



SISTEMUL MEDICAL
MedLife

ANNUAL REMUNERATION REPORT

For the Year 2021

MED LIFE S.A.

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I. INTRODUCTION

In order to align to the dispositions of Law no. 158/2020 related to the provisions of Law no. 158/2020 on the amendment, completion and repealing of certain legislative acts, as well as for establishing certain measures for the application of the Regulation (EU) 2017/2.402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012, of Law no. 24/2017 on issuers of financial instruments and capital market operations (“**Law 24/2017**”) and of the Corporate Governance Code of the Bucharest Stock Exchange, the company Med Life S.A. (hereinafter referred to as “**MedLife**” or the “**Company**”) approved and published the remuneration policy of its’ members of the board and its’ directors (hereinafter the “**Remuneration Policy**”) in April 2021.

The purpose of the Remuneration Policy consisted of establishing a set of clear and transparent rules, which the Company shall abide by, regarding the means to remunerate the members of the Board of Directors of the Company and of the members of the Executive Committee.

Based on the afore mentioned legal dispositions, the Company has concluded the present Remuneration Report, for the 2021 financial year (hereinafter the “**Remuneration Report**”) that contains detailed information related to the total remuneration (including all benefits, regardless of its form) that was received by each member of the Board of Directors (hereinafter the “**Board of Directors**”) and each member of the Executive Committee (hereinafter the “**Executive Committee**”) during the 2021 financial year of owned to them.

The main objective of the Remuneration Policy is to attract, retain and motivate qualified members of the Board of Directors and of the executive management, in order to insure a harmonious and successful development.

The remuneration of the members of the Board of Directors and of the Executive Committee has been designed in order to sustain the strategic objectives of the Company and to promote the creation of added value in the benefit of the Company's shareholders.

All sums included in the present Remuneration Report are presented as total salary¹ cost for the Company.

II. DEFINITIONS

Within the meaning of this Remuneration Policy, the terms and expressions below shall have the following meaning:

- *Articles of Association* – The articles of association of MedLife;
- *Director* – member in the Board of Directors of MedLife;
- *Executive director* – individual that holds, at the same time, the position of director and that of Manager of the Company;
- *Non-executive director* – individual that holds the position of director and does not hold, at the same time, the position of manager of the Company;
- *Board* – the Board of Directors of MedLife;
- *The Executive Committee* – the corporate structure that comprises the Managers;
- *Manager* – individual to whom was delegated the management of the Company, by the Board of Directors and who has concluded with the Company a mandate agreement. The term “manager” also includes and refers to the term of General Manager;
- *MedLife or the Company* – the Company Med Life SA.
- *Remuneration Policy* – MedLife's remuneration policy, approved by the Company's Ordinary General Assembly of the Shareholders by Decision no. 1 dated 28.04.2021.

III. CONSILIUL DE ADMINISTRATIE. REMUNERATIA MEMBRIL

¹ *Total salary cost represents the net salary value to which the total amount of all taxes and duties paid by the employee and the Company is added, including Social Security taxes (CAS), Social Insurances (CASS), Income Tax, work insurance contribution.*

The Ordinary General Shareholders' Meeting of MedLife approves the hereinafter the remuneration of the members of the Board of Directors. During the year 2021 there have been no amendments to the composition of Medlife's Board of Directors.

According to the Remuneration Policy, the remuneration of the members of the Board of Directors is composed of a fixed monthly indemnification, in amount of Euro 5,000 net/month for the members of the Board of Directors and in amount of Euro 7,000 net/month for the Chairman of the Board of Directors. The Ordinary General Shareholders' Meeting of MedLife approves the annual remuneration of the Directors.

Besides the fixed component, the following benefits are granted to the members of the Board of Directors:

- *training courses/coverage of study expenses, rent, accommodation and medical subscription.*

All members of the Board of Directors receive, in order to perform their activity, a car, telephone and a laptop.

During the financial year 2021, the following remunerations and benefits have been paid to the members of the Board of Directors, according to the dispositions of the Remuneration Policy:

<u>Name - Position</u>	<u>Period</u>	<u>Annual income (Company total cost)</u>	<u>Total cost of benefits</u>	<u>TOTAL INCOME TOTAL COMPANY COST</u>
Mihail Marcu – Chairman of the Board of Directors	Jan-Dec 2021	723,896	-	723,896
Nicolae Marcu - Member of the Board of Directors	Jan-Dec 2021	517,066	87,500	604,566
Dorin Preda - Member of the Board of Directors	Jan-Dec 2021	517,071	-	517,071
Ana Maria Mihaescu - Member of the Board of Directors	Jan-Dec 2021	517,066	-	517,066
Dimitrie Pelinescu-Onciul - Member of the Board of Directors	Jan-Dec 2021	517,066	-	517,066
Voicu Cheta - Member of the Board of Directors	Jan-Dec 2021	517,069	-	517,069
Ovidiu Fer - Member of the Board of Directors	Jan-Dec 2021	517,069	-	517,069

IV. REMUNERATION OF THE MEMBERS OF THE EXECUTIVE COMMITTEE

The remuneration of the Managers of the Company is established by the Company's Board of Directors, according to the dispositions of the Remuneration Policy.

The Managers' remuneration system includes a fixed component, the amount of which varies depending on each Manager in part, depending on a series of elements that shall be explained below.

There is no variable component in the Remuneration Policy.

At the same time, the Managers also have a series of non-financial benefits.

Fixed basis remuneration (salary)

The level of fixed basis remuneration is determined taking into account the relevant professional experience and organizational experience for each management position within the Executive Committee.

For each position within the Executive Committee, clear roles and responsibilities are defined, as well as a set of necessary competencies and abilities.

Extra-salary benefits

Executive Managers with a mandate agreement have the following benefits:

- *training courses/coverage of study expenses, rent and accommodation, gym membership, and also health insurance.*

Also, all Executive Managers receive, in order to perform their activity, a car, telephone and a laptop.

During the financial year 2021, the following remunerations and benefits have been paid to the members of the Executive Committee (EC), according to the dispositions of the Remuneration Policy:



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<u>Name-Position</u>	<u>Period of time</u>	<u>Annual income total Company cost</u>	<u>Benefits Total cost</u>	<u>TOTAL INCOME TOTAL COMPANY COST</u>
Mihail Marcu – EC Member	Jan-Dec 2021	965,685	-	965,685
Nicolae Marcu - EC Member	Jan-Dec 2021	972,302	43,750	1,016,052
Dorin Preda - EC Member	Jan-Dec 2021	975,280	-	975,280
Adrian-Paul Lungu - EC Member	Jan-Dec 2021	790,823	4,725	795,548
Vera Firu - EC Member	Jan-Dec 2021	510,216	-	510,216
Mirela Dogaru - EC Member	Jan-Dec 2021	1,198,118	6,720	1,204,838
Mariana Brates - EC Member	Jan-Dec 2021	320,107	-	320,107
Radu Petrescu - EC Member	Jan-Dec 2021	449,006	-	449,006
Larisa Chiriac - EC Member	Jan-Dec 2021	409,495	-	409,495
Marius Petrila - EC Member * <i>*Management Agreement concluded on 12.04.2021</i>	<i>Apr-Dec 2021</i>	305,389	43,159	348,548
Geanina Durigu - EC Member * <i>* Management Agreement ended on 12.04.2021</i>	<i>Jan-Apr 2021</i>	309,278	12,233	321,511

The above-mentioned amounts add up to the amounts that award the activity of the members of the Board of Directors (Table pag. 4), for those members that are also members of the Executive Committee.

The share of the average remuneration (calculated based on the full norm equivalent) of the Company's employees that do not hold a management position, related to the average remuneration of the directors and executive managers of the company – 5 past financial years' evolution:

<u>Year</u>	<u>The share of the average remuneration of the Company's employees that do not hold a management position, related to the average remuneration of the directors and executive managers of the company</u>
2017	11%
2018	12%
2019	11%
2020	13%
2021	12%

- the Company's average salary constantly represented a percentage of 11-13% of the average salary of the directors and executive managers of the company, during the last 5 years;
- In 2020 **the directors and executive managers of the company's salaries** have been reduced by 25-50%, during 3 consecutive months, as a protective measure towards the effects of the epidemiological crisis.

The annual evolution of the average remuneration (calculated based on the full norm equivalent) of the Company's employees that do not hold a management position, related to the average remuneration of the directors and executive managers of the company – 5 past financial years' evolution:

	Average Remuneration Variation for Employees that do not hold a Management Position	Average Remuneration Variation of the Directors and Executive Managers of the Company	Company's Revenue from contracts with Customers Variation *	Company's EBITDA Variation*
2018 vs 2017	13%	0%	11%	16%
2019 vs 2018	6%	16%	9%	44%
2020 vs 2019	4%	-8%	12%	75%
2021 vs 2020	8%	16%	18%	18%

**Source of information – Separate Financial Statements for the year ended December 31, 2021 of Med Life SA*

- The medium salary increase of the Company's employees that are not directors and executive managers of the company has been influenced by multiple factors, the most important one being the correlation with the level of salaries on the medical market, affected by the dispositions of OUG no. 91/2017 for amending and completing the Framework-Law no. 153/2017 related to the remuneration of the personnel paid from public funds, that established a gradual salary increase grid for a 5-years period of time, that was implemented, nevertheless, in one single step, in 2017.
- Therefore, the 2018 increase of the average salary in the Company for employees that are not directors and executive managers represents an adjustment to the medical market salary as it was altered in 2017, as such adjustment had an impact in the degree of medical employee retention.

- Although the epidemiological crisis started in Romania at the beginning of 2020, MedLife has made considerable efforts to support its employees and to maintain a competitive remuneration level. In contrast to these efforts, the income of the members of the managers and of the directors of the company have been reduced for 3 consecutive months, with values between 25-50%, operation that translated in a medium remuneration decrease of about 8%.
- In 2018 there have been amendments in the Company's top management, amendments that have made an impact in the remuneration difference in 2019, by the leaving of some Managers and their substitution, in the Human Resources and Medical Departments.
- Regarding the annual Revenue evolution for Med Life S.A. and the Company's EBITDA, they are in line with the strategy developed by the Issuer at the moment of its IPO, together with the further development of the units and services portfolio, insuring a profitable national coverage in order to answer various needs of existing and new patients.
- In 2020, the COVID-19 laboratories' network development, in record time, represented one of the Company's major accomplishments. Thanks to these laboratories, the Company managed to regularly test medical and non-medical staff, in order to keep its' employees safe and, therefore, its' patients and to maintain the entire network of hospitals and clinics fully functional, ensuring a high quality of the medical procedures. Moreover, the Company focused on the help provided to its' patients and the public institutions, by performing COVID-19 tests and therefore relieving public hospitals by taking over chronic patients. The company registered a dynamic activity in the corporate clients' sector. Since the beginning of the COVID-19 pandemic, the Company developed new products in order to answer the needs identified in the epidemiological context: from online consultations and the digitalization of the occupational medicine services, specialized consultancy regarding the epidemiological triage or COVID testing campaigns in the Company's units. As a result of all such actions, the Company's Revenue continued to increase by 12% in 2020 as compared to 2019, despite the epidemiological context.
- An accelerated upward trend of the Company's 2021 Revenue can be noticed, compared to 2020's Revenue – a 18% growth. In the second pandemic year the Company concentrated on fast interventions for chronic and acute patients in the context of a limitation of medical activity in public hospitals. An intense activity has been registered in the clinics' segment related to the monitoring of chronic pathologies and of patients post Covid disease. In such context, the dynamic of the corporate division was obvious, such activity being centered around the help

offered to big companies, IMMs and start-ups, in order to ensure the security and health of their employees during the pandemic.

- The 44% EBITDA increase in 2019 compared to 2018 was influenced in a positive manner by the implementation of IFRS 16 standard, also.
- Despite the pandemic context and the overall sanitary crisis, the Company continued to operate at full capacity in 2020 and 2021. By fast adapting to the new social context and good calibration of the operational structure, the Company managed to achieve a good overall performance both in 2020 and in 2021 and to further improve its' profitability in line with the business strategy developed in the last few years, leading to a 75% increase in the Company's EBITDA in 2020 compared to 2019 and to a 18% EBITDA increase in 2021 compared to 2020.

The remuneration granted to the individuals that occupy both the position of Directors as well as the position of Manager is cumulative.

The members of the Board of Directors and the members of the Executive Committee do not receive any remunerations from other companies in MedLife Group.

A civil professional liability insurance is concluded for all members of the Board of Directors and of the Executive Committee, its' cost is paid by MedLife and it covers a maximum cumulative damage value of Euro 5,500,000.

V. CONFORMITY WITH THE REMUNERATION POLICY

The remuneration of the members of the Board of Directors and the members of the Executive Committee for the financial year finalised on 31st December 2021 complies with the conditions set forth in the Remuneration Policy. There were no deviations or exemptions from the rules established in the Remuneration Policy.

MED LIFE S.A.

President of the Board of Directors **MIHAIL MARCU**