completed in 2023, after the fulfillment by both parties of conditions precedent to Closing, including the approval by the Competition Council.

Acquisition of Provita Group (transaction not closed)

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. The transaction has been approved by the Competition Council and is in process of closing as of the date of this reporting.

27.1.4 Corporate events during 2022

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 1 October 2022 and ending on 21 October 2024.

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

Increase of the syndicated credit
On 13 December 2022, following the approval of the General Meeting of Shareholders on 21 November 2022, MedLife, together with co-borrowers BAHTCO INVEST S.A., ACCIPIENS S.A., POLICLINICA DE DIAGNOSTIC RAPID S.A., CLINICA POLISANO S.R.L., DENT ESTET CLINIC S.A., GENESYS MEDICAL CLINIC S.R.L., CENTRUL MEDICAL SAMA S.A., VALDI MEDICA S.R.L., PHARMALIFE MED S.R.L., PRIMA MEDICAL S.R.L., ANIMA SPECIALTY MEDICAL SERVICES S.R.L., CED PHARMA S.R.L., BADEA MEDICAL S.A., CENTRUL MEDICAL MICROMEDICA S.R.L., SOLOMED CLINIC S.A., VITA CARE FLAV S.R.L., PHARMACHEM DISTRIBUTIE S.A., SANO PASS S.A., MNT ASSET MANAGEMENT S.R.L., MNT HEALTHCARE EUROPE S.R.L., SWEAT CONCEPT ONE S.A., ONCO CARD S.R.L., ONCOCARD INVEST S.R.L., DIAMED CENTER S.R.L., STEM CELLS BANK S.A. and SFATUL MEDICULUI.RO S.A., signed with Banca Comercială Română, as lead arranger, a syndicated credit facility in the total amount of 228 million euros for the refinancing and increase of the existing credit of 50.7 million euros. The syndicated credit contract involves a refinancing agreement for existing facilities, extending the financing period, rearranging terms and conditions, as well as an additional increase of 50.7 million euros, which will be in the form of a term facility, used by MedLife, along with other liquidity of the Group, for possible new acquisition opportunities on the market.

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

Assets acquired and liabilities recognized at the date of acquisition	**31 December 2022**	**1 January 2022**
Non-current assets	**260,502,085**	**46,062,887**
out of which		
- Intangible assets	*33,968,192*	*17,387,430*
- Property, plant and equipment	*122,955,304*	*11,797,464*
- Right-of-use assets	*100,382,819*	*16,796,409*
- Others	*3,195,770*	*81,585*
Current assets	**84,854,668**	**54,095,201**
out of which		
- Inventories, cash and prepayments	*28,483,576*	*18,530,185*
- Trade Receivables and other receivables	*56,371,093*	*35,565,016*
Current liabilities	**195,161,941**	**80,732,727**
out of which		
- Overdraft	*1,111,865*	*660,625*
- Current tax liabilities	*54,255*	*50,985*
- Trade and other liabilities	*90,435,201*	*59,389,415*
- Lease liabilities	*92,273,753*	*17,417,884*
- Current portion of long term debt	*37,667*	
- Provisions	*1,165,445*	*-*
- Deferred tax arising at acquisition	*10,083,756*	*3,213,819*
Non-current liabilities (Borrowings on long term)	**23,320,240**	**3,425,536**
Net assets	**126,874,572**	**15,999,825**

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

27.3. Acquisition related costs
The Group incurred acquisition-related costs of 3,165,540 RON on legal fees and due diligence costs. These costs have been included in Other operating expenses.

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

27.4. Goodwill arising on acquisition

	2022	2022
Consideration transferred	273,972,468	60,976,906
Less: fair value of identifiable net assets acquired	(126,874,572)	(15,999,825)
Plus non-controlling interest	21,895,097	7,445,708
Goodwill arising on acquisition	**168,992,993**	**52,422,789**
Bargain gain arising on acquisition	-	-

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

27.5. Net cash outflow on acquisition of subsidiaries

	31 December 2022	1 January 2022
Consideration paid in cash	328,743,653	55,717,152
Less: cash and cash equivalent balances acquired at acquisition date	(12,188,904)	(3,212,417)
Total	**316,554,749**	**52,504,735**

Consideration paid in cash includes also the advanced for future business combination.

28. CAPITAL MANAGEMENT

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

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

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

The Group has grown in 2022 principally through acquisitions and less through organic development. In expanding organically, the Group is exposed to potential loss of capital if the expansion or new activities do not immediately meet their financial objectives.

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

	December 31, 2022	December 31, 2021
Interest-bearing loans and borrowings without overdraft	858,968,713	499,295,906
Cash and cash equivalents	89,068,154	135,858,888
Loans payable net of cash	769,900,559	363,437,018
Total Equity	482,038,245	381,404,558
Ratio to Loans payables net of cash to Total Equity	**0.63**	**1.05**

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

29. RISK MANAGEMENT

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

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

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

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

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. Please see Note 7 Receivables, for further details regarding credit risks of trade receivables and expected credit loss allowance, Note 5.4 Other financial assets, for further details regarding credit risks of long-term receivables for stem cells processing and expected credit loss allowance and also 3.13.1 Financial assets, for further details of accounting policies used by the Group.

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

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

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

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

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

If interest rates had been 10% per cent higher and all other variables were held constant, the Group's profit for the year ended 31 December 2022 would decrease by RON 3,983,637 RON (2021: decrease with RON 1,330,043). This is mainly attributable to the Group'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%
2022							
Overdraft	27,801,016						
Short-Term and Long-Term portions of loans	858,968,713	Club loan	816,408,338	92%	21,580,386	23,738,425	2,158,039
Short-Term and Long-Term portions of leases	302,317,038	Contracts that refer to rent of buildings, equipment and which fall under IFRS 16	245,389,824	81%	7,661,018	9,486,616	1,825,598
2021							
Overdraft	25,493,223						
Short-Term and Long-Term portions of loans	499,295,906	Club loan	468,391,291	89%	13,983,946	14,816,432	832,486
Short-Term and Long-Term portions of leases	202,272,073	Contracts that refer to rent of buildings, equipment and which fall under IFRS 16	171,919,151	85%	5,691,557	6,192,114	500,557

	December 31, 2021	January 1, 2021
Profit or loss	3,983,637	1,333,043

(c) Liquidity risk

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

The following table details the Group's remaining contractual maturity for financial liabilities as of December 31, 2022 and December 31, 2021. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

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

2022

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

2021

	Weighted average effective interest	Carrying amount	Total	Year 1	Year 2	Year 3	Year 4	Year 5	> Year 5
Non-interest bearing instruments									
Trade payables		**224,242,318**	**224,242,318**	224,242,318	-	-	-	-	-
Interest bearing instruments									
Overdraft		**25,493,223**	**25,493,223**	25,493,223	-	-	-	-	-
Borrowings	EURIBOR 6M / ROBOR 6M + margin	**499,295,906**	**559,569,464**	57,674,327	58,369,898	68,879,247	54,000,303	52,008,012	268,637,677
Lease contracts		**202,272,073**	**219,873,686**	53,666,580	44,883,694	38,410,307	28,086,470	20,453,226	34,373,410
Total		**951,303,520**	**1,029,178,690**	**361,076,448**	**103,253,592**	**107,289,554**	**82,086,773**	**72,461,238**	**303,011,087**

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

(d) Foreign currency risk

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

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

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

2021	RON	1 EUR = 4.9481 RON	100 HUF = 1.3391 RON	Total
ASSETS				
Cash and cash equivalents	130,202,261	3,326,181	2,330,445	135,858,888
Trade receivables	139,393,284	-	962,954	140,356,238
Financial assets	1,237,250	30,373,336	-	31,610,586
LIABILITIES				
Trade payables	210,414,824	11,080,404	2,747,090	224,242,318
Overdraft	15,597,023	9,896,200	-	25,493,223
Other long term debt	7,546,394	-	-	7,546,394
Short-Term and Long-Term portions of loans	154,021,386	345,274,520	-	499,295,906
Short-Term and Long-Term portions of leases	10,184,074	190,968,433	1,119,566	202,272,073

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

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

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

	December 31, 2022	**January 1, 2022**
Profit or loss	110,795,123	52,352,004

(e) Climate change risk

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

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

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

To carry out the activities Medlife Group consumes water that is captured exclusively from the public network. The Group monitors water consumption monthly, and through internal work procedures ensures that any risk of biological contamination of the water spilled is eliminated.

Our supply chain is likely subject to these same transitional and physical risks and would likely pass along any increased costs to us.
The improvement of the corporate governance framework is continued. At the basis of this improvement stands the materiality analysis performed by MedLife Group through a complex process consisting of several stages, as follows: identification and prioritization of stakeholders - which allowed us to better understand who we affect and who can influence our work, identify and analyze best practices in the global and national health sector, consult with the most significant internal and external stakeholders and prioritize sustainability issues in terms of the impact of our activities on the environment, stakeholder expectations about how we manage environment issues, as well as the sustainability risks that can affect our position and the development of our business.
As at 31 December 2022 the Group does not anticipate that these risks will have a material financial impact in the near term.

(f) Ongoing military conflict

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

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

The consequences of the ongoing conflict in Ukraine, the European energy crisis and resulting regulatory measures and other economic disruptions currently being observed, and further regulatory interventions, as well as the extent and duration of their economic impact cannot be reliably estimated at this stage. The Group is responding to the situation with targeted measures to safeguard its economic stability. Because events are ongoing, the long-term impact can affect cash flows and profitability. However, at the date of these financial statements, the geopolitical context driven by the ongoing conflict in Ukraine has no significant negative impact on the consolidated financial statements as of December 31, 2022

(g) Macroeconomic environment

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

The last quarter of 2022 was further marked by the spillover effects of the ongoing war in Ukraine and by the persistent inflationary pressures that reached a significant level both globally and locally, in the context of a global economic slowdown.

On the local level, the latest figures on the dynamics of Romania's GDP have shown an economic growth of 4.8% in 2022, marked by a slowdown in consumption, but with an accelerated investment component.
From the unemployment rate point of view, Romania ended 2022 with an unemployment rate of 5.6% and approx.. 10,000 fewer unemployed than a year ago, supporting that the labor market remains robust. Inflation has remained at a particularly high level of 16.4% in December and 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.

To continue the efforts to temper further price increases, the Board of Governors of the NBR decided in the meetings of October and November new increases in the monetary policy rate, ending the fourth quarter with a key rate of 6.25%. However, given the current level of inflation and the current uncertainties in the economy, further increases in the monetary policy rate are expected. The EUR/RON exchange rate registered a slight increase in the fourth quarter of the year, fluctuating, on average, around the 4.92 level.

The Group's income or the value of its holdings can be affected by the particular movements in the global financial markets. As a result of the higher interest rates resulting on the market during 2022, the discount rates used in the impairment tests have increased, compared with the previous year (between 8.4% and 18.0% compared with the prior year, between 8.6% and 12%). However, as a result of the sensitivity analysis performed, the Group considers that it has sufficient headroom in case of a potential increase above these numbers, with no material impact on the financial statements.

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

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

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short-term and long-term loans and trade and other payables. These are presented at amortised cost. The estimated fair values of these instruments approximate their carrying amounts, largely due to the short term maturities of these instruments, except for loans.

The carrying amount of loans approximate their fair value considering the refinancing of the syndicated loan signed in 2022, in which all the credit facilities were re-arranged in terms of both maturities and interest rates. The syndicated loan covers around 92% of the total Group debt position exposure.

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

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

The following table shows the fair value and the fair value hierarchy for assets and liabilities that are not measured at fair value in the statement of financial position as at 31 December 2022:

(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	89,068,154	89,068,154	89,068,154	-	-
Trade Receivables	Amortized cost	221,358,860	221,358,860	-	-	221,358,860
Other financial assets	Amortized cost	82,810,704	82,810,704	-	-	82,810,704
LIABILITIES						
Trade and other payables	Amortized cost	335,356,742	335,356,742	-	-	335,356,742
Overdraft	Amortized cost	27,801,016	27,801,016	-	-	27,801,016
Other long term debt	Amortized cost	6,771,077	6,771,077	-	-	6,771,077
Lease liability	Amortized cost	302,317,038	302,317,038	-	-	302,317,038
Long term debt	Amortized cost	858,968,713	858,968,713	-	-	858,968,713

Recognized fair value measurements

Fair value hierarchy
This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 3.28.

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

31 December 2021	**Note**	**Level 1**	**Level 2**	**Level 3**
Land and buildings	5	-	-	300,475,116

Starting with the year 2022, the Group has classified the investments in rented buildings along the line of leasehold improvements; they are held at amortized cost.

There were no transfers between levels during the year.
- Valuation techniques used to determine level 3 fair values are presented in note 5.
- Valuation inputs and relationships to fair value are presented in note 4 on the Goodwill impairment section and note 5 on the Land and buildings carried at fair value and intangibles with indefinite useful life section.

31. COMMITMENTS AND CONTINGENCIES

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

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

Other commitments
As at December 31, 2022 and December 31, 2021, the Group holds insurance policies to cover possible liabilities towards doctors for malpractice as well as insurance contracts related to buildings and medical equipment.

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

BCR issued letters of warranties in the favour of Med Life S.A. in amount of RON 9,554,521 out of which in EUR 91,309 as of December 31, 2022 (December 31, 2021: RON 1,887,804, equivalent of EUR 110,182).

In relation with business combinations and further acquisition of companies, on 4 October 2022 the Group signed the sale-purchase agreement with Ovidiu Nicolae Palea, Ada Palea and Nicolae Palea regarding the acquisition of 51% shares in Centrul de Diagnostic si Tratament Provita SRL also known as Nord Group. The transaction was approved by the Competition Council and the closing process is currently ongoing as of the date of this reporting.

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

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

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 ultimate parent of the Group had a tax control which covered period from 2016 to 2020. The control was finalised during 2021 and the results were booked in accounting, the impact on the figures being RON 1,153,649. Management believes that the tax obligations included in these financial statements are adequate.

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

Transfer pricing

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

Litigation

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

32. FEES TO AUDITORS

Starting with 2021, the auditor of the Group is Ernst & Young Assurance Services SRL.

The fee for the audit services of the consolidated financial statements as of December 31, 2022 of the Group prepared in accordance with IFRS as adopted by EU and the individual 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 individual financial statements of subsidiaries prepared in accordance with the provisions of Ministry of Finance Order number 1802/2014 was EUR 292,775 excluding VAT and other expenses.

The fee for other non-audit services performed in 2022 (in accordance with ISRS 4400) was EUR 18,525, excluding VAT.

33. EVENTS AFTER THE BALANCE SHEET DATE

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.

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 covers an area of 1,000 square meters and is the result of an investment of approximately EUR 2.7 million.

These financial statements, comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes, were approved on March 27, 2022.

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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Med Life SA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Med Life SA (the Company) and its subsidiaries (together referred to as "the Group") with official head office in Calea Grivitei no.365, district 1, Bucharest, identified by sole fiscal registration number 8422035, which comprise the consolidated statement of financial position as at December 31, 2022, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of unsignificant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Description of each key audit matter and our procedures performed to address the matter

Key audit matter	How our audit addressed the key audit matter

Impairment testing of goodwill
The carrying value of goodwill as of 31 December 2022 is of 368.7 million RON.
Under the International Financial Reporting Standards, an entity is required to test at least annually the goodwill for impairment or whenever there is an indication of impairment.
Impairment testing of goodwill is performed at the level of 43 cash-generating units ("CGU"), using a discounted cash flow model.
Management estimates the cash flows for the cash-generating units to which goodwill is allocated, in order to determine the recoverable amount of each GCU.
As disclosed in Note 4 to the consolidated financial statements, in calculating the recoverable amount, the management makes judgements and significant estimates in determining revenue and operating margin growth assumptions and the discount rate to be applied to the expected cash flows.
In light of the judgements and estimates used by the management in the determination of future cash flow projections which are based on assumptions that are affected by expected future market conditions in Romania, uncertainties regarding current economic environment and significance of the carrying value of goodwill this matter is considered a key audit matter.
The Group's disclosures about goodwill and the related impairment testing are included in Note 3.6 (Significant judgements, estimates and assumptions) and in Note 4 (Goodwill) to the consolidated financial statements.
	We analysed the management's assessment of the recoverability of the carrying value of goodwill with a focus on the key assumptions made by management. Specifically, our work included, but was not limited to, the following procedures:
	• Performed a detailed understanding of the Group's internal process and related documentation flow and key controls associated with the goodwill impairment testing process;
	• Assessed the determination of CGUs;
	• For a sample of CGUs with significant goodwill:
	  o reconciled the assumptions used within the future cash flow models to approved business plans;
	  o involved our internal valuation specialists to assist us in evaluating the appropriateness of the methodology used to estimate the recoverable amount of CGUs and its conformity with the requirements of the International Financial Reporting Standards; and in testing the mathematical accuracy of the discounted cash flow model as well as evaluating for reasonableness the discount rates used for discounting future cash flows for each CGU and key macroeconomic assumptions;
	  o Assessed the assumptions used in the estimated future cashflows against historic performance to determine the reasonability of the management's estimates.
	  o Assessed the management's sensitivity analysis over key assumptions and performed additional independent sensitivity analysis in order to assess the impact of possible changes of assumptions on the impairment testing;
	• Assessed the competence of management's external specialists and their objectivity and independence, to consider whether they were appropriately qualified to carry out the impairment assessments.
	• Assessed the relevant disclosures included in the consolidated financial statements.

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Other information

The other information comprises the Consolidated Administrators' Report, the Annual Remuneration Report, the Annual Report and the Sustainability Report, but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Consolidated Administrator's Report and the Annual Remuneration report, prior to the date of our auditor's report, and we expect to obtain the Annual report and the Sustainability Report, as part of separate reports, after the date of our auditor's report. Management is responsible for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Consolidated Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Consolidated Administrators' Report and the Annual Remuneration Report, we have read these reports and report that:

a) in the Consolidated Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying consolidated financial statements as at December 31, 2022;

b) the Consolidated Administrators' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 articles 15 - 19 and 26-27;

c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of consolidated financial statements as at December 31, 2022, we have not identified information included in the Consolidated Administrators' Report that contains a material misstatement of fact.

d) The Annual Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Group by the General Meeting of Shareholders on 29 September 2021 to audit the consolidated financial statements for the financial year end December 31, 2022. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 2 years, covering the financial years ended 31 December 2021 and 31 December 2022.

Consistency with Additional Report to the Audit Committee

Our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 24 March 2023 and updated on 27 March 2023.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Group and we remain independent from the Group in conducting the audit.

In addition to statutory audit services and services disclosed in the consolidated financial statements, no other services which were provided by us to the Company, and its controlled undertakings.

Report on the compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation

We have performed a reasonable assurance engagement on the compliance of the electronic format of the consolidated financial statements of Med Life SA (the Company) and its subsidiaries (together referred to as "the Group") for the year ended 31 December 2022, included in the attached electronic file „254900RJWPQ4SLGCPI85-2022-12-31-en.zip"(identified with the key 88cb09c4a37ce9c78b120be6fa513f0a5dc15f6e8d425914d5a06db83284d33e) with the requirements of the Commission Delegated Regulation (EU) 2018 /815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation). Our opinion is expressed only in relation to the electronic format of the consolidated financial statements.

Description of the subject matter and the applicable criteria

The Management has prepared electronic format of consolidated financial statements of the Group for the year ended 31 December 2022 in accordance and to comply with ESEF Regulation requirements.

The requirements for the preparation of the consolidated financial statements in ESEF format are specified in the ESEF Regulation and represent, in our opinion, applicable criteria for us to express an opinion providing reasonable assurance.

Responsibilities of the Management and Those Charged with Governance

The Management of the Group is responsible for the compliance with the requirements of the ESEF Regulation in the preparation of the electronic format of the consolidated financial statements in XHTML format. Such responsibility includes the selection and application of appropriate iXBRL tags using the taxonomy specified in the ESEF Regulation, ensuring consistency between the human-readable layer of electronic format of the consolidated financial statements and the audited consolidated financial statements. The responsibility of Group's Management also includes the design, implementation and maintenance of such internal control as determined is necessary to enable the preparation of the consolidated financial statements in ESEF format that are free from any material non-compliance with the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process for the preparation of consolidated financial statements of the Group, including the application of the ESEF Regulation.

Building a better
working world

Auditor's Responsibility

Our responsibility is to express an opinion providing reasonable assurance on the compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation.

We have performed a reasonable assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform our engagement to obtain reasonable assurance about whether the electronic format of the consolidated financial statements of the Group is prepared, in all material respects, in accordance with the applicable criteria, specified above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but it is not guaranteed that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect material non-compliance with the requirements when it exists.

Our Independence and Quality Management

We apply International Standard on Quality Management 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, design, implement and operate a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have maintained our independence and confirm that we have met the ethical and independence requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

Summary of procedures performed

The objective of the procedures that we have planned and performed was to obtain reasonable assurance that the electronic format of the consolidated financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF Regulation of the electronic (XHTML) reporting format of the consolidated financial statements of the Group, we have maintained professional skepticism and applied professional judgement. We have also:

- obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the consolidated financial statements of the Group, including the preparation of the consolidated financial statements of the Group in XHTML format and its tagging in machine readable language (iXBR);
- tested the validity of the applied XHTML format;
- checked whether the human-readable layer of electronic format of the consolidated financial statements (XHTML) corresponds to the audited consolidated financial statements;
- assessed the completeness of the tagging of information in the consolidated financial statements while using the machine-readable language (iXBRL) under the requirements of the ESEF Regulation;

- assessed the appropriateness of the applied iXBRL tags selected from the core taxonomy and the creation of extensions to the elements in the extended taxonomy specified in the ESEF Regulation when there were no suitable elements in the core taxonomy;
- evaluated the anchoring of the taxonomy extensions to the elements in the extended taxonomy specified by the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

Legal Uncertainty about the Compliance of the Interpretation of Applicable European Requirements

Due to the conversion process chosen by the Group in relation to the information in the notes to the financial statements in iXBRL format ("block tagging"), the rendering of the consolidated financial statements into ESEF-Format is not completely machine readable in a meaningful way. The legal compliance of the interpretation by management that meaningful machine readability of structured information in the notes is not explicitly required by the Delegated Regulation (EU) 2018/815 for the block tagging of the notes, is subject to legal uncertainty, which therefore also represents an inherent uncertainty in our audit.

Opinion on the compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation

Based on the procedures performed, in our opinion, the electronic format of the consolidated financial statements of the Group for the year ended 31 December 2022 is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Firma de audit: ERNST & YOUNG ASSURANCE SERVICES S.R.L.
Registrul Public Electronic: FA77

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: Ivanovici Alice Andreea
Registrul Public Electronic: AF3617

Name of the Auditor/ Partner: Alice Andreea Ivanovici
Registered in the electronic Public Register under No. AF3617

Bucharest, Romania
27 March 2023

Declaration of management of MedLife Group

We confirm to the best of our knowledge that the Audited Annual Consolidated Financial Statements of MedLife Group for the 12-month period ended December 31, 2022, which were prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union, give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the period then ended.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

MED LIFE S.A.

AUDITED INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

CONTENTS: **PAGE:**

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

ASSETS	Note	December 31, 2022	January 1, 2022
Non-current Assets			
Intangible assets	5	14,665,892	9,895,358
Property, plant and equipment	5	342,815,667	244,673,659
Right-of-use asset	13, 14	71,911,269	68,420,689
Other financial assets	4	413,831,251	257,432,358
Total Non-Current Assets		**843,224,079**	**580,422,064**
Current Assets			
Inventories	6	12,513,597	10,038,916
Trade Receivables	7	66,525,981	56,744,097
Loans granted to related parties	23	162,430,816	106,337,549
Other assets	7	18,251,900	25,421,897
Cash and cash equivalents	8	15,141,431	38,629,900
Prepayments	9	2,674,932	2,608,350
Total Current Assets		**277,538,657**	**239,780,709**
TOTAL ASSETS		**1,120,762,736**	**820,202,773**
LIABILITIES & SHAREHOLDER'S EQUITY			
Non-Current Liabilities			
Lease liability	13, 14	50,184,177	50,129,780
Other long term debt	14	12,651,217	-
Interest-bearing loans and borrowings	14	508,264,032	322,115,156
Deferred tax liability	24	19,052,772	11,457,413
Total Non-Current Liabilities		**590,152,198**	**383,702,349**
Current Liabilities			
Trade and other payables	10	122,505,239	80,151,836
Overdraft	14	9,894,800	9,896,200
Current portion of lease liability	13	26,229,711	23,791,932
Current portion of interest-bearing loans and borrowings	14	31,933,045	43,215,074
Loans received from related parties	23	12,632,124	441,238
Current tax liabilities	24	980,993	122,115
Provisions	12	3,480,319	3,145,135
Other liabilities	11	17,677,023	16,156,461
Total Current Liabilities		**225,333,254**	**176,919,991**
TOTAL LIABILITIES		**815,485,452**	**560,622,340**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	15	83,812,556	82,395,091
Treasury shares	15	(3,219,221)	(4,015,977)
Reserves	16	141,003,106	101,127,471
Retained earnings		83,680,844	80,073,849
TOTAL EQUITY		**305,277,285**	**259,580,434**
TOTAL LIABILITIES AND EQUITY		**1,120,762,736**	**820,202,773**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Note	12 months ended December 31, 2022	2021
Revenue from contracts with customers	17	586,566,266	601,508,195
Other operating revenues	18	6,826,511	4,057,881
Operating Income		**593,392,777**	**605,566,076**
Consumable materials and repair materials		(81,748,854)	(96,288,600)
Third party expenses	19	(205,746,479)	(179,709,262)
Salary and related expenses	21	(173,443,751)	(148,780,015)
Social contributions	21	(6,090,747)	(5,391,095)
Depreciation and amortization	5, 13	(57,865,833)	(49,814,097)
Impairment losses and gains (including reversals of impairment losses)	7	(889,139)	(4,934,093)
Other operating expenses	20	(44,119,711)	(35,885,636)
Operating expenses		**(569,904,514)**	**(520,802,798)**
Operating Profit		**23,488,263**	**84,763,278**
Finance income	22	6,922,660	3,473,598
Finance cost	22	(21,855,297)	(16,196,020)
Other financial expenses	22	(2,752,063)	(5,979,555)
Financial result		**(17,684,700)**	**(18,701,977)**
Result Before Taxes		**5,803,563**	**66,061,301**
Income tax expense	24	(2,196,569)	(10,576,871)
Net Result		**3,606,994**	**55,484,430**
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		**43,482,628**	**55,484,430**

MihailMarcu,
CEO

Alina Irinoiu,
CFO

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

	Note	12 months ended December 31, 2022	12 months ended December 31, 2021
Net profit before taxes		**5,803,563**	**66,061,301**
Adjustments for			
Depreciation and amortization	5, 13	57,865,833	49,814,097
Interest expense	22	21,855,297	16,196,020
Allowance for doubtful debts and receivables written-off	7	889,139	4,934,093
Provisions for liabilities and charges	12	335,184	260,082
Other non-monetary gains	18	(3,612,057)	(2,276,421)
Unrealised exchange loss	22	2,752,063	5,979,555
Interest revenue	22	(6,922,660)	(3,473,598)
Operating cash flow before working capital changes		**78,966,362**	**137,495,129**
Decrease / (increase) in accounts receivable		(3,501,026)	15,102,443
Decrease / (increase) in inventories		(2,474,681)	3,185,097
Decrease / (increase) in prepayments		(66,582)	(1,282,688)
Increase / (decrease) in accounts payable		43,553,889	(16,181,351)
Cash generated from working capital changes		**37,511,600**	**823,501**
Cash generated from operations		**116,477,962**	**138,318,630**
Income tax paid	24	(1,337,691)	(14,284,255)
Interest paid	14	(17,016,867)	(17,750,515)
Net cash from operating activities		**98,123,404**	**106,283,860**
Purchase of investments	4	(149,251,414)	(23,423,949)
Payment of loans assigned from former shareholders		(16,746,241)	-
Purchase of intangible assets	5	(10,712,880)	(2,771,220)
Purchase of property, plant and equipment	5	(70,010,600)	(33,169,175)
Loans granted to Group Companies	23	(20,271,938)	(8,364,683)
Net cash used in investing activities		**(266,993,073)**	**(67,729,027)**
Payment of loans	14	(32,704,054)	(40,519,720)
Lease payments	14	(27,431,784)	(22,934,963)
Proceeds from loans	14	204,845,867	33,951,383
Payments for purchase of treasury shares	15	(7,851,828)	(3,669,570)
Increase/ (Decrease) from loans obtained from Group Companies	23	8,523,000	(487,509)
Net cash from/(used in) financing activities		**145,381,201**	**(33,660,379)**
Net change in cash and cash equivalents		**(23,488,469)**	**4,894,454**
Cash and cash equivalents beginning of the period	8	38,629,900	33,735,446
Cash and cash equivalents end of the period		**15,141,431**	**38,629,900**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Share Capital	Treasury shares	Share premium	General reserves and other reserves	Revaluation Reserve	Accumulated Results	Total Equity
Balance at January 1, 2022	**33,217,623**	**(4,015,977)**	**49,177,468**	**34,538,597**	**66,588,874**	**80,073,849**	**259,580,434**
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 acquiring additional NCI (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**

During 2022, the Company performed a revaluation for land and buildings, please refer to Note 5 and Note 24 for more details.

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 Janaury 1, 2021	**33,217,623**	**(666,624)**	**48,809,389**	**24,010,989**	**66,588,874**	**35,117,028**	**207,077,279**
Increase from own shares acquisition	-	(3,669,511)	-	-	-	-	(3,669,511)
Net release of own shares used for purchase of additional shares in other entities	-	320,158	-	-	-	-	320,158
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made	-	-	368,079	-	-	-	368,079
Other reserves, including revaluation reserve	-	-	-	10,527,608	-	(10,527,608)	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**55,484,429**	**55,484,429**
Profit of the year	-	-	-	-	-	55,484,429	55,484,429
Balance as 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**

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 3.19 and Note 16) through medical centres located in Bucharest, Cluj, Braila, Timisoara, Iasi, Galati, Ploiesti, Constanta and Targu Mures.

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

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

2.1 Changes in accounting policy and disclosures

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

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:
  - **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the previous version of the IASB's Conceptual Framework for Financial Reporting to the current version issued in 2018 without significantly changing the accounting requirements for business combinations.
  - **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment any proceeds from the sale of items produced while bringing the asset to the location and condition necessary for it be capable of operating in the manner intended by management. Instead, a company recognizes such sales proceeds and related cost in profit or loss.
  - **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous. The amendments clarify, the costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to the contract activities.
  - **Annual Improvements 2018-2020** make minor amendments to **IFRS 1 First-time Adoption of International Financial Reporting Standards**, **IFRS 9 Financial Instruments**, **IAS 41 Agriculture** and the Illustrative Examples accompanying **IFRS 16 Leases**

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

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

2.2 Standards issued but not yet effective and not early adopted

- **IFRS 17: Insurance Contracts**
- The standard is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. 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 with earlier application permitted. 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.

- **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 with earlier application permitted 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.

- **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 with earlier application permitted. 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. s

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

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

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

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application, except for the effects of IAS 12 amendment where the analysis of impact is ongoing as of 31 December 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The accounting policies applied in these financial statements are the same as those applied in the Company's annual individual financial statements as at and for the year ended 31 December 2021, except for the adoption of new standards effective as of January 1st 2022.

The financial year corresponds to the calendar year.

3.1 Basis of preparation

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

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

3.2 Going concern

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

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 2023 across all revenue streams has been in line with the modelled scenarios.

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

In addition, due to the proactive response taken by the Company to improve its liquidity position, since the beginning of the pandemic crisis, the cashflows of the Company have remained stable, demonstrating the financial discipline across the Company and the conservative approach taken when modelling scenarios. Cash and available facilities have remained decreased at RON 15.1m at year-end, compared to RON 38.6m at 31 December 2021, mainly due to the intensified projects of acquisitions of new subsidiaries in the Group.

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.

3.4.1. Judgements

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

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

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

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. When determining the lease term to be used for the measurement of the lease, the

Company takes into account all the relevant facts and circumstances that create an economic incentive for exercising either the extension or termination option of the lease term.
For leases of buildings, cars and equipment, the following factors are normally the most relevant:
- If there are significant penalty payments to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.
- If the Company considers that some of the lease agreement shall be terminated earlier, then the assumption of the tenor shall be reassessed accordingly in order to fairly represent the management's view of the leased asset's impact to the financial statements.
- In case of lease term in relation to indefinite lease contracts the assumption applied was that the lease term will be similar to other contracts signed with the same provider or based on the relevant period beyond which the exercise of any option becomes uncertain.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. 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
Management exercises judgement in determining the appropriate level of grouping assets into CGUs, based on the fact that they share significant common infrastructure.

Contingencies
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. Please see note 28.

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

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

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

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

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 2022 were RON 4.9474 for EUR 1 (31 December 2021: RON 4.9481 for EUR 1), respectively 1.2354 for HUF 100 (31 December 2021: RON 1.3391 for 100 HUF).
The average exchange rates for the period of 12 months 2022 were 4.9315 RON for 1 EUR (12 months 2021: 4.9204 RON for 1 EUR), respectively 1,2648 RON for 100 HUF (12 months 2021: 1.3733 for 100 HUF).

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

3.5 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Years
Buildings	10 – 50 years
Leasehold improvements	Term of the lease contract
Plant and equipment	3 – 15 years
Fixtures and fittings	3 – 15 years

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

3.6 Intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.10 Financial instruments – initial recognition and subsequent measurement

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

3.10.1 Financial assets

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

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

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

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

With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price 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 other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

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

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

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

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:
- The contractual rights to receive cash flows from the asset have expired or

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

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

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

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

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

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

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

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

3.10.2 Equity instruments and financial liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Med Life's core activities
The Company's core activities are conducted through five business lines, providing a well-balanced business portfolio that covers all key segments of the private medical services market. Disaggregation of revenue from contracts with customers by business line comprises the following major categories: clinics, stomatology, hospitals, laboratories and corporate.

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

Clinics
The core of the Company's operations is the network of ambulatory clinics. The business line comprises a network of 98 facilities, which offer a wide range of outpatient services covering a broad range of medical specialties. The Company's diagnostic imaging services provided to clients also form part of this business line. The Company's clinics provide a wide range of services delivered mainly in two formats:

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

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

Stomatology
The Company's Dentistry business line offers a full range of services, ranging from medical examinations to surgery, implants or orthodontic services. Stomatology business line is not subject to NHIH allocations. All of the sales are fee for service ("FFS") based, and the revenue is recognised at a point in time, when the performance obligation is satisfied.

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

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

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

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

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

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

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

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

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

Contract assets and liabilities
A contract asset (accrued income) is the right to consideration in exchange for services transferred to the customer. Where the Company transfers services to a customer over time before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration to date under the contract. Contract assets are presented within trade and other receivables (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 five core business lines, which comprise the following major categories: clinics, stomatology, 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 Company and to which the key parameters of performance are reported.

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

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

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

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

3.21 Leases

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. FINANCIAL ASSETS

The Company holds significant investments in other companies.

Carrying amount	**31 December 2022**	**January 1, 2022**
Cost of investments in other companies	398,886,091	242,878,520
Long-term loans granted to group companies	13,129,180	12,921,654
Other financial assets	1,815,980	1,632,184
TOTAL	**413,831,251**	**257,432,358**

Cost of investments	**31 December 2022**	**January 1, 2022**
Balance at the beginning of the year	242,878,520	222,209,791
Investments recognised during the year	156,007,571	20,668,729
TOTAL	**398,886,091**	**242,878,520**

During 2022, Med Life signed the sale contract for the purchase of shares in the capital of the following companies (percentages below represent equity interest):

- 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;
- 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 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 (following approval by the Competition Council);
- Acquisition announcement of 99.67% shares in Muntenia Medical Competences SRL, in July 2022 (transaction approved by the Competition Council and completed in January 2023);
- Acquisition announcement of 51% shares in Provita Group, in October 2022 (approved by the Competition Council in 2023, in process of closing as at the date of this reporting).

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 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 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%	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%
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%

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

No.	Entity	Main activity	Location	31 December 2022	1 January 2022
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	Ilfov, 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%
70	IT Repair SRL (indirect)*	Medical Services	Targu Mures, Romania	50%	0%

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

No.	Entity	Main activity	Location	31 December 2022	1 January 2022
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*

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

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

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

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

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

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

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

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

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

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

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 8.4% and 20.5%.

Estimates of future cash flow management are based on the most recent 6-year forecasts (2023-2028).

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, except Neolife, shows that for the CGUs subject to the impairment test, the related recoverable amount is higher than their net book value, with sufficient headroom and, therefore, there will be no impairment of the investment.

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

In performing the sensitivity analysis, except for Neolife cash generating unit, an increase in WACC of 2 percent would give rise to a reduction in the Group-wide surplus with 21%.
Except for Neolife cash generating unit, a decrease in the operating margin of 20 percent would give rise to a reduction in the Group-wide surplus with 25%.
Except for Neolife cash generating unit, a decrease with 1 percentage point in the perpetual growth rate would give rise to a reduction in the Group-wide surplus with 8%.

For Neolife cash generating unit, an increase in WACC of 2 percent or a decrease of 1 percentage point in the perpetual growth rate would not give rise to an impairment. A decrease in the operating margin of 20 percent would give rise to an impairment of 7 mil RON.

Nevertheless, Neolife is a new acquisition completed in 2022. Management is confident that the business plan used in impairment testing followed a conservative approach, while negative developments in the analysed parameters are unlikely to materialize. No impairment is expected in the future.

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

Long-term loans granted to other Group companies

As of December 31, 2022, 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**	**Constructions**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	**Total Property, plant and equipment**	**Total**
1 January 2022	**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								
1 January 2022	**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								
1 January 2022	**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)

	Intangible assets	***Property, plant and equipment***						
	Intangibles	**Land**	**Constructions**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total Property, plant and equipment***	**Total**
1 January 2021	**44,106,270**	**12,792,780**	**159,483,468**	**55,739,284**	**182,652,542**	**19,152,788**	***429,820,862***	**473,927,132**
Additions	5,047,641	-	3,690,375	-	19,858,258	9,620,542	*33,169,175*	38,216,816
Transfers	-	-	5,578,175	994,403	-	(6,572,578)	*-*	-
Disposals	(7,123)	-	-	-	(6,460,529)	-	*(6,460,529)*	(6,467,652)
Reclassifications during the year	-	-	-	-	(16,719,752)	-	*(16,719,752)*	(16,719,752)
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**

	Intangibles	**Land**	**Constructions**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total Property, plant and equipment***	**Total**
Depreciation								
1 January 2021	**33,430,377**	**-**	**17,532,633**	**42,970,556**	**124,319,606**	**-**	***184,822,795***	**218,253,173**
Charge of the year	5,828,177	-	5,715,492	2,163,242	13,885,759	-	*21,764,494*	27,592,670
Disposals	(7,123)	-	-	-	(6,460,529)	-	*(6,460,529)*	(6,467,652)
Reclassifications during the year	-	-	-	-	(4,990,662)	-	*(4,990,662)*	(4,990,662)
31 December 2021	**39,251,431**	**-**	**23,248,125**	**45,133,799**	**126,754,174**	**-**	***195,136,098***	**234,387,528**
Net Book Values								
1 January 2021	**10,675,893**	**12,792,780**	**141,950,835**	**12,768,728**	**58,332,936**	**19,152,788**	***244,998,067***	**255,673,960**
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**

The amortization of intangible assets is presented in the line depreciation and amortization in the statement of profit or loss.

During 2021, the Company has reclassified leased assets with a total net carrying amount of RON 10,019,385 to Right-of-use assets from Property, plant and equipment. No changes were made in the presentation for the financial year ended as of 31 December 2020. The net carrying amount of leased assets presented as Property, plant and equipment as of 31 December 2020 was RON 11,437,490.

The Company made this reclassification for a fair presentation of right-of-use assets in accordance with the requirements of IFRS 16. The change in presentation has no effect on other items mentioned in the consolidated statement of financial position or the consolidated statement of comprehensive income for the year ended 31 December 2021.

*Leasehold improvements were presented in the financial statements for the year ended 31 December 2021 as part of Constructions.

(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 Group develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, rather than direct inputs from the market, with orderly adjustments performed by the appraiser in order to determine fair value.

The fair value of the 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 without revaluation	**December 31, 2022**	**January 1, 2022**
Land	52,421,011	1,346,998
Buildings	14,098,512	43,948,124
TOTAL	**66,519,524**	**45,295,122**

Constructions 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 Constructions.

5.2. Other intangibles

All the other intangibles are depreciated on a straight-line basis, over a period of 3 years. The capitalized cost for intangible assets recognized during the year is included in the other intangible assets on the balance sheet.

6. INVENTORIES

	31 December 2022	**January 1, 2022**
Consumables	12,174,959	9,966,821
Materials in the form of inventory items	337,718	68,919
Inventory in transit	920	3,176
TOTAL	**12,513,597**	**10,038,916**

The cost of inventories recognised as an expense in 2022 is RON 900,203 (2021: RON 827,296) in respect of write-downs of inventory to net realisable value.

7. TRADE RECEIVABLES AND OTHER ASSETS

	December 31, 2022	**January 1, 2022**
Trade receivables	93,838,389	83,167,366
Allowance for doubtful receivables	(27,312,408)	(26,423,269)
TOTAL	**66,525,981**	**56,744,097**

The Company's total Trade receivables from related parties are in the amount of RON 21,898,256 (31 December 2021: RON 15,406,993) and were presented on Note 23.

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

Certain customers, which are public or quasi-public institutions, or subsidiaries of MedLife, may have longer payment terms and services may continue to be delivered when amounts are overdue, based on management's assessment of a lower credit risk.

The average receivable period for the services offered is 95 days. There is no interest on commercial receivables within the first 95 days from the date of issue of the invoice, which also represents the average contractual term.

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

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, 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)	(27,312,408)
TOTAL	**39,747,123**	**26,778,858**	**66,525,981**

January 1, 2022	**Individually assessed**	**Collectively assessed**	**Total**
Trade receivables	40,929,369	42,237,997	83,167,366
Allowance for doubtful receivables	(10,194,912)	(16,228,357)	(26,423,269)
Total	**30,734,457**	**26,009,640**	**56,744,097**

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, no allowance for doubtful receivables in deemed necessary.

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 2022, and 31 December 2021, the amounts, both the receivable and the 100% allowance are still in balance.

The allowance for doubtful receivables for individually assessed trade receivables include the value adjustment aforementioned as well as allowance for certain customers for which management assessed high credit risk and computed allowance for doubtful receivables 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 doubtful receivables involves forecasting future macroeconomic conditions for 2023, compared to the average during 2019-2021.

The allowance for doubtful receivables collectively assessed based on the Company's provision matrix arising from the ECL was determined as follows; the provision for receivables older than 365 days was computed based on a mix of percentages, provisioned in stages ranging from 48.5% in 2021 up to 100% in 2015 and older.

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

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	**20,154,759**	**564,932**	**781,578**	**619,490**	**581,044**	**4,077,055**	**26,778,858**

January 1, 2022	**Current**	**<30 days**	**< 90 days**	**<180 days**	**<365 days**	**>365 days**	**Total**
Expected credit loss rate	0.50%	12.20%	16.30%	22.70%	43.70%	75.36%	
Customers	18,892,251	422,934	755,672	665,454	1,249,934	20,251,752	42,237,997
Allowance for doubtful receivables	(94,461)	(51,598)	(123,174)	(151,058)	(546,221)	(15,261,845)	(16,228,357)
TOTAL	**18,797,790**	**371,336**	**632,498**	**514,396**	**703,713**	**4,989,908**	**26,009,640**

For Customers in ">365 days" category, the expected credit loss rate of 80.67% represents an average of expected credit loss rates, depending on the aging of the receivables. Expected credit loss rates range from 48.5% for receivables from 2021 gradually increasing to 100%.

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

	2022	**2021**
As at 1 January	**26,423,269**	**21,489,176**
Recognised in income statement	889,139	4,934,093
Amounts written of	-	-
As at 31 December	**27,312,408**	**26,423,269**

Other Assets

In the Other assets category are included advances in the amount of RON 5,718,526 (31 December 2021: RON 5,051,253), amounts for to be received for medical leaves in the amount of RON 2,753,455 (31 December 2021: RON 5,274,602) and also an intercompany amount with Pharmachem Distributie as a result of assigned recevables of RON 7,914,243 (31 December 2021: RON 7,914,243), after the acquisition took place in 2021.

8. CASH AND CASH EQUIVALENTS

	31 December 2022	**January 1, 2022**
Cash in bank	14,149,971	37,564,319
Cash in hand	556,456	744,789
Cash equivalents	435,004	320,792
TOTAL	**15,141,431**	**38,629,900**

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

9. PREPAYMENTS

As of December 31, 2022 the Company has prepayments in amount of RON 2,674,932 (RON 2,608,350 as of January 1, 2022). The prepayments balance as of December 31, 2022 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 2022	**January 1, 2022**
Suppliers	105,588,173	68,532,718
Fixed assets suppliers	14,431,608	8,899,480
Contract liability	2,485,458	2,719,638
TOTAL	**122,505,239**	**80,151,836**

The balance of the suppliers account consist of debts for the acquisition of consumables, materials and commodities.

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

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 50,151,209 (31 December 2021: RON 21,739,167) and were presented on Note 23.

11. OTHER LIABILITIES

	31 December 2022	January 1, 2022
Salary and related liabilities (incl. contributions)	13,672,405	9,204,927
Other liabilities	4,004,618	6,951,534
TOTAL	**17,677,023**	**16,156,461**

On the Other liabilities account it is included the amount of RON 1,761,907 (31 December 2021: 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, 2022	January 1, 2022
As at 1 January	**3,145,135**	**2,885,053**
Charged/(credited) to profit or loss		
- additional provisions recognised	990,497	1,100,160
- unused amounts reversed	-	-
Amounts used during the year	(655,313)	(840,078)
As at 31 December	**3,480,319**	**3,145,135**

Provisions booked as of 31 December 2022 and 31 December 2021 refer to provisions related to untaken holidays, which cover 100% from total balance. The total balanced has increased with 335,184 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 1 January 2022	**98,650,940**	**11,809,642**	**19,434,147**	**129,894,728**
Additions	24,143,316	3,028,630	3,898,006	31,069,952
Disposals	(1,808,301)	-	-	(1,808,301)
Value at 31 December 2022	**120,985,954**	**14,838,272**	**23,332,153**	**159,156,379**
Accumulated depreciation				
Value at 1 January 2022	**49,183,243**	**4,068,516**	**8,222,279**	**61,474,039**
Charge for the year	20,856,957	2,921,110	3,169,395	26,947,462
Disposals	(1,176,391)	-	-	(1,176,391)
Value at 31 December 2022	**68,863,810**	**6,989,626**	**11,391,674**	**87,245,110**
Carrying amount				
Value at 1 January 2022	**49,467,697**	**7,741,126**	**11,211,868**	**68,420,690**
Value at 31 December 2022	**52,122,144**	**7,848,646**	**11,940,479**	**71,911,270**

	December 31, 2022	January 1, 2022
Non-current - Lease Liabilities	50,184,177	50,129,780
Current portion – Lease Liabilities	26,229,711	23,791,932
TOTAL	**76,413,888**	**73,921,712**

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

Amounts recognised in the statement of profit or loss	**12 months ended December 2022**	**2021**
Depreciation charge of right-of-use assets	26,947,462	22,221,427
Interest expense on lease liabilities (included in finance cost)	2,819,366	2,754,783
Covid (Gain) Foregiveness amount	-	-
PL (Gain) from contracts terminated earlier	-	-
Foreign exchange loss in relation with Lease Liabilities	95,110	1,339,781
Income tax expense in relation with Lease Liabilities	-	-
Expense relating to short-term leases (included in rent expenses)	77,237	109,712
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rent expenses)	533,767	509,642
Other categories	3,100,673	2,816,399

The total cash outflow for leases amount to RON 30,251,150 (2021: RON 25,689,746) for contracts that fall under IFRS 16 (which refer to rental of buildings, vehicles and equipment), out of which RON 27,431,784 refer to payments of principal and 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.

14. FINANCIAL DEBT

	31 December 2022	**January 1, 2022**
Current portion of long-term loans	31,933,045	43,215,074
Non-current portion of long-term loans	508,264,032	322,115,156
TOTAL	**540,197,077**	**365,330,230**

	December 31, 2022	**January 1, 2022**
Cash and cash equivalents	15,141,431	38,629,900
Borrowings (including overdraft)	(550,091,877)	(375,226,430)
Lease liabilities	(76,413,888)	(73,921,712)
Net debt	**(611,364,334)**	**(410,518,242)**
Current debt		
Overdraft	(9,894,800)	(9,896,200)
Current portion of lease liability	(26,229,711)	(23,791,932)
Current portion of long term debt	(31,933,045)	(43,215,074)
Long Term Debt		
Lease liability	(50,184,177)	(50,129,780)
Long term debt	(508,264,032)	(322,115,156)

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

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 with Banca Comercială Română, as lead arranger, a syndicated credit facility in the total amount of 228 million euros for the refinancing and increase of the existing credit of 50.7 million euros. The bank syndicate that signed the new credit granted to the MedLife Group is comprised of Banca Comerciala Romana, as coordinator, lead arranger, documentation agent, facility and guarantee agent, and financier, Raiffeisen Bank, BRD Groupe Societe Generale, Banca Transilvania, ING Bank N.V. Amsterdam Branch Bucharest, and Erste Group Bank AG, as lead arrangers and financiers.
The syndicated credit contract involves a refinancing agreement for existing facilities, extending the financing period, rearranging terms and conditions, as well as an additional increase of 50.7 million euros, which will be in the form of a term facility, used by MedLife, along with other liquidity of the Group, for possible new acquisition opportunities on the market.

As at December 31, 2022, 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, 2022, is of RON 9,894,800;

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 2022, in relation to the loans with balance of RON 550,091,877 the Company has pledged the property, plant and equipment with a carrying value of RON 247,132,612. The Company has also pledged cash in a total amount of RON 6,263,774 and pledged receivables of RON 10,512,520 at 31 December 2022.

The Company has pledged shares in relation with the companies acquired until December 31, 2022 and pledged assets in relation to the other loans presented in Note 14.

As at December 31, 2022 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 and other assets is presented in the following table:

Changes in liabilities arising from financing activities

	Liabilities from financing activities			
	Borrowings	**Leases**	**Overdraft**	**Total**
Net debt as at 31 December 2021	**(365,330,230)**	**(73,921,712)**	**(9,896,200)**	**(449,148,142)**
Cash movements				
Cash flows net related to principal	(172,141,813)	27,431,784	-	**(144,710,029)**
Payments of interest	14,197,502	2,819,366	175,458	**17,192,326**
Non-cash movements				
New leases	-	(30,021,560)	-	**(30,021,560)**
Foreign exchange adjustments	(401,808)	95,110	1,400	**(305,299)**
Other changes (non-cash movements)	(16,520,728)	(2,816,876)	(175,458)	**(19,513,061)**
Net debt as at 31 December 2022	**(540,197,077)**	**(76,413,888)**	**(9,894,800)**	**(626,505,765)**

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

15. SHARE CAPITAL AND SHARE PREMIUM

The issued share capital in nominal terms consists of 132,870,492 ordinary shares as at 31 December 2022 (31 December 2021: 132,870,492) with a nominal value of RON 0.25 per share. The holders of ordinary shares are entitled to one vote per share in the shareholders' meetings of the Company, except for the treasury shares bought back by the Company as part of the share buy-back program. All shares rank equally and confer equal rights to the net assets of the Company, except for treasury shares.

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

The total number of issued ordinary shares of the Company after the share capital increase was RON 132,870,492.

	31 December 2022	**January 1, 2022**
Share capital	33,217,623	33,217,623
Share premium	50,594,933	49,177,468
TOTAL	**83,812,556**	**82,395,091**

During 2022 the Group reacquired own equity instruments (treasury shares) in a total amount of RON 7,851,828 and released shares in total value of RON 8,648,583, 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 1,417,465 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, 2022	**January 1, 2022**
General reserves (i)	6,643,525	6,643,525
Other reserves (ii)	27,895,072	27,895,072
Revaluation reserves (iii)	106,464,509	66,588,874
TOTAL	**141,003,106**	**101,127,471**
(i), (ii) General reserves and other reserves		
Balance at beginning of the year	**34,538,597**	**24,010,989**
Movements	-	10,527,608
Balance at the end of the year	**34,538,597**	**34,538,597**
(iii) Revaluation reserves		
Balance at beginning of the year	**66,588,874**	**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**	**66,588,874**

On the General reserves account there are legal reserves registered in the amount of RON 6,643,525 (2021: 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.

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, 2022 was 586,566,266 RON (12 months ended December 31, 2021: 601,508,195 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 2022, 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 2022.

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

18. OTHER OPERATING REVENUES

	12 months 2022	12 months 2021
Other operating revenues	3,214,454	1,781,460
Capitalized cost of intangible assets	3,612,057	2,276,421
TOTAL	**6,826,511**	**4,057,881**

19. THIRD PARTY EXPENSES

	12 months 2022	12 months 2021
Medical services	186,545,976	160,594,374
Other services	1,944,448	3,416,516
Cleaning and laundry	4,686,886	3,244,280
Consulting services	2,928,256	3,089,318
Legal services	1,097,423	2,811,334
Others	3,635,933	2,636,363
Security and safety	1,795,876	1,723,232
Waste collection and sanitation	1,739,195	1,328,249
Logistics and telecommunications services	85,294	402,454
IT services	565,444	286,238
Storage and archiving services	347,870	88,590
Accreditations and authorizations	373,878	88,314
TOTAL	**205,746,479**	**179,709,262**

20. OTHER OPERATING EXPENSES

	12 months 2022	12 months 2021
Utilities	8,918,081	5,141,142
Repairs maintenance	5,424,966	5,982,815
Rent	3,711,677	3,435,753
Insurance premiums	2,655,158	2,409,000
Promotion expense	11,240,283	9,443,037
Communications	2,193,123	2,285,233
Other administration and operating expenses	9,976,423	7,188,656
TOTAL	**44,119,711**	**35,885,636**

21. SALARY AND RELATED EXPENSES AND SOCIAL CONTRIBUTIONS

The structure of Med Life personnel is described below:

	December 31, 2022	January 1, 2022
Management	48	47
Staff	1,979	1,916
Total	**2,027**	**1,963**

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

	December 31, 2022	January 1, 2022
Management	22,381,073	18,238,995
Staff	157,153,425	135,932,115
Total	**179,534,498**	**154,171,110**

22. FINANCIAL NET RESULT

	12 months 2022	12 months 2021
Loss from foreign exchange rate impact	(2,752,063)	(5,979,555)
Finance cost	(17,076,816)	(13,980,755)
Bank commissions	(4,778,481)	(2,215,265)
Interest income	6,922,660	3,473,598
FINANCIAL NET LOSS	**(17,684,700)**	**(18,701,977)**

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

23. RELATED PARTIES

(a) Main shareholders

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**

As of December 31, 2021, the shareholders' structure of Med Life SA is as presented below:

	Number of shares	%	Value
Legal entities	70,466,706	53.03%	17,616,677
Marcu Mihail	20,552,307	15.47%	5,138,077
Cristescu Mihaela Gabriela	18,660,690	14.04%	4,665,173
Marcu Nicolae	14,034,400	10.56%	3,508,600
Others	9,156,389	6.89%	2,289,097
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 2022	12 months 2021
Executive Committee	7,953,552	7,319,579

Executive Committee compensation includes the payments toward members of the top management under their mandate contracts concluded with the Company for a period of 4 years.

As at December 31, 2022, the Company's Executive Committee consisted of ten managers remunerated based on mandate agreement. Considering the termination, by mutual agreement, of the mandate contract of Mr. Adrian Paul Lungu as MedLife CFO and member of the Executive Committee of the Company on 30 September 2022, a new Executive Committee member and CFO of the Group was appointed starting October 1st 2022, respectively Ms. Alina-Oana Irinoiu.

During the year 2022 there have been no amendments to the composition of Medlife's Board of Directors, their mandates ending December 20, 2024.

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

	12 months 2022	12 months 2021
Board of Directors	3,828,027	3,909,013

Med Life SA Board of Directors consists of 7 members under administration agreements concluded with the Company, approved by the General Shareholders Meeting.

Members' mandate for a period of 4 years, starting December 21st, 2020 and ending December 20th, 2024. No loans were granted to managers and administrators in 2022 and 2021.

(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 21,898,256 (31 December 2021: RON 15,406,993) 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 50,151,209 (31 December 2021: RON 21,739,167) and are part of Trade and other payables on the balance sheet.

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

	Receivables from		Payables to	
	December 31, 2022	**January 1, 2022**	**December 31, 2022**	**January 1, 2022**
Centrul Medical Panduri S.A.	852,421	**369,649**	4,451,008	**2,484,802**
Almina Trading S.A.	404,159	**2,169,693**	384,428	193,795
Anima Speciality Medical Services S.R.L.	973,646	**632,339**	4,427,353	2,173,613
Pharmalife Med S.R.L.	-	-	352,510	64,106
Biofarm Farmec S.R.L.	-	-	8,887	8,887
Policlinica de Diagnostic Rapid S.A.	4,610,825	664,203	7,157,549	621,020
Histo S.R.L.	1,233	1,233	380,375	291,514
Genesys Medical S.R.L.	860,122	2,574,672	3,693,285	644,459
Policlinica de Diagnostic Rapid Medis S.R.L.	419,894	161,324	2,679,766	2,429,204
Accipiens S.A.	6,692	6,692	-	-
Biotest Med S.R.L.	543,024	163,175	6,016,780	4,565,041
Vital Test S.R.L.	-	-	1,223,199	1,223,199
Centrul Medical Sama S.A.	1,298,434	566,264	2,622,081	378,207
Ultratest Craiova S.A.	38,109	38,109	-	-
Bahtco Invest S.A.	-	-	2,289,740	1,513,598
Medapt S.R.L.	-	-	832,033	832,033
RUR Medical S.A.	244,108	244,108	1,134,616	1,134,616
Bactro S.R.L.	-	-	-	-
Transilvania Imagistica S.R.L.	-	-	83,060	29,719
Diamed Center S.R.L.	3,019,672	2,836,353	82,166	20,468
Stem Cells Bank S.A.	2,994,128	1,511,177	-	-
Dent Estet Clinic S.R.L.	29,329	16,079	117,693	49,328
Medlife Ocupational S.R.L.	55,990	55,990	-	-
Solomed Clinic S.A.	1,497,557	804,307	1,326,125	485,791
Clinica Polisano S.R.L.	2,578,089	1,507,100	1,643,340	227,721
Prima Medical S.R.L.	46,639	45,176	324,838	269,380
Aspen Laborator Dentar S.R.L.	2,422	730	5,335	5,335
Solomed Plus S.A.	1,156	1,156	978,995	707,019
Valdi Medica S.R.L.	607,214	358,680	91,437	-
Ghencea Medical Center S.A.	-	-	-	-
Sfatul Medicului S.R.L.	179,046	169,500	8,046	8,782
Spital Lotus S.R.L.	290,033	387,135	390,791	75,901
Centrul Medical Micromedica S.R.L.	198,928	39,604	1,704,577	338,599
Onco Team Diagnostic S.R.L.	-	-	2,254,706	802,747
Badea Medical S.R.L.	-	-	51,398	40,551
RMC Medlife Holding Kft.	-	-	-	-
Centrul Medical Matei Basarab	105,171	44,283	-	-
CED Pharma S.R.L.	-	402	-	-
Pharmachem Distributie S.R.L.	4,570	-	3,338,587	58,717
Dent Estet Ploiest S.R.L.	312	-	-	-
Expert Med Centrul Medical Irina S.R.L.	-	-	38,105	-
Nautic Life S.R.L.	-	-	0	2,616
Dietlife Food S.R.L.	206	208	-	-
Black Sea Magic S.R.L	10,290	32,812	-	-
Dr. Cristescu I. Mihaela-Gabriela	24,839	4,839	58,400	58,400
Total	**21,898,256**	**15,406,993**	**50,151,209**	**21,739,167**

Other liabilities from related parties

On the Other liabilities account it is included the amount of RON 1,761,907 (31 December 2021: 1,761,907) in relation to Policlinica Diagnostic Rapid, please refer to Note 11.

Other receivables from related parties

On the Other assets is included an intercompany amount with Pharmachem Distributie as a result of assigned receivables of RON 7,914,243 (31 December 2021: RON 7,914,243), after the acquisition took place in 2021. Please refer to Note 7.

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

Loans granted to subsidiaries

	Outstanding balance of:			
	Loans granted to:		Interest receivable from:	
	December 31, 2022	**January 1, 2022**	**December 2022**	**January 1, 2022**
Valdi Medica S.R.L.	1,870,000	1,870,000	255,271	141,204
Policlinica de Diagnostic Rapid S.A.	12,050	11,364		-
Bahtco Invest S.A.	43,846,376	41,430,158	7,266,694	5,376,872
MedLife Ocupational S.R.L.	708,319	1,100,814	420,702	364,606
Vital Test S.R.L.	-	-	269	269
Stem Cells Bank S.A.	15,373,186	10,825,186	1,382,509	605,389
Clinica Polisano S.R.L.	28,380,363	28,380,363	4,555,198	2,823,995
Diamed Center S.R.L.	10,353,605	11,546,605	1,537,575	881,007
Ghencea Medical Center S.A.	60,000	100,000	14,310	10,557
Sfatul Medicului S.R.L.	3,376,500	2,876,500	288,468	94,619
Pharmalife Med S.R.L.	9,706,088	9,546,088	745,766	161,351
RMC Medlife Holding Kft.	346,318	346,367	41,421	22,081
CED Pharma S.R.L.	630,000	630,000	47,485	9,055
LETI Farm 2000 S.R.L.	103,270	103,270	7,783	1,484
Badea Medical S.R.L.	607,860	-	17,804	-
MNT Healthcare Europe S.R.L	4,490,384	-	93,923	-
Sanopass S.A.	4,326,101	-	67,238	-
Solomed Clinic S.A.	9,172,690	-	262,138	-
Sweat Concept One S.R.L.	12,420,140	-	231,077	-
Total	**145,783,250**	**108,766,715**	**17,235,631**	**10,492,489**

The balances of the loans granted to the affiliated parties also include the amount of RON 13,239,277 (2021: RON 12,921,654), values that are found in the balance sheet on the line of Other financial assets.
Total interest income recognized in the period was in amount of RON 6,911,404.

Loans obtained from subsidiaries

	Outstanding balance of:			
	Loans obtained from:		Interest payable to:	
	December 31, 2022	**January 1, 2022**	**December 2022**	**January 1, 2022**
Policlinica de Diagnostic Rapid S.A.	-	-	1,624	1,624
Policlinica de Diagnostic Rapid Medis S.R.L.	-	-	39,160	39,160
Asilife S.R.L.	159,000	159,000	47,693	37,992
Prima Medical S.R.L.	1,265,413	165,413	69,457	38,049
Almina Trading S.R.L.	900,000	-	11,732	-
Genesys Medical S.R.L.	5,323,000	-	57,243	-
Micromedica Bacau S.R.L.	1,200,000	-	4,613	-
Spital Lotus S.R.L.	3,484,000		69,189	
Total	**12,331,413**	**324,413**	**300,711**	**116,825**

Total interest expense recognized in the period was in amount of RON 20,309.

The management has calculated the impact of accounting for amortized cost and concluded that the ECL impact is immaterial.

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

	Movement in:			
	Borrowings received		**Reimbursments paid**	
	2022	**2021**	**2022**	**2021**
Policlinica de Diagnostic Rapid S.A.	-	-	-	382,922
Prima Medical S.R.L.	1,100,000	-	-	104,587
Pharmalife Med S.R.L.	-	-	-	-
Almina Trading S.R.L.	900,000	-	-	-
Genesys Medical S.R.L.	5,323,000	-	-	-
Micromedica Bacau S.R.L.	1,200,000	-	-	-
Spital Lotus S.R.L.	3,484,000	-	-	-
Total	**8,523,000**	**-**	**-**	**487,509**

	Movement in:			
	Borrowings granted		**Reimbursments received**	
	2022	**2021**	**2022**	**2021**
Bahtco Invest S.A.	4,547,459	4,978,730	2,129,592	11,967,689
Diamed Center S.R.L.	1,357,000	2,316,888	2,550,000	-
Ghencea Medical Center S.A.	-	-	40,000	50,000
MedLife Ocupational S.R.L.	7,500	-	400,000	400,000
Policlinica de Diagnostic Rapid S.A.	1,950	1,576	1,264	523
Pharmalife Med S.R.L.	6,775,500	8,918,150	6,615,500	2,073,500
RMC Medlife Holding Kft.	8,792	6,426	8,841	917
Stem Cells Bank S.A.	4,693,000	4,163,000	145,000	-
Sfatul Medicului S.R.L.	500,000	1,554,000	-	-
CED Pharma S.R.L.	-	630,000	-	-
Leti Farm 2000 S.R.L.	-	103,270	-	-
Badea Medical S.R.L.	607,860	-	-	-
MNT Healthcare Europe S.R.L	4,520,580	-	30,196	-
Sanopass S.A.	4,326,101	-	-	-
Solomed Clinic S.A.	9,630,690	-	458,000	-
Sweat Concept One S.R.L.	12,420,140	-	-	-
Total	**49,396,572**	**22,672,039**	**12,378,393**	**14,492,630**

For Sanopass and Sweat Concept, the loans are assigned from former shareholders, after the acquisition of the companies. The intercompany loan with Sanopass is included in Other assets (please relate to Note 4) and the one with Sweat Concept is included in the Other long term debt on the balance sheet.

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

Transactions with subsidiaries:

Sales and purchases

	Sales		Purchases	
	2022	**2021**	**2022**	**2021**
Policlinica de Diagnostic Rapid S.A.	3,946,623	2,182,797	6,536,529	2,426,115
Policlinica de Diagnostic Rapid Medis S.R.L.	258,569	-	250,562	3,577,790
Bahtco Invest S.A.	-	-	15,990,768	19,490,892
Genesys Medical S.R.L.	2,793,137	3,843,923	3,048,826	2,336,573
Biotest Med S.R.L.	379,846	214,136	2,906,692	2,767,053
Centrul Medical Sama S.A.	732,177	807,997	2,243,886	1,479,251
Ultratest Craiova S.A.	1,442	-	-	30,122
Prima Medical S.R.L.	1,463	-	55,458	45,147
Diamed Center S.R.L.	183,319	526,261	262,406	285,230
Aspen Laborator Dentar S.R.L.	3,530	-	3,140	1,415
Almina Trading S.A.	1,429,549	1,530,905	944,408	621,545
Centrul Medical Panduri S.A.	482,771	486,214	3,266,206	3,735,075
Dentestet 4 Kids S.R.L.	14,035	13,703	-	-
Dent Estet Clinic S.R.L.	87,671	109,896	336,647	255,472
Green Dental S.R.L.	1,809	-	-	-
Clinica Polisano S.R.L.	1,070,989	1,070,966	1,445,531	813,602
Solomed Clinic S.A.	693,250	985,017	840,336	730,770
Anima Speciality Medical Services S.R.L.	341,307	822,503	2,783,727	2,651,039
Stem Cells Bank S.A.	1,164,561	1,037,587	-	-
Valdi Medica S.R.L.	432,727	55,246	102,383	-
Sfatul Medicului S.R.L.	9,545	9,745	24,266	8,710
Pharmalife Med S.R.L.	-	5,455	410,893	289,093
Ghencea Medical Center S.A.	-	3,749	-	-
Centrul Medical Micromedica S.R.L.	159,328	154,766	1,365,979	744,175
Onco Team Diagnostic S.R.L.	12,000	-	2,667,449	1,729,903
Spital Lotus S.R.L.	1,918,897	1,022,371	317,559	229,311
Centrul Medical Matei Basarab S.R.L.	60,891	44,282	-	-
Green Dental	-	1,957	-	-
Dent Estet Ploiesti	2,930	579	-	-
CED Pharma S.R.L.	4,806	2,808	2,699	-
Leti Farm 2000 S.R.L.	1,029	602	10,957	-
Monix Pharm S.R.L.	860	502	-	-
Krondent S.R.L.	4,317	-	-	-
Costea Digital Dental S.R.L.	2,173	-	-	-
Pharmachem Distributie S.R.L.	39,305	-	4,293,257	-
SC M-Profilaxis S.R.L.	94,598	-	-	-
Badea Medical S.R.L.	-	-	68,825	6,100
Transilvania Imagistica S.R.L.	-	-	53,341	37,035
Histo S.R.L.	-	-	88,862	49,657
Solomed Plus S.R.L.	-	-	271,974	200,527
Tomorad Expert S.R.L.	-	-	1,479	-
OptiCristal Consult S.R.L.	-	-	10,264	-
DIETLIFE FOOD S.R.L.	2,486	30,721	-	-
BLACK SEA MAGIC S.R.L	-	1,250	22,522	-
LIFE RESORT S.R.L.	-	1,200	-	-
DR. CRISTESCU I. MIHAELA-GABRIELA	-	-	700,800	700,800
Total	**16,331,940**	**14,967,138**	**51,328,631**	**45,242,402**

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

24. TAXATION

	December 31, 2022	January 1, 2022
Current income tax expense	2,196,569	10,576,871
Deferred tax expense	-	-
Total income tax expense	**2,196,569**	**10,576,871**
Profit before tax	5,803,563	66,061,301
Tax expense using the statutory rate of 16%	928,570	10,569,808
Fiscal effect of non-deductible expenses	1,267,999	923,458
Fiscal effect of non-taxable income	-	-
Fiscal effect of deductible legal reserve	-	(513,898)
Sponsorship/other compensation	-	(520,265)
Reinvested profit and other fiscal facilities	-	(2,067,638)
Adjustments in respect of current income tax of previous years	-	1,153,649
Other elements (including different fiscal treatment)	-	1,031,757
Income tax for the current year	**2,196,569**	**10,576,871**

	December 31, 2022	January 1, 2022
Income tax liabilities as at January 1	122,115	3,829,499
Income tax paid in the current year	(1,337,691)	(14,284,255)
Income tax payable in the current year	2,196,569	10,576,871
Current tax liabilities	**980,993**	**122,115**

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

Components of deferred tax	**December 31, 2022**	**Change in deferred tax**	**January 1, 2022**
Deferred tax assets			
Non-current assets	-	-	-
Amount related to untaken holidays provisions	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**	**January 1, 2022**
Other elements	104,870	-	104,870
Revaluation of land and buildings	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**

Components of deferred tax	**December 31, 2021**	**Change in deferred tax**	**January 1, 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, 2021**	**Change in deferred tax**	**January 1, 2021**
Other elements	104,870	-	104,870
Revaluation reserve	12,611,076	-	12,611,076
Total deferred tax liability	**12,715,946**	**-**	**12,715,946**
Net deferred tax liability	**11,457,413**	**-**	**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, 2022, 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 Group. The Group has grown in 2022 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 and liquid short-term investments to total equity as presented in the following table:

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

	December 31, 2022	January 1, 2022
Interest-bearing loans and borrowings without overdraft	540,197,077	365,330,230
Cash and cash equivalents	15,141,431	38,629,900
Loans payable net of cash	525,055,646	326,700,330
Total Equity	305,277,285	259,580,434
Ratio Loans payables net of cash to Total Equity	**1.72**	**1.26**

The medium-term aim of the Company is to keep this ratio at acceptable levels by 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 2022 and 31 December 2021, the Company did not consider there to be a significant concentration of credit risk. Please see Note 7, for further details regarding credit risks of trade and other receivables 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

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

considered for the sensitivity on interest rate computation. These amounts which were included in the analysis cover more than 98% of the total outstanding balances for both borrowings and leases.

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

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 2022 would decrease by RON 1.868.471 RON (2021: decrease with RON 857,190). 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%
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
2021							
Overdraft	9,896,200						
Short-Term and Long-Term portions of loans	365,330,230	Club loan	365,991,087	98%	11,398,911	12,031,745	632,834
Short-Term and Long-Term portions of leases	73,921,712	Contracts that refer to rent of buildings, equipment and vehicles which fall under IFRS 16	64,310,182	87%	2,511,339	2,735,695	224,356

	December 31, 2022	January 1, 2022
Profit or loss	1,868,471	857,190

(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.

The following table details the Company's remaining contractual maturity for financial liabilities as of December 31, 2022 and December 31, 2021. 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)

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**

2021

	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		80,151,836	80,151,836	80,151,836	-	-	-	-	-
Interest bearing instruments									
Overdraft		9,896,200	9,896,200	9,896,200	-	-	-	-	-
Club Loan	EURIBOR 6M / ROBOR 6M + margin	365,330,230	406,620,115	40,362,235	40,677,472	49,869,019	38,716,075	37,943,730	199,051,584
Lease contracts		73,921,712	79,814,155	24,387,469	20,611,708	13,121,375	8,820,507	4,834,487	8,038,609
Total		**529,299,978**	**576,482,305**	**154,797,740**	**61,289,180**	**62,990,394**	**47,536,582**	**42,778,217**	**207,090,193**

(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:

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

2021	**RON**	**1 EUR = 4.9481 RON**	**Total**
ASSETS			
Cash and cash equivalents	36,372,221	2,257,679	38,629,900
Trade receivables	56,744,097	-	56,744,097
Receivables from group companies	94,950,993	11,386,556	106,337,550
Long-term loans to group companies	-	12,921,654	12,921,654
Other long term receivables	1,632,184	-	1,632,184
LIABILITIES			
Trade payables	80,151,836	-	80,151,836
Overdraft	-	9,896,200	9,896,200
Other long term debt	-	-	-
Short-Term and Long-Term portions of loans	78,034,292	287,295,938	365,330,230
Short-Term and Long-Term portions of financial leasing	543,826	73,377,886	73,921,712
Payables to group companies	441,238	-	441,238

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 other equity, and the balances below would be negative. The assumptions used have not changed from previous years. The variation below is presented as absolute amounts.

	December 31, 2022	January 1, 2022
Profit or loss	60,027,685	40,516,247

(e) Climate change risk

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 2022 the Company does not anticipate that these risks will have a material financial impact in the near term.

(f) Ongoing military conflict

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 financial statements as of December 31, 2022.

(g) Macroeconomic environment

Global and regional economic conditions, respectively the economic context at national and regional 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.
The last quarter of 2022 was further marked by the spillover effects of the ongoing war in Ukraine and by the persistent inflationary pressures that reached a significant level both globally and locally, in the context of a global economic slowdown.

On the local level, the latest figures on the dynamics of Romania's GDP have shown an economic growth of 4.8% in 2022, marked by a slowdown in consumption, but with an accelerated investment component.

From the unemployment rate point of view, Romania ended 2022 with an unemployment rate of 5.6% and approx. 10,000 fewer unemployed than a year ago, supporting that the labor market remains robust. Inflation has remained at a particularly high level of 16.4% in December and 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.

To continue the efforts to temper further price increases, the Board of Governors of the NBR decided in the meetings of October and November new increases in the monetary policy rate, ending the fourth quarter with a key rate of 6.25%. However, given the current level of inflation and the current uncertainties in the economy, further increases in the monetary policy rate are expected. The EUR/RON exchange rate registered a slight increase in the fourth quarter of the year, fluctuating, on average, around the 4.92 level.

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 2022, the discount rates used in the impairment tests have increased, compared with the previous year (between 8.4% and 18.0% compared with the prior year, between 8.6% and 12%). 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.

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 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 balance sheet include trade receivables and other receivables, cash and cash equivalents, short-term and long-term loans and trade and other payables. These are presented at amortised cost. The estimated fair values of these instruments approximate their carrying amounts, largely due to the short-term maturities of these instruments, except for loans.

The carrying amount of loans approximate their fair value considering the refinancing of the syndicated loan 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 98% 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 2022:

(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	15,141,431	15,141,431	15,141,431	-	-
Trade Receivables	Amortized cost	66,525,981	66,525,981	-	-	66,525,981
Other financial assets	Amortized cost	70,786,052	70,786,052	-	-	70,786,052
LIABILITIES						
Trade and other payables	Amortized cost	122,505,239	122,505,239	-	-	122,505,239
Overdraft	Amortized cost	9,894,800	9,894,800	-	-	9,894,800
Other long term debt	Amortized cost	-	-	-	-	-
Lease liability	Amortized cost	76,413,888	76,413,888	-	-	76,413,888
Long term debt	Amortized cost	540,197,077	540,197,077	-	-	540,197,077

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.

31 December 2022	**Note**	**Level 1**	**Level 2**	**Level 3**
Land and buildings	5	-	-	222,570,259

31 December 2021	**Note**	**Level 1**	**Level 2**	**Level 3**
Land and buildings	5	-	-	158,296,673

During 2022, we have included a separate presentation for Leasehold improvements, apart from the Constructions category.
There were no transfers between levels during the year.
- Valuation techniques used to determine level 3 fair values are presented in note 5.
- Valuation inputs and relationships to fair value are presented in note 5.

28. COMMITMENTS AND CONTINGENCIES

Contingent liabilities are not recognized in the individual 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 individual 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, 2022 and December 31, 2021, 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 9,554,521 out of which in EUR 91,309 as of December 31, 2022 (December 31, 2021: RON 1,887,804, equivalent of EUR 110,182).

In relation with further acquisition of companies, on 4 October 2022 the Company, as part of the Group Medlife, signed the sale-purchase agreement with Ovidiu Nicolae Palea, Ada Palea and Nicolae Palea regarding the acquisition of 51% shares in Centrul de Diagnostic si Tratament Provita SRL also known as Nord Group. The transaction was approved by the Competition Council and the closing process is currently ongoing as of the date of this reporting.

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

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

In Romania the statute of limitation for tax controls (audits) is of 5 years. During 2021, the 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 group 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 consolidated 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, 2022 of the Group prepared in accordance with IFRS as adopted by EU and the individual 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 individual financial statements of subsidiaries prepared in accordance with the provisions of Ministry of Finance Order number 1802/2014 was EUR 292,775 excluding VAT and other expenses.

The fee for other non-audit services performed in 2022 (in accordance with ISRS 4400) was EUR 18,525, excluding VAT.

30. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events subsequent to December 31, 2022.

These financial statements, comprising the individual statement of financial position, the individual statement of comprehensive income, the individual statement of changes in equity, the individual statement of cash flows and notes, were approved on March 27, 2023.

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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Med Life SA

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Med Life SA (the Company) with official head office in Calea Grivitei no.365, district 1, Bucharest, identified by sole fiscal registration number 8422035, which comprise the statement of financial position as at December 31, 2022, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the separate financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate financial statements.

Description of each key audit matter and our procedures performed to address the matter

Key audit matter	How our audit addressed the key audit matter
Recoverability of investments in other entities The carrying value of investments in other entities (being controlled entities) as of 31 December 2022 is of 399 million RON. All entities with significant cost of investment in the separate financial statements also have significant goodwill allocated to them in the consolidated financial statements of the Med Life Group. Therefore, the annual impairment test performed for goodwill in the consolidated financial statements, at cash generating units ("CGUs") level, being individual entity, is also relevant for the assessment of the recoverability of the carrying value of investments in other entities in the separate financial statements. The management performed annual impairment tests at the level of 43 cash generating units, using a discounted cash flow model. Management estimates the cash flows for the cash-generating units ("CGU"), in order to determine the recoverable amount of each GCU. As disclosed in Note 4 to the separate financial statements, in calculating the recoverable amount, the management makes judgement and significant estimates in determining revenue and operating margin growth assumptions and the discount rate to be applied to the expected cash flows. In light of the judgements and estimates used by the management in the determination of future cash flow projections which are based on assumptions that are affected by expected future market conditions in Romania, uncertainties regarding current economic environment and significance of the carrying value of cost of investment in other entities, this matter is considered a key audit matter. The Company's disclosures about investments in other entities and the related impairment testing are included in Note 3.4.2 (Estimates and assumptions) and in Note 4 (Financial assets) to the separate financial statements.	We analysed the management's assessment of the recoverability of the carrying value of cost of investment in other entities with a focus on the key assumptions made by management. Specifically, our work included, but was not limited to, the following procedures: • Performed a detailed understanding of the Company's internal process and related documentation flow and key controls associated with the impairment testing process; • For a sample of impairment tests for significant investments in other entities we: o reconciled the assumptions used within the future cash flow models to approved business plans; o involved our internal valuation specialists to assist us in evaluating the appropriateness of the methodology used to estimate the recoverable amount of CGUs and its conformity with the requirements of the International Financial Reporting Standards; and in testing the mathematical accuracy of the discounted cash flow model as well as evaluating for reasonableness the discount rates used for discounting future cash flows for each CGU and key macroeconomic assumptions; o Assessed the assumptions used in the estimated future cashflows against historic performance to determine the reasonability of the management's estimates. o Assessed the management's sensitivity analysis over key assumptions and performed additional independent sensitivity analysis in order to assess the impact of possible changes of assumptions on the impairment testing; • Assessed the competence of management's external specialists and their objectivity and independence, to consider whether they were appropriately qualified to carry out the impairment assessments. • Assessed the relevant disclosures included in the financial statements.

Other information

The other information comprises the Consolidated Administrators' Report, the Annual Remuneration Report, the Annual Report and the Sustainability Report, but does not include the separate financial statements and our auditors' report thereon. We obtained the Consolidated Administrator's Report and the Annual Remuneration report, prior to the date of our auditor's report, and we expect to obtain the Annual report and the Sustainability Report, as part of separate reports, after the date of our auditor's report. Management is responsible for the other information.

Our audit opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters.

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Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Separate Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Administrators' Report and Remuneration Report, we have read these reports and report that:

a) in the Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying separate financial statements as at December 31, 2022;

b) the Administrators' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 articles 15 - 19;

c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the separate financial statements as at December 31, 2022, we have not identified information included in the Administrators' Report that contains a material misstatement of fact.

d) the Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Company by the General Meeting of Shareholders on 29 September 2021 to audit the separate financial statements for the financial year end December 31, 2022. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 2 years, covering the financial years ended 31 December 2021 and 31 December 2022.

Consistency with Additional Report to the Audit Committee

Our audit opinion on the separate financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on the 24 March 2023 and updated on 27 March 2023.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.

In addition to statutory audit services and services disclosed in the separate financial statements, no other services which were provided by us to the Company, and its controlled undertakings.

Report on the compliance of the electronic format of the separate financial statements,with the requirements of the ESEF Regulation

We have performed a reasonable assurance engagement on the compliance of the separate financial statements presented in XHTML format of ABC (the Company) for the year ended 31 December 2022, with the requirements of the Commission Delegated Regulation (EU) 2018 /815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation).

These procedures refer to testing the format and whether the electronic format of the separate financial statements (XHTML) corresponds to the audited separate financial statements and expressing an opinion on the compliance of the electronic format of the separate financial statements of the Company for the year ended 31 December 2022 with the requirements of the ESEF Regulation. In accordance with these requirements, the electronic format of the separate financial statements, included in the annual report should be presented in XHTML format.

Responsibilities of the Management and Those Charged with Governance

The Management of the Company is responsible for the compliance with the requirements of the ESEF Regulation in the preparation of the electronic format of the separate financial statements in XHTML format and for ensuring consistency between the electronic format of the separate financial statements (XHTML) and the audited separate financial statements.

The responsibility of the Management also includes the design, implementation and maintenance of such internal control as determined is necessary to enable the preparation of the separate financial statements in ESEF format that are free from any material non-compliance with the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process for the preparation of separate financial statements, including the application of the ESEF Regulation.

Auditor's Responsibility

Our responsibility is to express an opinion providing reasonable assurance on the compliance of the electronic format of the separate financial statements with the requirements of the ESEF Regulation.

We have performed a reasonable assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform our engagement to obtain reasonable assurance about whether the electronic format of the separate financial statements of the Company is prepared, in all material respects, in accordance ESEF regulation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but it is not guaranteed that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect material non-compliance with the requirements when it exists.

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Our Independence and Quality Management

We apply International Standard on Management Control 1, Management Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, design, implement and operate a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have maintained our independence and confirm that we have met the ethical and independence requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

Summary of procedures performed

The objective of the procedures that we have planned and performed was to obtain reasonable assurance that the electronic format of the separate financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF Regulation of the electronic reporting format (XHTML) of the separate financial statements of the Company, we have maintained professional skepticism and applied professional judgement. We have also:

- obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the separate financial statements of the Company, including the preparation of the separate financial statements of the Company in XHTML format
- tested the validity of the applied XHTML format
- checked whether the electronic format of the separate financial statements (XHTML) corresponds to the audited separate financial statements

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the compliance of the electronic format of the separate financial statements with the requirements of the ESEF Regulation

Based on the procedures performed, our opinion is that the electronic format of the separate financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Firma de audit: ERNST & YOUNG ASSURANCE SERVICES S.R.L.
Registrul Public Electronic: FA77

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: Ivanovici Alice Andreea
Registrul Public Electronic: AF3617

Name of the Auditor/ Partner: Alice Andreea Ivanovici
Registered in the electronic Public Register under No. AF3617

Bucharest, Romania
27 March 2023

Declaration of management of Med Life SA

We confirm to the best of our knowledge that the Audited Annual Separate Financial Statements of Med Life SA (the Company) for the 12-month period ended December 31, 2022, which were prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the period then ended.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

SISTEMUL MEDICAL
MedLife

THE STATE OF CONFORMITY WITH THE CORPOARTE GOVENRNANCE CODE OF BVB VALID ON THE DATE OF PUBLISHING THE HEREBY REPORT FOR THE COMPANY MED LIFE S.A.

(hereby referred to as the "**Company**")

SECTION A. RESPONSIBILITIES

Provisions to be complied with:

1.All companies should have an internal regulation of the Board that includes the reference terms/responsibilities of the Board and the key management positions of the company and that applies, among others, the General principles in the hereby Section of the BVB Corporate Governance Code.

MedLife Corporate Governance Statute adopted and published on the Company's website on February 28, 2017 (Investor Relations section, Corporate Governance subsection, Corporate Governance Documents), is based on the provisions of the Company's Articles of Association, updated with the Board of Directors Decisions (hereinafter referred to as "BD") of November 21 and December 21, 2016, which establishes the responsibilities of the BD and those of the Executive Committee (the Articles of Association are also published on the Company's website at Investor Relations section, Corporate Governance subsection, Constitutive Act).

MedLife is administered in a unitary system by the BD consisting of 7 members appointed by the ordinary GMS for a term of 4 years, with the possibility of being re-elected. The BD is responsible for the management of the Company, acting in the interest of the Company and protecting the general interests of its shareholders by ensuring a sustainable development of the Company. According to the Articles of Association, the BD is responsible for all useful and necessary acts in order to fulfill the object of activity of MedLife, including the administration of MedLife subsidiaries or investments, except for the attributions that are by law assigned to the GMS.

The BD approved the Internal Regulations of the BD on February 28, 2017. This document is an internal document. Also, the BD approved and published on February 28, 2017 on the Company's website a Code of Ethics and Conduct, a code referred to in the Company's Corporate Governance Statute and which establishes standards of conduct that must be adhered to within MedLife and its subsidiaries at all levels: directors, executives, managers, employees, suppliers and subcontractors or consultants, whether they are employed permanently or temporarily.

2.Provisions to handle conflicts of interests should be included in the Board's Internal Regulation. In any case, the members of the Board must notify the Board of any conflicts of interest which have arisen or may arise and refrain from participating in discussions (including by non-attendance, unless non-attendance would prevent the formation of a quorum) and to vote on a decision on the matter giving rise to the conflict of interests.

The members of the Board of Directors have, according to the law, duties of diligence and loyalty to the Company, provided in the Articles of Association of the Company and in the Internal Regulations of the BD. Provisions for the management of conflicts of interest can be found both in the Code of Ethics and Conduct, and in the Internal Regulations of the BD mentioned above.

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3. The Board of directors must comprise at least five members.

The BD of the Company consists of 7 members elected by the Ordinary GMS from 15 December 2020, in accordance with the provisions of the Articles of Association of the Company.

4. The majority of the Board of directors' members should not have an executive position. In case of companies of the Premium Category, no less than two non-executive members of the Board of Directors have to be independent. Each independent member of the Board of directors has to file a statement at the moment of their nomination in view of election or re-election, as well as when any change in their status occurs, indicating the elements based on which they are considered to be independent from the perspective of their character and judgement and according to the criteria of the Corporate Governance Code of BVB.

MedLife meets this requirement. According to the Articles of Association of the Company, the majority of the members of the BD are non-executive (4 members out of 7), while 3 members are independent. On the occasion of each (re) appointment of a member of the BD, the Company performs an assessment of the independence of members based on the independence criteria provided by the Corporate Governance Code (which are essentially similar to those provided by the Companies Law).

5. Other commitments and relatively permanent professional obligations of a member of the Board, including executive and non-executive offices in the Board of non-profit companies and institutions, shall be revealed to the shareholders and potential investors prior to nomination and in the course of their mandate.

MedLife meets this requirement. The biographies of the BD members are published on the Company's website, each member having the responsibility to keep their professional biography up to date.

6. Any member of the Board must present to the Board information on any report with a shareholder that holds directly or indirectly, shares representing over 5% of all voting rights.

MedLife meets this requirement. The members of the BD have, according to the law, duties of diligence and loyalty to the Company, provided both in the Articles of Association of the Company and in the Internal Regulations of the BD. The company has implemented internal regulations on how to address situations of conflict of interest. There are professional relations between the members of the Board and the Chairman of the Board, who holds more than 5% of the voting rights, but these do not affect and have not affected the position of the board members regarding issues decided by the Board.

7. The company shall assign a secretary of the Board responsible with supporting the activity of the Board.

MedLife fulfils this requirement. The company has a General Secretary, a lawyer by profession, that reports, from a functional perspective, towards the BD.

8. The statement on corporate governance shall inform whether there has been an evaluation of the BD under the leadership of the president or of the nominating committee and, in case so, shall brief the key measures and resulting changes. The company should have a policy / guide regarding evaluation of the Board comprising the purpose, criteria and frequency of the evaluation process.

MedLife meets this requirement. The company has a self-assessment guide that sets out the purpose, criteria and frequency of such assessment. This guide is an internal document. The CA performs an annual self-assessment process.

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9. The Statement on corporate governance shall contain information on the number of meetings of the BOD and of the committees, in the course of the last year, the attendance of the directors (in person and in absence) and a report of the BD and of the committees, regarding their activities.

The Company's Executive Committee meets regularly (at least once every two weeks, but usually once a week), and the BD meets whenever necessary, but at least once every three months. In 2022, 8 Board meetings and 3 meetings of the Audit Committee took place. More details on their attributions are presented in the Annual Report.

10. The Statement regarding corporate governance must include information regarding the exact number of independent members of the Board of directors.

Out of the 4 non-executive members of the BoD, 3 members are independent.

11. The Board of directors from the Premium Category shall establish a nomination committee, formed from non-executive members, that shall lead the procedure to nominate new members in the BOD and shall make recommendations to the BOD regarding appointment and revocation of the General Manager and of the management team, the Majority of the members of the nominating committee should be independent.

MedLife partially meets this requirement, having set a Remunaration Committee made of 3 non-executive members of the BoD, out of which 2 members are independent.

Section B

Risk management and internal controlling system

1.The Board shall establish an audit committee, in which at least one member shall be an independent non-executive director. The majority of members, including the president, shall be proven as having the relevant adequate qualification for the committee's functions and responsibilities. At least one member of the audit committee shall have the proven and appropriate audit or accounting experience. In case of companies from the Premium Category, the audit committee shall be formed of at least three members and the majority of the members of the audit committee shall be independent.

MedLife meets this requirement. MedLife's Articles of Incorporation, in conjunction with the Corporate Governance Statute, provide for the existence of the Audit Committee, its structure, as well as its responsibilities. The committee consists of 3 non-executive and independent members. The BD approved the Regulation of this committee.

2. The president of the audit committee shall be an independent non-executive member.

In February 2022, the Board of Directors elected as chairman of the Audit Committee Mrs. Mihaescu Ana-Maria, independent non-executive board member.

3. Within its responsibilities, the audit committee shall perform an annual evaluation of the internal control system.

4. The evaluation shall consider the efficiency and inclusion of the internal audit function, the degree of adequacy of risk management and internal control reports presented by the audit committee of the Board, the expediency and efficiency with which the executive leadership solves deficiencies or weaknesses identified pursuant to internal control and the presentation of relevant reports to the attention of the Board.

5. The Audit Committee shall evaluate conflicts of interests in connection to the companies' transactions and those of its subsidiaries with affiliated parties.

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6. The Audit Committee shall evaluate the efficiency of the internal control system and of the risk management system.

7. The Audit Committee shall monitor application of legal standards and of generally accepted internal audit standards. The Audit Committee shall receive and evaluate the reports of the internal audit team.

The BoD set up an Audit Committee and approved its Regulation. The audit committee has mainly the following responsibilities:

• to examine and review the individual and consolidated annual financial statements and the profit distribution proposal;

• to carry out annual evaluations of the internal control system;

• to evaluate the effectiveness of the internal control system and the risk management system;

• to monitor the application of generally accepted legal standards and internal audit standards;

• to assess conflicts of interest in related party transactions;

• to analyze and review transactions with related parties that exceed or can be expected to exceed 5% of the company's net assets in the previous financial year;

• to make recommendations to the BD

The Internal Audit Department assessed the effectiveness of the internal control system for MedLife at the time of this report, and currently provides consultancy in order to increase the effectiveness of this system. The evaluation report for 2022 was presented to and discussed by the members of the Audit Committee.

8. Anytime the Code mentions reports or analyses initiated by the Audit Committee, these shall be followed by periodic reportings (at least annual) or ad-hoc that shall be subsequently forwarded to the BOD.

The Audit Committee sends to the BD reports on the specific issues assigned to it, as appropriate.

9. None of the shareholders may be granted preferential treatment with respect to other shareholders, in connection to transactions and agreements concluded by the company with shareholders and their affiliates.

MedLife meets this requirement. The Company adopted a Code of Ethics and Conduct on February 28, 2017, which is available on the Company's website. The company applies equal treatment to all its shareholders.

10. The Board shall adopt a policy by which to insure that any transaction of the company, with any of the companies with which it has close relations, the value of which is equal to or higher than 5% of the net assets of the company (as per the latest financial report) is approved by the BOD, pursuant to a mandatory opinion of the audit committee and correctly revealed to the shareholders and potential investors, to the extent in which these transactions fall under the category of events that make the object of reporting requirements.

The Company has implemented an internal Related Party Transaction Policy, which sets out the key principles for reviewing, approving and disclosing related party transactions, in accordance with applicable regulations and the Company's corporate documents, including that the Company's related party transactions exceed or it is estimated that they may exceed, individually or in aggregate, an annual value of 5% of the Company's net assets in the previous financial year, must be approved by the Board following their approval by the Executive Committee and based on the opinion of the Audit Committee.

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The Company also periodically submits reports on related party transactions to the Financial Supervisory Authority and the Bucharest Stock Exchange. These reports are reviewed semi-annually by the independent financial auditor in accordance with the relevant legislation in force.

11. Internal audit shall be performed by a structurally separate division (internal audit department) within the company or by hiring an independent third-party entity.

The internal audit is performed by a separate division within the Company, respectively by the Internal Audit Department.

12. In order to insure fulfilling the main functions of the internal audit department, the latter shall report, from a functional standpoint, towards the BD, by means of the Audit Committee. For administrative purposes and within the leadership's obligations to monitor and reduce risks, the former shall report directly to the General Manager.

The Internal Audit Department reports to the BD from a functional standpoint, by means of the Audit Committee, and administratively, towards the General Manager.

Section C. Appropriate reward and incentive

1. The company shall publish on its internet webpage the remuneration policy and shall include, in the annual report, a statement regarding the implementation of the remuneration policy within the course of the annual period that is object of the analysis.

The remuneration policy shall be drafted such that it allows shareholders to understand the principles and arguments that form the basis of the remuneration for members of the BOD and of the General Manager, as well as of members of the Directorate, in a dualist system. The former shall describe the method of process management and decision making regarding remuneration, shall detail the component of remuneration of the executive leadership (such as salaries, annual bonuses, long term incentives related connected to the value of shares, benefits in kind, pensions and others) and to describe the purpose, principles and assumptions that underline the base of each component (including the general performance criteria subsequent to each variable remuneration form). Furthermore, the remuneration policy shall specify the duration of the contract for the executive manager and the period of prior notice provided in the agreement, as well as any compensation for revocation without just cause.

The report regarding remuneration shall present implementation of the remuneration policy for individuals identified in the remuneration policy, in the course of the annual period that is object of the analysis.

Any essential change arisen in the remuneration policy shall be published in due time on the company's webpage.

MedLife meets this requirement at the date of this report. The company has a remuneration policy in place and a Remuneration Report for 2021, available on the website. The amount of the remuneration of the members of the BD of the Company, as well as the members of the Executive Committee is published on the company's website and is subject to the approval of the annual Ordinary GMS.

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Section D Adding value by investor relations

D1. The company shall organise a service of Investor Relations – indicating to the general public the individual/individuals responsible or the organization unit. Outside of the mandatory information as per legal provisions, the company shall include on its webpage a section dedicated to Investor Relations, in Romanian and English language, with all the relevant information of interest to investors, including:

D.1.1. The main corporate regulations: constitutive document, procedures regarding general meetings of the shareholders;

D.1.2. Professional resumes of the members of the company's leadership bodies, other professional commitments of the members of the Board, including executive and non-executive offices in boards of directors in companies or non-profit institutions;

D.1.3. Current reports and periodical reports (quarterly, semestrial and annual);

D.1.4. Information regarding the general meetings of the shareholders;

D.1.5. Information regarding corporate events;

D.1.6. Names and contact details of an individual that may provide relevant information, on demand;

D.1.7. Company presentations (such as presentations for investors, presentations on quarterly results etc.), financial statements (quarterly, semestrial, annual), audit reports and annual reports.

The company has both a department dedicated to Investor Relations, which can be contacted at the email address investors@medlife.ro, and a section dedicated to investor relations on its website, both in Romanian (www.medlife.ro/relatia -with-investors), as well as in English (www.medlifeinternational.com/investor-relations). This section contains all relevant information of interest to investors and shareholders, including the above.

D2. The company shall have a policy regarding annual distribution of dividends or other benefits towards the shareholders, proposed by the General Manager or by the Executive Committee and adopted by the BOD, under the form of a set of guidelines which the company intends to follow regarding distribution of the net profit. The principles of annual distribution policy towards the shareholders shall be published on the company's webpage.

The objective of the Board of Directors is to create value for the Company's shareholders. Thus, the Board of Directors, focused on the continuous expansion of the Group's profitability for the benefit of shareholders, proposes not to distribute dividends to shareholders, as long as the Group's growth rate is in line with historical evolution.

The Company's Dividend Policy is detailed in the Annual Report.

D3. The company shall adopt a policy in connection to the forecasts, whether they are made public or nor. The forecasts refer to quantified conclusions of studies targeting stability of the global impact of a number of factors regarding a future period (so-called hypotheses). By its nature, such projection holds a high level of uncertainty, as the actual results may vary significantly from the initially presented forecasts. The policy regarding forecasts shall establish the frequency, considered period and content of forecasts. If published, forecasts may be included only in the annual, semestrial or quarterly reports. The policy regarding forecasts shall be published on the company's webpage.

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The Company has implemented a Forecast policy, which is published on its website, in the Investor Relations section, Corporate Governance subsection, Corporate Governance Documents.

D4. Rules of the general meetings of the shareholders shall not limit participation of shareholders to the general meetings and exercise of their rights. Amendments of rules shall enter into effect, at the earliest, starting with the following meeting of the shareholders.

The rules of the general meeting of the shareholders are mentioned in each summoning notice, published as per legal requirements, at least 30 days before each meeting. The rules for organizing general meetings are included in the Procedure for organizing and holding General Shareholders' Meetings, published on the company's website, in the Investor Relations section, Corporate Governance subsection, Corporate Governance Documents.

D5. External auditors shall be present at the general meeting of the shareholders when their reports are presented within the respective meetings.

Independent external financial auditors participate in the Ordinary GMS in which the individual and consolidated annual financial statements are submitted for approval, and their reports are presented.

D6. The Board shall present to the annual general meeting of the shareholders a brief evaluation on the internal control and significant risks management systems, as well as opinions on matters subjected to the decision of the general meeting.

The company meets this requirement. The individual and consolidated annual financial statements present a brief assessment of the internal control and significant risk management systems and are subject to the approval of the GMS at least 30 days before the date of the GMS meeting.

D7. Any specialist, consultant, expert or financial analyst may attend the meeting of the shareholders, based on a prior invitation by the BOD. Accredited journalists may also attend the general meeting of the shareholders, with the approval of the President of the BOD.

The company meets this requirement. Any specialist, consultant, expert or financial analyst can participate in the GMS based on a prior invitation from the Board. Accredited journalists may also participate in the GMS, unless the Chairman of the Board decides otherwise. These provisions are included in the Procedure for organizing and holding General Shareholders' Meetings, published on the company's website, in the Investor Relations section, Corporate Governance subsection, Corporate Governance Documents.

D8. Quarterly and semestrial financial reports shall include information both in Romanian, as well as in English, regarding key factors that influence amendments at the level of sales, of operational profit, net profit and of other relevant financial indicators, both from one quarter to another, as well as from one year to another.

The company meets this requirement. The quarterly and half-yearly financial reports include information in both Romanian and English on key factors that determine changes in sales, operating profit, net profit and other relevant financial indicators, both on a quarterly on quarterly basis, as well as from one year to another.

D9. A company shall organize at least two hearings / teleconferences with analysts and investors every year. The information presented on such occasions shall be published in the section investor relations of the company's webpage on the date of the hearings / teleconferences.

MedLife meets this requirement. The company organizes quarterly teleconferences with analysts and investors to present financial results. The presentations made during the teleconferences are published on the company's website.

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D10. In case a company supports various forms of artistic and cultural expression, sporting activities, educational or scientific activities and considers that their impact on the company's innovating nature and its competitiveness are part of its development mission and strategy, it shall publish the policy regarding its activity in such field.

The Company carries out various activities related to education, social responsibility, environment and governance, supporting the local communities in which the Company operates. Also, the Company has implemented a social responsibility code, which can be found on the company's website, in the Investor Relations section, Corporate Governance subsection, Corporate Governance Documents.

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