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INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
Med Life S.A.

Report on the Audit of the Individual Financial Statements

Opinion

1. We have audited the individual financial statements of Med Life S.A. ("the Company"), with registered office in 365, Calea Grivitei, District 1, Bucharest, identified by unique tax registration code 8422035, which comprise the individual statement of financial position as at December 31,2020, and the individual statement of comprehensive income, individual statement of changes in equity and individual statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the individual financial statements.

2. The individual financial statements as at December 31, 2020 are identified as follows:

• Net assets	RON 207,077,279
• Net profit for the financial year	RON 41,842,280

3. In our opinion, the accompanying individual financial statements present fairly, in all material respects, the individual financial position of the Company as at December 31, 2020, and its individual financial performance and its individual cash flows for the year then ended in accordance with Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named "the Regulation") and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law 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

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of the current period. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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<table>
<tr><th>KEY AUDIT MATTER</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Recognition of leases under IFRS 16</td><td></td></tr>
<tr><td>The Company has adopted IFRS 16 as of January 1st, 2019. On adoption date, the impact lead to an increase in total assets of RON 91.4 million and an increase in total liabilities of RON 91.4 million for the opening balance sheet.

The current period is the second financial year in which the Company has applied IFRS 16.

The Company has identified during the current year errors in respect of management estimates applied in the adoption of IFRS 16, starting January 1, 2019. As a result it has restated previously reported financial information in relation to measurement under IFRS 16.

Further information is set out in Note 3.6 and Note 13 to the individual financial statements.

In accounting for IFRS 16 the management of the Company has applied significant judgments and management estimates for determining:
lease term applied to its identified lease agreements;
the discount rate to be applied in measurement of right–of–use assets and lease liabilities;
the application of exemptions and practical expedients for similar type of contracts characteristics to be accounted on a portfolio basis;
lease modifications;
measurement in a consistent manner of rent concessions received during the financial year as a result of COVID-19;
subsequent measurement of key elements from lease contracts which influence the valuation of the right-of-use asset and lease liability.
We have defined the recognition of leases under IFRS 16 as a key audit matter owing to the significant effort required in auditing the various significant management assumptions, judgements and estimates applied, as presented above, in particular subsequent assessment over lease contracts key elements which impacts the measurement of right–of–use assets and lease liabilities.</td><td>In responding to the key audit matter identified we have assessed the following:
we have obtained an understanding of relevant controls over the identification of new leases, the underlying lease data and subsequent modifications;
we have verified the accuracy of the underlying lease data by agreeing a sample of leases to supporting information made available by the Company including leases modification;
we have evaluated the completeness of lease contracts by testing the reconciliation to the Company's operating lease commitments and by analysing the most significant service contracts to assess whether they contained a lease under IFRS 16;
we have verified the mathematical accuracy of the IFRS 16 calculations for a sample of leases through recalculation of the right–of–use assets, lease liability, depreciation charge and finance cost. Where lease modification took place, we have evaluated the impact triggered;
we have evaluated the judgment applied by the Company in estimating the discount rate used for the measurement of right–of–use asset, lease liability;
we have analysed the information used by the Company in accounting for IFRS 16 in the individual financial statements elements on a portfolio basis, applied in cases where lease contracts with similar characteristics have been identified;
we have assessed the material implications of COVID 19 applicable to the Company in accounting for IFRS 16, in particular lease incentives and impairment triggers;
we have evaluated the key elements analysed by the Company, based on which restatement for previous reported financial period was performed, presentation of these elements in the statement of financial position in accordance with IAS 1 "Presentation of Financial Statements" and key disclosures required by IAS 8 "Accounting policies, Changes in accounting estimates and Errors".
We have also evaluated the material disclosures presented in the notes to the individual financial statements as required by IFRS 16.</td></tr>
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Other information- Individual Administrator's Report

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the individual Administrators' report, but does not include the individual financial statements and our auditor's report thereon.

Our opinion on the individual financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual financial statements for the year ended December 31, 2020, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrator's report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

On the sole basis of the procedures performed within the audit of the individual financial statements, in our opinion:

a) the information included in the administrators' report for the financial year for which the individual financial statements have been prepared is consistent, in all material respects, with these individual financial statements;
b) the individual administrators' report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU;

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the individual financial statements prepared as at December 31, 2020, we are required to report if we have identified a material misstatement of this individual Administrator's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Individual Financial Statements

7. Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the individual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 individual financial statements.

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11. 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 individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. 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.

13. 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, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

15. We have been appointed by the General Assembly of Shareholders on 22 April 2019 to audit the individual financial statements of Med Life S.A. for the financial year ended December 31, 2020. The uninterrupted total duration of our commitment is 12 years, covering the financial years ended 31 December 2009 until 31 December 2020.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.

- No non-audit services referred to in Article 5 (1) of EU Regulation No. 537 / 2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Irina Dobre.

Irina Dobre, Audit Partner

For signature, please refer to the original Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under AF 3344

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under FA 25

The Mark Building, 84-98 and 100-102 Calea Griviței,
8th Floor and 9th Floor, District 1
Bucharest, Romania
13 April 2021

MED LIFE S.A.

INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS ADOPTED BY EUROPEAN UNION
(„IFRS”)

(TOGETHER WITH INDEPENDENT AUDITOR’S REPORT AND ADMINISTRATORS’ REPORT)

CONTENTS:	PAGE:

MED LIFE S.A.
INDIVIDUAL STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020
(all the amounts are expressed in RON, unless otherwise specified)

	Note	December 31, 2020	December 31, 2019 *restated	January 1, 2019 *restated
ASSETS				
NON CURRENT ASSETS				
Intangible assets	**5**	10,675,893	11,739,823	7,701,244
Tangible assets	**5**	244,998,068	203,527,953	183,020,161
Right-of-use assets	**12**	71,462,302	79,723,850	91,387,056
Financial assets	**4**	237,335,288	234,220,734	148,383,413
TOTAL NON-CURRENT ASSETS		**564,471,551**	**529,212,360**	**430,491,875**
Current Assets				
Inventories	**6**	13,224,013	6,887,412	6,533,910
Trade and other receivables	**7**	89,382,165	57,944,885	47,146,208
Receivables with group companies	**21**	95,020,068	84,409,169	74,915,161
Other receivables		11,780,770	13,782,629	3,944,995
Cash and cash equivalents	**8**	33,735,446	11,657,432	21,274,743
		243,142,462	**174,681,527**	**153,815,017**
Prepayments	**9**	**1,325,662**	**2,793,639**	**2,204,277**
TOTAL CURRENT ASSETS		**244,468,124**	**177,475,166**	**156,019,294**
TOTAL ASSETS		**808,939,675**	**706,687,526**	**586,511,168**
LIABILITIES & SHAREHOLDER'S EQUITY				
Current Liabilities				
Trade and other payables	**10**	96,605,850	95,879,220	75,848,191
Overdraft		9,738,800	9,558,600	9,327,799
Current portion of lease liability	**13**	21,416,526	21,908,619	19,604,849
Current portion of long term debt	**14**	34,881,989	16,434,233	14,669,616
Intercompany payables	**22**	1,036,693	1,707,947	2,754,866
Current tax liabilities		3,829,499	395,661	312,992
Provisions	**12**	2,885,053	524,431	0
Short term liabilities	**11**	16,008,640	33,924,206	6,388,289
TOTAL CURRENT LIABILITIES		**186,403,050**	**180,332,917**	**128,906,602**
Long Term Debt				
Lease liability	**13**	67,027,513	80,139,646	89,195,755
Other long term debt		3,325,000	6,650,000	-
Long term debt	**14**	333,649,420	265,437,273	205,624,681
TOTAL LONG-TERM LIABILITIES		**404,001,933**	**352,226,919**	**294,820,436**
Deferred tax liability	**23**	**11,457,413**	11,457,413	10,785,523
TOTAL LIABILITIES		**601,862,396**	**544,017,249**	**434,512,561**
SHAREHOLDER'S EQUITY				
Share capital and share premium	**15**	82,027,012	81,495,470	81,495,470
Treasury shares		(666,624)	(2,699,804)	(6,056,105)
Reserves	**16**	90,599,863	76,661,823	73,097,247
Retained earnings		35,117,028	7,212,788	3,461,995
TOTAL EQUITY		**207,077,279**	**162,670,277**	**151,998,607**
TOTAL LIABILITIES AND EQUITY		**808,939,675**	**706,687,526**	**586,511,168**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

	Note	12 Months ended December 31, 2020	2019 * restated
Sales	**17**	508,823,190	456,165,019
Other operating revenues	**18**	4,093,568	4,348,742
Operating Income		**512,916,758**	**460,513,761**
Consumable materials and repair materials		(84,668,323)	(66,396,142)
Third party expenses		(140,358,151)	(140,605,350)
Salary and related expenses (incl. contributions)	**20**	(134,748,555)	(150,265,803)
Depreciation		(46,482,290)	(43,312,183)
Impairment losses and gains (including reversals of impairment losses)		(6,816,733)	1,524,207
Other operating expenses	**19**	(32,329,352)	(39,538,437)
Operating expenses		**(445,403,404)**	**(438,593,708)**
Operating Profit		**67,513,354**	**21,920,053**
Finance income - interest revenue		1,714,066	2,183,489
Finance cost		(13,773,288)	(11,661,141)
Other financial expenses		(5,565,399)	(7,843,768)
Financial loss	**21**	**(17,624,620)**	**(17,321,421)**
Result Before Taxes		**49,888,734**	**4,598,632**
Income tax expense	**23**	(8,046,454)	(1,398,406)
Net Result		**41,842,280**	**3,200,226**
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of equity instruments		-	655,437
Deferred tax on other comprehensive income components	**23**	-	(104,870)
TOTAL OTHER COMPREHENSIVE INCOME		**-**	**550,567**
TOTAL COMPREHENSIVE INCOME		**41,842,280**	**3,750,793**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

	Note	12 Months ended December 31, 2020	2019 * restated
Net profit before taxes		**49,888,734**	**4,598,632**
Adjustments for			
Depreciation	**5**	46,482,290	43,312,183
Interest expense	**21**	13,773,288	11,661,141
Allowance for doubtful receivables	**7**	6,816,733	(1,524,207)
Provisions for liabilities and charges		2,360,622	524,431
Other non-monetary gains	**18**	(568,952)	(1,885,745)
Unrealised exchange gain / loss on interest bearing obligations		5,180,675	6,279,385
Interest revenue	**21**	(1,714,066)	(2,183,488)
Operating cash flow before working capital changes		**122,219,323**	**60,782,333**
Decrease / (increase) in accounts receivable		(35,532,917)	(16,517,233)
Decrease / (increase) in inventories		(6,523,215)	(353,502)
Decrease / (increase) in prepayments		212,942	(589,362)
Increase / (decrease) in accounts payable		(39,329,389)	24,574,674
Cash generated from/(used in) working capital changes		**(81,172,579)**	**7,114,578**
Cash generated from operations		**41,046,744**	**67,896,911**
Income tax paid		(4,612,616)	(748,718)
Interest received		1,714,066	2,183,489
Interest paid		(12,829,063)	(11,226,517)
Net cash from operating activities		**25,319,132**	**58,105,164**
Purchase of investments	**4**	17,859,198	(53,295,424)
Purchase of intangible assets	**5**	(2,893,079)	(6,263,964)
Purchase of property, plant and equipment	**5**	(60,312,241)	(31,226,847)
Loans granted	**22**	(10,610,899)	(9,494,008)
Net cash used in investing activities		**(55,957,021)**	**(100,280,243)**
Cash flow from financing activities			
Payment of loans		(15,542,552)	(8,005,257)
Net lease payments		(24,950,950)	(19,821,375)
Increase in loans		97,429,538	63,687,433
Payments for purchase of treasury shares		(3,548,879)	(2,256,114)
Decrease in loans granted to group companies	**22**	(671,254)	(1,046,919)
Net cash from/ (used in) financing activities		**52,715,903**	**32,557,768**
Net change in cash and cash equivalents		**22,078,014**	**(9,617,311)**
Cash and cash equivalents beginning of the year	**8**	11,657,432	21,274,743
Cash and cash equivalents end of the year	**8**	**33,735,446**	**11,657,432**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

The accompanying notes are an integral part of the individual financial statements.

MED LIFE S.A.
INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(all the amounts are expressed in RON, unless otherwise specified)

	Share Capital	Treasury shares	Share premium	General reserves and other reserves	Revaluation Reserve	Accumulated Results	Total Equity
Balance at 31 Dec 2019 as originally presented	**5,536,271**	**(2,699,804)**	**75,959,199**	**10,072,949**	**66,588,874**	**9,035,002**	**164,492,491**
Correction of error (net of tax)		-	-	-	-	(1,822,213)	(1,822,213)
*Restated total equity at the beginning of the financial year	**5,536,271**	**(2,699,804)**	**75,959,199**	**10,072,949**	**66,588,874**	**7,212,788**	**162,670,277**
Share capital contribution	-	-	-	-	-	-	-
Net release of own shares used for acquiring additional NCI	-	2,033,180	-	-	-	-	**2,033,180**
Increase in share capital through incorporation of reserves	27,681,352	-	(27,681,352)	-	-	-	**-**
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made	-	-	531,542	-	-	-	**531,542**
Other reserves, including revaluation reserve	-	-	-	13,938,040	-	(13,938,040)	**-**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**41,842,280**	**41,842,280**
Gain/loss from revaluation	-	-	-	-	-	-	-
Deferred tax related to other comprehensive income	-	-	-	-	-	-	-
Profit of the year	-	-	-	-	-	41,842,280	**41,842,280**
Balance as at December 31, 2020	**33,217,623**	**(666,624)**	**48,809,389**	**24,010,989**	**66,588,874**	**35,117,028**	**207,077,279**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

MED LIFE S.A.
INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(all the amounts are expressed in RON, unless otherwise specified)

	Share Capital	Treasury shares	Share premium	General reserves and other reserves	Revaluation Reserve	Accumulated Results	Total Equity
Balance as at January 1, 2019	**5,536,271**	**(6,056,105)**	**75,959,199**	**10,072,949**	**63,024,298**	**3,461,995**	**151,998,607**
Share capital contribution	-	-	-	-	-	-	-
Acquisition of treasury shares	-	4,011,738	-	-	-	-	**4,011,738**
Increase from own shares valuation	-	(655,437)	-	-		-	**(655,437)**
Other reserves, including revaluation reserve	-	-	-	-	3,564,576	-	**3,564,576**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**3,750,793**	**3,750,793**
Gain/loss from revaluation	-	-	-	-	-	-	-
Deferred tax related to other comprehensive income	-	-	-	-	-	-	-
Profit of the year *restated	-	-	-	-	-	3,750,793	**3,750,793**
Balance as at December 31, 2019	**5,536,271**	**(2,699,804)**	**75,959,199**	**10,072,949**	**66,588,874**	**7,212,788**	**162,670,277**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

1. DESCRIPTION OF THE BUSINESS

Med Life S.A. ("Med Life" or the "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania. The Company's activity resides in the performance of healthcare services activities (detailed under 3.22 Revenue recognition and Note 16 Sales) through medical centres located in Bucharest, Cluj, Braila, Timisoara, Iasi, Galati, Ploiesti and Constanta.

Med Life is one of the leading health care services providers in Romania, having a significant market share at a national level. The registered office of Med Life is located in Bucharest, Calea Grivitei, no. 365. The ultimate parent of the Med Life Group is Med Life SA.
Details of Med Life SA's subsidiaries at December 31, 2020 and December 31, 2019 are as follows:

	Name of subsidiary	Main activity	Location	December 31, 2020	December 31, 2019
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%	61%
10	Genesys Medical Clinic SRL (indirect)	Medical Services	Bucharest, Romania	73%	61%
11	Bactro SRL (indirect)	Medical Services	Deva, Romania	73%	61%
12	Transilvania Imagistica SA (indirect)	Medical Services	Oradea, Romania	73%	61%
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%	100%
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 (directly and indirectly)	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	31%	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	90%	90%

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

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%	90%
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%	0%
50	Centrul Medical Matei Basarab SRL*	Medical Services	Bucharest, Romania	100%	0%
51	Farmachem Distributie SRL*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	75%	0%
52	CED Pharma SRL*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	0%
53	KronDent SRL (indirect)*	Dental healthcare	Brasov, Romania	36%	0%

* The control over these companies will be obtained in the first semester of 2021 and will be consolidated starting with 2021.

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

2.1 Initial application of new amendments to the existing standards effective for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Material - adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020),

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"** - Interest Rate Benchmark Reform - adopted by the EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020),

- **Amendments to IFRS 16 "Leases"** - Covid-19-Related Rent Concessions (adopted by the EU on 9 October 2020 and effective at the latest, as from 1 June 2020 for financial years starting on or after 1 January 2020),

- **Amendments to References to the Conceptual Framework in IFRS Standards** adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020).

The adoption of amendments to the existing standards has not led to any material changes in the Company's financial statements.

The adoption of amendments to the existing standards has not led to any material changes in the Group's financial statements, except for Covid-19-Related Rent Concessions.

*In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.
The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:
a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c) There is no substantive change to other terms and conditions of the lease.
In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.
The practical expedient has been applied to all qualifying rent concessions received for buildings. The management elected not to apply the practical expedient for rent concessions received for vehicles. Please see Note 16 for the impact recognized in profit or loss that arise from rent concessions to which the Group (lessee) has applied the practical expedient.

2.2 Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorization of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **Amendments to IFRS 4 Insurance Contracts "Extension of the Temporary Exemption from Applying IFRS 9"** adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023),

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases"** - Interest Rate Benchmark Reform — Phase 2 adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021).

2.3 New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

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 2020 (the effective dates stated below is for IFRS as issued by IASB):

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

- **IFRS 17 "Insurance Contracts"** including amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 16 "Property, Plant and Equipment"** - Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022),

- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** - Onerous Contracts — Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022);

- **Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Company's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements, if applied as at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Accounting Standards for Financial Reporting ("IFRSs") as adopted by the European Union ("EU").

The accounting policies applied in these financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended 31 December 2019, except for the adoption of new standards effective as of January 1st 2020.

Additionally, the financial statements have been prepared in accordance with Order 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU with subsequent amendments.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These financial statements have been prepared to serve the Company as statutory financial statements.

The Company maintains its accounting records in Romanian Lei ("RON") and prepares its statutory financial statements in accordance with the Regulations on Accounting and Reporting issued by the Ministry of Finance in Romania. The accompanying financial statements are based on the statutory records of the individual entities and have been adjusted to present the financial statements in accordance with IFRS.

3.3 Going concern

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

For the purposes of assessing liquidity and going concern, the Company has modelled scenarios reflecting suitable assumptions over the next 12–month period that serve to inform the decisions the Company takes regarding future cost savings, cash generation, debt covenants and levels of investment. The Company's financial performance to date in FY21 across all divisions has been ahead of the modelled scenarios.

In addition, due to the proactive response taken by the Company to improve its liquidity position, since the beginning of the pandemic crisis, the cashflows of the Company have remained stable, demonstrating the financial discipline across the Company and the conservative approach taken when modelling scenarios.

As part of the Company's proactive response to maintaining its liquidity position and optimising its response to the crisis, a broad range of consequent actions was taken including:
• All non-urgent and non-committed capital programmes have been postponed or reduced during the initial months of the pandemic;
• Non-essential administrative costs generally and relating to projects specifically have been postponed or reduced;
• Measures have been taken to further optimise working capital management;
• Lease amortisation payments have been deferred, where possible;
• Decreasing the working hours for key administrative staff from 5 to 4 working days;
• Negotiation with providers, considered "not mandatory" for the Med Life in order to suspend the collaboration for a defined period of time.
• The Management of the Company reassessed the serving capacity of all business units and readjusted their medical infrastructure to the new market requirements. In this respect, all business units went through a market repositioning process that allowed them to address more efficiently customers' needs as a result of population's change of approach in relation to post Covid medical services.

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

Additional mitigating steps were implemented, such as further reductions in fixed operating costs, rent waivers and government intervention packages.

In response to the COVID-19 coronavirus pandemic, in March 2020 the Romanian authorities

introduced a government program for companies that were forced to shut down their operations and furlough staff. Under the program, an eligible company could apply for this in an amount up to a level of 75% of the average salary per economy, to continue paying monthly salaries to its furloughed employees. The measure taken by Med Life was to reduce costs in connection with support departments by sending non-critical staff into technical unemployment. The costs were borne by the Romanian Government up to a level of 75% of the average salary per economy; for salaries that exceeded the average in the economy, the difference was borne by Med Life.
Also, Med Life has made a 50% reduction of the salaries of the management team for a period of 45 days (from March 16 to April 30). The impact was not quantified, being considered insignificant as a share in operating expenses.
Another support measure during the state alert is the settlement for the sanitary units with beds in contractual relationship with the National Health Insurance Houses of the amounts contracted and settled from the budget of the Single National Health Insurance Fund or from the budget of the Ministry of Health, regardless the number of cases performed or, as the case may be, at the level of the activity actually performed in the conditions in which it exceeds the contracted level (Document no. 195/2020, Chapter III / Art. 17 / c)).
These steps have provided additional support to the liquidity analysis and modelled scenarios.

Going forward, the management has assessed the continuity of such measures and included this scenario in the financial modelling of the Company concluding that all cost cutting measures are replicable for the future periods and will continue to release margin into the Company’s cashflows.

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

3.4 Accounting estimates and judgments

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

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

Impact of COVID 19 in respect of untaken holidays balance

In order to mitigate the effects generated by COVID 19, the Company 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 Company during 2020. As a result, the management decided to take on a prudent approach in terms of provisioning untaken holidays and recognized a provision of RON 2.3 million as at December, 31 2020.

Impact of COVID 19 in respect of IFRS 9

The Company 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 allowance for bad and doubtful debts of RON 6.8 million as at December, 31 2020.

3.5 Foreign currency translation

Functional and presentation currency

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

The exchange rates on December 31, 2020 were RON 4.8694 for EUR 1 (December 31, 2019: RON 4.7793 for EUR 1), respectively 1.3356 for HUF 100 (December 31, 2019: RON 1.4459 for 100 HUF). The average exchange rates for the period of 12 months 2020 were 4.8276 RON for 1 EUR (12 months 2019: 4.7454 RON for 1 EUR), respectively 1.3777 RON for 100 HUF (12 months 2019: 1.4589 for 100 HUF).

The monetary assets and liabilities in foreign currency as of reporting date have been converted from EUR to RON at the closing exchange rate as announced by the National Bank of Romania.

3.6 Correction of error

The comparative figures have been adjusted to conform with changes in presentation in the current year.

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

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

In addition to this approach, the management decided to purchase many of its prior-leased locations in order to secure the Company growth in line with its strategic plan. All these aspects were reflected when accounting for leased properties under IFRS 16, by also restating the opening balance, for comparability reasons.

In this respect, the management has evaluated its options for early termination as well as the existence of the Company 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, have been considered.

The Company has also reclassified "Materna" vouchers from Cash and cash equivalents to Other financial assets due to the fact that their convertibility in cash exceeds more than three months and some grants were reclassified from short term to long term. For details, please see note 8 – Cash and banks.

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

	January 1, 2019	Restatements	January 1, 2019 * restated	December 31, 2019	Restatements	December 31, 2019 * restated	December 31, 2020
ASSETS							
NON CURRENT ASSETS							
Intangible assets	7,701,244	-	7,701,244	11,739,823	-	11,739,823	10,675,893
Tangible assets	183,020,161	-	183,020,161	203,527,953	-	203,527,953	244,998,068
Right-of-use assets	81,327,515	10,059,541	91,387,056	59,318,528	20,405,322	79,723,850	71,462,302
Financial assets	147,899,593	483,820	148,383,413	233,023,412	1,197,322	234,220,734	237,335,288
TOTAL NON-CURRENT ASSETS	**419,948,513**	**10,543,362**	**430,491,875**	**507,609,716**	**21,602,644**	**529,212,360**	**564,471,551**
Current Assets							
Inventories	6,533,910	-	6,533,910	6,887,412	-	6,887,412	13,224,013
Trade and other receivables	47,146,208	-	47,146,208	57,944,885	-	57,944,885	89,382,165
Receivables with group companies	74,915,161	-	74,915,161	84,409,169	-	84,409,169	95,020,068
Other receivables	3,944,995	-	3,944,995	13,782,629	-	13,782,629	11,780,770
Cash and cash equivalents	21,758,563	(483,820)	21,274,743	12,854,754	(1,197,322)	11,657,432	33,735,446
	154,298,837	**(483,820)**	**153,815,017**	**175,878,849**	**(1,197,322)**	**174,681,527**	**243,142,462**
					-		
Prepayments	**2,204,277**	**-**	**2,204,277**	**2,793,639**	**-**	**2,793,639**	**1,325,662**
					-		
TOTAL CURRENT ASSETS	**156,503,114**	**(483,820)**	**156,019,294**	**178,672,488**	**(1,197,322)**	**177,475,166**	**244,468,124**
					-		
TOTAL ASSETS	**576,451,627**	**10,059,541**	**586,511,168**	**686,282,204**	**20,405,322**	**706,687,526**	**808,939,675**
LIABILITIES & SHAREHOLDER'S EQUITY							
Current Liabilities							
Trade and other payables	75,848,191	-	75,848,191	95,879,220	-	95,879,220	96,605,850
Overdraft	9,327,799	-	9,327,799	9,558,600	-	9,558,600	9,738,800
Current portion of lease liability	23,104,927	(3,500,078)	19,604,849	26,879,902	(4,971,283)	21,908,619	21,416,526
Current portion of long term debt	14,669,616	-	14,669,616	16,434,233	-	16,434,233	34,881,989
Intercompany payables	2,754,866	-	2,754,866	1,707,947	-	1,707,947	1,036,693
Current tax liabilities	312,992	-	312,992	395,661	-	395,661	3,829,499
Provisions	-	-	-	524,431	-	524,431	2,885,053
Short term liabilities	6,388,289	-	6,388,289	33,924,206	-	33,924,206	16,008,640
TOTAL CURRENT LIABILITIES	**132,406,680**	**(3,500,078)**	**128,906,602**	**185,304,200**	**(4,971,283)**	**180,332,917**	**186,403,050**
Long Term Debt							
Lease liability	75,636,136	13,559,619	89,195,755	52,532,728	27,606,918	80,139,646	67,027,513
Other long term debt	-	-	-	6,650,000	-	6,650,000	3,325,000
Long term debt	205,624,681	-	205,624,681	265,437,273	-	265,437,273	333,649,420
TOTAL LONG-TERM LIABILITIES	**281,260,817**	**13,559,619**	**294,820,436**	**324,620,001**	**27,606,918**	**352,226,919**	**404,001,933**
Deferred tax liability	10,785,523	-	10,785,523	11,865,511	(408,098)	11,457,413	11,457,413
TOTAL LIABILITIES	**424,453,020**	**10,059,541**	**434,512,561**	**521,789,712**	**22,227,537**	**544,017,249**	**601,862,396**
SHAREHOLDER'S EQUITY							
Share capital and share premium	81,495,470	-	81,495,470	81,495,470	-	81,495,470	82,027,012
Treasury shares	(6,056,105)	-	(6,056,105)	(2,699,804)	-	(2,699,804)	(666,624)
Reserves	73,097,247	-	73,097,247	76,661,823	-	76,661,823	90,599,863
Retained earnings	3,461,995	-	3,461,995	9,035,002	(1,822,214)	7,212,788	35,117,028
TOTAL EQUITY	**151,998,607**	**-**	**151,998,607**	**164,492,491**	**(1,822,213)**	**162,670,277**	**207,077,279**
TOTAL LIABILITIES AND EQUITY	**576,451,627**	**10,059,541**	**586,511,168**	**686,282,204**	**20,405,324**	**706,687,526**	**808,939,675**

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

	12 Months ended December 31,			
	2019	**Restatements**	**2019 *restated**	**2020**
Sales	456,165,019	-	456,165,019	508,823,190
Other operating revenues	4,348,742	-	4,348,742	4,093,568
Operating Income	**460,513,761**	**-**	**460,513,761**	**512,916,758**
Operating expenses	**(439,150,017)**	**556,309**	**(438,593,708)**	**(445,403,404)**
Operating Profit	**21,363,744**	**556,309**	**21,920,053**	**67,513,354**
Finance income - interest revenue	2,183,489	-	2,183,489	1,714,066
Finance cost	(11,027,079)	(634,062)	(11,661,141)	(13,773,288)
Other financial expenses	(5,691,210)	(2,152,558)	(7,843,768)	(5,565,399)
Financial result	**(14,534,800)**	**(2,786,621)**	**(17,321,421)**	**(17,624,620)**
Result Before Taxes	**6,828,944**	**(2,230,312)**	**4,598,632**	**49,888,734**
Income tax expense	(1,806,505)	408,099	(1,398,406)	(8,046,454)
Net Result	**5,022,439**	**(1,822,213)**	**3,200,226**	**41,842,280**
Other comprehensive income items that will not be reclassified to profit or loss				
Gain / Loss on revaluation of properties	655,437	-	655,437	-
Deferred tax on other comprehensive income components	(104,870)	-	(104,870)	-
TOTAL OTHER COMPREHENSIVE INCOME	**550,567**	**-**	**550,567**	**-**
TOTAL COMPREHENSIVE INCOME	**5,573,006**	**(1,822,213)**	**3,750,793**	**41,842,280**

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

	12 Months ended December 31,			
	2019	Restatements	2019 *restated	2020
Profit/(loss) before taxes	**6,828,944**	**(2,230,312)**	**4,598,632**	**49,888,734**
Adjustments for				
Depreciation	45,914,443	(2,602,260)	43,312,183	46,482,290
Interest expense	11,027,079	634,062	11,661,141	13,773,288
Allowance for doubtful receivables	(1,524,207)	-	(1,524,207)	6,816,733
Provisions for liabilities and charges	524,431	-	524,431	2,360,622
Other non-monetary gains	(3,042,137)	1,156,392	(1,885,745)	(568,952)
Unrealised exchange gain / loss on interest bearing obligations	5,691,210	588,175	6,279,385	5,180,675
Interest revenue	(2,183,488)	-	(2,183,488)	(1,714,066)
Operating cash flow before working capital changes	**63,236,275**	**(2,453,942)**	**60,782,333**	**122,219,323**
Decrease / (increase) in accounts receivable	(15,803,731)	(713,502)	(16,517,233)	(35,532,917)
Decrease / (increase) in inventories	(353,502)	-	(353,502)	(6,523,215)
Decrease / (increase) in prepayments	(589,362)	-	(589,362)	212,942
Increase / (decrease) in accounts payable	23,010,291	1,564,383	24,574,674	(39,329,389)
Cash generated from working capital changes	**6,263,696**	**850,882**	**7,114,578**	**(81,172,579)**
Cash generated from operations	**69,499,971**	**(1,603,060)**	**67,896,911**	**41,046,744**
Income tax paid	(748,718)	-	(748,718)	(4,612,616)
Interest received	2,183,489	-	2,183,489	1,714,066
Interest paid	(9,436,063)	(1,790,454)	(11,226,517)	(12,829,063)
Net cash from / (used in) operating activities	**61,498,679**	**(3,393,515)**	**58,105,164**	**25,319,132**
Purchase of investments	(53,295,424)	-	(53,295,424)	17,859,198
Purchase of intangible assets	(6,263,964)	-	(6,263,964)	(2,893,079)
Purchase of property, plant and equipment	(31,226,847)	-	(31,226,847)	(60,312,241)
Loans granted	(9,494,008)	-	(9,494,008)	(10,610,899)
Net cash used in investing activities	**(100,280,243)**	**-**	**(100,280,243)**	**(55,957,021)**
Cash flow from financing activities				
Payment of loans	(8,005,257)	-	(8,005,257)	(15,542,552)
Lease payments	(22,501,389)	2,680,014	(19,821,375)	(24,950,950)
Increase in loans	63,687,433	-	63,687,433	97,429,538
Payments for purchase of treasury shares	(2,256,114)	-	(2,256,114)	(3,548,879)
Decrease in loans granted to group companies	(1,046,919)	-	(1,046,919)	(671,254)
Net cash from/ (used in) financing activities	**29,877,754**	**2,680,014**	**32,557,768**	**52,715,903**
Net change in cash and cash equivalents	**(8,903,810)**	**(713,501)**	**(9,617,311)**	**22,078,014**
Cash and cash equivalents beginning of the year	21,758,563	(483,820)	21,274,743	11,657,432
Cash and cash equivalents end of the year	**12,854,753**	**(1,197,321)**	**11,657,432**	**33,735,446**

3.7 Investments in subsidiaries

Med Life has significant investments in subsidiaries. The investments are accounted for at cost less impairment. Management conducts testing annually or whenever there is an indication of impairment to assess whether any impairment losses should be recognized.

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 revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The lands and constructions held for sale for the provision of services or for administrative purposes are recorded in the balance sheet at the revalued amount, which is the fair value at the date of the revaluation, less accumulated depreciation and accumulated impairment losses. The value of the land and buildings held presented in these financial statements is established on the basis of the evaluation reports prepared on December 31, 2019 by independent evaluators certified by ANEVAR. The reassessment is carried out with sufficient regularity to ensure that the Company presents the land and buildings at fair value in the financial statements.

Expenses for repairs and maintenance are recognized in the profit or loss account at the time of their execution. Costs with capital repairs are included in the book value of the asset when it is probable that future economic benefits above the initially evaluated standard of performance of the existing asset will be transferred to the Company. Capital renovations are depreciated over the remaining useful period of the respective asset. The land is not depreciated.

Installations and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses.

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

The depreciation is calculated at the values of the tangible assets by the linear method up to the estimated residual values 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

3.9 Assets held under finance leases

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.10 Intangible assets

Intangible assets acquired are reported 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.

The Company's intangible assets are represented by software licenses which are depreciated straight-line over a period of three years.

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 tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets that are not yet available for use are tested for impairment at least annually and whenever there are indications 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.

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 relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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.

3.11 Inventories

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

3.12 Trade receivables

Trade receivables are recognised initially at the amount of consideration (transaction price) that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Med Life recognises a loss allowance for expected credit losses on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.
Med Life always recognises lifetime expected credit losses (ECL) for trade receivables and contract assets. The expected credit losses on this financial asset are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Write-off policy

Med Life writes off a financial asset 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 Med Life's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.
As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Med Life 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.

Interest revenue
Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.
Interest income is recognized in profit or loss and is included in the "finance income - interest revenue" line item.

3.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in current liabilities in the balance sheet.

3.14 Financial instruments

Financial assets and financial liabilities are recognised in the Med Life's statement of financial position when the Med Life becomes a party to the contractual provisions of the instrument.
Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price.

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

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:
• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 and at FVTOCI. 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 (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "finance income - interest revenue" line item.

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘other financial expenses’ line item.

Impairment of financial assets accounting policy is presented in note 3.12.

Derecognition of financial assets
Med Life derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Med Life neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, Med Life recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If Med Life retains substantially all the risks and rewards of ownership of a transferred financial asset, Med Life continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.
On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity
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.

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

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

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit and loss.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense (or income) 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 asset), or (where appropriate) a shorter period, to the gross carrying amount of financial asset or amortized cost of financial liability.

Foreign exchange gains and losses
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other financial expenses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

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.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

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

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

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

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

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. Med Life presents in the statement of changes in equity or in the notes to the financial statements the amount of dividends recognised as distributions to owners during the period and the related amount of dividends per share.

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 Company 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 Company presents land and buildings at fair value in the financial statements.

3.19 Provisions for risks and charges

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

3.20 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is recognised over time where (i) there is a continuous transfer of control to the customer; 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 service transfers to the customer. Contract assets are advances received from customers. The Company does not operate loyalty programs.

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

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

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

Clinics

The core of the Company's operations is the network of ambulatory clinics. The business line comprises a network of 75 facilities, which offer a wide range of outpatient services covering a broad range of medical specialties. The Company's diagnostic imaging services provided to clients other than hospital inpatients also form part of this business line. The Company's clinics provide a wide range of services delivered mainly in two formats:

- Hyper clinics, a format pioneered by Med Life in Romania, consisting of large facilities with at least 20 medical offices and surface areas in excess of 1,000 sqm. It is a one-stop-shop for clinical examinations and imaging. This format is designed for larger urban areas, with a population over 175,000. Hyper clinics would usually include a broad range of imaging services on site including radiology, bone density – DEXA, CT, MRI, 2D-4D ultrasounds and Mammography; in the case of new openings, such services may be included in the hyper clinics' offering gradually. Hyper clinic locations also host the services of other business lines, such as sampling points for laboratories.

- Clinics, offering a range of treatments from general practitioner services to specialists, are aimed at servicing the core needs of the Med Life's HPP patients and FFS clients. The Med Life's clinics typically have between 5 and 12 medical offices, although smaller satellite clinics are in operation to address specific market situations. Clinics are designed for smaller cities or to serve specific concentrations of patients. Clinics, with limited capacity and generally limited imaging services, act as feeder networks for the more specialized services located in the hyper clinics.

Stomatology

The Company's Dentistry business line offers a full range of services, ranging from medical examinations to surgery, implants or orthodontic services.
Stomatology business line is not subject to NHIH allocations. All of the sales are fee for service ("FFS") based, and the revenue is recognised at a point in time, when the performance obligation is satisfied.

Laboratories

The Laboratories business line provides the following range of services: biochemistry, pathological anatomy (cytology and histology), molecular biology and genetics, haematology, immunology, microbiology and toxicology. Sampling points are locations where the Med Life collects blood and other samples from patients. The Laboratories business line sources the bulk of its revenue from FFS clients, and the revenue is recognised at a point in time, when the performance obligation is satisfied. One exception is when the Company provides laboratory tests to other companies' employees and the revenue is recognised at the end of the month, when the Company has an enforceable right to payment for performance completed up to date.

Hospitals

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

The Hospitals business line derives its revenue predominantly from FFS patients. Treatment of State insured patients for the NHIH, generally relates to maternity, gynaecology, cardiology and oncology.

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

Corporate

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

The HPPs offered by Med Life 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 Med Life's clinics and as well as specified laboratory tests and diagnostic imaging for higher end packages. The specific services vary depending on the type of package.

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

Contract assets and liabilities

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

A contract liability (deferred income) is the obligation to transfer services to a customer for which the Company has received consideration from the customer. Where the customer pays consideration before the 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 Company performs under the contract. Contract liabilities are presented within trade and other payables (Note 11 – Account payables) on the Company Balance Sheet.

Using the practical expedient in IFRS 15, the Company 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

The Company, in the normal course of business, makes payments to the Romanian State on behalf of its employees for social, pensions, health care and unemployment cover. The cost of these payments is charged to the income statement in the same period as the related salary cost.
All employees of the Company are members of the Romanian State pension plan. The Company does not operate any other pension scheme.

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

3.22 Fair value

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

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

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

Further information about the assumptions made in measuring fair values is included in the note 5.1 Land and buildings carried at fair value.

3.23 IFRS 8

IFRS 8 disclosures are meant to enable users of financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
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.

Med Life considers that all the business activities from which it earns revenues are intertwined and that the main business activity represents one segment- the rendering of medical services.

3.24 IFRS 16 „Leases"

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

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

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option; and
- Lease payments to be made under reasonably certain extension options.

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

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

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

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

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

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

3.25 Subsequent events

The effect of significant subsequent events, after the reporting period, which supplies additional information regarding the financial position of the Company and require adjustments are reflected in the balance sheet or profit and loss, if the case. The significant events that do not require adjustments are disclosed in the notes of the separate financial statements.

3.26 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described in note 3, the management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

Critical judgements in applying the Company's accounting policies
The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Critical judgements in assessing the impairment of financial assets
When accounting for its investments in subsidiaries, the Company's management has concluded that the investments shall be maintained and presented at cost.
Please refer to Note 3.7 – Investments in subsidiaries.

Critical judgements in assessing the impairment of non-financial assets
Please refer to Note 5 – Tangible and intangible fixed assets.

Critical judgements in determining the fair value of land and buildings
The Company 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 2020, the management has not identified any indication that would conclude the need of revaluating its land and buildings for any impairment.

For further details, please see Note 5.1 – Land and buildings carried at fair value.

Critical judgements in assessing revenue recognition
Please refer to Note 3.20 – Revenue recognition.

Critical judgements in determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).
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 Company considers that some of the lease agreement shall be terminated earlier, then the assumption of the tenor shall be reassessed accordingly in order to fairly represent the management's view of the leased asset's impact to the Financial Statements.

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.

Key sources of estimation uncertainty

Calculation of loss allowance

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

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

In determining adjustments for impairment of receivables, management incorporates forward-looking information, exercises professional judgment and uses estimates and assumptions. Estimation of expected credit risk losses involved forecasting future macroeconomic conditions for the next 2 years. More details on the assumptions, scenarios used and the weights assigned to each scenario can be found in Note 7 dedicated to accounts receivables.
The incorporation of forward-looking elements reflects the expectations of the Company and involves the creation of scenarios, including an assessment of the probabilities of materialization of each scenario.

4. FINANCIAL ASSETS

The Company holds significant investments in other companies.

Carrying amount	**31 December 2020**	**31 December 2019**
Cost of investments in other companies	222,209,791	219,441,742
Long-term loans granted to group companies	12,497,232	12,072,552
Other financial assets	2,628,265	2,706,440
TOTAL	**237,335,288**	**234,220,734**

Investments in other companies

Investments in other companies represent 27% of the total assets of the Company.

Movement in cost of investments

	December 31, 2020	**December 31, 2019**
Balance at the beginning of the year	219,441,742	135,043,779
Acquisition of social parts in other companies	2,768,049	84,397,963
Balance at year end	**222,209,791**	**219,441,742**

Med Life, directly or through its subsidiaries, signed the sale contract for the purchase of shares in the capital of the following companies:

- 100% of the shares in Centrul Medical Matei Basarab SRL (November 19, 2020);
- 75% of share in Pharmachem Distributie SRL (December 15, 2020);
- 100% of the shares in CED Pharma SRL (December 24, 2020);
- 36% of the shares in KronDent SRL (December 21, 2020)

In March 2021, the Company obtained control over two of the above mentioned companies: Centrul Medical Matei Basarab SRL and KronDent SRL. Pharmachem Distributie SRL and CED Pharma SRL are still under analysis by Competition Council.

The Company has become the sole shareholder of Ghencea Medical Center, completing its shareholding package with additional 10% percent, thus reaching 100% and also has increase the package of shares held in Geneys Arad by 7% in June 2020 and by 5% in December 2020 reaching 73%.

Management conducts impairment tests on an annual basis or whenever there is an indication of impairment to assess the recoverability of the carrying value of investments at individual level. This is performed using discounted cash flow models.
There are a number of key sensitive judgements made in determining the inputs into these models which include:

- Revenue growth
- Operating margins and
- The discount rates applied to the projected future cash flows.

Management have engaged independent specialists to assist with the determination of the discount rates for the significant Cash Generating Units to which the cost of investment relates.

Long-term loans granted to other Group companies
As of December 31, 2020, the Company presents long-term loans granted to Bahtco Invest SA and Medlife Ocupational SRL of RON 11,652,927 (January 1, 2020: RON 11,439,873).

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

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

5. TANGIBLE AND INTANGIBLES FIXED ASSETS

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

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
Cost						
1 January 2020	**39,344,056**	**12,792,780**	**177,858,290**	**164,270,619**	**12,432,653**	**406,698,399**
Additions	4,769,898	-	36,523,125	18,783,238	9,260,541	69,336,801
Transfers	-	-	841,337	-	(841,337)	-
Disposals	(7,684)	-	-	(401,315)	(1,699,069)	(2,108,068)
Revaluation	-	-	-	-	-	-
31 December 2020	**44,106,270**	**12,792,780**	**215,222,752**	**182,652,542**	**19,152,788**	**473,927,133**
Depreciation						
1 January 2020	**27,604,233**	**-**	**53,003,956**	**110,822,433**	**-**	**191,430,622**
Charge of the year	5,826,144	-	7,499,233	13,850,112	-	27,175,489
Disposals	-	-	-	(352,939)	-	(352,939)
Revaluation	-	-	-	-	-	-
31 December 2020	**33,430,377**	**-**	**60,503,189**	**124,319,606**	**-**	**218,253,172**
Net Book Values						
1 January 2020	**11,739,823**	**12,792,780**	**124,854,334**	**53,448,187**	**12,432,653**	**215,267,776**
31 December 2020	**10,675,893**	**12,792,780**	**154,719,563**	**58,332,937**	**19,152,788**	**255,673,961**

The amortization of intangible assets is presented in the line operating expenses in the statement of profit or loss.

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

As of December 31, 2019, the Company's tangible and intangible assets' structure was the following:

	Intangibles	Land	Constructions	Vehicles and equipment	Construction in progress	Total
Cost						
1 January 2019	**31,194,347**	**13,429,395**	**153,078,974**	**152,453,145**	**8,310,154**	**358,466,015**
Additions	8,149,709	-	18,431,430	11,677,171	6,684,887	44,943,197
Transfers	-	-	2,562,388	-	(2,562,388)	-
Disposals	-	-	-	(253,259)	-	(253,259)
Revaluation	-	(636,615)	3,785,498	393,563	-	3,542,446
31 December 2019	**39,344,056**	**12,792,780**	**177,858,290**	**164,270,619**	**12,432,653**	**406,698,399**
Depreciation						
1 January 2019	**23,493,103**	**-**	**47,435,376**	**96,816,131**	**-**	**167,744,610**
Charge of the year	4,111,130	-	5,568,580	14,225,623	-	23,905,334
Disposals	-	-	-	(219,322)	-	(219,322)
Revaluation	-	-	-	-	-	-
31 December 2019	**27,604,233**	**-**	**53,003,956**	**110,822,433**	**-**	**191,430,622**
Net Book Values						
1 January 2019	**7,701,244**	**13,429,395**	**105,643,598**	**55,637,014**	**8,310,154**	**190,721,405**
31 December 2019	**11,739,823**	**12,792,780**	**124,854,334**	**53,448,187**	**12,432,653**	**215,267,776**

The amortization of intangible assets is presented in the line operating expenses in the statement of profit or loss.

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

5.1. Land and buildings carried at fair value

The value of freehold land and buildings related to Med Life 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 Med Life's freehold land and buildings as at 31 December 2019 were performed by independent valuers not related to Med Life. They are certified by ANEVAR and have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

The fair value of the freehold land was determined based on the market price comparison method as well as the residual method. The resulting value was based on the market comparison method.

The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence and the revenue-based approach (capitalizing the net income from rents). The final value that resulted is the one that derives from the application of the method by cost.

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

Carrying amount without revaluation	**December 31, 2020**	**December 31, 2019**	**December 31, 2018**
Land	1,346,998	1,346,998	1,346,998
Buildings	96,991,436	60,468,311	42,036,881
TOTAL	**98,338,434**	**61,815,309**	**43,383,879**

The trademark used to identify and distinguish the medical services, customer list, contract advantages have an indefinite useful life. The Company 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 is tested for impairment. The useful life for trademarks, customers list and contract advantages cannot be reasonably estimated as they intend to generate future benefits over the period which the company is expected to continue its activity. 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 - Other operating revenues.

5.2. Assets pledged as securities

The lands and constructions were pledged to guarantee the Company's loans (see Note 13). The company cannot deposit these assets as collateral for other loans nor sell them to other entities.

6. INVENTORIES

	31 December 2020	**31 December 2019**
Consumable	13,144,957	6,842,340
Materials in the form of inventory items	78,288	42,522
Inventory in transit	768	2,550
TOTAL	**13,224,013**	**6,887,412**

The cost of inventories recognised as an expense includes RON 186,614 (2019: RON 201,679) in respect of write-downs of inventory to net realisable value.

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

7. ACCOUNTS RECEIVABLE

	December 31, 2020	December 31, 2019
Trade receivables	100,502,440	61,274,200
Contract assets	8,058,383	7,837,288
Advances to suppliers	2,310,518	3,505,840
Allowance for doubtful receivables	(21,489,176)	(14,672,443)
TOTAL	**89,382,165**	**57,944,885**

Credit risk for the Company primarily relates to trade receivables in the ordinary course 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, may have longer payment terms and services may be continued to be delivered when amounts are overdue due to 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.

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

The Company applies the simplified approach for providing for expected credit losses (ECL) prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. No ECL has been recognised for other financial assets carried at amortised cost as there is no related credit risk.

Based on the assessed credit risk of the customers, Med Life's trade receivables, contract assets and other receivables are split between individually assessed and collectively assessed.

31 December 2020	**Individually assessed**	**Collectively assessed**	**Total**
Trade receivables	60,484,687	40,017,753	100,502,440
Contract assets	8,058,383	-	8,058,383
Advances to suppliers	2,310,518	-	2,310,518
Allowance for doubtful receivables	(8,174,147)	(13,315,029)	(21,489,176)
Total	**62,679,441**	**26,702,724**	**89,382,165**

31 December 2019	**Individually assessed**	**Collectively assessed**	**Total**
Trade receivables	23,411,130	37,863,070	61,274,200
Contract assets	7,837,288	-	7,837,288
Advances to suppliers	3,505,840	-	3,505,840
Allowance for doubtful receivables	(7,365,835)	(7,306,608)	(14,672,443)
Total	**27,388,423**	**30,556,462**	**57,944,885**

In contract assets, in 2019 and 2020, is included a debt of RON 7,365,835 which represents amounts receivable 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.

The Company applies the simplified approach for providing for expected credit losses (ECL) prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables which are collectively analysed. No ECL has been recognised for other financial assets carried at amortised cost as there is no related credit risk.

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

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 doubtful receivables involves forecasting future macroeconomic conditions for the next 2 years. The incorporation of forward-looking elements reflects the Company's 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 2019 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 manager'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 Company’s provision matrix arising from the ECL was determined as follows:

31 December 2020	**Current**	**<30 days**	**< 90 days**	**<180 days**	**<365 days**	**>365 days**	**Total**
Expected credit loss rate	0.66%	21.89%	28.91%	36.41%	42.94%	62.69%	
Gross carying amount	17,667,031	606,207	603,497	516,202	1,152,141	19,472,675	40,017,753
Loss allowance	117,258	132,710	174,458	187,967	494,702	12,207,935	13,315,029

31 December 2019	**Current**	**<30 days**	**< 90 days**	**<180 days**	**<365 days**	**>365 days**	**Total**
Expected credit loss rate	0.57%	11.61%	16.64%	22.23%	28.39%	35.41%	
Gross carying amount	16,292,211	774,004	452,837	598,463	1,089,667	18,655,889	37,863,070
Loss allowance	92,270	89,856	75,353	133,008	309,399	6,606,722	7,306,608

The following table shows the movement in loss allowance that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	Individually assessed	**Collectively assessed**	**Total**
Balance as at 1 January 2019	**7,365,835**	**8,830,815**	**16,196,650**
Amounts written off	-	-	-
Amounts recovered	-	(1,239,611)	(1,239,611)
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	-	548,996	548,996
Changes in credit risk parameters	-	(833,592)	(833,592)
Balance as at 31 December 2019	**7,365,835**	**7,306,608**	**14,672,443**
Amounts written off	-	-	-
Amounts recovered	-	(904,872)	(904,872)
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	-	851,619	851,619
Changes in credit risk parameters	808,312	6,061,674	6,869,986
Balance as at 31 December 2020	**8,174,147**	**13,315,029**	**21,489,176**

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

8. CASH AND BANKS

	31 December 2020	31 December 2019
Cash in bank	32,531,266	10,484,676
Cash in hand	946,719	898,503
Cash equivalents	257,461	274,253
TOTAL	**33,735,446**	**11,657,432**

Maternal vouchers are part of a financial support program granted to pregnant women in Bucharest, by the Capital City Hall. The Company has reclassified them from Cash equivalents to Financial assets due to the fact that their convertibility in cash exceeds more than three months. The amount reclassified in 2020 was 1,004,612 RON (31 December 2019: 1,197,322 RON).

9. PREPAYMENTS

As of December 31, 2020 the Company has prepayments in amount of RON 1,325,662 (RON 2,793,639 as of January 1, 2020). The prepayments balance as of December 31, 2020 consists mainly of deferred commissions for financing related to the Club loan for undrawn facilities and amounts such as insurance policies for professionals and tangible assets.

10. ACCOUNTS PAYABLE

	31 December 2020	31 December 2019
Suppliers	85,659,132	80,812,869
Fixed assets suppliers	8,240,800	10,148,099
Contract liability	2,705,918	4,918,252
TOTAL	**96,605,850**	**95,879,220**

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 SHORT-TERM LIABILITIES

	31 December 2020	31 December 2019
Salary and related liabilities (incl. contributions)	9,195,331	8,805,986
Other liabilities	6,813,309	25,118,220
TOTAL	**16,008,640**	**33,924,206**

12. PROVISIONS

	December 31, 2020	December 31, 2019
Carrying amount at start of year	524,431	-
Charged/(credited) to profit or loss		
- additional provisions recognised	3,312,536	524,431
- unused amounts reversed	(217,668)	-
Amounts used during the year	(734,246)	-
Carrying amount at end of year	**2,885,053**	**524,431**

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

13. LEASES

Amounts recognised in the balance sheet

Right-of-use asset	Buildings	Vehicles	Equipment	Total
Cost				
Value at 31 December 2019 *restated	**88,889,775**	**1,765,879**	**8,474,924**	**99,130,578**
Additions	5,173,923	8,527,981	1,472,573	**15,174,477**
Disposals	(558,166)	-	(7,610,972)	**(8,169,138)**
Value at 31 December 2020	**93,505,532**	**10,293,860**	**2,336,525**	**106,135,917**
Accumulated depreciation				
Value at 31 December 2019 *restated	**16,077,460**	**525,313**	**2,803,954**	**19,406,727**
Charge for the year	16,773,848	1,086,165	1,446,788	**19,306,801**
Disposals	(433,203)	-	(3,606,710)	**(4,039,912)**
Value at 31 December 2020	**32,418,106**	**1,611,478**	**644,032**	**34,673,616**
Carrying amount				
At 31 December 2019 *restated	**72,812,315**	**1,240,566**	**5,670,970**	**79,723,850**
At 31 December 2020	**61,087,427**	**8,682,382**	**1,692,493**	**71,462,302**

	December 31, 2020	**December 31, 2019 *restated**
Non-current - Lease Liabilities	67,027,513	80,139,646
Current portion – Lease Liabilities	21,416,526	21,908,619
TOTAL	**88,444,039**	**102,048,265**

An analysis by maturities of lease liabilities based on undiscounted cash-flows is provided in Note 24.

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

Amounts recognised in the statement of profit or loss

	December 31, 2020	December 31, 2019 *restated
Depreciation charge of right-of-use assets	19,306,801	19,406,727
Interest expense on lease liabilities (included in finance cost)	2,744,777	3,184,678
Covid (Gain) Foregiveness amount	(771,948)	-
PL (Gain) from contracts terminated earlier	(291,638)	-
Foreign exchange loss in relation with Lease Liabilities	1,365,058	586,730
Income tax expense in relation with Lease Liabilities	-	-
Expense relating to short-term leases (included in rent expenses)	506,511	4,529,530
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rent expenses)	3,177,357	2,944,000

The total cash outflow for leases amount to 20,474,244 (2019: 21,357,260) for contracts that fall under IFRS 16 (which refer to rental of buildings, equipment and vehicles).

Please refer to Note 3.7 Comparative Information for further details on restatement of prior periods in relation to leases.

14. FINANCIAL DEBT

	31 December 2020	31 December 2019
Current portion of long-term loans (incl. overdraft)	44,620,789	25,992,833
Non-current portion of long-term loans	333,649,420	265,437,273
TOTAL	**378,270,209**	**291,430,106**

	31 December 2020	31 December 2019 *restated
Cash and cash equivalents	33,735,446	11,657,432
Borrowings (including overdraft)	378,270,209	291,430,106
Lease liabilities	88,444,039	102,048,265
Net debt	**432,978,802**	**381,820,939**

At December 31, 2020, the Company's financing facilities, drawn and not drawn up, included the following:

• On September 24, 2019 Med Life SA (together with the co-debtors Policlinica de Rapid Diagnostic SA, Bahtco Invest SA, Accipiens SA, Genesys Medical Clinic SRL, Clinica Polisano SRL, Medical Center Sama SA, Dent Estet Clinic SA and Valdi Medica SRL) signed with the Banca Comerciala Romana, Raiffeisen Bank, BRD Groupe Societe Generale and Banca Transilvania the refinancing of the existing facilities, the extension of the financing period, the rearrangement of the terms and conditions, as well as for an additional credit limit of EUR 28 million, which will be in the form a term facility, 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.

• a guaranteed overdraft facility concluded between Garanti Bank S.A. and Med Life SA the amount drawn on December 31, 2020 is RON 9,738,800.

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

The following guarantees have been requested, within the credit agreement at the level of the whole Group:
• real estate mortgage on the land located in Calea Grivitei no. 365 sector 1 Bucharest Romania (cadastral no. 13183/1) and of the related constructions
• real estate mortgage on the land and constructions that make up the Pediatric Hospital in Bucharest. str. Zagazului no. 7 - CF 218010
• real estate mortgage on the land and constructions that make up the PDR Clinic and Hospital located in Brasov str. Turnului no. 5 - CF 127854
• movable mortgage on certain movable assets (medical equipment) owned by each company - Med Life, Bahtco Invest SA and Policlinica de Diagnostic Rapid SA
• movable mortgage on future medical equipment to be purchased by the debtor and co-borrowers created in favor of the Financing Parties; or of those acquired by the Company as a result of financing the leasing debts through the syndicated loan
• movable mortgage on the insurances of each debtor regarding the mortgaged tangible assets in favour of the Financing Parties
• mortgage on the shares held by the Company in the share capital of the initial debtors and of the companies Medical Center Sama SA, Ultratest SA, Rur Medical SA etc, and any other significant company or any future debtor if appropriate.
• movable mortgage on the bank accounts of the initial and new borrowers
• mortgage on certain commercial debts of Med Life (including debts related to the National House of Health Insurance or any other similar entities and the debts that resulted from significant commercial contracts)
• a movable mortgage on the actions of the sponsors of the debtor which will be created on the basis of a contract of movable mortgage on the shares, concluded between the sponsors and the creditors.
• real estate mortgage on the land owned by Accipiens, located in Dr. Cornel Radu street, no. 3, Arad (cadastral no. 301842) and the related constructions
• real estate mortgage on the land owned by the Sama Medical Center, located in str. Infratirii, no. 5A, Craiova (cadastral no. 204837) and related constructions.

15. ISSUED CAPITAL

The issued share capital in nominal terms consists of 22,145,082 ordinary shares as at 31 December 2020 (31 December 2019: 22,145,082) 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/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 04 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 is 132.870.492.

Please refer to Note 23 – Earnings per share for further details

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

	31 December 2020	31 December 2019
Share capital	33,217,623	5,536,271
Share premium	48,809,389	75,959,199
TOTAL	**82,027,012**	**81,495,470**

16. RESERVES

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

	December 31, 2020	December 31, 2019
General reserves (i)	3,431,665	1,107,254
Other reserves (ii)	20,579,324	8,965,695
Revaluation reserves (iii)	66,588,874	66,588,874
TOTAL	**90,599,863**	**76,661,823**

(i), (ii) General reserves and other reserves	**December 31, 2020**	**December 31, 2019**
Balance at beginning of the year	**10,072,949**	**10,072,949**
Movements	13,938,040	-
Balance at the end of the year	**24,010,989**	**10,072,949**

(iii) Revaluation reserves	**December 31, 2020**	**December 31, 2019**
Balance at beginning of the year	**66,588,874**	**63,024,298**
Decrease arising revaluation correction	-	-
Increase due to revaluation	-	3,564,576
Deferred tax related to revaluation	-	-
Balance at the end of the year	**66,588,874**	**66,588,874**

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, 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 22).

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

Turnover for the year ended December 31, 2020 is of RON 508,717,326 (for 12 months 2019 RON 456,165,019) consisting of medical services, including revenues from prevention packages of corporate customers and fees for services rendered within Med Life's clinics and various hospitals within Romania.

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

Business line	12 months 2020	% of Total sales	12 months 2019	% of Total sales	Variation 2020/2019
Clinics	119,308,791	23.4%	132,954,254	29.1%	-10.3%
Hospitals	115,724,253	22.7%	101,614,584	22.3%	13.9%
Laboratories	124,490,534	24.5%	81,549,789	17.9%	52.7%
Corporate	147,217,262	28.9%	137,271,836	30.1%	7.2%
Stomatology	1,974,121	0.4%	2,774,556	0.6%	-28.8%
Other	108,229	0.0%	-	0.0%	100.0%
Total sales	**508,823,190**	**100.0%**	**456,165,019**	**100.0%**	**11.5%**

The Group has only 10% of its sales during 2020 deriving from the treatment of NHIH insured patients.

18. OTHER OPERATING REVENUES

Other operating revenues caption comprises:

	12 months 2020	12 months 2019
Other operating revenues	2,224,434	2,462,997
Capitalized cost of intangible assets	1,869,134	1,885,745
TOTAL	**4,093,568**	**4,348,742**

19. OTHER OPERATING EXPENSES

	12 months 2020	12 months 2019 *restated
Utilities	4,510,812	4,746,958
Repairs maintenance	4,361,730	5,491,322
Rent	3,683,868	7,473,530
Insurance premiums	1,837,638	2,042,402
Promotion expense	8,512,328	7,898,505
Communications	1,956,064	2,063,051
Other administration and operating expenses	7,466,912	9,822,669
TOTAL	**32,329,352**	**39,538,437**

Please refer to Note 3.7 – Comparative Information for further details on restatement of prior periods in relation to Other operating expenses.

20. KEY MANAGEMENT PERSONNEL EXPENSES

The structure of Med Life personnel is described below:

	December 31, 2020	December 31, 2019
Management	43	44
Staff	1,838	2,156
Total	**1,881**	**2,200**

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

	December 31, 2020	December 31, 2019
Management	14,584,487	18,122,853
Staff	120,164,068	132,142,950
Total	**134,748,555**	**150,265,803**

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

21. NET FINANCIAL RESULT

	12 months 2020	12 months 2019 *restated
Other financial expenses	-	-
(Loss)/Gain from foreign exchange rate impact	(6,628,985)	(7,843,768)
Finance cost	(13,773,288)	(11,661,141)
Other income	1,063,587	-
Interest income	1,714,066	2,183,489
FINANCIAL NET PROFIT/(LOSS)	**(17,624,620)**	**(17,321,420)**

Please refer to Note 3.7 – Comparative Information for further details on restatement of prior periods in relation to Net Financial Result

22. RELATED PARTIES

(a) Main shareholders

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

ISSUED CAPITAL	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**

As of December 31, 2019, the shareholders' structure of Med Life SA is as presented below:

	Number of shares	%	Value
Marcu Mihail	4,119,320	18.60%	1,029,829
Marcu Nicolae	2,913,800	13.16%	728,451
Cristescu Mihaela Gabriela	3,110,115	14.04%	777,531
Others	12,001,847	54.20%	3,000,460
TOTAL	**22,145,082**	**100%**	**5,536,271**

Please refer to Note 23 – Earnings per share for further details.

(b) Executive Committee and Board of Directors' compensation

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

	12 months 2020	12 months 2019
Executive Committee	6,192,697	6,768,127

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, 2020, the Company's Executive Committee consisted of ten managers remunerated based on mandate agreement. No new member has been appointed during the year.

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 2020	12 months 2019
Board of Directors	3,507,111	3,724,068

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

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 2020 and 2019.

(c) Subsidiaries

Balance of receivables and payables from/to subsidiaries:

Trade Receivables/Trade Payables

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

	Receivables from		Payables to	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Centrul Medical Panduri S.A.	743,100	291,439	1,199,728	505,374
Almina Trading S.A.	1,254,890	192,014	188,349	211,550
DR. CRISTESCU I. MIHAELA-GABRIELA	-	58,400	53,561	4,839
Anima Speciality Medical Services S.R.L.	1,541,536	534,201	2,520,173	1,205,251
Pharmalife Med S.R.L.	15,540	1	246,758	8,667
Biofarm Farmec S.R.L.	-	-	8,887	8,887
Policlinica de Diagnostic Rapid S.A.	5,845,665	3,162,096	6,613,507	4,572,269
Histo S.R.L.	1,233	70	241,857	189,112
Genesys Medical S.R.L.	4,020,915	922,134	4,498,243	2,811,864
Policlinica de Diagnostic Rapid Medis S.R.L.	576,138	257,810	3,083,951	877,996
Accipiens S.A.	6,692	6,692	-	-
Biotest Med S.R.L.	252,136	178,472	4,395,898	3,540,539
Vital Test S.R.L.	209,786	170,442	1,617,662	2,452,839
Centrul Medical Sama S.A.	3,186,819	2,371,164	3,734,429	2,513,729
Ultratest Craiova S.A.	73,336	62,803	5,106	5,106
Bahtco Invest S.A.	-	-	2,654,184	1,072,467
Medapt S.R.L.	-	-	832,033	832,033
RUR Medical S.A.	244,108	244,108	1,134,616	1,134,616
Bactro S.R.L.	-	-	-	107,048
Transilvania Imagistica S.R.L.	-	-	50,569	24,049
Diamed Center S.R.L.	2,310,093	1,673,698	55,676	36,039
Stem Cells Bank S.A.	473,593	329,058	-	-
Dent Estet Clinic S.R.L.	57,291	7,186	90,771	9,139
Medlife Ocupational S.R.L.	55,990	55,990	-	-
Solomed Clinic S.A.	1,117,493	418,069	1,053,222	675,068
Clinica Polisano S.R.L.	2,170,483	1,048,850	1,502,728	868,707
Prima Medical S.R.L.	44,963	36,583	224,233	178,500
Aspen Laborator Dentar S.R.L.	217	72	3,920	2,395
Solomed Plus S.A.	1,156	-	506,492	263,620
Valdi Medica S.R.L.	304,507	-	-	-
Ghencea Medical Center S.A.	22,147	-	-	-
Sfatul Medicului S.R.L.	159,754	-	-	-
Spital Lotus S.R.L.	137,207	-	14,961	-
Centrul Medical Micromedica S.R.L.	121,416	-	259,239	-
Onco Team Diagnostic S.R.L.	625	-	483,791	-
Badea Medical S.R.L.	313	-	11,309	-
RMC Medlife Holding Kft.	877	-	-	-
Marcu Nicolae	8,000	-	-	7,402
Life Finance G.I.E.	-	-	232	-
Nautic Life S.R.L.	-	-	2,616	2,616
Total	**24,958,019**	**12,021,353**	**37,288,698**	**24,121,722**

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

Loans granted to and obtained from subsidiaries (financial assets and financial liabilities at amortized cost)

	Outstanding balance of:			
	Loans granted to:		Interest receivable from:	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Valdi Medica S.R.L.	1,870,000	1,870,000	74,860	40,524
Policlinica de Diagnostic Rapid S.A.	10,312	11,078	-	-
Bahtco Invest S.A.	48,233,843	41,285,437	4,070,930	3,299,615
MedLife Ocupational S.R.L.	1,500,814	1,748,314	319,332	289,480
Vital Test S.R.L.	-	-	269	269
Stem Cells Bank S.A.	6,662,186	5,043,186	291,081	184,959
Clinica Polisano S.R.L.	28,380,363	29,380,363	1,817,074	1,277,564
Diamed Center S.R.L.	9,229,717	8,522,069	518,538	356,418
Ghencea Medical Center S.A.	150,000	150,000	6,345	3,590
Sfatul Medicului S.R.L.	1,322,500	142,500	14,065	1,416
Pharmalife Med S.R.L.	2,701,438	2,874,938	-	-
RMC Medlife Holding Kft.	340,858	-	2,775	-
Total	**100,402,032**	**91,027,886**	**7,115,269**	**5,453,835**

Total interest income recognized in the period was in amount of 1,710,675 RON.

	Outstanding balance of:			
	Loans obtained from:		Interest payable to:	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Pharmalife Med S.R.L.	-	-	93,656	145,672
Policlinica de Diagnostic Rapid S.A.	382,922	382,922	29,314	22,283
Policlinica de Diagnostic Rapid Medis S.R.L.	-	640,000	39,160	33,308
Asilife S.R.L.	159,000	159,000	32,349	29,428
Prima Medical S.R.L.	270,000	270,000	30,292	25,334
Total	**811,922**	**1,451,922**	**224,771**	**256,025**

Total interest expense recognized in the period was in amount of 17,841 RON.
The management has calculated the impact of accounting for amortized cost and concluded that the ECL impact is immaterial.

Interest receivable and interest payable from subsidiaries

	Movement in:			
	Borrowings received		Reimbursments paid	
	2020	2019	2020	2019
Policlinica de Diagnostic Rapid Medis S.R.L.	-	-	640,000	-
Asilife S.R.L.	-	-	-	-
Policlinica de Diagnostic Rapid S.A.	-	-	-	-
Prima Medical S.R.L.	-	-	-	-
Pharmalife Med S.R.L.	-	2,979,510	-	6,917,907
Total	**-**	**2,979,510**	**640,000**	**6,917,907**

	Movement in:			
	Borrowings granted		Reimbursments received	
	2020	2019	2020	2019
Bahtco Invest S.A.	8,690,577	2,894,756	1,954,283	3,400,870
Diamed Center S.R.L.	707,648	2,150,361	-	500
Ghencea Medical Center S.A.	-	250,000	-	100,000
MedLife Ocupational S.R.L.	102,500	66,000	350,000	175,000
Policlinica de Diagnostic Rapid S.A.	798	977	1,565	490
Pharmalife Med S.R.L.	3,456,000	-	3,629,500	-
Clinica Polisano S.R.L.	-	-	1,000,000	-
RMC Medlife Holding Kft.	341,950	-	1,092	-
Stem Cells Bank S.A.	1,619,000	1,980,800	-	-
Sfatul Medicului S.R.L.	1,180,000	142,500	-	-
Valdi Medica S.R.L.	-	940,000	-	-
Accipiens S.A.	-	-	-	-
Total	**16,098,473**	**8,425,394**	**6,936,439**	**3,676,860**

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

Transactions with subsidiaries:

Sales and purchases

	Sales		Purchases	
	2020	2019	2020	2019
NAUTIC LIFE	-	-	-	-
MARCU NICOLAE	8,000	1,633	-	-
DR. CRISTESCU I. MIHAELA-GABRIELA	-	-	700,800	700,800
Policlinica de Diagnostic Rapid S.A.	2,161,218	1,542,811	2,071,284	2,204,311
Policlinica de Diagnostic Rapid Medis S.R.L.	176,375	190,854	4,766,455	139,268
Bahtco Invest S.A.	-	-	13,811,613	14,008,082
Histo S.R.L.	-	-	47,645	48,730
RUR Medical S.A.	-	-	-	126,171
Genesys Medical S.R.L.	3,081,693	1,054,664	1,686,379	1,995,710
Bactro S.R.L.	-	-	13,104	47,494
Biotest Med S.R.L.	132,210	77,704	2,247,551	2,931,988
Vital Test S.R.L.	47,143	78,139	975,854	2,740,994
Centrul Medical Sama S.A.	798,348	412,668	1,315,080	1,717,286
Ultratest Craiova S.A.	10,533	44,661	-	-
Prima Medical S.R.L.	-	-	42,304	72,184
Diamed Center S.R.L.	636,395	702,075	256,041	355,264
Aspen Laborator Dentar S.R.L.	-	-	3,975	3,320
Almina Trading S.A.	1,498,315	567,481	431,428	531,869
Centrul Medical Panduri S.A.	444,572	403,936	796,354	627,410
Dentestet 4 Kids S.R.L.	12,516	13,449	-	-
Dent Estet Clinic S.R.L.	253,051	53,164	99,402	96,914
Green Dental S.R.L.	2,378	1,848	-	-
Life Finance G.I.E.	-	-	-	776
Clinica Polisano S.R.L.	1,093,971	1,050,418	628,401	590,151
Solomed Clinic S.A.	695,028	348,876	401,552	478,375
Solomed Plus S.A.	1,156	-	219,154	244,924
Anima Speciality Medical Services S.R.L.	980,970	883,213	2,318,922	2,195,421
Stem Cells Bank S.A.	143,902	150,999	-	-
Valdi Medica S.R.L.	387,527	156,031	-	-
Sfatul Medicului S.R.L.	8,394	5,175	-	-
Pharmalife Med S.R.L.	9,827	-	455,279	24,414
Ghencea Medical Center S.A.	26,536	-	-	-
Transilvania Imagistica S.R.L.	-	-	26,520	22,387
Centrul Medical Micromedica S.R.L.	118,395	-	259,239	-
Onco Team Diagnostic S.R.L.	-	-	853,509	-
Spital Lotus S.R.L.	493,782	-	45,502	-
Total	**13,222,235**	**7,739,799**	**34,473,347**	**31,904,244**

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

23. TAXATION

	December 31, 2020	December 31, 2019 *restated
Current income tax expense	8,046,454	831,387
Deferred tax expense	-	567,019
Total income tax expense	**8,046,454**	**1,398,406**
Profit before tax	**49,888,734**	**4,598,632**
Tax expense using the statutory rate of 16% (2019: 16%)	7,982,197	735,781
Fiscal effect of non-deductible expenses	2,542,949	1,070,928
Fiscal effect of deductible legal reserve	(371,906)	-
Sponsorship	-	(580,052)
Reinvestit profit and other fiscal facilities	(2,168,003)	(703,815)
Other elements	61,216	413,414
Deferred tax expense	-	567,020
Income tax for the current year	**8,046,454**	**1,503,276**
Income tax to comprehensive income	-	104,870
Income tax to profit or loss – Expense	**8,046,454**	**1,398,406**

	31 decembrie 2020	31 decembrie 2019
Income tax liabilities as at January 1	(395,661)	(312,992)
Income tax paid in the current year	4,612,616	748,718
Income tax payable in the current year	(8,046,454)	(831,387)
Current tax liabilities	**(3,829,499)**	**(395,661)**

Med Life accrues income taxes at the rate of 16% on profits computed in accordance with the Romanian tax legislation.

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

Components of deferred tax	December 31 2020	Changes in Deferred tax liability	1 January 2020
Deferred tax assets			
Non-current assets	-	-	-
Trade receivables	1,258,534	-	1,258,534
Total deferred tax asset	**1,258,534**	**-**	**1,258,534**
Deferred tax liability			
Deferred tax liability as a result of IFRS 16 application	-	-	-
Other elements	104,870	-	104,870
Revaluation reserve	12,611,076	-	12,611,076
Total deferred tax liability	**12,715,946**	**-**	**12,715,946**
Net deferred tax liability	**11,457,413**	**-**	**11,457,413**

Components of deferred tax	December 31 *restated 2019	Changes in Deferred tax liability *restated	1 January 2019
Deferred tax assets			
Non-current assets	-	-	-
Trade receivables	1,258,534	-	1,258,534
Total deferred tax asset	**1,258,534**	**-**	**1,258,534**
Deferred tax liability			
Deferred tax liability as a result of IFRS 16 application	-	-	-
Other elements	104,870	104,870	-
Revaluation reserve	12,611,076	567,020	12,044,056
Total deferred tax liability	**12,715,946**	**671,890**	**12,044,056**
Net deferred tax liability	**11,457,413**	**671,890**	**10,785,523**

24. FINANCIAL INSTRUMENTS (IFRS 7)

(a) Capital risk management

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

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents disclosed in note 8 and equity, comprising issued capital, reserves and retained earnings as disclosed in notes 14 and 15.

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

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Financial assets that potentially subject the Company to concentrations of credit risk consist principally of cash, short-term deposits, trade and other receivables. The Company'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 Company's customer base, which consists mainly of both individuals and companies. Around 61% of the total sales are cash-based with remaining being based on issuance of invoices.
The financial condition of these customers in relation to their credit standing is evaluated on an ongoing basis.

The Company has also developed certain procedures to assess legal entities as customers prior to signing contracts, aimed at providing preventive and prophylactic health care packages (PPMs) and monitoring their ability to meet the payments during the course of contracts. Also, the Company has established an internal Collection department which actively monitors encashments received from customers.
The gross carrying amounts of financial assets (before credit loss allowances) included in the statement of financial position represent the Company's maximum exposure to credit risk in relation to these assets. At 31 December 2020 and 31 December 2019, the Company did not consider there to be a significant concentration of credit risk. The Company has only 10% of its sales during 2020 deriving from the treatment of NHIH insured patients (concentration of credit risk) – reliance on major customers. Please see note 7 – Trade receivables, for further details regarding credit risks of trade and other receivables and also note 3.17 Trade receivables, for further details of accounting policies used by the Group.

(c) Financial risk management objectives
The Company's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk
The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (g) below).
There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

(e) Interest rate risk management
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company is exposed to interest rate risk because it borrows funds at 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 Company 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% per cent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The assumptions used have not changed from previous years.

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

If interest rates had been 10% per cent higher and all other variables were held constant, the Group's profit for the year ended 31 December 2020 would decrease by RON 611,820 RON (2019: decrease with RON 464,786). This is mainly attributable to the Group's exposure to interest rates on its borrowings and leases.

Amounts exposed to interest rate risk

LIABILITIES	Total	Out of which included in the sensitivity analysis		%	Interest expenses per year at the current interest rate for the selected portion	Interest expenses per year at the interest rate increased by 10% for the selected portion	Variation that affects the profit and loss account when the interest rate increases by 10%
2020							
Overdraft	9,738,800						
Short-Term and Long-Term portions of loans	368,531,409	Club loan	367,764,790	97%	8,037,714	8,403,616	365,902
Short-Term and Long-Term portions of leases	88,444,039	Contracts that refer to rent of buildings, equipment and vehicles which fall under IFRS 16	76,727,811	87%	2,744,776	2,990,695	245,918
2019							
Overdraft	9,558,600						
Short-Term and Long-Term portions of loans	281,871,506	Club loan	280,794,076	96%	5,209,254	5,443,171	233,917
Short-Term and Long-Term portions of leases	102,048,265	Contracts that refer to rent of buildings, equipment and vehicles which fall under IFRS 16	83,110,554	81%	3,184,678	3,415,547	230,869

	December 31, 2020	December 31, 2019 *restated
Profit or loss	611,820	464,786

(f) Liquidity risk management

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 Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for financial liabilities as of December 31, 2020. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, the table includes both interest and principal cash flows.

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

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		96,605,850	**96,605,850**	96,605,850	-	-	-	-	-
Interest bearing instruments									
Overdraft		9,738,800	**9,738,800**	9,738,800	-	-	-	-	-
Club Loan	EURIBOR 6M / ROBOR 6M + margin	368,531,409	**402,633,097**	42,641,200	75,421,523	65,436,103	62,121,855	79,516,306	77,496,109
Lease contracts		88,444,039	**95,954,487**	24,029,684	21,704,968	18,378,683	11,776,203	7,881,586	12,183,364
Total		**563,320,098**	**604,932,234**	**173,015,534**	**97,126,491**	**83,814,786**	**73,898,057**	**87,397,892**	**89,679,473**

2019 *restated

	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		95,879,220	**95,879,220**	95,879,220	-	-	-	-	-
Interest bearing instruments									
Overdraft		9,558,600	**9,558,600**	9,558,600	-	-	-	-	-
Club Loan	EURIBOR 6M / ROBOR 6M + margin	281,871,506	**308,986,841**	22,038,954	41,348,757	43,153,786	43,661,524	44,831,820	113,952,001
Lease contracts		102,048,265	**112,503,005**	25,163,323	22,464,161	19,144,717	15,906,643	10,130,614	19,693,548
Total		**489,357,591**	**526,927,666**	**152,640,097**	**63,812,918**	**62,298,502**	**59,568,167**	**54,962,434**	**133,645,549**

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

(g) 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. The estimated fair values of these instruments approximate their carrying amounts. The carrying amounts represent the Company's maximum exposure to credit risk.

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters through matching mechanism between assets and liabilities. Starting with 2020, the Company can withdraw money in the national currency from the credit facility available but not used, in order to limit foreign currency exposure.

Financial instruments that are not held at fair value

At level 1 of the fair value hierarchy, the Company classified cash and cash equivalents as assets that are not held at fair value.
At level 3 of the fair value hierarchy, the Company and the Bank classified in the category of assets: cash equivalents (maternity vouchers), 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 2020:

ASSETS	**Classification under IFRS 9**	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	Amortized cost	33,735,446	33,735,446	33,735,446	-	-
Trade and other receivables	Amortized cost	89,382,165	89,382,165	-	-	89,382,165
Financial assets	Amortized cost	237,335,288	237,335,288	-	-	237,335,288
LIABILITIES						
Trade and other payables	Amortized cost	96,605,850	96,605,850	-	-	96,605,850
Overdraft	Amortized cost	9,738,800	9,738,800	-	-	9,738,800
Other long term debt	Amortized cost	3,325,000	3,325,000	-	-	3,325,000
Lease liability	Amortized cost	88,444,039	88,444,039	-	-	88,444,039
Long term debt	Amortized cost	368,531,409	368,531,409	-	-	368,531,409

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

ASSETS	Classification under IFRS 9	Carrying amount	Fair value	Level 1	Level 2	Level 3
Cash and cash equivalents	Amortized cost	33,735,446	33,735,446	33,735,446	-	-
Trade and other receivables	Amortized cost	89,382,165	89,382,165	-	-	89,382,165
Financial assets	Amortized cost	237,335,288	237,335,288	-	-	237,335,288
LIABILITIES						
Trade and other payables	Amortized cost	96,605,850	96,605,850	-	-	96,605,850
Overdraft	Amortized cost	9,738,800	9,738,800	-	-	9,738,800
Other long term debt	Amortized cost	3,325,000	3,325,000	-	-	3,325,000
Lease liability	Amortized cost	88,444,039	88,444,039	-	-	88,444,039
Long term debt	Amortized cost	368,531,409	368,531,409	-	-	368,531,409

Carrying amount is a reasonable approximation of fair value (e.g., for cash, short-term trade receivables and payables, lease liabilities).

(h) 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.

31 December 2020	**Note**	**Level 1**	**Level 2**	**Level 3**
Land and buildings	5	-	-	167,512,343

31 December 2019	**Note**	**Level 1**	**Level 2**	**Level 3**
Land and buildings	5	-	-	137,647,114

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

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

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

2020	**RON**	**1 EUR = 4.8694 RON**	**Total**
ASSETS			
Cash and cash equivalents	22,671,972	11,063,474	33,735,446
Trade receivables	89,382,165	-	89,382,165
Receivables from group companies	84,044,060	10,976,008	95,020,068
Long-term loans to group companies	-	12,497,232	12,497,232
Other long term receivables	2,628,265	-	2,628,265
LIABILITIES			
Trade payables	96,605,850	-	96,605,850
Overdraft	-	9,738,800	9,738,800
Other long term debt	-	3,325,000	3,325,000
Short-Term and Long-Term portions of loans	71,024,752	297,506,657	368,531,409
Short-Term and Long-Term portions of financial leasing	545,269	87,898,770	88,444,039
Payables to group companies	1,036,693	-	1,036,693

2019* restated	**RON**	**1 EUR = 4.7793 RON**	**Total**
ASSETS			
Cash and cash equivalents	11,523,469	133,963	11,657,432
Trade receivables	57,944,885	-	57,944,885
Receivables from group companies	74,141,066	10,268,103	84,409,169
Long-term loans to group companies	-	12,072,552	12,072,552
Other long term receivables	2,706,440	-	2,706,440
LIABILITIES			
Trade payables	95,879,220	-	95,879,220
Overdraft	-	9,558,600	9,558,600
Other long term debt	-	6,650,000	6,650,000
Short-Term and Long-Term portions of loans	10,000,000	271,871,506	281,871,506
Short-Term and Long-Term portions of financial leasing	570,049	101,478,216	102,048,265
Payables to group companies	1,707,947	-	1,707,947

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at 31 December 2019 are as follows:

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

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

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

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

	December 31, 2020	December 31, 2019 *restated
Profit or loss	36,393,251	36,708,370

25. COMMITMENTS AND CONTINGENCIES

Contingent liabilities are not recognized in the 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 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, 2020 and December 31, 2020, the Med Life SA 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, Med Life 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 2,146,895 out of which in EUR 270,124 as of December 31, 2020 (December 31, 2019: RON 2,631,819, out of which EUR 404,646

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. Management believes that the tax obligations included in these financial statements are adequate.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Transfer pricing
The fiscal legislation from Romania includes the "market value" principle, according to which the transactions between related parties have to be performed at the market value. The local tax payers, who carry transactions with related parties, have to prepare and make available to the tax authorities from Romania, at their written request, the transfer pricing documentation file. If the companies do not prepare the documentation or they present an incomplete transfer pricing file may attract penalties for non-conformity, and additionally to the information presented in the transfer pricing file, the fiscal authorities may have a different interpretation of the transactions and the circumstances compared to the management's assessment and, as a result, they may impose additional fiscal obligations as a result of adjusting transfer prices. The management of the Company is confident that, if required, they will submit the necessary information in due time to the fiscal authorities. The transactions with related parties and group companies are performed based on the market value principle.

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

26. AUDITORS ‘FEES

The auditor of Med Life is Deloitte Audit SRL.

The fee for the audit of the consolidated financial statements as of December 31, 2020 of the Med Life prepared in accordance with IFRS as adopted by EU and the individual financial statements as of December 31, 2020 of the Med Life prepared in accordance with IFRS as adopted by EU of Med Life SA was EUR 87,500, excluding VAT and out of pocket expenses.

The fee for other audit related services performed in 2020 (in accordance with ISAE 3000 and ISAE 3240) was EUR 15,500, excluding VAT.

27. EVENTS AFTER THE BALANCE SHEET DATE

Continued action plan to prevent and limit the spread of COVID-19
The MedLife Medical System, the largest operator of medical services in Romania, has implemented, from the first alert day on limiting the spread of SARS-CoV-2 (Coronavirus) virus in Romania, a series of prevention and protection measures for patients. and to the medical and auxiliary staff, focusing on preventing factors that could represent a danger of infection for all those in the medical units.

In all MedLife units, the methodology of surveillance of the acute respiratory system was implemented, and at the moment, the company ensures a good continuity of the medical activity. Epidemiological triage of patients through call-centres and medical teams, special circuits for patients with acute respiratory pathology, adaptation of consultation intervals to increase patient safety (allocating time needed to disinfect spaces after interaction with each patient), creating special spaces for isolating cases suspected of infectious diseases, the provision of protective equipment and disinfectant products, but also the development of complex procedures of cleaning, disinfection and nebulization are only part of the important measures that have been taken and that the special medical teams follow and manage them properly.

Regarding the operational segment, the administrative and support staff, the MedLife Medical System has implemented a Continuity of Activity Plan, the safety of the employees being a priority. The measures consist in dividing the key employees into two teams and avoiding physical interaction between them, but also the remote activity, both ensuring a good continuity of the company's activity. Also, all the events scheduled at Med Life level in the following period were suspended, and they will revert to them when exposure in the public space will no longer represent a risk to human health.

The MedLife Medical System actively monitors the economic situation in Romania and the possible negative implications on its current operations, at present, there are reductions in the activity determined by the social distance measures, imposed by the public authorities as measures to limit the spread of the SARS-CoV-2 virus. (Coronavirus). Despite the diminished activity, the company has taken all necessary measures to maintain good continuity of medical activity in all MedLife clinics and hospitals, taking priority over medical staff and colleagues in the front line and studying the compensation of these turbulences by reducing the short-term overhead costs.

The priority of the MedLife Medical System remains the health of patients and employees, fully respecting the decisions of the local authorities.
The Company assessed the impact of the Coronavirus pandemic over its business and concluded that the financial statements will not be significantly affected by this event. Even though, we currently can’t properly evaluate the consequences of this pandemic considering the dynamics in the evolution, the Company doesn’t expect a major impact on its activity in the future based on information available to the management at the date of this report.

Greenfield acquisition and investment plans

MedLife Medical System announces its intention to increase its existing facilities by 40 million euros by signing a syndicated loan, the discussions being already advanced with the banks. Depending on the opportunities, other important liquidities of the company will be added to this increase, as appropriate. The bank union that would sign the new loan consists of Banca Comercială Română, as coordinator, main arranger, documentation agent, facility and guarantee agent and financier, BRD Groupe Société Générale, Banca Transilvania and Raiffeisen Bank, as of main arrangers and funders.

The new funds will be dedicated to consolidating and expanding the group nationwide, by developing medical units such as MedPark, where the patient benefits from a 360-degree approach both in terms of the complexity of the medical act and the quality of adjacent services. Major emphasis will be placed on the development of programs and projects in a pandemic context, projects related to prevention, oncology and medical radiotherapy, technology and digitization, the main objective being the needs of the patient caring for his health and wanting to solve his needs efficiently, quickly and safely. According to company representatives, the amount is not intended to complete ongoing acquisitions for which MedLife has sufficient liquidity. At the same time, the company aims to continue the research efforts, and even to intensify them through new investments in the new year.

Mihail Marcu,
CEO

Adrian Lungu,
CFO

ADMINISTRATORS' REPORT
MED LIFE S.A.

YEAR ENDED DECEMBER 31, 2020

1. Presentation of the Company

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 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.

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

Details of Med Life SA's subsidiaries at December 31, 2020 and December 31, 2019 are as follows:

	Name of subsidiary	Main activity	Location	December 31, 2020	December 31, 2019
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%	61%
10	Genesys Medical Clinic SRL (indirect)	Medical Services	Bucharest, Romania	73%	61%
11	Bactro SRL (indirect)	Medical Services	Deva, Romania	73%	61%
12	Transilvania Imagistica SA (indirect)	Medical Services	Oradea, Romania	73%	61%
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%	100%
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 (directly and indirectly)	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	31%	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	90%	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%	90%
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%	0%
50	Centrul Medical Matei Basarab SRL*	Medical Services	Bucharest, Romania	100%	0%
51	Farmachem Distributie SRL*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	75%	0%
52	CED Pharma SRL*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	0%
53	KronDent SRL (indirect)*	Dental healthcare	Brasov, Romania	36%	0%

* The control over these companies will be obtained in the first semester of 2021 and will be consolidated starting with 2021

MedLife 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 a medical condition: prevention, diagnosis and treatment, by offering a wide range of medical services delivered in modern, high quality facilities by professional teams of doctors, nurses and support personnel. The company places great emphasis on the quality of the services offered to its customers, operating an IT infrastructure and customer service and sales operation that has served over 5 million unique patients, representing over 1 in 4 Romanians.

The Company divides its operations into 4 business lines:

- Corporate: The Corporate business line offers HPP 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 MedLife under the HPP offering.
- 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.
- Laboratories: The Laboratories business line provides biochemistry, haematology, coagulation, immunology, microbiology, anatomo-pathology, cytology, molecular biology and toxicology laboratories tests.
- Hospitals: The Hospitals business line covers the Group's inpatient activities, which consist of a wide range of medical and surgical specializations.

2. 2020 Developments

2.1. Acquisitions completed in 2020

In 2020, MedLife SA increased its participation in certain subsidiary companies, and also signed contracts for the acquisition of share capital of the following companies:

- 100% of the shares in Centrul Medical Matei Basarab SRL;
- 75% of share in Pharmachem Distributie SRL;
- 100% of the shares in CED Pharma SRL;
- 36% of the shares in KronDent SRL.
- 100% of the shares in Lotus Hospital;
- 100% of the shares in Micromedica Medical Center;
- 100% of the shares in Labor Maricor SRL;

Acquisition of Lotus Hospital
Medlife announced the acquisition of 100% of the shares of **Lotus Hospital** in Ploiești, the most important provider of private medical services in Prahova county, which provides integrated outpatient, imaging, laboratory, hospitalization and maternity services. The hospital comprises 22 beds in 12 reserves, 2 intensive care rooms and one operating block with 2 operating rooms. The outpatient part is equipped with 9 consulting rooms, covering 21 medical specialties, but also with a complete department of radiology and medical imaging equipped with state-of-the-art equipment. At the same time, the unit also includes a laboratory, which performs over 500 most complex medical tests

Acquisition of Micromedica Medical Center
Medlife announced the acquisition of the majority package of **Micromedica Medical Center**, one of the most important providers of private medical services in Moldova.
Micromedica has been active on the private healthcare market since 1995 and offers patients a wide range of investigations, from multidisciplinary consultations for over 28 medical specialties and laboratory services, to complex imaging investigations. The group comprises of six medical units located in the cities of Piatra Neamț, Bacău, Roman, Bicaz, Roznov and Târgu Neamț, all equipped with high-quality medical equipment.

Acquisition of Labor Maricor
MedLife Medical System takes over 100% stake in Labor Maricor, Bacau.

Acquisition of Matei Basarab Medical Center
MedLife Medical System announces the acquisition of the 100% stake in the Veridia Medical Center in Bucharest, known as the Matei Basarab Medical Center.

Acquisition of Pharmachem Distributie
MedLife Medical system announces the signing of the acquisition for the 75% majority stake of Pharmachem Distributie SRL. It is the group’s largest acquisition this year, being, also, the first acquisition in the pharma sector.

Acquisition of CED Pharma
MedLife Medical System announces the signing of the transaction for the acquisition of the full package of shares of CED Pharma group of companies. It is the second acquisition of MedLife Group in the pharma segment, announced within two weeks.

Acquisition of KronDent (indirect)
DENT ESTET group of clinics, market leader in the field of dentistry services in Romania, announces the signing of the SPA for the majority stake of 60% of the shares of KronDent S.R.L, a periodontology-implantology and dentistry clinic, based in Brasov.

2.2. Organic growth

Development of 4 RT-PCR laboratories through which the company was able to keep MedLife employees safe, to periodically test medical and auxiliary staff and patients and keep the units functional, as well as be part of the national testing program.

2.3. Expansion Plans of Existing Medical Units

MedLife invests in the development of the largest private medical project in Romania: MedLife Medical Park. The new medical project will be built next to Medlife Memorial Hospital. Located in the middle of a green area, it will have at completion 1000 beds in a total number of 8 buildings built in pavilionary system. The medical park will include two different stages of development. In the first stage a new hyperclinic, a center for R&D and innovation, kinetotherapy and medical recovery rooms, two restaurants, a centre of imaging and radiotherapy, pharmacy and bio food store will be arranged. in the second stage, which is in the phase of feasibility study, MedLife Oncological Institute will be built. The first stage will last for 18-24 months, while the second stage will take place over a period of 3-5 years.

3. Credit facilities contracted by the Company

FINANCIAL DEBT	31 December 2020	31 December 2019
Current portion of long-term loans (incl. overdraft)	44,620,789	25,992,833
Non-current portion of long-term loans	333,649,420	265,437,273
TOTAL	**378,270,209**	**291,430,106**

As at December 31, 2020, MedLife SA drawn and undrawn financing facilities included the following:

• On September 24, 2019 Med Life SA (together with the co-debtors Policlinica de Rapid Diagnostic SA, Bahtco Invest SA, Accipiens SA, Genesys Medical Clinic SRL, Clinica Polisano SRL, Medical Center Sama SA, Dent Estet Clinic SA and Valdi Medica SRL) signed with the Banca Comerciala Romana, Raiffeisen Bank, BRD Groupe Societe Generale and Banca Transilvania the refinancing of the existing facilities, the extension of the financing period, the rearrangement of the terms and conditions, as well as for an additional credit limit of EUR 28 million, which will be in the form a term facility, 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.

• a guaranteed overdraft facility concluded between Garanti Bank S.A. and Med Life SA the amount drawn on December 31, 2020 is RON 9,738,800.

4. Financial Analysis

Analysis of the standalone profit and loss statement

	12 Months ended December 31, 2020	2019 * restated
Sales	508,823,190	456,165,019
Other operating revenues	4,093,568	4,348,742
Operating Income	**512,916,758**	**460,513,761**
Consumable materials and repair materials	(84,668,323)	(66,396,142)
Third party expenses	(140,358,151)	(140,605,350)
Salary and related expenses (incl. contributions)	(134,748,555)	(150,265,803)
Depreciation	(46,482,290)	(43,312,183)
Impairment losses and gains (including reversals of impairment losses)	(6,816,733)	1,524,207
Other operating expenses	(32,329,352)	(39,538,437)
Operating expenses	**(445,403,404)**	**(438,593,708)**
Operating Profit	**67,513,354**	**21,920,053**
Finance income - interest revenue	1,714,066	2,183,489
Finance cost	(13,773,288)	(11,661,141)
Other financial expenses	(5,565,399)	(7,843,768)
Financial loss	**(17,624,620)**	**(17,321,421)**
Result Before Taxes	**49,888,734**	**4,598,632**
Income tax expense	(8,046,454)	(1,398,406)
Net Result	**41,842,280**	**3,200,226**
Other comprehensive income items that will not be reclassified to profit or loss		
Gain / Loss on revaluation of equity instruments	-	655,437
Deferred tax on other comprehensive income components	-	(104,870)
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**550,567**
TOTAL COMPREHENSIVE INCOME	**41,842,280**	**3,750,793**

Sales for the 12-month period ended 31 December 2020 (“**12 months 2020**”) amounted to RON 508,823,190, higher by 11.5% compared to sales recorded in the 12 months of 2019 (“**12 months 2019**”). This increase was mainly the result of a growth in all of the business lines determined by a mixture of increase in prices and volume.

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide services. Med Life SA recorded operating expenses of RON 445,403,404 during 12 months 2020, representing an increase of 1.6%, or RON 6,809,696, as compared to 12 months 2019. The increase is mainly linked to overall business increase.

Operating profit recorded a 208% increase in 12 months 2020 as compared to 12 months 2019, from RON 21,920,053 in 12 months 2019 to RON 67,513,354 in 12 months 2020.

Financial loss increased in 12 months 2020 by RON 303,199 from a loss of RON 17,321,421 in 12 months 2019 to a loss of RON 17,624,620 in 12 months 2020.

Net result increased in 12 months 2020 by RON 38,642,054 from a profit of RON 3,200,226 in 12 months 2019 to a profit of RON 41,842,280 in 12 months 2020.

Analysis of the standalone statement of financial position

	December 31, 2020	December 31, 2019 *restated	January 1, 2019 *restated
ASSETS			
NON CURRENT ASSETS			
Intangible assets	10,675,893	11,739,823	7,701,244
Tangible assets	244,998,068	203,527,953	183,020,161
Right-of-use assets	71,462,302	79,723,850	91,387,056
Financial assets	237,335,288	234,220,734	148,383,413
TOTAL NON-CURRENT ASSETS	**564,471,551**	**529,212,360**	**430,491,875**
Current Assets			
Inventories	13,224,013	6,887,412	6,533,910
Trade and other receivables	89,382,165	57,944,885	47,146,208
Receivables with group companies	95,020,068	84,409,169	74,915,161
Other receivables	11,780,770	13,782,629	3,944,995
Cash and cash equivalents	33,735,446	11,657,432	21,274,743
	243,142,462	**174,681,527**	**153,815,017**
Prepayments	**1,325,662**	**2,793,639**	**2,204,277**
TOTAL CURRENT ASSETS	**244,468,124**	**177,475,166**	**156,019,294**
TOTAL ASSETS	**808,939,675**	**706,687,526**	**586,511,168**
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade and other payables	96,605,850	95,879,220	75,848,191
Overdraft	9,738,800	9,558,600	9,327,799
Current portion of lease liability	21,416,526	21,908,619	19,604,849
Current portion of long term debt	34,881,989	16,434,233	14,669,616
Intercompany payables	1,036,693	1,707,947	2,754,866
Current tax liabilities	3,829,499	395,661	312,992
Provisions	2,885,053	524,431	0
Short term liabilities	16,008,640	33,924,206	6,388,289
TOTAL CURRENT LIABILITIES	**186,403,050**	**180,332,917**	**128,906,602**
Long Term Debt			
Lease liability	67,027,513	80,139,646	89,195,755
Other long term debt	3,325,000	6,650,000	-
Long term debt	333,649,420	265,437,273	205,624,681
TOTAL LONG-TERM LIABILITIES	**404,001,933**	**352,226,919**	**294,820,436**
Deferred tax liability	**11,457,413**	11,457,413	10,785,523
TOTAL LIABILITIES	**601,862,396**	**544,017,249**	**434,512,561**
SHAREHOLDER'S EQUITY			
Share capital and share premium	82,027,012	81,495,470	81,495,470
Treasury shares	(666,624)	(2,699,804)	(6,056,105)
Reserves	90,599,863	76,661,823	73,097,247
Retained earnings	35,117,028	7,212,788	3,461,995
TOTAL EQUITY	**207,077,279**	**162,670,277**	**151,998,607**
TOTAL LIABILITIES AND EQUITY	**808,939,675**	**706,687,526**	**586,511,168**

Non-current assets reached RON 564,471,551 as at December 31, 2020, recording an increase of 6.7% as compared to December 31, 2019.

Current assets increased by RON 66,992,958 or 37.7% from RON 177,475,166 as at December 31, 2019 to RON 244,468,124 at December 31, 2020.

Current liabilities (excluding interest-bearing debts) decreased by RON 12,065,730, or 9.1%, from RON 132,431,465 at December 31, 2019 to RON 120,365,735 at December 31, 2020.

Interest-bearing debt increased by RON 69,910,876, from RON 400,128,371 in December 31, 2019 to RON 470,039,248 at December 31, 2020. The increase is due to the financing of the company's current activity. The increase is mainly due to the adoption of IFRS 16.

5. Main financial ratios of Med Life SA

1 ***Current ratio***			**Period ended at 31 December, 2020**
Current assets / Current liabilities	244,468,124 / 186,403,050	=	1.31

2 ***Debt to equity ratio***			**Period ended at 31 December, 2020**
Long Term Debt / Equity	404,001,933 / 207,077,279	=	195%
Long Term Debt / Capital Assets	404,001,933 / 611,079,212	=	66%

3 ***Trade receivables turnover (days)***			**Period ended at 31 December, 2020**
Average receivables / Sales	73,663,525 / 508,823,190	=	52.12

4 ***Fixed assets turnover***			**Period ended at 31 December, 2020**
Sales / Net Fixed Assets	508,823,190 / 564,471,551	=	0.90

6. Non-financial information

Overview

MedLife S.A. dedicates all its resources to ensure every client's professional medical services at the highest standards, based on state-of-the-art technological support, in impeccable safety and comfort conditions. The Company has been constantly developing based on the desire to meet the most demanding and complex medical services. The goal of the Company medical units is to improve the quality of life of every patient that use the company medical services. The access to MedLife S.A. services is facilitated by the integrated system in place consisting in: hospital, outpatient, laboratory, pharmacy, imaging and corporate subscriptions. As a result, MedLife 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.

MedLife offers its services through the largest team of doctors and nurses working in the private sector in Romania, with about 3,000 doctors and 2,000 nurses. The Company 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 Company has consistently invested in medical equipment, which has helped sustain its market leadership in diagnostic imaging technology.

The Company enjoys a high level of satisfaction among patients, achieving a high score for the reputation of its brands among clients and an increasing number of patients is recommending the group services. The Company latest study reveals that MedLife is perceived as a brand that differentiates itself in particular through its openness and respect offered to its customers. The respect offered to the customer, and, at the same time, the efficacy and seriousness proved through the services makes MedLife to be perceived as a trustworthy partner that offers a sense of security.
MedLife received the title of "Most Trusted Brand" by Reader's Digest in the Private Clinics category in Romania for 6 consecutive years (2009-2015), 5 Superbrand Awards (including 2019), Qudal distinction in 2016 and 2017, and ICERTIAS certification for "Superior Excellence" after a study conducted in 2018.

The Company conducts weekly patient surveys to get their opinion on the healthcare provided, and the Mystery Shopper is organized biannually at the group level.

Business Model
Med Life’s concept of Hyper clinics, large scale ambulatory clinics, as well as the integration of various segments 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 Company.

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 10% of its sales during 2020 deriving from the treatment of NHIH insured patients, MedLife can independently determine its policies and priorities.

The largest number of HPP clients in Romania
With over 700,000 HPP subscribers as at 31 December 2020, Med Life 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 Med Life’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 Company's continuous investments in new medical facilities set the basis for potential new HPP clients, as the Company'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 Med Life’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 Company's track record of organic and acquisition growth is largely due to the Company’s strong management team. The Company 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, MedLife 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 December 31, 2019, MedLife has acquired 53 companies (if the representatives of the Competition Council will approve Ced Pharma and Pharmachem Distributie - the last acquisitions announced by MedLife), 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
MedLife strategy focuses on maintaining leadership position. MedLife seeks to expand its portfolio of units and services, ensuring profitable national coverage to meet the needs of existing and new customers of the Company. At the same time, the Company remains committed to providing clients 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 2020, MedLife network include 22 hyper clinics, 53 clinics, 10 hospitals, 33 laboratories, 12 dental clinics and 14 pharmacies, MedLife being the only healthcare provider with large clinics with presence in all cities with over 150,000 inhabitants.

The Company is pursuing opportunities to capture additional revenues and achieve synergies within its current networks and services. The Company 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 two years, MedLife has been characterized by significant increases in Sales from one reporting period to the next, as follows: an increase of 10.6% in 2018 as compared to 2017, reaching Sales of RON 419,850,605, an increase of 8.6% in 2019 as compared to 2018, reaching Sales of RON 456,165,019 in 2019 and an increase of 11.5% in 2020 as compared to 2019, reaching Sales of RON 508,823,190 in 2020.

The increase in Sales was accompanied by an increase in EBITDA in absolute values, as follows: an increase of 36.8% in absolute value in 2018 compared to 2017, reaching EBITDA of RON 16,900,968 RON, an increase of 29.7% in absolute value in 2019 compared to 2018, reaching EBITDA of RON 21,920,053, respectively an increase of 208% in absolute value in 2020 compared to 2019, reaching EBITDA of RON 45,593,301. The increase was also influenced by the implementation of IFRS 16, which restates rent expenses in financial expense and depreciation.

Organic growth
During the period 2014 – December 2020, the Company opened a number of new clinics and other facilities, particularly sampling points for its Laboratories business line. Many of these facilities are believed to still have the capacity to service greater numbers of patients, which should allow for the increase in their revenue and profit contribution, as they reach fuller utilization. Further, the Company 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 Company services patients through the largest private pool of doctors and nurses in Romania. As of December 31, 2020, the Group, on an overall level, was collaborating with a number of approximately 3,000 physicians 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 of December 31, 2020.

The Company'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 Company 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 to the Company. Medical staff under services agreements are seen by the Group as commercial partners, providing services to the Company as independent contractors, in compliance with the applicable legislation.

The Company 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 business model. The usual compensation package offered by the Company 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.

Collaborators are rewarded according to their number of appointments and consultations. The Company does not operate retirement plans or long-term benefit plans.

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

The Company 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 Company. The Company 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 Company's laboratory facilities are accredited by the Romanian Accreditation Association with ISO 15189 for Quality management.

Health, Safety, Security and Environment
The Company 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 Company is required to obtain environmental permits, licenses and authorizations and provide notification to local authorities prior to opening new administrative and medical units.

As of December 31, 2020, the Company is in various stages of procedures for obtaining or updating its fire prevention authorizations for certain of its medical units and other premises. The completion of these procedures are subject to various requirements, such as the performance of certain works and upgrades to the Company's facilities. The Company regards the amounts of the required investments as being immaterial; however, the completion of the necessary works and upgrades is subject to, in certain cases, additional authorizations and clearances, or other procedures in which the Group has engaged. As at December 31, 2020, the Company does not have all fire prevention authorizations in place.

Equipment and Technology
The Company 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.

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

With these equipment and technologies used by MedLife doctors, several surgical interventions have been successfully completed, becoming even a medical premiere in Romania.

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

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

The Company 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 Company ensures that all suppliers are selected and contracted based on merit and objective business standards so as to avoid real or perceived favouritism.

The Company is adept of a free and fair competition and has no dealings with its competitors. The Company 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 MedLife to public authorities, in the jurisdictions in which MedLife is operating, are in comply with all applicable legal provisions and are made exclusively for the purp0ose of ensuring the execution of routine governmental action.

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

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

Corporate Social Responsibility
Medlife values include:

- Responsibility: Medlife guides its actions according to what is important to people's lives and health;

- Professionalism: Medlife reunites for 3,000 doctors, professors, lecturers, doctors in medicine who work day by day with dedication and professionalism;

- Innovation: Medlife has a constant concern about methods, technology and organization that will result in better and more effective medical solutions;

- Care and respect: Each 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. MedLife has created space in hospitals and hyperclinics, where patients can benefit from minimally invasive techniques.

MedLife concept "We Make Romania Well" started with the desire to bring good in Romania in as many forms, not just in health and in the medical system. Thus, Medlife Group has developed and supported a number of projects, events and ideas for the well-being of employees or healthcare professionals at the beginning. The company also organized or participated in medical events where doctors from the country or from abroad had the opportunity to share new knowledge, technologies or procedures.

InfoLine magazine
The InfoLine magazine supports Company's patients with information and articles about common illnesses, new technologies implemented in the Company's units, new perspectives and interviews with medical staff.

Blood donation campaign
MedLife has launched a national blood donation program to support blood transfusion centers and promote this behavior in Romanian society. Started 6 years ago, the program runs in the largest cities in the country.

Pro-bono cases
Medlife'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, MedLife doctors handle cases brought by humanitarian foundations or identified cases by the group's employees.

The MedLive platform
In order to reduce the phenomenon of self-diagnosis and auto-medication and to encourage correct information, directly from the doctor, MedLife launched the MedLive.ro online platform. The MedLive platform is an education platform for MedLife patients as well as for doctors or medical students. In the eight years since the platform was launched, users were able not only to keep up-to-date with the latest news about prevention or maintenance of a healthy lifestyle, but also to interact directly with MedLife doctors.

Good for the Environment - The Green Project for Romania
The Green project, together with every action taken by MedLife, is the essence of the brand. And this time, besides respecting the promise of a quality medical act and excellence proven to every patient, the campaign is MedLife's desire to get even more involved in the future of new generations.

Therefore, the project requires that for each child born in MedLife's maternity clinics, the company plans to plant a tree in a deforested area of the Fagaras Mountains through the FCC (Conservation Carpathia Foundation).

Results for 2019 include 2 stages of afforestation, dozens of Medlife employees and volunteers involved, 40,000 seedlings planted.
Also, for the environment, Medlife Group has created a set of good rules that all Medlife employees apply, such as: reducing electricity consumption; selective collection - paper, plastic, electronic, waste; reducing water consumption.

7. Corporate Governance

The corporate governance statements
MedLife and its board members comply with the corporate governance regime established by the Companies Law with the following exceptions:

- Because some members of the Board of Directors and some executive managers hold various positions in the administration, management or control bodies in the subsidiaries of the Company, any lending by the Company to such subsidiaries can be considered a loan by the Company to its directors which is prohibited under the Companies Law;

- Because some members of the Board of Directors and some executive managers hold various positions in the administration, management or control bodies in the subsidiaries of the Company and other positions within the Company (e.g., executive managers, legal advisors, employees) there is the possibility of occurrence of conflicts of interests.

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.

The Company 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 SA 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.

7.1. Shareholding structure

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

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	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**

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.

7.2 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 the Medlife 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. According to the Articles of Incorporation, the Board of Directors is responsible for all necessary and necessary acts in order to fulfil the 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, 2020, 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
Nicolae Marcu	26.10.1968	Member of the Board of Directors
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 positions in the banking sector. Since 2016, she has been a member of the Raiffeisen Bank's Supervisory Board, serving as an independent member for a four-year term.

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

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

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

Voicu Cheța (1981) - Independent Member of the Board of Directors
Voicu Cheța has been a member of the Board of Directors of MedLife since December 2020. He is a lawyer in the Bucharest Bar with over 15 years of legal experience. His specialized practice covers various fields such as high value commercial litigation, commercial arbitration, insolvency and restructuring, labor relations, public procurement, administrative litigation, debt recovery and company law. In the field of legal advice and representation before the courts and arbitral tribunals, he has 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 is 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 the GapMinder VC Fund (since 2018). Previously, he was a member of the Investment Committee of the IJC Funds (2014-2016) and held the position of external advisor to Elliott Advisors (2013-2014). He also held the position of capital analyst, border market expert and country manager at Wood & Company, in the period 2007-2013 and was a financial analyst for KTD Invest (2005-2007).

Executive Commitee
The Executive Committee is headed by Mr. Mihail Marcu, member of the Board of Directors and General Manager, 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
Geanina Durigu	Laboratory Director
Mariana Brates	Purchasing Director
Larisa Chirirac	Medical Director
Vera Firu	Accounting and Tax Director
Mirela Dogaru	Corporate and Marketing Director

7.3 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
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.

7.4 Internal Control – Internal Audit function

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 Company 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 Company'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 Company'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.

7.5 Nomination Committee

The nomination committee consists of the following members:

1. Ana Maria Mihaescu, Independent Non-Executive Administrator
2. Voicu Cheta, Independent Non-Executive Administrator
3. Dimitrie Pelinescu-Onciul, Non-Executive Administrator

The nomination committee has the following responsibilies:

- To approve a description of the role and eligibility conditions required for a specific position in the CA or the Executive Committee;
- To identify candidates for position in the Board of Directors, if the case / to make recommendations regarding the proposal of candidates for appointment to the Board of Directors;

At the moment, the Company does not have a remuneration policy in force. However, the amount of the remuneration of the members of the Board of Directors of the Company, as well as the members of the Executive Committee, is published on the company's website and is subject to the approval of the Annual General Shareholders' Meeting. The development of a remuneration policy is currently being considered.

Thus, the following tasks will be assigned to the nomination committee:

- To ensure an adequate remuneration policy, compatible with MedLife's strategy and long-term interests;
- To ensure the publication of the direct and indirect remuneration of the board of directors and executive directors in the annual report, distinguishing between the fixed and variable components of the remuneration.

8. Risk exposures

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

The capital structure of the Company consists of debt, which includes borrowings from bank and IFC and also financial leasing, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

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

Financial risk management objectives
The Company's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks.

These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risk
The Company's activities expose it primarily to foreign exchange rate risks. There were no changes in the Company's exposure to market risks or the way they manage and assess their risk.

Foreign exchange rate risk
The Company operates and carries out transactions denominated in various currencies. The management analyses the exposure to currency risk and takes the necessary measures to protect itself.

Interest rate risk
The management of the Company analyses the financial costs of borrowing from banks and financial leasing and takes the necessary measures to protect itself against interest rate risk.

Credit risk
The financial assets that might expose the Company to a credit risk concentration mainly consist of receivables (trade receivables and similar receivables). Given the large number of clients of the Company, credit risk is rather limited.

The Company has also developed certain procedures to assess legal entities as customers prior to signing contracts, aimed at providing preventive and prophylactic health care packages (PPMs) and monitoring their ability to meet the payments during the course of contracts.

Liquidity risk/ cash flow risk
The Company’s policy is to maintain sufficient liquidities to pay for its obligations when such become due.

The ultimate responsibility for liquidity risk management rests with the board of directors, which has set up an appropriate liquidity risk management framework to manage short, medium and long-term funding requirements and liquidity management.

The Company manages liquidity risk by maintaining reserves, continuously monitoring the estimated and effective cash flows and reconciling the maturities of financial assets and liabilities.

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 2019.

In Romania the statute of limitation for tax controls (audits) is of 5 years. Management believes that the tax obligations included in these financial statements are adequate.

Transfer pricing
The fiscal legislation from Romania includes the “market value” principle, according to which the transactions between related parties have to be performed at the market value. The local tax payers, who carry transactions with related parties, have to prepare and make available to the tax authorities from Romania, at their written request, the transfer pricing documentation file. If the companies do not prepare the documentation or they present an incomplete transfer pricing file may attract penalties for non-conformity, and additionally to the information presented in the transfer pricing file, the fiscal authorities may have a different interpretation of the transactions and the circumstances compared to the management’s assessment and, as a result, they may impose additional fiscal obligations as a result of adjusting transfer prices. The management of the Company is confident that, if required, they will submit the necessary information in due time to the fiscal authorities. The transactions with related parties and group companies are performed based on the market value principle.

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

9. Subsequent events

Actions implemented to prevent and limit the spread of COVID-19
The MedLife Medical System, the largest operator of medical services in Romania, has implemented, from the first alert day on limiting the spread of SARS-CoV-2 (Coronavirus) virus in Romania, a series of prevention and protection measures for patients. and to the medical and auxiliary staff, focusing on preventing factors that could represent a danger of infection for all those in the medical units.

In all MedLife units, the methodology of surveillance of the acute respiratory system was implemented, and at the moment, the company ensures a good continuity of the medical activity. Epidemiological triage of patients through call-centers and medical teams, special circuits for patients with acute respiratory pathology, adaptation of consultation intervals to increase patient safety (allocating time needed to disinfect spaces after interaction with each patient), creating special spaces for isolating cases suspected of infectious diseases, the provision of protective equipment and disinfectant products, but also the development of complex procedures of cleaning, disinfection and nebulization are only part of the important measures that have been taken and that the special medical teams follow and manage them properly.

Regarding the operational segment, the administrative and support staff, the MedLife Medical System has implemented a Continuity of Activity Plan, the safety of the employees being a priority. The measures consist in dividing the key employees into two teams and avoiding physical interaction between them, but also the remote activity, both ensuring a good continuity of the company's activity. Also, all the events scheduled at the group level in the following period were suspended, and they will revert to them when exposure in the public space will no longer represent a risk to human health.

The MedLife Medical System actively monitors the economic situation in Romania and the possible negative implications on its current operations, at present, there are reductions in the activity determined by the social distance measures, imposed by the public authorities as measures to limit the spread of the SARS-CoV-2 virus. (Coronavirus). Despite the diminished activity, the company has taken all necessary measures to maintain good continuity of medical activity in all MedLife clinics and hospitals, taking priority over medical staff and colleagues in the front line and studying the compensation of these turbulences by reducing the short-term overhead costs.

The priority of the MedLife Medical System remains the health of patients and employees, fully respecting the decisions of the local authorities.
The Company assessed the impact of the Coronavirus pandemic over its business and concluded that the financial statements will not be significantly affected by this event. Even though, we currently can't properly evaluate the consequences of this pandemic considering the dynamics in the evolution, the Company doesn't expect a major impact on its activity in the future based on information available to the management at the date of this report.

Greenfield acquisition and investment plans

MedLife Medical System announces its intention to increase its existing facilities by 40 million euros by signing a syndicated loan, the discussions being already advanced with the banks. Depending on the opportunities, other important liquidities of the company will be added to this increase, as appropriate. The bank union that would sign the new loan consists of Banca Comercială Română, as coordinator, main arranger, documentation agent, facility and guarantee agent and financier, BRD Groupe Société Générale, Banca Transilvania and Raiffeisen Bank, as of main arrangers and funders.

The new funds will be dedicated to consolidating and expanding the group nationwide, by developing medical units such as MedPark, where the patient benefits from a 360-degree approach both in terms of the complexity of the medical act and the quality of adjacent services. Major emphasis will be placed on the development of programs and projects in a pandemic context, projects related to prevention, oncology and medical radiotherapy, technology and digitization, the main objective being the needs of the patient caring for his health and wanting to solve his needs efficiently, quickly and safely. According to company representatives, the amount is not intended to complete ongoing acquisitions for which MedLife has sufficient liquidity. At the same time, the company aims to continue the research efforts, and even to intensify them through new investments in the new year.

Administrators