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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, 2021, 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 significant 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, 2021, 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.

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 2021 is of 199.7 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 28 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,	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 by management; • 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;

Key audit matter	How our audit addressed the key audit matter
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.	○ Assessed the assumptions used in the estimated future cashflows against historic performance to determine the reasonability of the management's estimates. ○ 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.

Other matters

The consolidated financial statements for the year ended 31 December 2020 were audited by another auditor that issued an unmodified audit opinion on 13 April 2021.

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.

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- 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, 2021;

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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, 2021, 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, 2021. 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 1 year, covering the financial period ended December 31, 2021.

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 the same date as the issue date of this report.

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.

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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 December 31, 2021, included in the attached electronic file „254900RJWPQ4SLGCPI85-2021-12-31-en.zip" (identified with the key b632fdafb0e11d557e15bd9d80739239f071d05f2279d370ae6a2173fe2bf2d3) with the requirements of the Commission Delegated Regulation (EU) 2019 /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 December 31, 2021 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.

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 Control

We apply International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements to the registered auditors in Romania.

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);

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- 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.

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 2021 is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

On behalf of,

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Firma de audit: ERNST & YOUNG ASSURANCE SERVICES S.R.L.
Registrul Public Electronic: FA77

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: Ivanovici Alice Andreea
Registered in the electronic Public Register under No. AF3617

Bucharest, Romania
24 March 2022

SISTEMUL MEDICAL
MedLife

MED LIFE GROUP

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY EUROPEAN UNION (TOGETHER WITH INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED ADMINISTRATORS' REPORT)

Free translation from the original Romanian version.

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

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Free translation from the original Romanian version.

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

	Note	December 31, 2021	January 1, 2021
ASSETS			
Non-current Assets			
Goodwill	4	199,679,613	147,256,824
Intangible assets	5	60,556,655	46,755,678
Property, plant and equipment	5	552,206,613	535,672,488
Right-of-use asset	13	190,715,602	146,821,194
Other financial assets	5.4	31,610,586	27,940,022
Total Non-Current Assets		**1,034,769,069**	**904,446,206**
Current Assets			
Inventories	6	74,229,585	53,058,518
Trade Receivables	7	140,356,238	121,079,030
Other assets		24,357,734	15,822,146
Cash and cash equivalents	8	135,858,888	81,970,397
Prepayments	9	8,030,713	7,117,566
Total Current Assets		**382,833,158**	**279,047,657**
TOTAL ASSETS		**1,417,602,227**	**1,183,493,863**
LIABILITIES & SHAREHOLDER'S EQUITY			
Non-Current Liabilities			
Lease liability	13,14	149,685,246	147,097,180
Other long term debt		7,546,394	18,119,743
Interest-bearing loans and borrowings	14	440,840,484	414,696,592
Deferred tax liability	26	23,559,617	20,345,799
Total Non-Current Liabilities		**621,631,741**	**600,259,314**
Current Liabilities			
Trade and other payables	10	224,242,318	151,690,134
Overdraft	14	25,493,223	27,127,907
Current portion of lease liability	13,14	52,586,827	41,166,069
Current portion of interest-bearing loans and borrowings	14	58,455,422	46,436,217
Current tax liabilities	26	1,467,625	5,467,450
Provisions	12	7,992,337	7,209,494
Other non-financial liabilities	11	44,328,176	35,230,733
Total Current Liabilities		**414,565,928**	**314,328,004**
TOTAL LIABILITIES		**1,036,197,669**	**914,587,318**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	15	82,395,091	82,027,012
Treasury shares		(4,015,977)	(666,624)
Reserves	17	137,335,499	124,211,557
Retained earnings		122,394,796	35,701,579
Equity attributable to owners of the Group		**338,109,409**	**241,273,524**
Non-controlling interests	18	43,295,149	27,633,021
TOTAL EQUITY		**381,404,558**	**268,906,545**
TOTAL LIABILITIES AND EQUITY		**1,417,602,227**	**1,183,493,863**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

	Note	2021	2020
		12 months ended December 31,	
Revenue from contracts with customers	19	1,427,218,373	1,077,448,351
Other operating revenues	20	10,362,989	9,274,762
Operating Income		**1,437,581,362**	**1,086,723,113**
Consumable materials and repair materials		(234,425,408)	(189,975,286)
Third party expenses	21	(380,388,868)	(281,469,012)
Salary and related expenses	23	(333,837,004)	(277,035,208)
Social contributions	23	(12,214,486)	(10,767,730)
Depreciation and amortization	5,13	(113,760,199)	(102,897,388)
Impairment losses and gains (including reversals of impairment losses)	7	(5,269,269)	(10,888,049)
Commodities expenses	2	(106,225,169)	(35,649,736)
Other operating expenses	22	(79,609,056)	(68,929,576)
Operating expenses		**(1,265,729,459)**	**(977,611,985)**
Operating Profit		**171,851,903**	**109,111,128**
Finance cost	24	(27,451,079)	(23,252,552)
Other financial expenses	24	(8,981,263)	(7,307,417)
Financial result	24	**(36,432,342)**	**(30,559,969)**
Result Before Taxes		**135,419,561**	**78,551,159**
Income tax expense	26	(22,506,352)	(14,787,475)
Net Result		**112,913,209**	**63,763,684**
Owners of the Group		102,613,932	56,702,860
Non-controlling interests	18	10,299,277	7,060,824
Earnings per share			
Basic and diluted earnings per share	16	0.77	0.43
Other comprehensive income items that will not be reclassified to profit or loss			
TOTAL OTHER COMPREHENSIVE INCOME		-	-
Total other comprehensive income attributable to:			
Owners of the Group		-	-
Non-controlling interests		-	-
TOTAL COMPREHENSIVE INCOME		**112,913,209**	**63,763,684**
Total comprehensive income attributable to:			
Owners of the Group		102,613,932	56,702,860
Non-controlling interests	18	10,299,277	7,060,824

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

	Note	12 months ended December 31, 2021	2020
Net profit before taxes	26	**135,419,561**	**78,551,159**
Adjustments for			
Depreciation and amortization	5,13	113,760,199	102,897,388
Provisions for liabilities and charges	12	782,843	5,460,306
Interest revenue	24	(149,944)	(50,893)
Interest expense	24	27,451,079	23,252,552
Allowance for doubtful debts and receivables written-off	7	5,269,269	10,888,049
Other non-monetary gains	20	(4,464,820)	(3,712,076)
Unrealized exchange loss		9,076,658	7,392,342
Goodwill impairment	4	-	90,706
Operating cash flow before working capital changes		**287,144,845**	**224,769,533**
Decrease / (increase) in accounts receivable		(6,506,380)	(35,539,764)
Decrease / (increase) in inventories		(5,902,852)	(9,968,002)
Decrease / (increase) in prepayments		(863,594)	1,018,264
Increase / (decrease) in accounts payable		8,752,697	(19,743,767)
Cash generated from working capital changes		**(4,520,129)**	**(64,233,269)**
Cash generated from operations		**282,624,716**	**160,536,264**
Income Tax Paid		(26,557,162)	(9,716,112)
Interest Paid		(28,820,100)	(22,207,210)
Interest received		149,944	50,893
Net cash from operating activities		**227,397,398**	**128,663,835**
Acquisition of subsidiaries, net of cash acquired	4,27	(52,504,735)	(23,769,813)
Additional participation interest acquired	4,27	(1,661,990)	-
Purchase of intangible assets	5	(5,385,050)	(5,962,689)
Purchase of property, plant and equipment	5	(91,525,535)	(83,116,171)
Net cash used in investing activities		**(151,077,310)**	**(112,848,673)**
Proceeds from loans	14	84,203,084	101,692,813
Payment of loans	14	(56,241,155)	(25,118,546)
Lease payments		(46,653,956)	(43,857,062)
Dividends paid to NCI	18	(70,000)	(701,987)
Payments for purchase of treasury shares		(3,669,570)	(3,548,879)
Net cash from/(used in) financing activities		**(22,431,597)**	**28,466,339**
Net change in cash and cash equivalents		**53,888,491**	**44,281,501**
Cash and cash equivalents beginning of the period		81,970,397	37,688,896
Cash and cash equivalents end of the period	8	**135,858,888**	**81,970,397**

Mihail Marcu,
CEO

Adrian Lungu,
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 parent	Non-controlling interests	Total Equity
Balance as at December 31, 2020	**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	-	-	-	4,129,505	-	(4,129,505)	-	-	-
Recognition of legal reserves	-	-	-	8,994,437	-	(8,994,437)	-	-	-
Additional NCI 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 between fair value and cost of own shares when the exchange was made (Note 15)	-	-	368,080	-	-	-	368,080	-	368,080
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**102,613,933**	**102,613,933**	**10,299,277**	**112,913,209**
Profit of the year	-	-	-	-	-	102,613,933	102,613,933	10,299,277	112,913,209
Balance as at December 31, 2021	**33,217,623**	**(4,015,977)**	**49,177,468**	**41,850,759**	**95,484,740**	**122,394,796**	**338,109,410**	**43,295,149**	**381,404,558**

Mihail Marcu,
CEO

Adrian Lungu,
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 parent	Non-controlling interests	Total Equity
Balance as at 1 January 2020	**5,536,271**	**(2,699,804)**	**75,959,199**	**13,406,769**	**95,302,534**	**(3,356,485)**	**184,148,483**	**22,750,118**	**206,898,601**
Recognition of other reserves for fiscal purposes	-	-	-	661,005	-	(661,005)	-	-	-
Recognition of other reserves	-	-	-	14,659,044	182,206	(14,659,044)	182,206	-	182,206
Increase in share capital through incorporation of reserves	27,681,352	-	(27,681,352)	-	-	-	-	-	-
Subsequent acquisition of NCI	-	-	-	-	-	(2,324,748)	(2,324,748)	(1,475,933)	(3,800,681)
Distribution of dividends	-	-	-	-	-	-	-	(701,987)	(701,987)
Net release of own shares used for acquiring additional NCI	-	2,033,180	-	-	-	-	2,033,180	-	2,033,180
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made	-	-	531,542	-	-	-	531,542	-	531,542
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**56,702,860**	**56,702,860**	**7,060,824**	**63,763,684**
Profit of the year	-	-	-	-	-	56,702,860	56,702,860	7,060,824	63,763,684
Balance as at December 31, 2020	**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**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

1. DESCRIPTION OF THE BUSINESS

Med Life S.A. ("Med Life" or the "Parent Company" 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 through medical centres located in Bucharest, Brasov, Cluj, Braila, Sibiu, Timisoara, Iasi, Galati and Constanta.

Med Life and its subsidiaries (collectively, "the Group" or "Medlife") is offering a large range of medical service having opened 32 Hyperclinics in Bucharest, Timisoara, Brasov, Arad, Iasi, Galati, Craiova, Braila, Sibiu, Cluj, Constanta and Oradea, 48 Clinics, 11 hospitals – located in Bucharest, Sibiu, Arad, Brasov and Cluj, 34 Laboratories, 22 Pharmacies and 17 Dental Clinics. The Group has also more than 170 private Clinic partners around Romania.

Medlife is one of the largest providers of medical services 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.

In accordance with the provisions of the Law no. 129/2019, the Group has identified two ultimate groups of controlling parties:

A. The Marcu family:
- Mr. Mihail Marcu, considering his quality of shareholder of the company, which holds a percentage of 15.4679% of its share capital;
- Mr. Nicolae Marcu, considering its quality of shareholder of the company, which holds a percentage of 10.5625% of its share capital;
- Mrs. Mihaela Gabriela Cristescu, considering its quality of shareholder of the company, which holds a percentage of 14.0443% of its share capital.

Considering the family relations between them, Mr. Mihail Marcu and Mr. Nicolae Marcu being the sons of Mrs. Mihaela Gabriela Cristescu and the fact that they hold together a percentage of over 25% of the total share capital of the company: therefore, to pursue the purpose of the law, even if it refers to the individual, the expression of the law does not exclude the hypothesis of individuals acting together, insofar as it is determined that they control the company together and are the ultimate beneficiaries of its activity.

B. Board of Directors:
- Mr. Mihail Marcu, considering his quality of General Manager and President and Member of the Board of Directors of the company;
- Mr. Nicolae Marcu, considering his quality of Member in the Board of Directors of the company;
- Mr. Dorin Preda, considering his quality of Member in the Board of Directors of the company;
- Mr. Dumitru-Pelinescu Onciul, considering his quality of Member in the Board of Directors of the company;
- Mrs. Ana Maria Mihaescu, considering its quality of Member in the Board of Directors of the company;
- Mr. Ovidiu Fer, considering its quality of Member in the Board of Directors of the company;
- Mr. Voicu Cheta, considering its quality of Member in the Board of Directors of the company.

In this case, the person who ensures the administration of the company has been identified, taking into accountt both the provisions of Law no. 129/2019, as well as the instructions issued by the Trade Register regarding the registration of the real beneficiary, which indicates the holding of a percentage of 25% + 1 of the number of shares as a unit and does not mention the concerted action or the control held together with another person, in the idea that, in the end, the interest is to identify that the person (if any) who controls the company by his own will (ie without having to align his interests with another person).

The interpretation of the phrase of indirect exercise of the property right refers to the chain holdings and not the situation in which several persons act in concert. Therefore, under this interpretation of the law, the real beneficiary would be the persons who ensure the management of the company, who, in this case, are the persons identified in point B.1. - B.7.

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

List of the entities part of Med Life Group as at December 31, 2021 and January 1, 2021 are as follows (ownership percentage):

No.	Entity	Main activity	Location	December, 31 2021	January, 1 2021
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83.01%	83.01%
2	Medapt SRL (indirect)**	Medical Services	Brasov, Romania	83.01%	83.01%
3	Histo SRL (indirect)**	Medical Services	Brasov, Romania	49.81%	49.81%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)**	Medical Services	Sfantu Gheorghe, Romania	66.41%	66.41%
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	Bucharest, Romania	73%	73%
10	Genesys Medical Clinic SRL (indirect)**	Medical Services	Bucharest, Romania	73%	73%
11	Bactro SRL (indirect)**	Medical Services	Deva, Romania	73%	73%
12	Transilvania Imagistica SA (indirect)**	Medical Services	Oradea, Romania	73%	73%
13	Biofarm Farmec SRL (indirect)**	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
14	RUR Medical SA (indirect)**	Medical Services	Bucharest, Romania	83.01%	83.01%
15	Biotest Med SRL	Medical Services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical Services	Bucharest, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	90%
18	Ultratest SA (direct si indirect)**	Medical Services	Craiova, Romania	76%	76%
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%	31%
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%	90%
29	Almina Trading SA	Medical Services	Targoviste, Romania	80%	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	Budapest, Hungary	51%	51%
39	RMC Medical (indirect)**	Medical Services	Budapest, Hungary	51%	51%
40	RMC Medlife	Holding	Budapest, Hungary	51%	51%
41	Badea Medical SRL	Medical Services	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SA	Medical Services	Bucharest, Romania	75%	75%

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No.	Entity	Main activity	Location	December, 31 2021	January, 1 2021
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	Medical Services	Bacau, Romania	100%	100%
50	Centrul Medical Matei Basarab SRL (indirect)**	Medical Services	Bucharest, Romania	100%	0%
51	Pharmachem Distributie SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	75%	0%
52	CED Pharma SRL (indirect)**	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	0%
53	Leti Pharm 2000 SRL (indirect)**	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	0%
54	Monix Pharm SRL (indirect)**	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	0%
55	KronDent SRL (indirect)**	Dental healthcare	Brasov, Romania	36%	0%
56	Medica SA	Medical Services	Sibiu, Romania	60%	0%
57	Dent Estet Ploiesti SRL (indirect)**	Dental healthcare	Ploiesti, Romania	30.6%	0.0%
58	The Lab Stomestet SRL (indirect)**	Dental healthcare	Cluj, Romania	36%	0%
59	Stomestet SRL (indirect)**	Dental healthcare	Cluj, Romania	36%	0%
60	Stomestet Plus SRL (indirect)**	Dental healthcare	Cluj, Romania	36%	0%
61	Costea Digital Dental SRL (indirect)**	Dental healthcare	Oradea, Romania	36%	0%
62	Expert Med Centrul Medical Irina (indirect)*	Medical Services	Galati, Romania	76%	0%
63	Neolife Medical Center Romania*	Medical Services	Bucharest, Romania	50%	0%

** The acquisitions of these companies will be finalized in 2022 and will be consolidated starting with 2022.*
***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.*

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

2.1 Changes in accounting policies and adoption of revised/amended IFRS

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2021:

- **Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)**
  In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods. The amendments had no material impact on the financial statements of the Group.
- **Change in presentation of expenditure**
  Starting with 2021, expenses related to commodities are reported on a separate line in the Consolidated Statement of comprehensive income, as opposed to 2020, when they were presented under "Other operating expenses".
  As the business related to sale of merchandise gradually increased in the Group, following acquisitions of new entities that operate in this field, the Group considers that presenting such expenditure on a separate line provides better

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

information to the users of financial statements. The values reported in the previous year were presented separately, taking into account the new structure.
The change in presentation has no effect on operating profit.

SEPARATE PRESENTATION IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2020 (audited)	Reclassification	2020 (new presentation)
Commodities expenses	-	(35,649,736)	(35,649,736)
Other operating expenses	(104,579,312)	35,649,736	(68,929,576)
TOTAL	**(104,579,312)**	**-**	**(104,579,312)**

2.2 New standards and amendments to the existing standards issued but not yet effective and not early adopted

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at 31 December 2021:

- **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.
- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
  The amendments were initially effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.
  In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period. Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Board has also proposed to delay the effective date of the 2020 amendments accordingly, such that entities will not be required to change current practice before the proposed amendments come into effect. These Amendments, including ED proposals, have not yet been endorsed by the EU.
- **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 Conceptual Framework for Financial Reporting without 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 amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize 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.
  - **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.
- **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. The Amendments have not yet been endorsed by the EU.

- **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. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Amendments have not yet been endorsed by the EU.
- **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. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The 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.

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 2020, except for the adoption of new standards effective as of January 1st 2021.

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 2022 across all divisions has been in line with the modelled scenarios.

In addition, due to the proactive response taken by the Group to improve its liquidity position, since the beginning of the pandemic crisis, the cashflows of the Group have remained stable, demonstrating the financial discipline across the Group and the conservative approach taken when modelling scenarios. Cash and available facilities have remained strong at RON 135.9m at year-end, compared to RON 81.9m at 31 December 2020.

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.

For the covenant testing periods ending June 2022 and December 2022, the Board of Directors are confident that the Group has sufficient headroom to stay within the covenants levels, with the mitigations available (which would include management of working capital and constrained levels of capital investment), even in its severe but plausible downside scenarios.

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.

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 4.

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.

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.

Impairment of non-financial assets
Please refer to Note 5.

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 2019. The valuations conform to International Valuation Standards. As at 31 December 2021, the management has not identified any indication that would conclude the need of revaluating its land and buildings for any impairment.

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 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 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 contract assets
The Group always recognises lifetime expected credit losses (ECL) for trade receivables and contract assets. 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 2 years. More details on the assumptions, scenarios used and the weights assigned to each scenario can be found in Note 7 dedicated to receivables.

The incorporation of forward-looking elements reflects the expectations of the Group and involves the creation of scenarios, including an assessment of the probabilities of materialization of each scenario. Please see note 7.

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.

Provision for untaken holidays
In order to mitigate the effects generated by COVID 19, the Group took a series of measures to protect the business and address potential liquidity management risks by applying a series of cost cutting measures in relation to personnel costs and enrolled a significant number of its personnel into technical unemployment procedures. As a side effect, but also generated by the long period of lock down measures applied by the Romanian government the demand for vacation leaves has decreased significantly within the Group during 2020 and later on, in 2021. The amount of the obligation was therefore determined to be equal to the number of unused leave multiplied by the relevant employee's gross salary at the reporting date. Please see note 12.

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

3.7 Foreign currency and translation

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

The exchange rates as announced by the National Bank of Romania on December 31, 2021 were RON 4.9481 for EUR 1 (December 31, 2020: RON 4.8694 for EUR 1), respectively 1.3391 for HUF 100 (December 31, 2020: RON 1.3356 for 100 HUF).
The average exchange rates for the period of 12 months 2021 were 4.9208 RON for 1 EUR (12 months 2020: 4.8276 RON for 1 EUR), respectively 1.3730 RON for 100 HUF (12 months 2020: 1.3777 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
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, 2019 by independent valuators certified by ANEVAR. The revaluation is performed with sufficient frequency as to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Expenses for repairs and maintenance are recognized in the profit or loss account when incurred. 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. The land is not depreciated.

Installations and equipment are 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.
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
Plant and equipment	3 – 15 years
Fixtures and fittings	3 – 15 years

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).

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.

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.

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 five 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 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 and contract assets, 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 90 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.

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.

During the pandemic, the Group observed that the medical crisis has determined a slowdown in collection of its receivables as a result of the working capital challenges encountered by its clients.
In order to counter this risk, the management decided to apply a prudent approach to future cashflows an recognized an additional allowance for bad and doubtful debts.

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, 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 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, 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 80 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, 2020, there were 16 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 700,000 HPPs patients from over 5,000 different companies.

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.

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.

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 hyperclinics; (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 material 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. For further details on disaggregation of revenue streams, please refer to Note 3.20 Revenue from contracts with customers.
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 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 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 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 3%) 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 other business line (i.e. sale of goods such as sale of pharmaceutical products and distribution of generic medicine), which is further included in the business line named "other", does 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 (please see Note 19 - Revenue from contracts with customers).

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, 2021 and December 31, 2020 (carrying amount):

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

	December 31, 2021	January 1, 2021
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	-
Centrul Medical Matei Basarab SRL	600,271	-
Medica SA	1,961,763	-
Group CED Pharma (including Monix si Leti)	16,773,526	-
Pharmachem Distributie SRL	10,763,546	-
Group Stomestet	11,560,195	-
Costea Digital Dental SRL	1,121,170	-
Other	1,929,308	1,929,308
TOTAL	**199,679,613**	**147,256,824**

Movement in Goodwill

	December 31, 2021	January 1, 2021
Balance at the beginning of the year	147,256,824	96,007,730
Goodwill recognized during the year	52,422,789	51,339,800
Impairment	-	(90,706)
TOTAL	**199,679,613**	**147,256,824**

During the year ended December 31, 2021, the Group obtained control over various companies and recorded a goodwill of RON 52,422,789. For further details on business combinations acquired during the year ended December 31, 2021 and the year ended December 31, 2020, please see Note 27.

Accumulated impairment over Goodwill amounts to RON 313,506 as of 31 December 2021 (RON 313,506 as of 31 December 2020).

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. 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, at each individual level. No impaired goodwill was identified in this context.

The recoverable amount is based on fair value less cost of disposal (FVLCOD) of the underlying assets. There are 28 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 2022 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, but also the particular circumstances of the COVID-19- pandemic.

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 8.6% and 12%, depending on the specific risks associated with each CGU.

Estimates of future cash flow management are based on the most recent 6-year forecasts (2022-2027).

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, an increase in WACC of 2 percent would give rise to a reduction in the Group-wide surplus with 29%.

A decrease in the operating margin of 20 percent would give rise to a reduction in the Group-wide surplus with 29%. A decrease with 1 percentage point in the perpetual growth rate would give rise to a reduction in the Group-wide surplus with 11%.

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, 2021 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*					
	Intangibles	**Land**	**Construction**	**Vehicles and equipment**	**Construction in progress**	**Total fixed assets**	**Total**
1 January 2021	**103,865,851**	**31,842,685**	**388,333,790**	**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	-	-	12,550,491	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**	**411,603,528**	**507,344,820**	**35,060,845**	**985,851,878**	**1,116,997,676**

	Intangibles	**Land**	**Construction**	**Vehicles and equipment**	**Construction in progress**	**Total fixed assets**	**Total**
Depreciation							
1 January 2021	**57,110,173**	**84,120**	**97,484,283**	**307,113,355**	**-**	**404,681,758**	**461,791,932**
Charge of the year	13,506,944	-	14,410,030	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**	**111,712,607**	**321,848,538**	**-**	**433,645,265**	**504,234,408**
Net Book Value							
1 January 2021	**46,755,678**	**31,758,565**	**290,849,507**	**189,057,193**	**24,007,225**	**535,672,490**	**582,428,168**
31 December 2021	**60,556,655**	**31,758,565**	**299,890,922**	**185,496,281**	**35,060,845**	**552,206,613**	**612,763,268**

The amortization of intangible assets is presented in the line depreciation and amortization in the statement of profit or loss.
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. 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 30,895,333.
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.

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

As of December 31, 2020 the Group's tangible and intangible assets' structure was the following:

	Intangible assets	*Property, plant and equipment*					
	Intangibles	**Land**	**Construction**	**Vehicles and equipment**	**Construction in progress**	**Total Property, plant and equipment**	**TOTAL**
1 January 2020	**90,407,188**	**29,353,962**	**348,065,764**	**437,799,343**	**19,940,484**	**835,159,553**	**925,566,742**
Additions	9,702,862	-	37,503,262	32,072,444	10,625,075	*80,200,780*	89,903,642
Transfers	-	-	3,196,963	1,662,301	(4,859,264)	-	-
Disposals	(17,296)	-	(4,055)	(7,204,313)	(1,699,070)	*(8,907,438)*	(8,924,735)
Additions from business combinations	3,773,097	2,338,215	71,691	31,309,240	-	*33,719,147*	37,492,243
Revaluation	-	150,508	(499,835)	531,533	-	*182,206*	182,206
31 December 2020	**103,865,851**	**31,842,685**	**388,333,790**	**496,170,548**	**24,007,225**	***940,354,248***	**1,044,220,099**

	Intangibles	**Land**	**Construction**	**Vehicles and equipment**	**Construction in progress**	**Total Property, plant and equipment**	**TOTAL**
Depreciation							
1 January 2020	**47,131,621**	**84,120**	**83,514,570**	**260,409,202**	-	***344,007,893***	**391,139,513**
Charge of the year	9,963,555	-	13,898,022	42,371,980	-	*56,270,002*	66,233,557
Disposals	(9,573)	-	-	(7,746,206)	-	*(7,746,206)*	(7,755,779)
Additions from business combinations	24,571	-	71,691	12,078,379	-	*12,150,070*	12,174,641
31 December 2020	**57,110,173**	**84,120**	**97,484,283**	**307,113,355**	-	***404,681,759***	**461,791,932**
Net Book Value							
1 January 2020	**43,275,568**	**29,269,842**	**264,551,193**	**177,390,141**	**19,940,484**	***491,151,661***	**534,427,228**
31 December 2020	**46,755,678**	**31,758,565**	**290,849,507**	**189,057,193**	**24,007,225**	***535,672,490***	**582,428,167**

(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 2019 were performed by independent valuers not related to the Group. They are certified by ANEVAR and have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

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	December 31, 2021	January 1, 2021
Land	4,705,086	4,705,086
Buildings	253,279,553	242,378,598
TOTAL	**257,984,639**	**247,083,684**

During 2021, there were no indicators of impairment, therefore no impairment testing was performed specifically on property, plant and equipment. Part of these items 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, 2021	January 1, 2021
Customer lists	12,583,524	6,022,310
Contract advantage	4,110,233	4,992,463
Trademark	30,106,819	21,713,819
Concessions, patents, licenses, trademarks and similar rights and assets and other intangible assets	15,666,226	14,027,086
TOTAL	**62,466,801**	**46,755,678**

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 is made 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.
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
Total	**13,992,120**	**5,210,799**	**30,106,819**	**49,309,738**

The fair value of intangible assets was measured using level 3 fair value measurements.
In 2021, for trademarks measurement, the royalty relief valuation technique was used, with the following inputs: i) Royalty Rate between 0.5% and 1% and ii) Capitalization Rate between 8.7% and 14.4%.
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 5.5% and 12% and a discount rate which reflects the specific risks of the intangible asset of 12%.

5.4. OTHER FINANCIAL ASSETS

Carrying amount	December 31, 2021	January 1, 2021
Long-term receivables for stem cells processing	30,220,311	20,894,194
Other receivables	1,390,275	7,045,828
TOTAL	**31,610,586**	**27,940,022**

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

6. INVENTORIES

	December 31, 2021	January 1, 2021
Consumables	30,688,305	30,365,966
Materials in the form of inventory items	658,855	634,230
Merchandise	42,879,249	22,057,554
Inventory in transit	3,176	768
TOTAL	**74,229,585**	**53,058,518**

The cost of inventories recognised as an expense includes RON 827,296 (2020: RON 498,518) in respect of write-downs of inventory to net realisable value.

7. TRADE RECEIVABLES

	December 31, 2021	January 1, 2021
Customers	158,827,295	126,765,253
Accrued income	14,817,862	14,474,781
Advances to suppliers	-	6,968,448
Allowance for doubtful receivables	(33,288,919)	(27,129,452)
TOTAL	**140,356,238**	**121,079,030**

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.

December 31, 2021	Individually assessed	Collectively assessed	Total
Customers	57,234,029	101,593,265	158,827,295
Accrued income	14,817,862	-	14,817,862
Advances to suppliers	-	-	-
Allowance for doubtful receivables	(10,732,439)	(22,556,481)	(33,288,919)
Total	**61,319,453**	**79,036,784**	**140,356,238**

January 1, 2021	Individually assessed	Collectively assessed	Total
Customers	67,350,222	59,415,031	126,765,253
Accrued income	14,474,781	-	14,474,781
Advances to suppliers	6,968,448	-	6,968,448
Allowance for doubtful receivables	(8,740,410)	(18,389,042)	(27,129,452)
Total	**80,053,042**	**41,025,989**	**121,079,030**

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, in accrued income, in 2020 and 2021, 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 commenced court proceedings 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. Remaining amounts recorded in accrued income represent services rendered, for which the invoices were not yet issued as at year end.

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

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 the next 2 years. The incorporation of forward-looking elements reflects the Groups expectations and involves the creation of scenarios (baseline, optimistic, pessimistic), including an assessment of the probability of materialization of each scenario. The applied macroeconomic scenarios were modified compared to those used in 2020 to reflect the worsening macroeconomic outlook amid the COVID-19 pandemic.

The scenarios used were: the baseline scenario, the optimistic scenario and the pessimistic scenario. The scenario coefficients are determined based on the management's expectations, taking into account the possible representative results for each scenario. GDP (Gross Domestic Product) was used as a macroeconomic factor considered statistically relevant for the analysed trade receivables.

	Base case	Pessimistic	Optimistic
Weight	25%	60%	15%

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

December 31, 2021	**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**	**1,447,292**	**1,640,287**	**9,843,831**	**79,036,784**

January 1, 2021	**Current**	**<30 days**	**< 90 days**	**<180 days**	**<365 days**	**>365 days**	**Total**
Expected credit loss rate	0.7%	21.9%	28.9%	36.4%	42.9%	62.7%	
Gross carying amount	27,064,207	1,877,231	1,676,899	1,196,388	2,153,123	25,447,182	59,415,031
Loss allowance	**179,667**	**410,962**	**484,756**	**435,646**	**924,499**	**15,953,511**	**18,389,042**

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

	2021	**2020**
As at 1 January	**27,129,452**	**16,241,403**
Business combinations	890,199	-
Recognised in income statement	5,269,269	10,888,049
Amounts written off	-	-
As at 31 December	**33,288,919**	**27,129,452**

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

8. CASH AND BANKS

	December 31, 2021	**January 1, 2021**
Cash in bank	130,733,309	78,177,086
Cash in hand	2,367,682	2,230,022
Cash equivalents	2,757,898	1,563,289
TOTAL	**135,858,888**	**81,970,397**

Maternal vouchers are part of a financial support program granted to pregnant women in Bucharest, by the Capital City Hall. The Group has reclassified them from Cash equivalents to Other receivables starting with 2021 (31 December 2020: Financial assets) due to the fact that their convertibility in cash exceeds more than three months. The amount reclassified in 2021 was RON 1,000,773 (31 December 2020: RON 1,004,612).

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

9. PREPAYMENTS

As of December 31, 2021 the Group has prepayments in amount of RON 8,030,713 (RON 7,117,566 as of December 31, 2020). The prepayments balance as of December 31, 2021 and December 31, 2020 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.

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

10. TRADE AND OTHER PAYABLES

	December 31, 2021	January 1, 2021
Suppliers	197,070,870	132,306,159
Fixed assets suppliers	22,723,765	15,573,776
Advances paid by customers (contract liabilities)	4,447,683	3,810,199
TOTAL	**224,242,318**	**151,690,134**

The balance of the suppliers account consists of debts for the acquisition of reagents, laboratory equipment, office equipment, stationery, cleaning products and food.

11. OTHER LIABILITIES

	December 31, 2021	January 1, 2021
Salary and related liabilities (incl. contributions)	17,305,119	14,322,373
Other liabilities	27,023,056	20,908,360
TOTAL	**44,328,176**	**35,230,733**

Other liabilities include the current portion of government grants of RON 2,020,718, 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 10,604,820, which refers mainly to future income in relation with National Health Programme, in which the Group is involved.

12. PROVISIONS

	December 31, 2021	January 1, 2021
Carrying amount at start of year	7,209,494	1,749,188
Acquired through business combination	-	-
Additional provision charged to plant and equipment	-	-
Charged/(credited) to profit or loss		
- additional provisions recognised	2,803,850	7,307,889
- unused amounts reversed	(36,173)	(403,364)
Amounts used during the year	(1,984,834)	(1,444,219)
Carrying amount at end of year	**7,992,337**	**7,209,494**

Provisions booked as of 31 December 2021 and 31 December 2020 refer mainly to provisions related to untaken holidays, which covers above 95% from total balance.

13. LEASES

Leasing facilities refer to buildings, vehicles and medical equipment.

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

Amounts recognised in the balance sheet

Right-of-use asset	Buildings	Vehicles	Equipment	Total
Cost				
Value at 1 January 2021	**189,613,192**	**14,900,625**	**4,911,465**	**209,425,283**
Additions	32,927,345	3,340,952	202,476	**36,470,773**
Business combinations	16,796,409	-	-	**16,796,409**
Reclassifications during the year	-	2,428,373	47,466,067	**49,894,439**
Disposals	(3,950,353)	-	-	**(3,950,353)**
Value at 31 December 2021	**235,386,593**	**20,669,950**	**52,580,007**	**308,636,550**
Accumulated depreciation				
Value at 1 January 2021	**58,225,226**	**2,368,434**	**2,010,428**	**62,604,088**
Charge for the year	35,281,617	4,363,473	5,660,951	**45,306,040**
Reclassifications during the year	-	1,010,072	11,382,373	**12,392,445**
Disposals	(2,373,259)	(8,366)	-	**(2,381,625)**
Value at 31 December 2021	**91,133,584**	**7,733,613**	**19,053,751**	**117,920,949**
Carrying amount				
At 1 January 2021	**131,387,966**	**12,532,191**	**2,901,038**	**146,821,194**
At 31 December 2021	**144,253,009**	**12,936,337**	**33,526,256**	**190,715,602**

	December 31, 2021	January 1, 2021
Non-current - Lease Liabilities	149,685,246	147,097,180
Current portion – Lease Liabilities	52,586,827	41,166,069
TOTAL	**202,272,073**	**188,263,249**

Amounts recognised in the balance sheet

Right-of-use asset	Buildings	Vehicles	Equipment	Total
Cost				
Value at 1 January 2020 *restated	**151,681,960**	**2,714,495**	**10,858,702**	**165,255,157**
Additions	28,608,208	12,295,328	1,663,734	**42,567,271**
Business combinations	13,594,917	-	-	**13,594,917**
Disposals	(4,271,893)	(109,198)	(7,610,972)	**(11,992,062)**
Value at 31 December 2020	**189,613,192**	**14,900,625**	**4,911,465**	**209,425,283**
Accumulated depreciation				
Value at 1 January 2020 *restated	**27,741,931**	**843,553**	**3,500,379**	**32,085,864**
Charge for the year	32,912,995	1,634,078	2,116,758	**36,663,831**
Disposals	(2,429,700)	(109,198)	(3,606,710)	**(6,145,607)**
Value at 31 December 2020	**58,225,226**	**2,368,434**	**2,010,428**	**62,604,088**
Carrying amount				
At 1 January 2020*restated	**123,940,029**	**1,870,942**	**7,358,323**	**133,169,294**
At 31 December 2020	**131,387,966**	**12,532,191**	**2,901,038**	**146,821,194**

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

	December 31, 2021	January 1, 2021
Depreciation charge of right-of-use assets	45,306,040	36,663,831
Interest expense on lease liabilities for rent contracts that fall under IFRS 16 (included in finance cost)	6,390,308	5,584,132
Covid (Gain) Foregiveness amount	-	(2,344,386)
PL (Gain) from contracts terminated earlier	70,621	(319,382)
Foreign exchange loss for rent contracts that fall under IFRS 16 in relation with Lease Liabilities	2,860,234	2,546,808
Expense relating to short-term leases (included in rent expenses)	715,761	709,563
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rent expenses)	1,076,996	5,810,597
Other categories	5,905,722	-

The total cash outflow for leases amount to RON 53,044,264 (2020: RON 49,441,194) for contracts that fall under IFRS 16 (which refer to rental of buildings, vehicles and equipment), out of which RON 46,653,956 refer to payments of principal and RON 6,390,308 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.

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

14. NET FINANCIAL DEBT

	December 31, 2021	January 1, 2021
Current portion of interest-bearing loans and borrowings	83,948,645	73,564,124
Non-current portion of Interest-bearing loans and borrowings	440,840,484	414,696,592
TOTAL	**524,789,129**	**488,260,716**

	December 31, 2021	January 1, 2021
Cash and cash equivalents	135,858,888	81,970,397
Borrowings (including overdraft)	(524,789,129)	(488,260,716)
Lease liabilities	(202,272,073)	(188,263,249)
Net debt	**(591,202,314)**	**(594,553,567)**
Overdraft	(25,493,223)	(27,127,907)
Current portion of lease liability	(52,586,827)	(41,166,069)
Current portion of long term debt	(58,455,422)	(46,436,217)
Long Term Debt		
Lease liability	(149,685,246)	(147,097,180)
Long term debt	(440,840,484)	(414,696,592)

As at December 31, 2021, the Group's drawn and undrawn financing facilities included the following:

On September 24, 2019 Med Life SA (together with the co-borrowers Policlinica de Rapid Diagnostic SA, Bahtco Invest SA, Accipiens SA, Genesys Medical Clinic SRL, Clinica Polisano SRL, Centrul Medical Sama SA, Dent Estet Clinic SA and Valdi Medica SRL) signed with the Banca Comerciala Romana, Raiffeisen Bank, BRD Groupe Societe Generale and Transilvania Bank a refinancing agreement to the existing facilities, extending the financing period, rearranging the terms and conditions, as well as for an additional credit limit of 28 million euros, which will be in the form of a term facilities, being used by Medlife, along with other liquidities of the Company, for possible new purchasing opportunities in the market. On 15 May 2020, this facility was extended with 20 million euro.

Increases in credit facility during 2021
On 29 April 2021, the Group increased the existing facilities by 40 million euros by signing a syndicated loan in the total amount of approximately 143 million euros. To this increase will be added, as appropriate, other important liquidities of the company. The syndicate of banks which signed the new syndicated loan consists of Banca Comercială Română, as coordinator, mandated lead arranger, documentation agent, facility & security agent and lender, Raiffeisen Bank, BRD Groupe Société Générale and Banca Transilvania, as lead arrangers and lenders. The new funds will be dedicated to consolidating and expanding the group at national level, through the development of regional hospitals, where the patient will benefit from a 360-degree approach both in terms of the complexity of the medical act and the quality of complementary services. The expansion of the medical infrastructure and the M&A program are also a priority, and moreover, the Group will continue intensely its research efforts, aiming to intensify them through new investments during the year.
Also, on 6 December 2021, the Group signed a new increase for the syndicated loan for an additional 50 million euros in order to consolidate its position on the market, funds that will be used to accelerate the acquisition program.

- a guaranteed overdraft facility between Garanti Bank S.A. and Med Life S.A., the amount drawn on December 31, 2021, is of RON 9,896,200;
- an overdraft facility between Unicredit Tiriac Bank and Prima Medical S.R.L., with a maximum credit limit of RON 800,000, drawn in full on December 31, 2021;
- 2 guaranteed loan facilities concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L; the balance outstanding at December 31, 2021 is RON 4,697,029;
- an overdraft facility concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L within 1,500,000 RON; on December 31, 2021 the amount drawn is RON 48,748;
- a guaranteed loan concluded between Bancpost and Med Life Ocupational S.R.L. worth EUR 225,000; the balance outstanding at December 31, 2021 is RON 132,390;
- 1 guaranteed loan contract concluded between Banca Transilvania S.A. and Ghencea Medical Center, the balance outstanding at December 31, 2021 is RON 563,389;

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

- a loan agreement and a guaranteed overdraft facility between CEC Bank S.A. and Clinic Polisano S.R.L., the balance outstanding at December 31, 2021 is RON 30,713,112;
- an overdraft facility between Banca Transilvania S.A. and Onco Team Diagnostic S.A., the balance outstanding at December 31, 2021 is RON 355,757;
- a loan agreement concluded between Banca Transilvania S.A. and Micromedica Roman S.R.L., the balance outstanding at December 31, 2021 is RON 1,471,842;
- two loan agreements concluded between Banca Transilvania S.A. and Centrul Medical Micromedica S.R.L., the balance outstanding at December 31, 2021 is RON 1,619,786;
- a loan agreement concluded between Raiffeisen Bank and Krondent SA, the balance outstanding at December 31, 2021 is RON 168,901;
- three loan agreements concluded between Vista Bank and Ced Pharma SRL, the balance outstanding at December 31, 2021 is RON 2,668,867;
- an overdraft facility concluded between ING Bank and Leti-Pharm 2000 SRL, the balance outstanding at December 31, 2021 is RON 20,000;
- a loan agreement concluded between Banca Transilvania and Dent Estet Ploiesti SRL, the balance outstanding at December 31, 2021 is RON 2,401,862;
- a loan agreement concluded between Banca Transilvania and Stomestet SRL, the balance outstanding at December 31, 2021 is RON 284,094 and an overdraft of RON 120,803.

Company	Bank	Currency	Maturity
Group loan *	Club **	EUR	22-Sep-28
Clinica Polisano SRL	CEC Bank	RON	29-Mar-33
Anima Specialty Medical Services SRL	Garanti Bank	RON	2-Apr-25
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
CED Pharma SRL	Vista Bank	RON	23-Apr-23
CED Pharma SRL	Vista Bank	RON	24-Jun-23
Dent Estet Ploiesti SRL	Banca Transilvania	RON	11-Oct-28
Stomestet SRL	Banca Transilvania	EUR	18-Jun-33

* The companies that are part of the Group loan are: Medlife S.A., Bahtco S.A., Policlinica de Diagnostic Rapid S.R.L., Accipiens S.A.,Centrul Medical Sama S.A.,Genesys Medical Clinic S.R.L., Pharmalife-Med S.R.L., Valdi Medica S.A., Dent Estet Clinic S.A., Prima Medical S.R.L, Clinica Polisano S.R.L.
** The bank union that signs the Club loan consists of the Banca Comerciala Romana, Raiffeisen Bank, BRD Groupe Société Générale and Banca Transilvania.

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

As at 31 December 2021, in relation to the syndicated loan with balance of RON 468.391.291, the Group has pledged the property, plant and equipment with a carrying value of RON 270.374.442. The Group has also pledged cash in a total amount of RON 62.993.608 and pledged receivables of RON 38.907.083 at 31 December 2021.
The Group has pledged shares in relation with the companies he acquired until December 31, 2021 and pledged assets in relation to the other loans presented in Note 14.

As at December 31, 2021 none of the Group members was 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		***Other assets***		
	Borrowings	**Leases**	**Cash**	**Overdraft**	**Total**
Net debt as at 31 December 2020	**(461,132,809)**	**(188,263,249)**	**81,970,397**	**(27,127,907)**	**(594,553,567)**
Cash movements					**-**
Cash flows	(30,404,513)	53,044,264	53,672,473	2,442,585	**78,754,808**
Non-cash movements					
New leases	-	(40,384,662)	-	-	**(40,384,662)**
Foreign exchange adjustments	(5,877,719)	(2,860,234)	216,018	(147,276)	**(8,669,212)**
Business combinations	(3,425,536)	(17,417,884)		(660,625)	**(21,504,045)**
Other changes (non-cash movements)	1,544,671	(6,390,308)	-	-	**(4,845,636)**
					-
Net debt as at 31 December 2021	**(499,295,906)**	**(202,272,073)**	**135,858,888**	**(25,493,223)**	**(591,202,314)**

15. SHARE CAPITAL AND SHARE PREMIUM

The issued share capital in nominal terms consists of 132,870,492 ordinary shares as at 31 December 2021 (31 December 2020: 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. Please refer to Note 16.

	December 31, 2021	**January 1, 2021**
Share capital	33,217,623	33,217,623
Share premium	49,177,468	48,809,389
TOTAL	**82,395,091**	**82,027,012**

During 2021, the Group reacquired own equity instruments (treasury shares) in a total amount of RON 3,669,511 and released shares in total value of RON 320,158, 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 368,079 and was included as an increase on the share premium account.

16. EARNINGS PER SHARE

According to the Decision of the Extraordinary General Meeting of Shareholders of the Company dated 15.12.2020, the Company performed a share split of 5-for-1. The effects of the share split were recorded on 15th February 2021, when the Central Depository allocated to all shareholders registered in the Company's shareholders' register as at 04.01.2021 (Registration Date) 5 newly issued shares for each share held at the registration date.

For the calculation of basic and diluted earnings per share for 2020, the new number of issued ordinary shares was considered: 132.388.206 shares compared with 22.145.082 shares existing before the share split..

In addition, the own shares repurchased by the Company were not treated as outstanding shares for the calculation of basic and diluted earnings per share, and are deducted from the total number of issued ordinary shares.

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

The basic and diluted earnings per share have the same value, due to the fact that there are no elements with a diluting effect on the result.

Basic and diluted earnings per share

	December 31, 2021	January 1, 2021
Total basic and diluted earnings per share attributable to the ordinary equity holders of the company	0.77	0.43

Earnings used in calculating earnings per share:

	December 31, 2021	January 1, 2021
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	102,613,932	56,702,860

Weighted average number of shares used as the denominator

	December 31, 2021	January 1, 2021
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	132,792,071	132,388,206

17. RESERVES

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

	December 31, 2021	January 1, 2021
General reserves (i)	23,440,505	19,311,000
Other reserves (ii)	18,410,254	9,415,817
Revaluation reserves (iii)	95,484,740	95,484,740
TOTAL	**137,335,499**	**124,211,557**
(i), (ii) Legal reserves and other reserves		
Balance at beginning of the year	**28,726,817**	**13,406,768**
Movements	13,123,942	15,320,049
Balance at the end of the year	**41,850,759**	**28,726,817**
(iii) Revaluation reserves		
Balance at beginning of the year	**95,484,740**	**95,302,534**
Decrease arising revaluation correction	-	-
Increase due to revaluation	-	182,206
Deferred tax related to revaluation	-	-
Balance at the end of the year	**95,484,740**	**95,484,740**

On the General reserves account there are legal reserves registered in the amount of RON 8,481,939 (2020: RON 4,352,434).

The properties revaluation reserve arises on the revaluation of land and buildings. 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).

18. NON-CONTROLLING INTEREST

	December 31, 2021	January 1, 2021
Balance at beginning of year	**27,633,022**	**22,750,118**
Share of profit for the year	10,299,277	7,060,824
Non-controlling interests arising on the acquisition of subsidiaries	7,445,708	-
Subsequent acquisition of NCI	(1,865,109)	(1,475,933)
Distribution of dividends	(217,749)	(701,987)
TOTAL	**43,295,149**	**27,633,022**

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

In December, 2020 the Group acquired an additional 5% of the issued shares of Group Arad and in June 2021, an additional 10% of the issued shares of Centrul Medical Panduri and an additional 29% of the issued shares of Dentist 4 Kids SRL for a total consideration of 4,661,882 RON.

Immediately prior to the purchase, the carrying amount of the existing non-controlling interest in Group was 1,865,109 RON. The Group recognised a decrease in non-controlling interests of 1,865,109 RON and a decrease in equity attributable to owners of the parent of 2,796,773 RON. The effect on the equity attributable to the owners of Group during the year is summarised as follows:

	December 31, 2021	January 1, 2021
Carrying amount of non-controlling interests acquired	1,865,109	1,475,933
Consideration paid to non-controlling interests	(4,661,882)	(3,800,678)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(2,796,773)**	**(2,324,745)**

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 2021 Sales	% of Total Sales	12 months 2020 Sales	% of Total Sales	Variation 2021/2020
Clinics	407,035,457	28.5%	307,919,487	28.6%	32.2%
Stomatology	93,204,531	6.5%	61,363,524	5.7%	51.9%
Hospitals	317,305,322	22.2%	251,943,388	23.4%	25.9%
Laboratories	257,907,412	18.1%	198,519,202	18.4%	29.9%
Corporate	206,070,519	14.4%	198,530,858	18.4%	3.8%
Pharmacies	59,949,420	4.2%	44,405,803	4.1%	35.0%
Others	85,745,712	6.0%	14,766,089	1.4%	480.7%
TOTAL SALES	**1,427,218,373**	**100.0%**	**1,077,448,351**	**100%**	**32.5%**

The Group has only 18% of its sales during 2021 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, with total revenue of RON 1,281,523,241 in 2021.

The Group obtains revenues from goods mainly from Pharmacies and Others business lines, while the other business lines generate mainly revenues from services. The revenues of the group are generated on the Romanian market ,with only 3% 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 2021. The increase of revenue under the business line Others is due to the acquisition of Pharmachem in 2021.

20. OTHER OPERATING REVENUES

	12 months 2021	12 months 2020
Other operating revenues	3,199,337	2,800,978
Income from operating grants	2,628,211	2,749,803
Capitalized cost of intangible assets	4,535,441	3,723,981
TOTAL	**10,362,989**	**9,274,762**

21. THIRD PARTY EXPENSES

	12 months 2021	12 months 2020
Medical services	337,603,069	247,337,240
Financial services	4,805,573	3,313,181
Cleaning and laundry	4,798,636	4,538,906
Legal services	3,823,202	3,542,849
Other services	3,762,967	2,134,203
Waste collection and sanitation	3,193,840	2,567,187
Security and safety	2,634,494	1,933,484
IT services	2,265,737	1,621,933
Logistics and telecommunications services	1,118,708	479,988
Accreditations and authorizations	751,668	411,042
Storage and archiving services	721,578	419,179
Others	14,909,396	13,169,821
TOTAL	**380,388,868**	**281,469,012**

Around 80% of total Third party expenses incurred during 2021 and 2020 refer to collaboration contracts concluded with doctors.

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

22. OTHER OPERATING EXPENSES

	12 months 2021	12 months 2020
Utilities	15,441,386	12,634,324
Repairs maintenance	14,703,501	11,549,854
Rent	7,698,479	6,520,160
Insurance premiums	3,651,389	3,002,708
Promotion expense	15,138,844	13,508,044
Communications	4,907,836	4,236,791
Other administration and operating expenses	18,067,621	17,477,695
TOTAL	**79,609,056**	**68,929,576**

Please refer to Note 2.1 for further details on reclassification of commodities expenditure starting with 2021.

23. KEY MANAGEMENT PERSONNEL EXPENSES

The structure of Med Life personnel is described below:

	December 31, 2021	January 1, 2021
Management	196	155
Staff	4,897	4,503
Total	**5,093**	**4,658**

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

	December 31, 2021	January 1, 2021
Management	41,295,641	33,400,743
Staff	304,755,849	254,402,195
Total	**346,051,490**	**287,802,938**

24. NET FINANCIAL RESULT

	12 months 2021	12 months 2020
(Loss)/Gain from foreign exchange rate impact	(9,166,155)	(9,943,800)
Finance cost	(27,451,079)	(23,252,551)
Other income	34,949	2,585,489
Interest income	149,944	50,893
FINANCIAL NET PROFIT/(LOSS)	**(36,432,342)**	**(30,559,969)**

25. RELATED PARTIES

(a) Main shareholders

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**

As of December 31, 2020, the shareholders' structure of Med Life SA is as presented below:

	Number of shares	%	Value
Legal entities	71,455,241	53.78%	17,863,810
Marcu Mihail	21,557,520	16.22%	5,389,380
Cristescu Mihaela Gabriela	18,660,690	14.04%	4,665,173
Marcu Nicolae	14,204,400	10.69%	3,551,100
Others	6,992,641	5.26%	1,748,160
TOTAL	**132,870,492**	**100.00%**	**33,217,623**

Please refer to Note 15 and Note 16.

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

(b) Executive Committee and Board of Directors' compensation

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

	12 months 2021	12 months 2020
Executive Committee	7,319,579	6,192,697

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, 2021, the Company's Executive Committee consisted of ten managers remunerated based on mandate agreement. On April 12, 2021, a new member was appointed, while with another the mandate contract was terminated. On October 21st, 2020, the Board of Directors extended all mandates for a new period of 4 years, ending October 21st, 2024.

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

	12 months 2021	12 months 2020
Board of Directors	3,909,013	3,507,111

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

For two of the members, the administration agreements ended in December 2020 and two new members were appointed on December 15th, 2020 by the Shareholders of the Company along with the extension of the Board 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 2021 and 2020.

(c) Related parties

The related parties identified are as follows:

	Receivables from		Payables to	
	December 31, 2021	January 1, 2021	December 31, 2021	January 1, 2021
DR. CRISTESCU I. MIHAELA-GABRIELA	-	-	53,561	53,561
Marcu Nicolae	-	8,000	-	-
Nautic Life S.R.L.	-	-	2,616	2,616
LIFE RESORT SRL	-	-	-	-
DIETLIFE FOOD SRL	208	136	-	-
BLACK SEA MAGIC SRL	32,812	31,562	-	-
Total	**33,020**	**39,698**	**56,177**	**56,177**

	Sales in 2021	Sales in 2020	Purchases in 2021	Purchases in 2020
DR. CRISTESCU I. MIHAELA-GABRIELA	-	-	700,800	700,800
MARCU NICOLAE	-	8,000	-	-
NAUTIC LIFE SRL	-	-	-	-
LIFE RESORT SRL	1,200	-	-	-
DIETLIFE FOOD SRL	30,721	546	-	-
BLACK SEA MAGIC SRL	1,250	3,000	-	-
Total	**33,171**	**11,546**	**700,800**	**700,800**

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

26. TAXATION

	December 31, 2021	January 1, 2021
Current income tax expense	22,506,352	14,787,475
Deferred tax expense	-	-
Total income tax expense	**22,506,352**	**14,787,475**
Profit before tax	**135,419,561**	**78,551,159**
Tax expense using the statutory rate of 16% (2019: 16%)	21,667,130	12,568,185
Fiscal effect of non-deductible expenses	1,621,415	3,291,511
Fiscal effect of non-taxable income	(119,902)	(582,043)
Fiscal effect of deductible legal reserve	(616,219)	(463,065)
Sponsorship/other compensation	(1,524,943)	(208,871)
Reinvested profit and other fiscal facilities	(2,493,391)	(2,331,624)
Adjustments in respect of current income tax of previous years	1,153,649	-
Other elements (including different fiscal treatment)	2,818,613	2,422,963
Deferred tax expense	-	90,419
Income tax for the current year	**22,506,352**	**14,787,475**
Income tax to comprehensive income	-	-
Income tax to profit or loss – Expense	**22,506,352**	**14,787,475**

	December 31, 2021	January 1, 2021
Income tax liabilities as at January 1	5,467,450	308,391
Income tax liabilities through acquisitions	50,985	178,115
Income tax paid in the current year	(26,557,162)	(9,716,112)
Income tax payable in the current year	22,506,352	14,697,056
Current tax liabilities as at 31 December	**1,467,625**	**5,467,450**

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**
Acquisition of subsidiaries	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**

Components of deferred tax	**31 December 2020**	**Change in deferred tax**	**1 January 2020**
Deferred tax assets			
Non-current assets	-	-	-
Trade receivables	1,332,184	-	1,332,184
Total deferred tax asset	**1,332,184**	**-**	**1,332,184**

Deferred tax liability	**31 December 2020**	**Change in deferred tax**	**1 January 2020**
Acquisition of subsidiaries	3,751,265	1,092,708	2,658,557
Other elements	104,870	-	104,870
Revaluation reserve	17,821,848	90,421	17,731,428
Total deferred tax liability	**21,677,983**	**1,183,129**	**20,494,855**
Net deferred tax liability	**20,345,799**	**1,183,129**	**19,162,671**

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. Subsequent 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):

- 10% subsequent acquisition of non-controlling interest in Centrul Medical Panduri SA in June 2021;
- 29% (indirect %) subsequent acquisition of non-controlling interest in Dentist 4 Kids SRL (indirect control) in June 2021;
- 31% indirect control in the newly established company Dent Estet Ploiesti SA through organic growth;
- 36% (indirect %) acquisition of shares in KronDent SRL; the control was obtained in December 2020 and the company is consolidated starting with January 2021;
- 100% acquisition of shares in Centrul Medical Matei Basarab SRL; the control was obtained in February 2021 and the company is consolidated starting with March 2021;
- 60% acquisition of shares in Medica SA; the control was obtained in April 2021 and the company is consolidated starting with May 2021;
- 100% completion of acquision of shares in CED Pharma Group; the control was obtained in June 2021 and the company is consolidated starting with July 2021;
- 75% completion of acquisition of shares in Pharmachem Distributie SRL; the control was obtained in July 2021 and the company is consolidated starting with August 2021;
- 36% (indirect %) acquisition of shares in Stomestet Group; the control was obtained in October 2021 and the company is consolidated starting with November 2021;
- 36% (indirect %) acquisition of shares in Costea Digital Dental (Oradent); the control was obtained in November 2021 and the company is consolidated starting with December 2021;
- sign-off for the sale and purchase agreement of 50% shares in Neolife Medical Center Romania in October 2021;
- 76% acquisition of shares in Expert Med Centrul Medical Irina; the control was obtained in December 2021 and the company is consolidated starting with January 2022.

Neolife Medical Center Romania acquisition has been approved by Competition Council and the acquisition was finalized in February 2022.

27.1.1. Subsequent acquisition of non-controlling interest

Increased participation in Centrul Medical Panduri

In June 2021 Med Life SA, the ultimate parent of the Group, completed an increase by 10% in Panduri Medical Center shareholding, marking the full acquisition of the package of shares. The majority stake of 90% was acquired 5 years ago, now the shareholding being completed up to 100%.

Increased participation in Dentist 4 Kids SRL

In June 2021, Dent Estet Clinic, part of Medlife Group, completed the acquisition of the entire package of shares of the dental clinic located in Timisoara (an increase from 52% to 100%).

27.1.2. Organic growth

In the first semester, Dent Estet Clinic, part of Medlife Group, founded a new company, Dent Estet Ploiesti SA with 51% participation.

27.1.3. Acquisition of subsidiaries

Acquisition of KronDent SRL

In December 2020, Dent Estet Clinic, part of Medlife Group, completed the acquisition for the majority stake of 60% of the shares of KronDent S.R.L, a periodontology-implantology and dentistry clinic, located in Brasov. KronDent S.R.L has been operating on the dental services market in Brașov since 2008.

Acquisition of the Centrul Medical Matei Basarab

In February 2021, Anima Speciality Medical Services SRL, part of Medlife Group, completed the transaction for the purchase of the full shareholding package of Veridia Medical Center in Bucharest, known also as Basarab Medical Center. Veridia Medical Center has been operating on the private medical services market for 17 years. It started its activity with a medical analysis laboratory and later on consolidated its position by developing a large medical center that incorporates 20 medical offices and which provides specialized medical services, general medicine consultations and consultations of different specialties, paraclinical investigations, treatments and minor surgeries. Additionally, for sampling for laboratory testing, the center also includes four sampling points, located in Berceni, Militari, Drumul Taberei and Pantelimon neighborhoods and since September 2020 it also includes a molecular biology laboratory for SARSCoV-2 testing.

Acquisition of the majority package of Medica Sibiu

In April 2021 Med Life SA, the ultimate parent of the Group, completed the transaction for the acquisition of the majority stake of 60% in Medica Sibiu, one of the important providers of private medical services in Sibiu County. Medica Sibiu has been operating on the private medical services market since 2001 and consists of a large outpatient unit, a medical analysis laboratory and an occupational health center. In addition, Medica Sibiu is one of the providers under contract with Sibiu County Health Insurance House (CJAS), covering a wide range of laboratory tests and medical consultations, for specialties such as endocrinology, internal medicine, neurology, psychiatry, clinical psychology.

Completion of the acquisition of CED Pharma Group
In June 2021, Pharmalife Med SRL, part of the Group, completed the acquisition of the full package of shares of CED Pharma group of companies, the transaction being approved by the Competition Council. CED Pharma Group consists of 6 pharmacies, all located in Bucharest. The new pharmacies are located inside some hospital units and will ensure continuity for the development strategy of the Medlife Group on the pharma segment, which is based on the interdependence between medical units and pharmacies.

Completion of the acquisition of Pharmachem Distributie SRL
In July 2021 Med Life SA, the ultimate parent of the Group, completed the acquisition of the package of 75% of the shares of the distribution company Pharmachem Distribuţie SRL. It is one of the largest acquisitions in the Group in the recent years. Pharmachem has been operating on the pharmaceutical distribution services market for 16 years, being an important player, with a stock warehouse located in Bucharest.

Acquisition of Stomestet Group
In October 2021, Dent Estet Clinic, part of Medlife Group, completed the acquisition of the package of 60% of the shares of Stomestet, one of the most important dental clinic from Transylvania. Stomestet Group, located in Cluj-Napoca, is the most performant private dental clinic from Transylvania and a recognized educational centre for future dental practitioners and specialists, organizing medical residency program, dedicated courses and conferences. Stomestet was founded in 2001 by two Romanian dental medical leaders, Assoc. Prof. Dr. Smaranda Buduru and Dr. Rares Buduru.

Acquisition of Costea Digital Dental (Oradent)
In November 2021, Dent Estet Clinic, part of Medlife Group, completed the acquisition of 60% of the shares of Oradent clinic, owned by Dr. Costea. With over 20 years of experience in general dentistry, 14 years in implantology and 10 years in dental aesthetics, the clinic from Oradea offers patients a full range of premium dental services (orthodontics, implantology, dental aesthetics, dental treatments for children and adults) and has its own digital dental radiology laboratory.

Acquisition of Neolife Medical Center Romania
In October 2021, Medlife Group announced the signing of the acquisition contract of 50% of the share package of the oncology centers Neolife Romania, one of the biggest players on the oncology segment in Romania and a reference name in Eastern Europe.

The Neolife Oncology Center Romania has been operating for seven years in the Romanian market. It operates four medical centers and is a member of the Bozlu Group, Turkey, which owns 21 companies. It has been operating in the field of healthcare and technological services for 32 years. The Neolife brand's experience in nuclear medicine dates back to 1989 when the first private company providing such services in a hospital was opened in Turkey. Just one year later, in 1990, the first stand-alone private center was opened. Since then, its development has been very fast, and now cancer diagnosis and treatment services are provided in more than 60 public and private hospitals in Turkey.

Neolife Medical Center Romania acquisition has been approved by Competition Council and the acquisition was finalized in February 2022.

Acquisition of Expert Med Centrul Medical Irina
In December 2021, Anima Speciality Medical Services SRL, part of Medlife Group, completed the acquisition for the 76% majority stake of Expert Med Centrul Medical Irina, the largest independent player on the private medical services market in Galaţi. Expert Med Centrul Medical Irina was launched in 1999, with over 22 years of experience in the private medical services market.

Irina Medical Center offers integrated medical services, such as outpatient, laboratory, occupational medicine and radiology services, at the best standards. Patients have the opportunity to perform complete medical tests in the laboratory and have access to consultation rooms with over 20 medical specialties, including orthopedics, general surgery, plastic surgery, rapid interventions for hemorrhoids, obstetrics-gynecology, gastroenterology, urology, internal medicine, ENT, ophthalmology, cardiology, pediatrics, general medicine, family medicine, neurology, psychiatry, endocrinology, dermatology, pneumology, allergology, diabetes, nutrition and metabolic diseases, and oncology. Irina Medical Center is under contract with the National Health Insurance House for laboratory tests, ultrasounds, radiographs, DEXA, Diabetes Nutrition and Metabolic Diseases, home care, and also with the O.P.S.N.A.J House for laboratory tests.

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

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

Assets acquired and liabilities recognized at the date of acquisition	31 December 2021	1 January 2021
Non-current assets	**46,062,887**	**53,011,018**
out of which		
- Intangible assets	*17,387,430*	*16,574,760*
- Property, plant and equipment	*11,797,464*	*21,382,081*
- Right-of-use assets	*16,796,409*	-
- Others	*81,585*	*15,054,178*
Current assets	**54,095,201**	**6,849,744**
out of which		
- Inventories, cash and prepayments	*18,530,185*	*4,582,994*
- Trade Receivables and other receivables	*35,565,016*	*2,266,750*
Current liabilities	**80,732,727**	**26,896,656**
out of which		
- Overdraft	*660,625*	-
- Current tax liabilities	*50,985*	*178,115*
- Trade and other liabilities and leases	*59,389,415*	*25,625,833*
- Lease liabilities	*17,417,884*	-
- Deferred tax arising at acquisition	*3,213,819*	*1,092,708*
Non-current liabilities (Borrowings on long term)	**3,425,536**	**4,551,198**
Net assets	**15,999,825**	**28,412,908**

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 2,097,204 RON on legal fees and due diligence costs. These costs have been included in Other operating expenses.

27.4. Goodwill arising on acquisition

	2021	2021
Consideration transferred	60,976,906	64,696,530
Less: fair value of identifiable net assets acquired	(15,999,825)	(13,356,730)
Plus non-controlling interest	7,445,708	-
Goodwill arising on acquisition	**52,422,789**	**51,339,800**
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 2021	1 January 2021
Consideration paid in cash	55,717,152	25,876,601
Less: cash and cash equivalent balances acquired at acquisition date	(3,212,417)	(2,106,788)
	52,504,735	**23,769,813**

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.

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

The Group has grown principally through organic growth with the addition of acquired growth through business combinations. The organic growth has been within existing markets and new geographies. 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, 2021	December 31, 2020
Interest-bearing loans and borrowings without overdraft	499,295,906	461,132,809
Cash and cash equivalents	135,858,888	81,970,397
Loans payable net of cash	363,437,018	379,162,412
Total Equity	381,404,558	268,906,545
Ratio to Total Equity	**1.05**	**0.71**

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 and other receivables. 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.

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 18% of its sales during 2021 deriving from the treatment of NHIH insured patients (concentration of credit risk) – reliance on major customers.

At 31 December 2021 and 31 December 2020, 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 and other receivables 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.

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

The Group is exposed to interest rate risk because it borrows funds at both fixed and 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.

The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

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

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 Group's profit for the year ended 31 December 2021 would decrease by RON 1,330,043 RON (2020: decrease with RON 930,828). This is mainly attributable to the Group's exposure to interest rates on its borrowings and leases.

LIABILITIES	Total	Out of which included in the sensitivity analysis		%	Interest expenses per year at the current interest rate for the selected portion	Interest expenses per year at the interest rate increased by 10% for the selected portion	Variation that affects the profit and loss account when the interest rate increases by 10%
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
2020							
Overdraft	27,127,907						
Short-Term and Long-Term portions of loans	461,132,809	Club loan	431,325,762	88%	9,655,745	10,096,860	441,115
Short-Term and Long-Term portions of leases	188,263,249	Contracts that refer to rent of buildings, equipment and which fall under IFRS 16	157,179,389	83%	5,584,132	6,073,844	489,713

	December 31, 2021	January 1, 2021
Profit or loss	1,333,043	930,828

(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, 2021 and December 31, 2020. 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)

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		**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**

2020

	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		**151,690,134**	**151,690,134**	151,690,134	-	-	-	-	-
Interest bearing instruments									
Overdraft		**27,127,907**	**27,127,907**	27,127,907	-	-	-	-	-
Borrowings	EURIBOR 6M / ROBOR 6M + margin	**461,132,809**	**506,462,937**	55,496,969	90,320,846	80,048,662	79,362,463	96,657,366	104,576,631
Lease contracts		**188,263,249**	**204,696,341**	46,667,130	39,965,313	33,010,993	28,349,969	19,830,231	36,872,706
Total		**828,214,099**	**889,977,319**	**280,982,140**	**130,286,159**	**113,059,655**	**107,712,431**	**116,487,596**	**141,449,337**

(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:

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

2020	RON	1 EUR = 4.8694 RON	100 HUF = 1.3356 RON	Total
ASSETS				
Cash and cash equivalents	68,481,009	11,999,891	1,489,497	81,970,397
Trade receivables	119,647,488	-	1,431,542	121,079,030
Financial assets	1,004,612	26,828,562	106,848	27,940,022
LIABILITIES				
Trade payables	142,680,721	7,369,746	1,639,667	151,690,134
Overdraft	17,378,983	9,738,800	10,124	27,127,907
Other long term debt	14,794,743	3,325,000	-	18,119,743
Short-Term and Long-Term portions of loans	110,644,115	350,488,694	-	461,132,809
Short-Term and Long-Term portions of leases	12,302,693	174,946,279	1,014,277	188,263,249

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.

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

	December 31, 2021	January 1, 2021
Profit or loss	52,352,004	50,704,007

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 two renegotiations of the syndicated loan signed in 2021, in which all the credit facilities were re-arranged in terms of both maturities and interest rates. The syndicated loan covers around 89% 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 2021:

ASSETS	Classification under IFRS 9	Carrying amount	Fair value	Level 1	Level 2	Level 3
Cash and cash equivalents	Amortized cost	135,858,888	135,858,888	135,858,888	-	-
Trade Receivables	Amortized cost	140,356,238	140,356,238	-	-	140,356,238
Other financial assets	Amortized cost	31,610,586	31,610,586	-	-	31,610,586
LIABILITIES						
Trade and other payables	Amortized cost	224,242,318	224,242,318	-	-	224,242,318
Overdraft	Amortized cost	25,493,223	25,493,223	-	-	25,493,223
Other long term debt	Amortized cost	7,546,394	7,546,394	-	-	7,546,394
Lease liability	Amortized cost	202,272,073	202,272,073	-	-	202,272,073
Long term debt	Amortized cost	499,295,906	499,295,906	-	-	499,295,906

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 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 2021	Note	Level 1	Level 2	Level 3
Land and buildings	5	-	-	331,649,487

31 December 2020	Note	Level 1	Level 2	Level 3
Land and buildings	5	-	-	322,608,072

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, 2021 and December 31, 2020, 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 1,887,804 out of which in EUR 110,182 as of December 31, 2020 (December 31, 2020: RON 2,631,819, equivalent of EUR 404,646).

In relation with business combinations and further acquisition of companies, on 27 October 2021 the Group signed the sale-purchase agreement with MNT Saglik Hizmetleri ve Ticaret Anonim Sirketi regarding the acquisition of 50% shares in MNT Healthcare Europe SRL also known as Neolife Medical Center Romania.

Fiscal environment
The taxation system in Romania is still developing and is subject to various interpretations and constant changes, which may sometimes be retroactive. Although the actual tax due for a transaction may be minimum, delay interests may be significant, as they can be calculated at the value of the transaction and at a rate of 0.02% per day (interest) and 0.01% (penalties) per day.

In Romania the statute of limitation for tax controls (audits) is of 5 years. During 2021, the 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, please refer to Note 26 Taxation. 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 new 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, 2021 of the Group prepared in accordance with IFRS as adopted by EU and the individual financial statements as of December 31, 2021 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 208,500 excluding VAT and other expenses.

The fee for other non-audit services performed in 2021 (in accordance with ISRS 4400) was EUR 18,000, excluding VAT.

33. EVENTS AFTER THE BALANCE SHEET DATE

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.

The Group regards these events as non-adjusting events after the reporting period, the quantitative effect of which cannot be estimated at the moment with a sufficient degree of confidence. Currently, the Group's management is analysing the possible impact of changing micro- and macroeconomic conditions on the Group's financial position and results of operations.

Increased participation in Genesys Medical Clinic SRL

MedLife Group increases by 10% its shareholding in Genesys Medical Clinic, one of the largest private medical services providers in western Romania, thus reaching a stake of 83%. Genesys Medical Clinic has been part of MedLife Group since 2011, when representatives announced the acquisition of 55% of its shares.

Increased participation in Almina Trading SA

MedLife Group announces the acquisition of additional 10% shares in Almina Trading, reaching a stake of 90%. In 2017, MedLife Group acquired a majority stake of 80% in Almina Trading, a company consisting of eight medical centers and two laboratories, located in Dambovita and Ilfov counties.

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 24, 2022.

Mihail Marcu,
CEO

Adrian Lungu,
CFO

SISTEMUL MEDICAL

MedLife

CONSOLIDATED ADMINISTRATORS' REPORT
MED LIFE GROUP

YEAR ENDED DECEMBER 31, 2021

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

1. Presentation of the Group

Med Life S.A. ("MedLife" or the "Parent Company" or the "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania. The Company's activity consists of providing medical services through a range of medical centres located in all the major cities of the country - cities with over 150,000 inhabitants.

MedLife, together with its subsidiaries ("MedLife Group" or the "Group"), is offering a large range of medical service, with a network of 32 hyperclinics, 48 clinics, 10 hospitals – located in Bucharest, Arad, Sibiu, Brasov, Cluj and Ploiesti, 34 laboratories, 22 pharmacies and 17 dental clinics. The Group has also more than 170 private clinic partners around Romania.

Medlife Group is the largest provider of medical services in Romania by Sales figures. More than 5.5 million unique patients have used Medlife Group services, and over 740,000 employees' nationwide benefit from healthcare prevention packages as part of the benefits provided by their employers.

Last but not least, Medlife Group differentiates itself by the significant number of medical tests performed in the Group`s laboratories annually – 8.5 million tests conducted in 2021, number of visits in outpatient units – 2.3 million in 2021 and number of patients in hospitals – 100,000 patients in 2021.

The registered office of MedLife is located in Bucharest, Calea Grivitei, no. 365.

List of the entities part of MedLife Group as at December 31, 2021 and January 1, 2021 are presented below: (ownership percentage):

No.	Entity	Main activity	Location	December, 31 2021	January, 1 2021
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83.01%	83.01%
2	Medapt SRL (indirect)**	Medical Services	Brasov, Romania	83.01%	83.01%
3	Histo SRL (indirect)**	Medical Services	Brasov, Romania	49.81%	49.81%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)**	Medical Services	Sfantu Gheorghe, Romania	66.41%	66.41%
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	Bucharest, Romania	73%	73%
10	Genesys Medical Clinic SRL (indirect)**	Medical Services	Bucharest, Romania	73%	73%
11	Bactro SRL (indirect)**	Medical Services	Deva, Romania	73%	73%
12	Transilvania Imagistica SA (indirect)**	Medical Services	Oradea, Romania	73%	73%
13	Biofarm Farmec SRL (indirect)**	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
14	RUR Medical SA (indirect)**	Medical Services	Bucharest, Romania	83.01%	83.01%
15	Biotest Med SRL	Medical Services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical Services	Bucharest, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	90%
18	Ultratest SA (direct si indirect)**	Medical Services	Craiova, Romania	76%	76%
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%

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

No.	Entity	Main activity	Location	December, 31 2021	January, 1 2021
23	Green Dental Clinic SRL (indirect)**	Dental healthcare	Bucharest, Romania	31%	31%
24	Dentist 4 Kids SRL (indirect)**	Dental healthcare	Bucharest, Romania	60%	31%
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%	90%
29	Almina Trading SA	Medical Services	Targoviste, Romania	80%	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	Budapest, Hungary	51%	51%
39	RMC Medical (indirect)**	Medical Services	Budapest, Hungary	51%	51%
40	RMC Medlife	Holding	Budapest, Hungary	51%	51%
41	Badea Medical SRL	Medical Services	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SA	Medical Services	Bucharest, Romania	75%	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	Medical Services	Bacau, Romania	100%	100%
50	Centrul Medical Matei Basarab SRL (indirect)**	Medical Services	Bucharest, Romania	100%	0%
51	Pharmachem Distributie SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	75%	0%
52	CED Pharma SRL (indirect)**	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	0%
53	Leti Pharm 2000 SRL (indirect)**	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	0%
54	Monix Pharm SRL (indirect)**	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	0%
55	KronDent SRL (indirect)**	Dental healthcare	Brasov, Romania	36%	0%
56	Medica SA	Medical Services	Sibiu, Romania	60%	0%
57	Dent Estet Ploiesti SRL (indirect)**	Dental healthcare	Ploiesti, Romania	30.6%	0.0%
58	The Lab Stomestet SRL (indirect)**	Dental healthcare	Cluj, Romania	36%	0%
59	Stomestet SRL (indirect)**	Dental healthcare	Cluj, Romania	36%	0%
60	Stomestet Plus SRL (indirect)**	Dental healthcare	Cluj, Romania	36%	0%
61	Costea Digital Dental SRL (indirect)**	Dental healthcare	Oradea, Romania	36%	0%
62	Expert Med Centrul Medical Irina (indirect)*	Medical Services	Galati, Romania	76%	0%
63	Neolife Medical Center Romania*	Medical Services	Bucharest, Romania	50%	0%

** The acquisitions of these companies will be finalized in 2022 and will be consolidated starting with 2022.*
***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.*

Business Model

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

The Group divides its operations into six business lines:

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

The Group has a portfolio of over 740,000 HPPs patients from over 5,000 different companies.

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

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

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

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

- **Laboratories**: The Laboratories business line provides a range of services: biochemistry, pathological anatomy (cytology and histology), molecular biology and genetics, haematology, immunology, microbiology and toxicology. Sampling points are locations where the Group collects blood and other samples from patients. The Laboratories business line sources the majority of its revenue from FFS patients.

- **Hospitals**: The Hospitals business line covers the Group's inpatient activities, which consist of a wide range of medical and surgical specializations. The 10 hospitals of the group are located in Arad, Bucharest, Brasov, Cluj, Sibiu and Ploiesti. The Group holds 7 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.

- **Pharmacies:** The Pharmacies business line offers prescription, over the counter and other related medical products in 22 pharmacies opened mainly within the Group's clinics or their proximity.

- **Stomatology**: The Stomatology business line provides a wide range of dental services from simple check-ups to complicated surgeries. Stomatology business line is not subject to NHIH allocations, all the sales being FFS.

2. 2021 Developments

In 2021, MedLife Group continued its dynamic strategy of expansion through acquisitions; investments were directed towards supporting strategic objectives aimed at research, strengthening the area of radiotherapy and oncology, amplifying the process of digitization and territorial expansion, the budget allocated for investments in 2021 exceeding 30 million euros. All business lines followed an upward trend in 2021, with notable performances for the division of laboratories, clinics, hospitals, but also for dentistry and pharmacies. Overall, last year, the Group`s activity had a strong impact at the level of the entire medical system in Romania, with no less than 14 million services being offered nationwide for analysis, investigation, diagnosis, treatment and surgery.

From the perspective of the second year of the pandemic, the Group focused on quick access to medical interventions for chronic and acute patients in the context of limiting activity in state hospitals. Intense activity was recorded also in the outpatient line of business related to monitoring of chronic pathologies and patients who went through Covid. In this context, the activity of the corporate division was consistent and dynamic, being focused on the support offered to large companies, SMEs and start-ups for the safety and health of employees during the pandemic. In parallel, the research area has played an important role in 2021, aggregating own resources and additional investments of over 1 million euros.

2.1. Acquisitions completed in 2021

In 2021, MedLife Group increased its participation in certain subsidiary companies and also signed contracts for the acquisition of share capital of the following companies:

- 10% subsequent acquisition of non-controlling interest in Panduri Medical Center in June 2021;
- 29% (indirect %) subsequent acquisition of non-controlling interest in Dentist 4 Kids SRL in June 2021;
- 30.6% indirect control in the newly established company Dent Estet Ploiesti SA through organic growth;
- 36% (indirect %) acquisition of shares in KronDent SRL; the control was obtained in December 2020 and the company was consolidated starting with January 2021;
- 100% acquisition of shares in Veridia Medical Center (Basarab Medical Center); the control was obtained in February 2021 and the company was consolidated starting with March 2021;
- 60% acquisition of shares in Medica Sibiu SRL; the control was obtained in April 2021 and the company was consolidated starting with May 2021;
- 100% acquisition of shares in CED Pharma Group; the control was obtained in June 2021 and the company was consolidated starting with July 2021;
- 75% acquisition of shares in Pharmachem Distributie SRL; the control was obtained in July 2021 and the company was consolidated starting with August 2021;
- 36% (indirect %) acquisition of shares in Stomestet Group; the control was obtained in October 2021 and the company was consolidated starting with November 2021;
- 36% (indirect %) acquisition of shares in Costea Digital Dental (Oradent); the control was obtained in November 2021 and the company was consolidated starting with December 2021;
- 50% acquisition of shares in Neolife Medical Center Romania; the acquisition was finalized in 2022 and will be consolidated starting with 2022;
- 76% acquisition of shares in Expert Med Centrul Medical Irina; the acquisition was finalized in 2022 and will be consolidated starting with 2022.

Increased participation in Centrul Medical Panduri
In June 2021 Med Life SA completed an increase by 10% in Panduri Medical Center shareholding, marking the full acquisition of the package of shares. The majority stake of 90% was acquired 5 years ago, now the shareholding being completed up to 100%. The additional shares were acquired by MedLife as a result of an exchange with MedLife treasury shares repurchased under the Company's share buy-back program in accordance with the decision of the Extraordinary General Meeting of Shareholders no. 2 of April 23, 2020, as detailed below.

Share buy-back program
As at 31 December 2021, MedLife had an ongoing share-buy back program. The share buy-back program, which is the second such program carried out by the Company, was initiated as of July 7, 2020, by decision of the Board of Directors of the Company adopted on June 30, 2020 in accordance with the decision of the Extraordinary General Shareholders Meeting("EGSM") no. 2 of April 23, 2020. By the EGSM Decision of April 23, 2020, it was approved the buy-back of a maximum number of 1,770,000 own shares for a maximum period of 18 months from the date of publication of the decision in the Official Gazette of Romania. Thus, MedLife was approved to buy-back a maximum number of 1,770,000 own shares with a nominal value of RON 0.25 / share, not exceeding the 10% threshold of the share capital of the Company. The own shares acquired under the Program are to be offered to former or current members of management or former or current

employees of some of the subsidiaries of the Company in exchange for the shares held by them in the respective subsidiaries of the Company. The purchase price of shares under the Program was between RON 10 and RON 50, subject to the applicable legal provisions and restrictions. The maximum pecuniary value allocated to the Program was RON 88,500,000 (calculated as the maximum number of 1,770,000 own shares at a price per share of RON 50).

The share buy-back program had the following results during 2021:

1. Number of shares repurchased:
- 163,769 shares in 2021 (0.1233% of the subscribed and paid-in share capital - after the Share Capital Increase)

2. Average buy-back price:
- RON 22.3507 / share in 2021

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. During 2021, the Group reacquired own equity instruments (treasury shares) in a total amount of RON 3,669,511 and released shares in total value of RON 320,158, 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 368,079 and was included as an increase on the share premium account.

Increased participation in Dentist 4 Kids SRL
In June 2021, Dent Estet Clinic, part of the Group, completed the acquisition of the entire package of shares of the dental clinic located in Timisoara (an increase from 52% to 100%).

Acquisition of KronDent SRL
In December 2020, Dent Estet Clinic, part of the Group, completed the acquisition for the majority stake of 60% of the shares of KronDent S.R.L, a periodontology-implantology and dentistry clinic located in Brasov. KronDent S.R.L has been operating on the dental services market in Brașov since 2008.

Acquisition of Centrul Medical Matei Basarab
In February 2021, Anima Speciality Medical Services SRL, part of the Group, completed the transaction for the acquisition of the entire shareholding package of Veridia Medical Center in Bucharest, known also as Basarab Medical Center. Veridia Medical Center has been operating on the private medical services market for 17 years. It started its activity with a medical analysis laboratory and later on consolidated its position by developing a large medical center that incorporates 20 medical offices and which provides specialized medical services, from general practitioner services, to consultations on different specialties, paraclinical investigations, treatments and minor surgeries. The center also includes four sampling points and since September 2020 it also includes a molecular biology laboratory for SARS-CoV-2 testing.

Acquisition of Medica Sibiu
In April 2021 Med Life SA completed the transaction for the acquisition of the majority stake of 60% in Medica Sibiu, one of the important providers of private medical services in Sibiu County. Medica Sibiu has been operating on the private medical services market since 2001 and consists of a large outpatient unit, a medical analysis laboratory and an occupational healthcare center. In addition, Medica Sibiu is one of the providers under contract with Sibiu County Health Insurance House (CJAS), covering a wide range of laboratory tests and medical consultations, for specialties such as endocrinology, internal medicine, neurology, psychiatry, clinical psychology.

Acquisition of CED Pharma Group
In June 2021, Pharmalife Med SRL, part of the Group, completed the acquisition of the full shareholding package of CED Pharma group of companies (CED Pharma SRL, Monix Pharm SRL and Leti Pharm 2000 SRL), the transaction being approved by the Competition Council. CED Pharma Group consists of 6 pharmacies, all located in Bucharest. The new pharmacies are located inside some hospital units and ensures continuity for the development strategy of the Group on the pharma segment, which is based on the interdependence between medical units and pharmacies.

Acquisition of Pharmachem Distributie SRL
In July 2021 Med Life SA completed the acquisition of the majority stake of 75% of the distribution company Pharmachem Distribuţie SRL, the transaction being approved by the Competition Council. It is one of the largest acquisitions performed by the Group in recent years. Pharmachem has been operating on the pharmaceutical distribution services market for 16 years, being an important player, with a network of warehouses in Bucharest and throughout the country.

Acquisition of Stomestet Group
In October 2021, Dent Estet Clinic, part of the Group, completed the acquisition of the majority stake of 60% of the shares in Stomestet Group (Stomestet SRL, Stomestet Plus SRL, The Lab Stomestet SRL). Stomestet Group, located in Cluj-Napoca, is one of the most performant private dental clinics from Transylvania and a recognized educational centre for future dental practitioners and specialists, organizing medical residency program, dedicated courses and conferences. Stomestet was founded in 2001 by two Romanian dental medical leaders, Assoc. Prof. Dr. Smaranda Buduru and Dr. Rares Buduru.

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

Acquisition of Costea Digital Dental (Oradent)
In November 2021, Dent Estet Clinic, part of the Group, completed the acquisition of the majority stake of 60% of the shares in Oradent clinic. With over 20 years of experience in general dentistry, 14 years in implantology and 10 years in dental aesthetics, the clinic from Oradea offers patients a full range of premium dental services (orthodontics, implantology, dental aesthetics, dental treatments for children and adults) and has its own digital dental radiology laboratory.

Acquisition of Neolife Medical Center Romania
In October 2021, MedLife announced the signing of the Share-Purchase Agreement for 50% stake in Neolife Romania oncology centers, one of the most important players on the oncology segment in Romania and a reference name in Eastern Europe. Neolife Oncology Center Romania has been operating on the Romanian private healthcare market since 2014 when it successfully launched the first oncology center in Bucharest, providing diagnostic and treatment services. Neolife Medical Center Bucharest (Baneasa) is mainly equipped with two highly competitive Varian linear accelerators for Radiotherapy and Radiosurgery, a Brachytherapy system, a strong Nuclear Medicine department (PET-CT and Scintigraphy) and a high-performance Chemotherapy section.

In 2016, the 2nd Neolife Oncology Center was opened in Iasi, offering the same range of diagnosis and treatment services. Three years later the 3rd center, Neolife Medical Center Brasov, the first nuclear medicine center (PET-CT) in Brasov was opened. Neolife opened its 4th Oncology Diagnostic and Treatment Center mid-2021, located in Enayati Medical City in Bucharest. In this center patients have access to PET-CT diagnosis and oncological radiotherapy treatment with Varian's innovative new and powerful platform, Halcyon 3.0.

Neolife Medical Center Romania acquisition has been approved by the Competition Council and the acquisition was finalized in February 2022. The Company will be consolidated starting with 2022.

Acquisition of Expert Med Centrul Medical Irina
In December 2021, Anima Speciality Medical Services SRL, part of the Group, announced the acquisition of the majority stake of 76% in Expert Med Centrul Medical Irina, the largest independent player on the private medical services market in Galați. Centrul Medical Irina was launched in 1999, with over 22 years of experience on the private medical services market. The company will be consolidated starting with 2022.

2.2. Organic growth

- Dent Estet Clinic, part of the Group, founded a new company, Dent Estet Ploiesti SA with 51% participation;
- Opening of new hyper clinic in Sibiu following an investment of over 2.5 million EUR. The hyper clinic provides integrated medical services, focused on four areas of excellence: pediatrics, diabetes, breast health and medical recovery.

3. Credit facilities contracted by the Group

MedLife Group borrowings as at 31 December 2021 are:

	December 31, 2021	**January 1, 2021**
Cash and cash equivalents	135,858,888	81,970,397
Borrowings (including overdraft)	(524,789,129)	(488,260,716)
Lease liabilities	(202,272,073)	(188,263,249)
Net debt	**(591,202,314)**	**(594,553,567)**
Overdraft	(25,493,223)	(27,127,907)
Current portion of lease liability	(52,586,827)	(41,166,069)
Current portion of long term debt	(58,455,422)	(46,436,217)
Long Term Debt		
Lease liability	(149,685,246)	(147,097,180)
Long term debt	(440,840,484)	(414,696,592)

As at December 31, 2021, the Group's drawn and undrawn financing facilities included the following:

On 24 September 2019 Med Life SA (together with the co-borrowers Policlinica de Rapid Diagnostic SA, Bahtco Invest SA, Accipiens SA, Genesys Medical Clinic SRL, Clinica Polisano SRL, Centrul Medical Sama SA, Dent Estet Clinic SA and Valdi Medica SRL) signed with Banca Comerciala Romana, Raiffeisen Bank, BRD Groupe Societe Generale and Transilvania Bank a refinancing agreement to the existing facilities, extending the financing period, rearranging the terms and conditions, as well as for an additional credit limit of 28 million euros. On 15 May 15 2020 this facility was extended with additional 20 million euros.

Increases in credit facility during 2021
On 29 April 2021, the Group increased the existing facilities by 40 million euros by signing a syndicated loan in total amount of approximately 143 million euros. The syndicate of banks which signed the new syndicated loan consists of Banca Comercială Română, as coordinator, mandated lead arranger, documentation agent, facility & security agent and lender, Raiffeisen Bank, BRD Groupe Société Générale and Banca Transilvania, as lead arrangers and lenders. The new funds will be dedicated to consolidating and expanding the Group at national level, through the development of regional hospitals, where the patient will benefit from a 360-degree approach both in terms of the complexity of the medical act and the quality of complementary services. The expansion of the medical infrastructure and the M&A program are also a priority, and moreover, the Group will continue intensely its research efforts, aiming to intensify them through new investments.
Also, on 6 December 2021, the Group signed a new increase for the syndicated loan for an additional 50 million euros in order to consolidate its position on the healthcare market, funds that will be used to accelerate the M&A program.

- a guaranteed overdraft facility between Garanti Bank S.A. and Med Life S.A., the amount drawn as at December 31, 2021, is of RON 9,896,200;
- an overdraft facility between Unicredit Tiriac Bank and Prima Medical S.R.L., with a maximum credit limit of RON 800,000, drawn in full as at December 31, 2021;
- 2 guaranteed loan facilities concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L; the balance outstanding as at December 31, 2021 is RON 4,697,029;
- an overdraft facility concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L with a maximum credit limit of RON 1,500,000; as at December 31, 2021 the amount drawn is RON 48,748;
- a guaranteed loan concluded between Bancpost and Med Life Ocupational S.R.L. in amount of EUR 225,000; the balance outstanding as at December 31, 2021 is RON 132,390;
- a guaranteed loan concluded between Banca Transilvania S.A. and Ghencea Medical Center, the balance outstanding as at December 31, 2021 is RON 563,389;
- a loan agreement and a guaranteed overdraft facility between CEC Bank S.A. and Clinic Polisano S.R.L., the balance outstanding as at December 31, 2021 is RON 30,713,112;
- an overdraft facility between Banca Transilvania S.A. and Onco Team Diagnostic S.A., the balance outstanding as at December 31, 2021 is RON 355,757;
- a loan agreement concluded between Banca Transilvania S.A. and Micromedica Roman S.R.L., the balance outstanding as at December 31, 2021 is RON 1,471,842;
- two loan agreements concluded between Banca Transilvania S.A. and Centrul Medical Micromedica S.R.L., the balance outstanding as at December 31, 2021 is RON 1,619,786;
- a loan agreement concluded between Raiffeisen Bank and Krondent SA, the balance outstanding as at December 31, 2021 is RON 168,901;
- three loan agreements concluded between Vista Bank and Ced Pharma SRL, the balance outstanding as at December 31, 2021 is RON 2,668,867;
- an overdraft facility concluded between ING Bank and Leti-Pharm 2000 SRL, the balance outstanding as at December 31, 2021 is RON 20,000;
- a loan agreement concluded between Banca Transilvania and Dent Estet Ploiesti SRL, the balance outstanding as at December 31, 2021 is RON 2,401,862;
- a loan agreement concluded between Banca Transilvania and Stomestet SRL, the balance outstanding as at December 31, 2021 is RON 284,094 and an overdraft of RON 120,803.

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

4. Financial Analysis

Analysis of the condensed consolidated profit and loss

	12 months ended December 31,		Variation
	2021	2020	
Revenue from contracts with customers	1,427,218,373	1,077,448,351	32.5%
Other operating revenues	10,362,989	9,274,762	11.7%
Operating Income	**1,437,581,362**	**1,086,723,113**	**32.3%**
Operating expenses	**(1,265,729,459)**	**(977,611,985)**	**29.5%**
Operating Profit	**171,851,903**	**109,111,128**	**57.5%**
Finance cost	(27,451,079)	(23,252,552)	18.1%
Other financial expenses	(8,981,263)	(7,307,417)	22.9%
Financial result	**(36,432,342)**	**(30,559,969)**	**19.2%**
Result Before Taxes	**135,419,561**	**78,551,159**	**72.4%**
Income tax expense	(22,506,352)	(14,787,475)	52.2%
Net Result	**112,913,209**	**63,763,684**	**77.1%**

Sales for the 12 months period ended December 31, 2021 amounted to RON 1,427,218,373, higher by 32.5% compared to the same period last year. This increase was mainly the result of significant growth in all of the Group's business lines, especially in Clinics, Hospitals, Corporate and Laboratories, as well as the impact of the acquisitions completed by the Group in 2020 and 2021.

Sales breakdown by business line is presented below:

Business Line	12 months 2021 Sales	% of Total Sales	12 months 2020 Sales	% of Total Sales	Variation 2021/2020
Clinics	407,035,457	28.5%	307,919,487	28.6%	32.2%
Stomatology	93,204,531	6.5%	61,363,524	5.7%	51.9%
Hospitals	317,305,322	22.2%	251,943,388	23.4%	25.9%
Laboratories	257,907,412	18.1%	198,519,202	18.4%	29.9%
Corporate	206,070,519	14.4%	198,530,858	18.4%	3.8%
Pharmacies	59,949,420	4.2%	44,405,803	4.1%	35.0%
Others	85,745,712	6.0%	14,766,089	1.4%	480.7%
TOTAL SALES	**1,427,218,373**	**100.0%**	**1,077,448,351**	**100%**	**32.5%**

The key operational indicators of the Group are:

Business line	Info	12 months ended	
		2021	2020
Clinics	**Revenue**	**407,035,457**	**307,919,487**
Clinics	Visits	2,279,580	1,815,055
Clinics	Avg fee	178.6	169.6
Stomatology	**Revenue**	**93,204,531**	**61,363,524**
Stomatology	Visits	154,358	89,172
Stomatology	Avg fee	603.8	688.1
Hospitals	**Revenue**	**317,305,322**	**251,943,388**
Hospitals	Patients	100,230	82,209
Hospitals	Avg fee	3,165.8	3,064.7
Laboratories	**Revenue**	**257,907,412**	**198,519,202**
Laboratories	Analyses	8,541,036	5,211,645
Laboratories	Avg fee	30.2	38.1
Corporate	**Revenue**	**206,070,519**	**198,530,858**
Corporate	Subscriptions	742,739	738,582
Corporate	Avg fee	277.4	268.8
Pharmacies	**Revenue**	**59,949,420**	**44,405,803**
Pharmacies	Clients	361,236	194,838
Pharmacies	Sales per client	166.0	227.9
Others	**Revenue**	**85,745,712**	**14,766,089**

Other operating revenues of the Group for the 12 months period ended 31 December 2021 were of RON 10,362,989, recording an increase of 11.7% as compared to the same period last year.

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

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide the Group's services. The Group recorded operating expenses of RON 1,265,729,459 in the year ended December 31, 2021, representing an increase of 32.3% as compared to year ended December 31, 2020.

Operating expenses as a percentage of total operating income accounted for 90% in 2020 and 88% in 2021.
The evolution of operating expenses is the following:

	12 months 2021	12 months 2020	Variation 2021/2020
Consumable materials and repair materials	234,425,408	189,975,286	23.4%
Commodities expenses	106,225,169	35,649,736	198.0%
Utilities	15,441,386	12,634,324	22.2%
Repairs maintenance	14,703,501	11,549,854	27.3%
Rent	7,698,479	6,520,160	18.1%
Insurance premiums	3,651,389	3,002,708	21.6%
Promotion expense	15,138,844	13,508,044	12.1%
Communications	4,907,836	4,236,791	15.8%
Third party expenses (including doctor's agreements)	380,388,868	281,469,012	35.1%
Salary and related expenses	333,837,004	277,035,208	20.5%
Social contributions	12,214,486	10,767,730	13.4%
Depreciation	113,760,199	102,897,388	10.6%
Impairment losses and gains (including reversals of impairment losses)	5,269,269	10,888,049	-51.6%
Other administration and operating expenses	18,067,621	17,477,695	3.4%
TOTAL	**1,265,729,459**	**977,611,985**	**29.5%**

Operating profit increased by 57.5% in 2021 as compared to 2020, from RON 109,111,128 in 2020, to RON 171,851,903 in 2021.

Financial result increased by 19.2% in 2021 as compared to 2020, from a loss of RON 30,559,969 in 2020, to a loss of RON 36,432,342 in 2021.

The net result recorded in 2021 increased by 77.1%, from a profit of RON 63,763,684 in 2020 to a profit of RON 112,913,209 in 2021.

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

Analysis of the consolidated statement of financial position

	December 31, 2021	January 1, 2021	Variation
ASSETS			
Non-current Assets			
Goodwill	199,679,613	147,256,824	35.6%
Intangible assets	60,556,655	46,755,678	29.5%
Property, plant and equipment	552,206,613	535,672,488	3.1%
Right-of-use asset	190,715,602	146,821,194	29.9%
Other financial assets	31,610,586	27,940,022	13.1%
Total Non-Current Assets	**1,034,769,069**	**904,446,206**	**14.4%**
Current Assets			
Inventories	74,229,585	53,058,518	39.9%
Trade Receivables	140,356,238	121,079,030	15.9%
Other assets	24,357,734	15,822,146	53.9%
Cash and cash equivalents	135,858,888	81,970,397	65.7%
Prepayments	8,030,713	7,117,566	12.8%
Total Current Assets	**382,833,158**	**279,047,657**	**37.2%**
TOTAL ASSETS	**1,417,602,227**	**1,183,493,863**	**19.8%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Non-Current Liabilities			
Lease liability	149,685,246	147,097,180	1.8%
Other long term debt	7,546,394	18,119,743	-58.4%
Interest-bearing loans and borrowings	440,840,484	414,696,592	6.3%
Deferred tax liability	23,559,617	20,345,799	15.8%
Total Non-Current Liabilities	**621,631,741**	**600,259,314**	**3.6%**
Current Liabilities			
Trade and other payables	224,242,318	151,690,134	47.8%
Overdraft	25,493,223	27,127,907	-6.0%
Current portion of lease liability	52,586,827	41,166,069	27.7%
Current portion of interest-bearing loans and borrowings	58,455,422	46,436,217	25.9%
Current tax liabilities	1,467,625	5,467,450	-73.2%
Provisions	7,992,337	7,209,494	10.9%
Other liabilities	44,328,176	35,230,733	25.8%
Total Current Liabilities	**414,565,928**	**314,328,004**	**31.9%**
TOTAL LIABILITIES	**1,036,197,669**	**914,587,319**	**13.3%**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	82,395,091	82,027,012	0.4%
Treasury shares	(4,015,977)	(666,624)	502.4%
Reserves	137,335,499	124,211,557	10.6%
Retained earnings	122,394,796	35,701,579	242.8%
Equity attributable to owners of the Group	**338,109,409**	**241,273,524**	**40.1%**
Non-controlling interests	43,295,149	27,633,021	56.7%
TOTAL EQUITY	**381,404,558**	**268,906,545**	**41.8%**
TOTAL LIABILITIES AND EQUITY	**1,417,602,227**	**1,183,493,863**	**19.8%**

Non-current assets amounted to RON 1,034,769,069 as at 31 December 2021, recording an increase of 14.4% as compared to December 31, 2020. The increase is mainly influenced by the acquisitions finalized in 2020 and 2021.

Current assets increased by 37.2% from RON 279,047,657 as at 31 December 2020 to RON 382,883,159 as at 31 December 2021.

Current liabilities (excluding interest-bearing debt) increased by 39.3%, from RON 199,597,812 as at 31 December 2020 to RON 278,030,456 as at 31 December 2021.
Interest-bearing debt (excluding other long-term debt and deferred tax liability) increased by 7.5%, from RON 676,523,965 as at 31 December 2020 to RON 727,061,202 as at 31 December 2021. The increase is mainly due to financing of the acquisitions completed in 2021.

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

5. Main Financial Indicators

Current ratio	Period ended at December 31, 2021		
Current assets / Current liabilities	382,833,159 / 414,565,928	=	0.92

Debt to equity ratio	Period ended at December 31, 2021		
Long Term Debt / Equity	598,072,124 / 381,404,558	=	157%
Long Term Debt / Capital Assets	598,072,124 / 979,476,683	=	61%

Trade receivables turnover (days)	Period ended at December 31, 2021		
Average receivables / Sales	130,717,634 / 1,427,218,373	=	32.97

Fixed assets turnover	Period ended at December 31, 2021		
Sales / Net Fixed Assets	1,427,218,373 / 1,034,769,069	=	1.38

6. Outlook for 2022 and mid-term

On the M&A side, Medlife Group has ongoing discussions with 3 medium-sized and large companies, but also with 5 other small companies to join the Group and aims that most of these discussions to materialize during 2022.
The development and expansion plan for 2022 follows the route Cluj-Napoca, Timişoara and Constanţa, openings of new clinics in Muntenia and Transilvania, but also in other regions of the country, with the aim of consolidating the national coverage in the next 2 years. The Group will accelerate the growth of its second brand, with a focus on patients who adhere to NHIH backed medical services. In 2022 Sfanta Maria will expand its presence in several small and medium-sized cities, both organically and through acquisitions.
2022 goals are also linked to MedLife Park, which entered its second phase of development - a new state of the art Hyper-clinic and expanding the laboratory of molecular biology and pathological anatomy. The Group aims for a much larger unit to accommodate the research division that will expand its activity in the oncology area. The next stage of development of this medical hub is planned for 2023 when MedLife intends to put into operation new surgery rooms and expand the hospitalization capacity of the largest hospital in the group with another 150 beds. MedLife Park pilot project will be replicated in the medium and long term in several large cities in the country such as Brasov, Sibiu, Cluj or Arad.
In addition to M&A and organic development projects, MedLife Group will continue to focus on digitization, being a strategic direction for the group's future development.
The investment budget planned for the next period is 100-120 million euros, approximately 50-70 million euros to be allocated for acquisitions in Romania and in the region.

7. Non-Financial Information

Overview

MedLife Group dedicates all of its resources to ensure to its patients' professional medical services at the highest standards, based on state-of-the-art technological support, in impeccable safety and comfort conditions. The Group has been constantly developing based on the desire to meet the most demanding and complex medical services. The goal of the Group medical units is to improve the quality of life of every patient that use the Group medical services. The access to the Group`s services is facilitated by the integrated system in place consisting in: hospitals, outpatient units, laboratories, pharmacies, imaging and corporate subscriptions. As a result, the Group has become the largest private healthcare provider nationwide based on Sales figures, and is making every effort to further address the needs of patients and to ensure the quality and safety of the medical act.

The Group offers its services through the largest team of doctors and nurses working in the private sector in Romania, with more than 3,000 doctors and 2,000 nurses. The Group employs full-time specialists for the vast majority of specialties offered, but also on a limited-time basis for specialties or specific functions, or works with collaborating medical staff. In addition, given its commitment to provide quality medical services, the Group has consistently invested in medical equipment, which has helped sustain its market leadership in diagnostic imaging technology.

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

Sales largely from cash-pay and HPP with low dependency on National Health Houses ("NHIH") funding
Many private healthcare providers in Romania remain dependent for a significant portion of their sales on contracts awarded by the NHIH to service State insured patients. This increases their exposure to changes in the NHIH healthcare priorities, pricings and allocation systems. With only 18% of its sales during 2021 deriving from the treatment of NHIH insured patients, the Group can independently determine its policies and priorities.

The largest number of HPP clients in Romania
With over 740,000 HPP subscribers as at 31 December 2021, the Group has access to a significant potential client base for its FFS activities. This base is further expanded when the HPP subscribers bring family members and provide referrals to others for the Group's FFS offering. The HPP client base also provides opportunities for up-selling as many of the HPP clients begin with basic medical services packages and gradually move to more comprehensive services.

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

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

From 2010 until 2021, MedLife has completed 35 acquisitions, thus gaining valuable expertise and knowledge for the Group, which will allow them to find the best method of continuous and efficient expansion.

Strategy and results
The Group`s strategy focuses on maintaining leadership position. MedLife Group seeks to expand its portfolio of units and services, ensuring profitable national coverage to meet the needs of existing and new customers of the Group. At the same time, the Group remains committed to providing patients with safe and quality medical treatments, ensuring a balance between the medical risks and opportunities and the commercial objectives of the Group. Therefore, at the end of 2021, MedLife network include 32 hyper clinics, 48 clinics, 10 hospitals, 34 laboratories, 17 dental clinics and 22 pharmacies, the Group being the only healthcare provider with large clinics with presence in all cities with over 150,000 inhabitants.

The Group is pursuing opportunities to capture additional revenues and achieve synergies within its current networks and services. The Group aims to achieve this goal through organic growth and the acquisition of smaller providers of medical services on the market. As a result of this strategy, over the past five years, MedLife Group has been characterized by significant increases in Sales from one reporting period to the other.
Organic growth
During 2021 the Group opened a number of new outpatient units and other facilities, from sampling points for its Laboratories business line to new pharmacies and dental offices. 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 fuller utilization. Further, the Company and the Group continue to optimize the range 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 constant and accelerated ramp-up of these facilities is expected to improve margins as well as deliver further sales growth.

People and resources
The Group services patients through the largest private team of doctors and nurses in Romania. As of December 31, 2021, the Group was collaborating with a number of more than 3,000 doctors and 2,000 qualified nurses across its business lines, including both employees working exclusively for the Group and collaborators, providing services as independent professionals. In addition, more than 1,700 full-time employees were working in support and administrative functions as at December 31, 2021.

The Group's objective is that its medical staff be formed exclusively of full-time employees, even if certain specialties and functions either do not justify full-time engagements or such personnel are not available. In these circumstances, the Group enters into part-time employment or collaboration arrangements with the respective staff. The type of contractual arrangement between the Group and its medical staff depends on various criteria, such as the professional context or the time that the medical staff can allocate to services provided in the Group. Medical staff under services agreements are seen by the Group as commercial partners, providing services to the Group as independent contractors, in compliance with the applicable legislation.
The Group seeks to provide adequate compensation and incentives to physicians and other medical staff in exchange for quality medical care and commitments to promote the MedLife Group business model. The usual compensation package offered by the Group to its employees includes fixed remuneration, to which a variable remuneration is added, determined based on a revenue sharing mechanism connected to appointment and consulting activity. Collaborators are compensated based on their appointment and consulting activity. The Group does not operate retirement plans or long-term benefit plans.

The Group invests in human resources programs such as the Life Academy, Good Practice - Nurses School, the Medlife National Conference. These training programs are designed to ensure the professional continuation of its employees, both those in support and administrative staff, as well as those in the medical setting.
As for the relationship with colleagues, the Group provides a safe working environment in which employees are treated fairly and with respect, and the differences between employees are accepted. The Group is committed to providing colleagues with the opportunity to excel and reach their full potential and reward them on a merit basis.
The Group does not tolerate any discrimination, intimidation or harassment of colleagues or between them. The Group encourages clear and open communication with and between colleagues. They can and must promptly express any concerns about any unethical or illegal behaviour by presenting these concerns to the human resources department within the Group. The Group undertakes to investigate such concerns brought to good faith, maintaining the confidentiality of these steps.

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.
- OHSAS 18001:2007 (Occupational health & safety management system) represents a working model for the organizations that intend to have a better control over the professional risks.

All of the Group's laboratory facilities are accredited by the Romanian Accreditation Association with ISO 15189 for Quality management.

Health, Safety, Security and Environment
The Group is subjected, 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.

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

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

The Group also forbids colleagues to accept gifts, 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 3,000 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. And in 2021, the medical HotLine remained a base service for MedLife subscribers.

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

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

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

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

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

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

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

Research
Since the beginning of the pandemic, 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.

Protective equipment and sanitary materials
Since the beginning of the pandemic, we made sure that both physicians and support staff in the department have always provided protective equipment and disinfectant. We made special circuits for them, so that the flow of people was safe for all employees and we implemented a system for epidemiological triage.

Medical triage
The Group`s epidemiological triage team has been implemented since the early appearance of the first cases of COVID-19 in Romania. We adapted quickly and took safety measures to stop the spread of the virus, which led to the protection of the entire team.

Continuous COVID-19 testing program
Immediately after the beginning of the pandemic, we invested in the development of our own RT-PCR laboratories in order to detect SARS-CoV-2 infection. Thus, since March 2020 we have had the ability to periodically test colleagues in MedLife Group units, medical staff and support staff, who intersected daily with thousands of patients. Thus, through systematic testing we managed to protect our colleagues, to avoid possible outbreaks and to continue our activity in medical units in conditions of maximum safety.

8. Corporate Governance

Corporate governance statement

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

Starting with January 4, 2016, a new corporate governance code issued by the Bucharest Stock Exchange has entered into force and is applicable to all issuers of securities traded on the regulated spot market of the Bucharest Stock Exchange.

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

The Group monitors environment, social and human resources policies through its corporate governance procedures in place. The responsibility has been translated by the Board of Directors to the management team specific for each department in place: HR and Administrative.

MedLife has adhered to the Corporate Governance Code of the Bucharest Stock Exchange considering the quality of the issuer on the capital market. The Corporate Governance Code of the BVB can be found on the official website of the BSE (www.bvb.ro).

The Med Life SA website also includes the following policies and procedures: Organization and Deployment Policy for General Shareholders' Meetings, Code of Ethics and Conduct, Social Responsibility Code, Forecasting Policy and Corporate Governance Statute, documents to which reference is made in the Declaration on Compliance with the Corporate Governance Code.

8.1 Shareholding structure

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**

Details regarding shareholders rights is public and can be found in the published Prospectuses of the Company, as well as in the Articles of Incorporation of the Company.

8.2 Company Management

MedLife is managed in a unitary system by the Board of Directors consisting of 7 members appointed by the Ordinary General Meeting of Shareholders for a four-year term with the possibility of being re-elected. Out of 7 members of MedlLfe Board of Directors, 3 members are independent members. The Board of Directors is responsible for MedLife's management, acting in the interest of society and protecting the interests of its shareholders by ensuring a sustainable development of the Company and the entire Group. According to the Articles of Incorporation, the Board of Directors is responsible for all necessary acts in order to fulfil MedLife object of activity, including the management of MedLife subsidiaries or investments, except for the attributions attributable to the General Meeting of Shareholders by law.

MedLife Board of Directors
As at the date of December 31, 2021, the Board of Directors consists of the following members:

Name	Date of Birth	Title
Mihail Marcu	30.09.1970	Member and Chairman of the Board of Directors, CEO
Ana Maria Mihaescu	29.07.1955	Member of the Board of Directors - independent member
Dimitrie Pelinescu-Onciul	11.08.1947	Member of the Board of Directors
Dorin Preda	03.04.1976	Member of the Board of Directors and Executive Director
Nicolae Marcu	26.10.1968	Member of the Board of Directors and Executive Director
Voicu Cheta	13.08.1981	Member of the Board of Directors - independent member
Ovidiu Fer	31.12.1983	Member of the Board of Directors - independent member

Mihail Marcu (1970) – Member and Chairman of the Board of Directors, Chief Executive Officer
Mihail Marcu has been the Chairman of the Board of Directors of MedLife since August 2006 and Chief Executive Officer since December 2016. Mihail Marcu is a graduate of Bucharest University, the Mathematics and Computer Science Faculty (1995), and has further graduated other post-graduate and advanced training courses delivered by the Romanian Banking Institute, the Open University, DC Gardner training or Codecs, both in Romania, and abroad. Prior to his position as a member of the Board of Directors of MedLife, Mihail Marcu was the Chief Executive Officer of MedLife between January 2004 and August 2006; before that, he held the office of Vice-Chairman of RoBank S.A. (currently, OTP Bank Romania S.A.), being authorised in this capacity by the National Bank of Romania. Earlier, Mihail Marcu held various positions in Credit Bank Romania S.A. and RoBank S.A., including credit inspector, head of credit unit, manager of the credit department, and manager of the corporate department.

Ana Maria Mihăescu (1955) – Independent Member of the Board of Directors
Ana Maria Mihăescu has been a member of the Board of Directors of MedLife since September 2017. In the last 20 years, Ana Maria Mihăescu has led the mission of the International Finance Corporation of Romania, a World Bank's Division and the largest private sector lender in emerging countries. Between 2011 and 2016, Ana Maria Mihăescu had a decision-making role regarding the IFC projects in several European countries, including Romania. Previously, she held top management

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

positions in the banking sector. Since 2016, she has been a member of the Raiffeisen Bank's Supervisory Board, serving as an independent member for a four-year term.

Dimitrie Pelinescu-Onciul (1947) - Member of the Board of Directors
Dimitrie Pelinescu-Onciul has been a member of the Board of Directors of MedLife since 2008. He is a graduate of the Carol Davila Medicine and Pharmacy University of Bucharest, Faculty of Medicine (1972), specialising in obstetrics and gynecology (residency 1978-1981), and became Doctor in Medical Sciences in 1994. Dimitrie Pelinescu-Onciul is a member of 11 Romanian scientific societies in Romania and of 7 scientific societies abroad, and held among other the office of President of the Romanian Perinatal Medicine Association (2006-2008). Before joining the MedLife team in 2004, Dimitrie Pelinescu-Onciul used to work for Filantropia Clinical Hospital of Bucharest (1994-2004), Titan Clinical Hospital of Bucharest (1986-1991), Brâncovenesc Clinical Hospital (1978-1981), and Sinești Rural Hospital, Vâlcea County (1972-1978), as primary care physician, obstetrics and gynecology, head of clinics or hospital director.

Dorin Preda (1976) – Member of the Board of Directors; Chief Finance and Treasury
Dorin Preda has been a member of the Board of Directors of MedLife since 2008. He is a graduate of the Academy of Economic Studies of Bucharest, Faculty of Finance, Insurance, Banks and Stock Exchanges (1998). Before joining the MedLife team, Dorin Preda was the Chief Executive Officer (CEO) of Asilife Insurance Broker S.R.L. (2007-2008), Branch Manager of HVB – Ţiriac Bank S.A. (2006-2007), HVB Bank S.A. (2005-2006), Banca Comerciala Ion Ţiriac (2004-2005) and Banca Comerciala RoBank S.A. (2003-2004). Similarly, he used to hold the positions of Manager of Loans and Marketing Department of Banca Comerciala RoBank S.A. (2001-2002), credit analyst with the same bank (2000-2001), and Manager of the Loans Department of Banca Dacia Felix S.A. (1999-2000).

Nicolae Marcu (1968) – Member of the Board of Directors, Chief Healthcare and Operations Officer
Nicolae Marcu has been a member of the Board of Directors of MedLife and Chief Healthcare and Operations Officer since December 2016. Nicolae Marcu is a graduate of Carol Davila Medicine and Pharmacy University of Bucharest, Faculty of Medicine (1996), and has been a doctoral student in psychiatry since 2000. Nicolae Marcu graduated a number of postgraduate studies in psychiatry in the country and abroad. Prior to his position as a member of the Board of Directors of MedLife, Nicolae Marcu was the Chief Executive Officer of MedLife between August 2006 and December 2016, and prior to joining the MedLife team, Nicolae Marcu was a specialised physician in psychiatry with "Dr. Al Obregia" Psychiatric Hospital.

Voicu Cheța (1981) - Independent Member of the Board of Directors
Voicu Cheța has been a member of the Board of Directors of MedLife since December 2020. He is a lawyer in the Bucharest Bar with over 15 years of legal experience. His specialized practice covers various areas such as high value commercial litigation, commercial arbitration, insolvency and restructuring, labor relations, public procurement, administrative litigation, debt recovery and company law. In the activity of legal advice and representation before the courts and arbitral tribunals, he acquired an overview and proven skills to approach commercial legal relations in a way that ensures their correlation with the needs of economic activity.

Ovidiu Fer (1983) - Independent Member of the Board of Directors
Ovidiu Fer has been a member of the Board of Directors of MedLife since December 2020. He is a graduate of the Academy of Economic Studies in Bucharest, Faculty of Finance, Insurance, Banking and Stock Exchanges (2006) and holds an MBA from INSEAD (2014). Starting with 2016, Ovidiu Fer founded the Alpha Quest Regional Investment Fund, as a founding member and is also a member of the Advisory Board of GapMinder VC Fund (since 2018). He previously served on the IJC Funds Investment Committee (2014-2016) and served as an external advisor to Elliott Advisors (2013-2014). He also held the position of Equity Analyst, Frontier Markets Expert and Country Manager at Wood & Company (2007-2013), but also Financial Analyst for KTD Invest (2005-2007).

Executive Committee

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

Name	**Title**
Mihail Marcu	Chief Executive Officer (CEO)
Nicolae Marcu	Chief Healthcare and Operations Officer
Dorin Preda	Chief Finance and Treasury
Adrian Lungu	Chief Financial Officer
Radu Petrescu	HR Director
Marius Petrila	IT Director
Mariana Brates	Purchasing Director
Larisa Chirirac	Medical Director
Vera Firu	Accounting and Tax Director
Mirela Dogaru	Corporate and Marketing Director

8.3 Audit Committee

The audit committee has three members:

Name	Date of Birth	Title
Ana Maria Mihaescu	29.07.1955	Member of the Board of Directors - independent member- President of Audit Committee
Voicu Cheta	13.08.1981	Member of the Board of Directors - independent member
Ovidiu Fer	31.12.1983	Member of the Board of Directors - independent member

The Audit Committee has mainly, the following tasks:

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

Internal Control – Internal Audit function

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

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

The objectives of internal control and internal audit are:

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

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

Internal control is applicable:

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

8.4 Remuneration Committee

The remuneration committee consists of the following members:

1. Ana Maria Mihaescu, Independent Non-Executive Administrator, President of the Remuneration Committee;
2. Voicu Cheta, Independent Non-Executive Administrator;
3. Dimitrie Pelinescu-Onciul, Non-Executive Administrator.

The Remuneration Committee has the following responsibly:

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

The Company has a remuneration policy in force and prepared a Remuneration Report for 2021 that will be submitted for approval in the Ordinary General Meeting of Shareholders.

9. Risk exposure and risk management

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

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

(a) Credit risk

Financial assets that potentially give rise to concentrations of credit risk consist principally of cash, short-term deposits, trade and other receivables. 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 healthcare prevention packages, 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.

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 18% of its sales during 2021 deriving from the treatment of NHIH insured patients (concentration of credit risk) – reliance on major customers.

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

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk because it borrows funds at both fixed and 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.

The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Interest rate sensitivity analysis in also performed by management, using a 10% increase / 10% decrease in interest rates and monitored periodically. This assumption has not changed from previous years and represents management's assessment of the reasonably possible change in interest rates.

(c) Liquidity risk

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

(d) Foreign currency risk

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

The Group is mainly exposed in respect of the exchange rate of the RON versus EUR. Sensitivity analysis is performed by management, using a 10% increase and decrease in RON against EUR and monitored periodically. This assumption has not changed from previous years and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

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

10. Subsequent events

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.

The Group regards these events as non-adjusting events after the reporting period, the quantitative effect of which cannot be estimated at the moment with a sufficient degree of confidence. Currently, the Group's management is analysing the possible impact of changing micro- and macroeconomic conditions on the Group's financial position and results of operations.

Increased participation in Genesys Medical Clinic SRL
MedLife Group increases by 10% its shareholding in Genesys Medical Clinic (one of MedLife`s subsidiaries), one of the largest private medical services providers in western Romania, thus reaching a stake of 83%. Genesys Medical Clinic has been part of MedLife Group since 2011, when representatives announced the acquisition of 55% of its shares.

Increased participation in Almina Trading SA
MedLife Group completed the acquisition of additional 10% shares in Almina Trading (one of MedLife`s subsidiaries), reaching a stake of 90%. In 2017, MedLife acquired a majority stake of 80% in Almina Trading, a company consisting of eight medical centers and two laboratories, located in Dambovita and Ilfov counties.

Administrators