MED LIFE GROUP

CONSOLIDATED UNAUDITED PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Free translation from the original Romanian version.

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

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Note: The following consolidated financial statements are prepared in accordance with international financial reporting standards, as adopted by European Union ("IFRS").
Report concluded in compliance with ASF Regulation no. 5/2018 on issuers of financial instruments and capital markets and Law no. 24/2017 on issuers of financial instruments and capital markets.
The following consolidated financial statements are unaudited.

MED LIFE GROUP
CONSOLIDATED UNAUDITED PRELIMINARY STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021
(all the amounts are expressed in RON, unless otherwise specified)

	December 31, 2021	December 31, 2020	Variation 2021/2020
ASSETS			
Long Term			
Goodwill	199,679,613	147,256,824	35.6%
Intangible assets	63,068,147	46,755,678	34.9%
Property, plant and equipment	584,492,571	535,672,488	9.1%
Right-of-use asset	156,817,382	146,821,194	6.8%
Other financial assets	31,610,586	27,940,022	13.1%
TOTAL NON-CURRENT ASSETS	**1,035,668,299**	**904,446,206**	**14.5%**
Current Assets			
Inventories	74,702,545	53,058,518	40.8%
Receivables	159,570,821	121,079,030	31.8%
Other receivables	12,830,056	15,822,146	-18.9%
Cash and cash equivalents	129,539,313	81,970,397	58.0%
	376,642,735	**271,930,091**	**38.5%**
Prepayments	9,410,594	7,117,566	32.2%
TOTAL CURRENT ASSETS	**386,053,329**	**279,047,657**	**38.3%**
TOTAL ASSETS	**1,421,721,628**	**1,183,493,863**	**20.1%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Long Term Debt			
Lease liability	158,786,846	147,097,180	7.9%
Other long term debt	7,546,394	18,119,743	-58.4%
Interest-bearing loans and borrowings	441,086,294	414,696,592	6.4%
Deferred tax liability	23,559,617	20,345,799	15.8%
TOTAL LONG-TERM LIABILITIES	**630,979,151**	**600,259,314**	**5.1%**
Current Liabilities			
Trade and other payables	224,221,572	151,690,134	47.8%
Overdraft	25,493,223	27,127,907	-6.0%
Current portion of lease liability	41,693,149	41,166,069	1.3%
Current portion of interest-bearing loans and borrowings	58,482,734	46,436,217	25.9%
Current tax liabilities	1,942,230	5,467,450	-64.5%
Provisions	8,499,458	7,209,494	17.9%
Other liabilities	44,378,235	35,230,733	26.0%
TOTAL CURRENT LIABILITIES	**404,710,601**	**314,328,004**	**28.8%**
TOTAL LIABILITIES	**1,035,689,752**	**914,587,319**	**13.2%**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	82,395,091	82,027,012	0.4%
Treasury shares	(4,015,977)	(666,624)	502.4%
Reserves	126,490,224	124,211,557	1.8%
Retained earnings	137,434,296	35,701,579	285.0%
Equity attributable to owners of the Group	**342,303,634**	**241,273,524**	**41.9%**
Non-controlling interests	43,728,241	27,633,021	58.2%
TOTAL EQUITY	**386,031,876**	**268,906,545**	**43.6%**
TOTAL LIABILITIES AND EQUITY	**1,421,721,628**	**1,183,493,863**	**20.1%**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

MED LIFE GROUP
CONSOLIDATED UNAUDITED PRELIMINARY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(all the amounts are expressed in RON, unless otherwise specified)

	12 months ended December 31, 2021	2020	Variation 2021/2020
Revenue from contracts with customers	1,432,027,145	1,077,448,351	32.9%
Other operating revenues	10,344,070	9,274,762	11.5%
Operating Income	**1,442,371,215**	**1,086,723,113**	**32.7%**
Consumable materials and repair materials	(234,354,593)	(189,975,286)	23.4%
Third party expenses	(383,196,973)	(281,469,012)	36.1%
Salary and related expenses	(333,827,504)	(277,035,208)	20.5%
Social contributions	(12,214,458)	(10,767,730)	13.4%
Depreciation	(111,118,400)	(102,897,388)	8.0%
Impairment losses and gains (including reversals of impairment losses)	(4,406,807)	(10,888,049)	-59.5%
Commodities expenses	(106,466,669)	(35,649,736)	198.6%
Other operating expenses	(80,436,771)	(68,929,576)	16.7%
Operating expenses	**(1,266,022,175)**	**(977,611,985)**	**29.5%**
Operating Profit	**176,349,040**	**109,111,128**	**61.6%**
Finance cost	(26,321,456)	(23,252,552)	13.2%
Other financial expenses	(8,910,970)	(7,307,417)	21.9%
Financial result	**(35,232,425)**	**(30,559,969)**	**15.3%**
Result Before Taxes	**141,116,615**	**78,551,159**	**79.6%**
Income tax expense	(23,592,740)	(14,787,475)	59.5%
Net Result	**117,523,875**	**63,763,684**	**84.3%**
Owners of the Group	106,791,507	56,702,860	88.3%
Non-controlling interests	10,732,369	7,060,824	52.0%
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	-	0.0%
Corrections related to prior years	-	-	0.0%
Gain/loss on revaluation of own shares	-	-	0.0%
Deferred tax on other comprehensive income components	-	-	0.0%
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**	**0.0%**
Total other comprehensive income attributable to:			
Owners of the Group	-	-	0.0%
Non-controlling interests	-	-	0.0%
TOTAL COMPREHENSIVE INCOME	**117,523,875**	**63,763,684**	**84.3%**
Total comprehensive income attributable to:			
Owners of the Group	106,791,507	56,702,860	88.3%
Non-controlling interests	10,732,369	7,060,824	52.0%

Mihail Marcu,
CEO

Adrian Lungu,
CFO

The accompanying notes are an integral part of the consolidated financial statements.
Free translation from the original Romanian version.

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

	12 months ended December 31, 2021	2020
Net profit before taxes	**141,116,616**	**78,551,159**
Adjustments for		
Depreciation	111,118,400	102,897,388
Provisions for liabilities and charges	1,289,964	5,460,306
Interest revenue	(158,840)	(50,893)
Interest expense	26,321,456	23,252,552
Allowance for doubtful debts and receivables written-off	4,742,536	10,888,049
Financial Discounts	(2,569)	-
Other non-monetary gains	(4,535,441)	(3,712,076)
Unrealized exchange gain / loss	6,654,907	7,392,342
GW impairment	-	90,706
Operating cash flow before working capital changes	**286,547,029**	**224,769,532**
Decrease / (increase) in accounts receivable	(13,613,237)	(35,539,764)
Decrease / (increase) in inventories	(6,375,812)	(9,968,002)
Decrease / (increase) in prepayments	(2,243,475)	1,018,264
Increase / (decrease) in accounts payable	4,412,818	(19,743,767)
Cash generated from working capital changes	(17,819,706)	(64,233,268)
Cash generated from operations	**268,727,322**	**160,536,264**
Income Tax Paid	(27,168,945)	(9,716,112)
Interest Paid	(27,690,477)	(22,207,210)
Interest received	158,840	50,893
Net cash from operating activities	**214,026,740**	**128,663,835**
Acquisition of subsidiaries, net of cash acquired	(52,504,735)	(23,769,813)
Additional participation interest acquired	(1,661,990)	-
Purchase of intangible assets	(5,357,076)	(5,962,689)
Purchase of property, plant and equipment	(87,183,052)	(83,116,171)
Net cash used in investing activities	**(146,706,853)**	**(112,848,673)**
Cash flow from financing activities		
Increase in loans	78,319,943	101,692,813
Payment of loans	(50,890,455)	(25,118,546)
Financial lease payments	(43,440,889)	(43,857,062)
Dividends paid to NCI	(70,000)	(701,987)
Payments for purchase of treasury shares	(3,669,570)	(3,548,879)
Net cash from/ (used) in financing activities	**(19,750,971)**	**28,466,339**
Net change in cash and cash equivalents	**47,568,916**	**44,281,501**
Cash and cash equivalents beginning of the period	81,970,397	37,688,896
Cash and cash equivalents end of the period	**129,539,313**	**81,970,397**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

	Share Capital	Treasury shares	Share premium	Legal reserves and other reserves	Revaluation Reserve	Accumulated Results	Attributable to owners of the parent	Non-controlling interests	Total Equity
Balance as at December 31, 2020	**33,217,623**	**(666,624)**	**48,809,388**	**28,726,817**	**95,484,740**	**35,701,579**	**241,273,524**	**27,633,022**	**268,906,545**
Recognition of other reserves for fiscal purposes	-	-	-	321,594	-	(321,594)	-	-	-
Recognition of legal reserves	-	-	-	1,957,073	-	(1,957,073)	-	-	-
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	-	7,445,707	7,445,707
Subsequent acquisition of NCI	-	-	-	-	-	(2,780,122)	(2,780,122)	(1,865,109)	(4,645,231)
Distribution of dividends	-	-	-	-	-	-	-	(217,748)	(217,748)
Increase from own shares acquisition	-	(3,669,511)	-	-	-	-	(3,669,511)	-	(3,669,511)
Net release of own shares used for acquiring additional NCI	-	320,158	-	-	-	-	320,158	-	320,158
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made	-	-	368,079	-	-	-	368,079	-	368,079
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**106,791,507**	**106,791,507**	**10,732,369**	**117,523,876**
Profit of the year	-	-	-	-	-	106,791,507	106,791,507	10,732,369	117,523,876
Balance as at December 31, 2021	**33,217,623**	**(4,015,977)**	**49,177,468**	**31,005,484**	**95,484,740**	**137,434,297**	**342,303,635**	**43,728,241**	**386,031,876**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

(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	Attributable to owners of the parent	Non-controlling interests	Total Equity
Balance as at 31 Dec 2019 as originally presented	**5,536,271**	**(2,699,804)**	**75,959,199**	**13,406,769**	**95,302,534**	**(419,909)**	**187,085,059**	**23,180,510**	**210,265,569**
Correction of the error (net of tax)	-	-	-	-	-	(2,936,575)	**(2,936,575)**	(430,393)	**(3,366,968)**
***Restated total equity at the beginning of the financial year**	**5,536,271**	**(2,699,804)**	**75,959,199**	**13,406,769**	**95,302,534**	**(3,356,485)**	**184,148,483**	**22,750,118**	**206,898,601**
Recognition of other reserves for fiscal purposes	-	-	-	661,005	-	(661,005)	-	-	-
Recognition of other reserves	-	-	-	14,659,044	182,206	(14,659,044)	182,206	-	182,206
Increase in share capital through incorporation of reserves	27,681,352	-	(27,681,352)	-	-	-	-	-	-
Subsequent acquisition of NCI	-	-	-	-	-	(2,324,748)	(2,324,748)	(1,475,933)	(3,800,681)
Distribution of dividends	-	-	-	-	-	-	-	(701,987)	(701,987)
Net release of own shares used for acquiring additional NCI	-	2,033,180	-	-	-	-	2,033,180	-	2,033,180
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made	-	-	531,542	-	-	-	531,542	-	531,542
	-								
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**56,702,860**	**56,702,860**	**7,060,824**	**63,763,684**
Profit of the year	-	-	-	-	-	56,702,860	56,702,860	7,060,824	63,763,684
Balance as at December 31, 2020	**33,217,623**	**(666,624)**	**48,809,388**	**28,726,817**	**95,484,740**	**35,701,579**	**241,273,524**	**27,633,022**	**268,906,545**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

1. DESCRIPTION OF THE BUSINESS

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

Med Life and its subsidiaries (collectively, "the Group" or "Medlife") is offering a large range of medical service having opened 22 Hyperclinics in Bucharest, Timisoara, Brasov, Arad, Iasi, Galati, Craiova, Braila, Sibiu, Cluj, Constanta and Oradea, 53 Clinics, 10 hospitals – located in Bucharest, Sibiu, Arad and Brasov, 33 Laboratories, 14 Pharmacies and 12 Dental Clinics. The Group has also more than 130 private Clinic partners around Romania.

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

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

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

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

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

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

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

Details of Med Life SA's subsidiaries at December 31, 2021 and January 1, 2021 are as follows:

Nr. Crt.	Numele subsidiarei	Activitatea principala	Locul de functionare	31 decembrie 2021	1 ianuarie 2021
1	Policlinica de Diagnostic Rapid SA	Servicii medicale	Brasov, Romania	83.01%	83.01%
2	Medapt SRL (indirect)**	Servicii medicale	Brasov, Romania	83.01%	83.01%
3	Histo SRL (indirect)**	Servicii medicale	Brasov, Romania	49.81%	49.81%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)**	Servicii medicale	Sfantu Gheorghe, Romania	66.41%	66.41%
5	Bahtco Invest SA	Dezvoltare (promovare) imobiliara	Bucuresti, Romania	100%	100%
6	Med Life Ocupational SRL	Servicii medicale	Bucuresti, Romania	100%	100%
7	Pharmalife-Med SRL	Comert cu amanuntul al produselor farmaceutice, in magazine specializate	Bucuresti, Romania	100%	100%
8	Med Life Broker de Asigurare si Reasigurare SRL	Broker de asigurare	Bucuresti, Romania	99%	99%
9	Accipiens SA	Activitati de inchiriere	Bucuresti, Romania	73%	73%
10	Genesys Medical Clinic SRL (indirect)**	Servicii medicale	Bucuresti, Romania	73%	73%
11	Bactro SRL (indirect)**	Servicii medicale	Deva, Romania	73%	73%
12	Transilvania Imagistica SA (indirect)**	Servicii medicale	Oradea, Romania	73%	73%
13	Biofarm Farmec SRL (indirect)**	Comert cu amanuntul al produselor farmaceutice, in magazine specializate	Bucuresti, Romania	100%	100%
14	RUR Medical SA (indirect)**	Servicii medicale	Bucuresti, Romania	83.01%	83.01%
15	Biotest Med SRL	Servicii medicale	Bucuresti, Romania	100%	100%
16	Vital Test SRL	Servicii medicale	Bucuresti, Romania	100%	100%
17	Centrul Medical Sama SA	Servicii medicale	Craiova, Romania	90%	90%
18	Ultratest SA (direct si indirect)**	Servicii medicale	Craiova, Romania	76%	76%
19	Diamed Center SRL	Servicii medicale	Bucuresti, Romania	100%	100%
20	Prima Medical SRL	Servicii medicale	Craiova, Romania	100%	100%
21	Stem Cells Bank SA	Servicii medicale	Timisoara, Romania	100%	100%
22	Dent Estet Clinic SA	Servicii medicale stomatologice	Bucuresti, Romania	60%	60%
23	Green Dental Clinic SRL (indirect)**	Servicii medicale stomatologice	Bucuresti, Romania	31%	31%
24	Dentist 4 Kids SRL (indirect)**	Servicii medicale stomatologice	Bucuresti, Romania	60%	31%
25	Dent A Porter SRL (indirect)**	Servicii medicale stomatologice	Bucuresti, Romania	31%	31%
26	Dentestet Kids SRL (indirect)**	Servicii medicale stomatologice	Bucuresti, Romania	32%	32%
27	Aspen Laborator Dentar SRL (indirect)**	Servicii medicale stomatologice	Bucuresti, Romania	45%	45%
28	Centrul Medical Panduri SA	Servicii medicale	Bucuresti, Romania	100%	90%
29	Almina Trading SA	Servicii medicale	Targoviste, Romania	80%	80%
30	Anima Specialty Medical Services SRL	Servicii medicale	Bucuresti, Romania	100%	100%
31	Anima Promovare si Vanzari SRL (indirect)**	Servicii medicale	Bucuresti, Romania	100%	100%
32	Valdi Medica SA	Servicii medicale	Cluj, Romania	55%	55%
33	Clinica Polisano SRL	Servicii medicale	Sibiu, Romania	100%	100%

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34	Solomed Clinic SA	Servicii medicale	Pitesti, Romania	80%	80%
35	Solomed Plus SRL (indirect)**	Servicii medicale	Pitesti, Romania	80%	80%
36	Ghencea Medical Center SA	Servicii medicale	Bucuresti, Romania	100%	100%
37	Sfatul medicului SRL	Platforma medicala	Bucuresti, Romania	100%	100%
38	RMC Dentart (indirect)**	Servicii medicale stomatologice	Budapesta, Ungaria	51%	51%
39	RMC Medical (indirect)**	Servicii medicale	Budapesta, Ungaria	51%	51%
40	RMC Medlife	Holding	Budapesta, Ungaria	51%	51%
41	Badea Medical SRL	Servicii medicale	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SA	Servicii medicale	Bucuresti, Romania	75%	75%
43	Centrul medical Micromedica SRL	Servicii medicale	Piatra Neamt, Romania	100%	100%
44	Micromedica Targu Neamt SRL (indirect)**	Servicii medicale	Targu Neamt, Romania	100%	100%
45	Micromedica Bacau SRL (indirect)**	Servicii medicale	Bacau, Romania	100%	100%
46	Micromedica Roman SRL (indirect)**	Servicii medicale	Roman, Romania	100%	100%
47	Medrix Center SRL (indirect)**	Servicii medicale	Roznov, Romania	100%	100%
48	Spitalul Lotus SRL	Servicii medicale	Ploiesti, Romania	100%	100%
49	Labor Maricor SRL	Servicii medicale	Bacau, Romania	100%	100%
50	Centrul Medical Matei Basarab SRL (indirect)**	Servicii medicale	Bucuresti, Romania	100%	0%
51	Pharmachem Distributie SRL	Comert cu amanuntul al produselor farmaceutice, in magazine specializate	Bucuresti, Romania	75%	0%
52	CED Pharma SRL (indirect)**	Comert cu amanuntul al produselor farmaceutice, in magazine specializate	Bucuresti, Romania	100%	0%
53	Leti Pharm 2000 SRL (indirect)**	Comert cu amanuntul al produselor farmaceutice, in magazine specializate	Bucuresti, Romania	100%	0%
54	Monix Pharm SRL (indirect)**	Comert cu amanuntul al produselor farmaceutice, in magazine specializate	Bucuresti, Romania	100%	0%
55	KronDent SRL (indirect)**	Servicii medicale stomatologice	Brasov, Romania	36%	0%
56	Medica SA	Servicii medicale	Sibiu, Romania	60%	0%
57	Dent Estet Ploiesti SRL (indirect)**	Servicii medicale stomatologice	Ploiesti, Romania	30.6%	0%
58	The Lab Stomestet SRL (indire	Servicii medicale stomatologice	Cluj, Romania	36%	0%
59	Stomestet SRL (indirect)**	Servicii medicale stomatologice	Cluj, Romania	36%	0%
60	Stomestet Plus SRL (indirect)*	Servicii medicale stomatologice	Cluj, Romania	36%	0%
61	Costea Digital Dental SRL (indirect)**	Servicii medicale stomatologice	Oradea, Romania	36%	0%
62	Expert Med Centrul Medical Irina (indirect)*	Servicii medicale	Galati, Romania	76%	0%
63	Neolife Medical Center Romania*	Servicii medicale	Bucuresti, Romania	50%	0%

* The control over these companies will be obtained in the first semester of 2022 (except for Expert Med Centrul Medical Irina, for which the control was obtained in December 2021) and will be consolidated starting with 2022.
**These companies are subsidiaries of other subsidiaries in the Group and are included in the consolidation, as they are controlled by the entities which are subsidiaries of the ultimate parent.

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

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

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

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

- **Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)**

  In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods. The amendments had no material impact on the financial statements of the Group.

Change in presentation of expenditure

Starting with 2021, expenses related to commodities are reported on a separate line in the Consolidated Statement of comprehensive income, as opposed to 2020, when they were presented under "Other operating expenses".
As the business related to sale of merchandise gradually increased in the Group, following acquisitions of new entities that operate in this field, the Group considers that presenting such expenditure on a separate line provides better information to the users of financial statements. The values reported in the previous year were presented separately, taking into account the new structure.
The change in presentation has no effect on operating profit.

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

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

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

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

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

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

  The amendments were initially effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.
  In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period. Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Board has also proposed to delay the effective date of the 2020 amendments accordingly, such that entities will not be required to change current practice before the proposed amendments come into effect. These Amendments, including ED proposals, have not yet been endorsed by the EU.

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)**

  The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

  - **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
  - **Annual Improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**

  The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Amendments have not yet been endorsed by the EU.

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

  The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Amendments have not yet been endorsed by the EU.

- **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

  The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statement of compliance

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

Romanian listed Companies such as MedLife S.A. are required by Ministry of Finance Order no. 1121/2006 to submit the consolidated financial statements prepared in accordance with IFRS as adopted by EU starting 2007.

The accounting policies applied in these financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2020, except for the adoption of new standards effective as of January 1st 2021.

The financial year corresponds to the calendar year.

3.2 Basis of preparation

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

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

3.3 Going concern

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

For the purposes of assessing liquidity and going concern, the Group has modelled scenarios reflecting suitable assumptions over the next 12–month period that serve to inform the decisions the Group takes regarding future cost savings, cash generation, debt covenants and levels of investment. The Group's financial performance to date in FY22 across all divisions has been ahead of the modelled scenarios.

In addition, due to the proactive response taken by the Group to improve its liquidity position, since the beginning of the pandemic crisis, the cashflows of the Group have remained stable, demonstrating the financial discipline across the Group and the conservative approach taken when modelling scenarios. Cash and available facilities have remained strong at RON 129.5m at year-end, compared to RON 81.9m at 31 December 2020.

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

For the covenant testing periods ending December 2021 and June 2022, the Board of Directors are confident that the Group has sufficient headroom to stay within the covenants levels, with the mitigations available (which would include management of working capital and constrained levels of capital investment), even in its severe but plausible downside scenarios.

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

3.4 Basis of consolidation

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

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

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

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

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

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

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

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

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

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

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

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

3.5 Business combinations

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

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

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

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

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

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

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

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

3.6 Significant judgements, estimates and assumptions

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

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

3.6.1. Judgements

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

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

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

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

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

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

Intangible assets with indefinite useful life

The Group's management normally uses judgement to assess whether its intangible assets have a definite or indefinite life and should revise periodically this estimate.

Cash generating units

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

Contingencies

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

Control over subsidiaries

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

3.6.2. Estimates and assumptions

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

Impairment of non-financial assets

Please refer to Note 5 – tangible and intangible fixed assets.

The Group accounts for land and building using the fair value approach based on market comparative valuations performed by certified ANEVAR professional as per revaluation reports concluded as at 31 December 2019. The valuations conform to International Valuation Standards. As at 31 December 2021, the management has not identified any indication that would conclude the need of revaluating its land and buildings for any impairment.

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

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

Allowance for expected credit losses of trade receivables and contract assets

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

In determining adjustments for impairment of receivables, management incorporates forward-looking information, exercises professional judgement and uses estimates and assumptions. Estimation of expected credit risk losses involved forecasting future macroeconomic conditions for the next 2 years. More details on the assumptions, scenarios used and the weights assigned to each scenario can be found in Note 7 dedicated to accounts receivables.

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

Leases - Estimating the incremental borrowing rate

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

Provision for untaken holidays

In order to mitigate the effects generated by COVID 19, the Group took a series of measures to protect the business and address potential liquidity management risks by applying a series of cost cutting measures in relation to personnel costs and enrolled a significant number of its personnel into technical unemployment procedures. As a side effect, but also generated by the long period of lock down measures applied by the Romanian government the demand for vacation leaves has decreased significantly within the Group during 2020 and later on, in 2021. As a result, the management decided to take on a prudent approach in terms of provisioning untaken holidays and recognized a provision of RON 2.8 million as at December 31, 2021 (6 million as at December 31, 2020). The amount of the obligation was therefore determined to be equal to the number of unused leave multiplied by the relevant employee's gross salary at the reporting date.

3.7 Foreign currency and translation

Presentation currency

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

The exchange rates as announced by the National Bank of Romania on December 31, 2021 were RON 4.9481 for EUR 1 (December 31, 2020: RON 4.8694 for EUR 1), respectively 1.3391 for HUF 100 (December 31, 2020: RON 1.3356 for 100 HUF).
The average exchange rates for the period of 12 months 2021 were 4.9208 RON for 1 EUR (12 months 2020: 4.8276 RON for 1 EUR), respectively 1.3730 RON for 100 HUF (12 months 2020: 1.3777 for 100 HUF).

Translation of foreign currencies

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

Translation of foreign operations

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

3.8 Property, plant and equipment

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

The value of land and buildings owned presented in these consolidated financial statements is based on the valuation reports which were prepared as of December 31, 2019 by independent valuators certified by ANEVAR. The revaluation is performed with sufficient frequency as to ensure that the the carrying amount of a revalued asset does not differ materially from its fair value.

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

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

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

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

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

	Years
Buildings	10 – 50 years
Plant and equipment	3 – 15 years
Fixtures and fittings	3 – 15 years

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

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

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

3.9 Intangible assets

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

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

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

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

De-recognition of intangible assets

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

Impairment of non-financial assets

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

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

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

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

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

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

3.10 Inventories

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

3.11 Cash and cash equivalents

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

3.12 Government grants

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

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

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

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

3.13 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.13.1 Financial assets

Initial recognition and classification

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

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

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

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

A financial asset is measured at amortized cost if both of the following conditions are met:

- the financial asset is held using a business model that aims to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely repayments of principal and interest on the principal outstanding.

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

Subsequent measurement

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

Amortised cost and effective interest method

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

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

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

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- The contractual rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment

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

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

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

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

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

During the pandemic, the Group observed that the medical crisis has determined a slowdown in collection of its receivables as a result of the working capital challenges encountered by its clients.

3.13.2 Equity instruments and financial liabilities

Classification as equity or debt

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

a) Equity instruments

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

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

b) Financial liabilities

Initial recognition and classification

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

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

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

Subsequent measurement

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

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

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

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

Derecognition

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

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

Offsetting of financial instruments

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

3.14 Borrowing costs

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

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

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

3.15 Taxation

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

Current income tax

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

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

3.16 Share capital

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

3.17 Share premiums

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

3.18 Revaluation reserve

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

3.19 Provisions for risks and charges

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

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

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

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

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

3.20 Revenue from contracts with customers recognition

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

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

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

Principal versus agent considerations

The Group has concluded that they are the principal in all of their revenue arrangements since they are the primary obligor in all the revenue arrangements, have pricing latitude and are also exposed to inventory, in the case of medicines sold.
Group's core activities

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

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

Clinics

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

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

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

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

Stomatology

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

Laboratories

The Laboratories business line provides the following range of services: biochemistry, pathological anatomy (cytology and histology), molecular biology and genetics, haematology, immunology, microbiology and toxicology. Sampling points are locations where the Group collects blood and other samples from patients. The Laboratories business line sources the bulk of its revenue from FFS clients, and the revenue is recognised at a point in time, when the performance obligation is satisfied.
One exception is when the Group provides laboratory tests to other companies' employees and the revenue is recognised at the end of the month, not immediately after the laboratory tests are performed, when the Group has an enforceable right to payment for performance completed up to date. From IFRS 15 perspective, the revenue is recognised at a point in time (at the end of the month).

Hospitals

Hospital services provided to patients are regarded as a bundle of services which comprise medical care, accommodation, meals, use of equipment, pharmacy stock and nursing services. This is considered to be a single performance obligation as the medical procedures cannot be performed without one of the above elements.

Revenue is recorded during the period in which the hospital service is provided and is based on the amounts due from patients. Fees are calculated and billed based on various tariff agreements.

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

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

Pharmacies

This business line is continously being developed in the Group in close relationship with the medical act, and refers to the delivery of goods (mainly generic medicines) to customers.
In 2010, the Group launched its Pharmalife brand of pharmacies in order to capture additional revenue from the existing patient traffic in the Group's clinics. Pharmalife operates pharmacies mainly in the Group's own units, where the space, authorization and sales option allow, but also in the proximity of the units.

As of December 31, 2021, there are 14 functional pharmacies, offering patients both prescription and over-the-counter products, including Doctor Life's own branded products.

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

Corporate

The Corporate business line offers HPPs (health prevention packages) on a subscription basis, generally to corporate clients, as part of the benefit packages for their employees. These programs, which focus on prevention, such as regular check-up’s and access to diagnostic services, complement the legally required occupational health services that corporate clients contract from the Group as the Standard HPP.
The Group has a portfolio of over 700,000 HPPs patients from over 5,000 different companies.

The HPPs offered by the Group consist of the following:

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

The revenue in relation to 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 Group transfers services to a customer over time before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration to date under the contract. Contract assets are presented within trade and other receivables (Note 7 – Receivables) on the Group 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 Group has received consideration from the customer. Where the customer pays consideration before the Group transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. Contract liabilities are presented within trade and other payables (Note 10 – Trade and other payables) on the Statement of Financial position.

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

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

3.21 Employee benefits

Employee benefits

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

All employees of the Group are members of the Romanian State pension plan. The Group does not operate any other pension scheme.

Bonus schemes

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

3.22 Fair value

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

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

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

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

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

3.23 Segment information

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

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

An operating segment is a component of an entity:

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

The Group has identified six core business lines, which comprise the following major categories: clinics, stomatology, hospitals, laboratories, pharmacies and corporate. For further details on disaggregation of revenue streams, please refer to Note 3.20. Revenue from contracts with customers.

The core purpose of the Group is to enhance the quality of life for individuals, the ultimate end users of healthcare services, therefore setting the patient as first priority in all activities performed.

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

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

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

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

The following operating segments are aggregated to one reporting segment, being the provision of healthcare services, since they exhibit similar economic characteristics: clinics, stomatology, hospitals, laboratories and corporate. As a result of the same structural framework conditions, the operating segments in the Group with the healthcare services provided are characterised by a similar risk and rewards profile whose economic environment is largely regulated by legislation. The politically desired state interference is felt both on the income side and with expenses. It is thus possible for the operating segments to achieve similar EBITDA margins on the long term. We thus continue to have only one operating segment subject to reporting.

The Group generates most of all revenues for all areas of activity in Romania, with only a small share of revenues (below 3%) being generated from operations held in Hungary. Although there are locations in different countries, the executive management assumes that the resulting differences in the billing logic do not entail any material different opportunities and risks and these therefore do not conflict with aggregating the healthcare services into a single segment.

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

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

In order to enable users of the financial statements to evaluate the nature and financial effects of the business, the Group decided to present the revenues split on the main business lines (please see Note 18 - Revenue from contracts with customers).

3.24 Leases

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

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

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

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

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

Lease liabilities include the net present value of the following lease payments to be made over the lease term:

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

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

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

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

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

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

After initial recognition, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

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

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

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

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

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

3.25 Earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares;

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

• by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

4. GOODWILL

The Group records goodwill resulting from business combinations.
During the period ended December 31, 2021, the Group obtained control over various companies and recorded a goodwill of RON 199,679,614 (December 31, 2020: RON 147,256,824).
The Group recognized goodwill in the amount of RON 52,422,790.

Management conducts impairment tests on an annual basis or whenever there is an indication of impairment to assess the recoverability of the carrying value of goodwill. 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 has engaged external specialists to assist with the impairment analysis, the entire valuation process being perfomed by certified ANEVAR valuators. There were no changes in the valuation techniques compared to prior year.

5. TANGIBLE AND INTANGIBLES FIXED ASSETS

	31 December 2021	31 December 2020
Gross book value	1,182,853,696	1,044,220,099
Accumulated depreciation	(535,292,978)	(461,791,933)
Net book value	**647,560,718**	**582,428,166**

6. INVENTORIES

	31 December 2021	31 December 2020
Consumables	30,518,512	30,365,966
Materials in the form of inventory items	659,559	634,230
Merchandise	43,521,298	22,057,554
Inventory in transit	3,176	768
TOTAL	**74,702,545**	**53,058,518**

7. RECEIVABLES

	31 December 2021	31 December 2020
Customers	180,967,939	141,240,034
Advances to suppliers	11,328,406	6,968,448
Allowance for bad debt	(32,725,525)	(27,129,452)
TOTAL	**159,570,821**	**121,079,030**

Credit risk for MedLife Group primarily relates to trade receivables and contract assets 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, or subsidiaries of MedLife, 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.

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

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 Group is very diverse, there are generally no large concentrations of credit risk.

Allowance for bad debt includes a debt of RON 7,365,835 which represents amounts receivable by MedLife S.A. from the Health Insurance House of the Municipality of Bucharest, not yet invoiced. The company has commenced court proceedings against the Health Insurance House of Bucharest. The management of the Company is confident that the amount will be recovered in the end, but considering the unfavourable decisions of the courts in similar cases, the Company has decided to register a value adjustment for the entire amount.

8. CASH AND BANKS

	31 December 2021	31 December 2020
Cash in bank	124,364,221	78,177,086
Cash in hand	2,368,568	2,230,022
Cash equivalents	2,806,525	1,563,289
TOTAL	**129,539,313**	**81,970,397**

9. PREPAYMENTS

As of December 31, 2021 the Group has prepayments in amount of RON 9,410,594 (RON 7,117,566 as of December 31, 2020). The prepayments balance as of December 31, 2021 and December 31, 2020 consists mainly of deferred commissions for financing related to the Club loan for undrawn facilities and other amounts such as insurance policies for professionals and tangible assets.

10. TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020
Suppliers	197,147,190	132,306,159
Fixed assets suppliers	22,807,065	15,573,776
Advances paid by customers (contract liabilities)	4,267,317	3,810,199
TOTAL	**224,221,572**	**151,690,134**

11. OTHER LIABILITIES

	31 December 2021	31 December 2020
Salary and related liabilities (incl. contributions)	17,352,022	14,322,374
Other liabilities	27,026,212	20,908,360
TOTAL	**44,378,235**	**35,230,734**

12. LEASING LIABILITIES

	31 December 2021	31 December 2020
Long term portion – Leasing	158,786,846	147,097,180
Current portion – Leasing	41,693,149	41,166,069
TOTAL	**200,479,995**	**188,263,249**

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

13. FINANCIAL DEBT

	31 December 2021	31 December 2020
Current portion of long-term loans	83,975,957	73,564,124
Interest-bearing loans and borrowings	441,086,294	414,696,592
TOTAL	**525,062,251**	**488,260,716**

As at December 31, 2021, the Group's drawn and undrawn financing facilities included the following:
• On September 24, 2019 Med Life SA (together with the co-borrowers Policlinica de Rapid Diagnostic SA, Bahtco Invest SA, Accipiens SA, Genesys Medical Clinic SRL, Clinica Polisano SRL, Centrul Medical Sama SA, Dent Estet Clinic SA and Valdi Medica SRL) signed with the Romanian Commercial Bank, Raiffeisen Bank, BRD Groupe Societe Generale and Transilvania Bank a refinancing agreement to the existing facilities, extending the financing period, rearranging the terms and conditions, as well as for an additional credit limit of 28 million euros, which will be in the form of a term facilities, being used by Medlife, along with other liquidities of the Company, for possible new purchasing opportunities in the market. On 15 May 2020, this facility was extended with 20 million euro.

Increases in credit facility during 2021

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

Also, on 6 December 2021, the Group signed a new increase for the syndicated loan for an additional 50 million euros (total 184 milion euros) in order to consolidate its position on the market, funds that will be used to accelerate the acquisition program.

• a guaranteed overdraft facility between Garanti Bank S.A. and Med Life S.A., the amount drawn on December 31, 2021, is of RON 9,896,200;
• an overdraft facility between Unicredit Tiriac Bank and Prima Medical S.R.L., with a maximum credit limit of RON 800,000, drawn in full on December 31, 2021;
• 2 guaranteed loan facilities concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L; the balance outstanding at December 31, 2021 is RON 4,653,894;
• an overdraft facility concluded between Garanti Bank S.A. and Anima Specialty Medical Services S.R.L within 1,500,000 RON; on December 31, 2021 the amount drawn is RON 48,748;
• a guaranteed loan concluded between Bancpost and Med Life Ocupational S.R.L. worth EUR 225,000; the balance outstanding at December 31, 2021 is RON 132,390;
• 1 guaranteed loan contract concluded between Banca Transilvania S.A. and Ghencea Medical Center, the balance outstanding at December 31, 2021 is RON 563,389;
• a loan agreement and a guaranteed overdraft facility between CEC Bank S.A. and Clinic Polisano S.R.L., the balance outstanding at December 31, 2021 is RON 30,713,112;
• an overdraft facility between Banca Transilvania S.A. and Onco Team Diagnostic S.A., the balance outstanding at December 31, 2021 is RON 355,757;
• a loan agreement concluded between Banca Transilvania S.A. and Micromedica Roman S.R.L., the balance outstanding at December 31, 2021 is RON 1,471,842;
• two loan agreements concluded between Banca Transilvania S.A. and Centrul Medical Micromedica S.R.L., the balance outstanding at December 31, 2021 is RON 1,619,786;

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

• a loan agreement concluded between Raiffeisen Bank and Krondent SA, the balance outstanding at December 31, 2021 is RON 168,901;
• three loan agreements concluded between Vista Bank and Ced Pharma SRL, the balance outstanding at December 31, 2021 is RON 2,668,867;
• an overdraft facility concluded between ING Bank and Leti-Pharm 2000 SRL, the balance outstanding at December 31, 2021 is RON 20,000;
• a loan agreement concluded between Banca Transilvania and Dent Estet Ploiesti SRL, the balance outstanding at December 31, 2021 is RON 2,401,862;
• a loan agreement concluded between Banca Transilvania and Stomestet SRL, the balance outstanding at December 31, 2021 is RON 284,094 and an overdraft of RON 120,803.

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.

14.SHARE CAPITAL AND SHARE PREMIUM

The issued share capital in nominal terms consists of 132,870,492 ordinary shares as at 31 December 2021 (31 December 2020: 132,870,492) with a nominal value of RON 0.25 per share. The holders of ordinary shares are entitled to one vote per share in the shareholders' meetings of the Company, except for the treasury shares bought back by the Company as part of the share buy-back program. All shares rank equally and confer equal rights to the net assets of the Company, except for treasury shares.

In accordance with the Decision of the Extraordinary General Meeting of Shareholders of the Company dated 15.12.2020, the share capital of the Company was increased with RON 27,681,352.50, from RON 5,536,270.5 to RON 33,217,623, by issuance of a number of 110,725,410 new shares with a nominal value of RON 0.25 per share. The Share Capital Increase was made with the incorporation of share premium reserves, and the newly issued shares (5-for-1) were allocated without a monetary compensation to all shareholders registered in the shareholders' register of the Company as at 4 of January 2021 (Registration Date).

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

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

	Number of shares	**%**	**Value**
Others	62,606,860	47.12%	15,651,715
Marcu Mihail	20,552,307	15.47%	5,138,077
Cristescu Mihaela Gabriela	18,660,690	14.04%	4,665,173
Legal entities	17,016,235	12.81%	4,254,059
Marcu Nicolae	14,034,400	10.56%	3,508,600
TOTAL	**132,870,492**	**100.00%**	**33,217,623**

15. RESERVES

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

	31 December 2021	**31 December 2020**
General reserves	21,589,667	19,311,000
Other reserves	9,415,817	9,415,817
Revaluation reserves	95,484,740	95,484,740
TOTAL	**126,490,224**	**124,211,557**

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

16. NON-CONTROLLING INTEREST

	31 December 2021	31 December 2020
Balance at beginning of year	**27,633,022**	**22,750,118**
Share of profit for the year	10,732,369	7,060,824
Non-controlling interests arising on the acquisition of subsidiaries	7,445,707	-
Subsequent acquisition of NCI	(1,865,109)	(1,475,933)
Distribution of dividends	(217,748)	(701,987)
TOTAL	**43,728,241**	**27,633,022**

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

Business Line	12 months 2021 Sales	% of Total Sales	12 months 2020 Sales	% of Total Sales	Variation 2021/2020
Clinics	407,441,702	28.5%	307,919,487	28.6%	32.3%
Stomatology	93,204,531	6.5%	61,363,524	5.7%	51.9%
Hospitals	317,305,322	22.2%	251,943,388	23.4%	25.9%
Laboratories	259,970,003	18.2%	198,519,202	18.4%	31.0%
Corporate	206,112,967	14.4%	198,530,858	18.4%	3.8%
Pharmacies	59,949,420	4.2%	44,405,803	4.1%	35.0%
Others	88,043,200	6.1%	14,766,089	1.4%	496.3%
TOTAL SALES	**1,432,027,145**	**100.0%**	**1,077,448,351**	**100%**	**32.9%**

The main indicators of the Group are the following:

Business line	Info	12 months ended 2021	12 months ended 2020
Clinics	**Revenue**	**407,441,702**	**307,919,487**
Clinics	Visits	2,279,580	1,815,055
Clinics	Avg fee	178.7	169.6
Stomatology	**Revenue**	**93,204,531**	**61,363,524**
Stomatology	Visits	154,358	89,172
Stomatology	Avg fee	603.8	688.1
Hospitals	**Revenue**	**317,305,322**	**251,943,388**
Hospitals	Patients	100,230	82,209
Hospitals	Avg fee	3,165.8	3,064.7
Laboratories	**Revenue**	**259,970,003**	**198,519,202**
Laboratories	Analyses	8,541,036	5,211,645
Laboratories	Avg fee	30.4	38.1
Corporate	**Revenue**	**206,112,967**	**198,530,858**
Corporate	Subscriptions	742,739	738,582
Corporate	Avg fee	277.5	268.8
Pharmacies	**Revenue**	**59,949,420**	**44,405,803**
Pharmacies	Clients	361,236	194,838
Pharmacies	Sales per client	166.0	227.9
Others	**Revenue**	**88,043,200**	**14,766,088**

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

In July 2021, the Group completed the acquisition of Pharmachem Distributie, the results of which are included in the "Others" business line.

18. OTHER OPERATING REVENUES

	12 months 2021	12 months 2020
Other operating revenues	3,173,777	2,800,979
Income from operating grants	2,634,851	2,749,803
Capitalized cost of intangible assets	4,535,441	3,723,981
TOTAL	**10,344,070**	**9,274,763**

19. THIRD PARTY EXPENSES

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

	12 months 2021	12 months 2020
Medical services	339,848,665	247,337,240
Financial services	4,805,573	3,313,181
Cleaning and laundry	4,798,636	4,538,906
Legal services	3,823,202	3,542,849
Other services	3,762,967	2,134,203
Waste collection and sanitation	3,193,840	2,567,187
Security and safety	2,634,494	1,933,484
IT services	2,265,737	1,621,933
Logistics and telecommunications services	1,118,708	479,988
Accreditations and authorizations	751,668	411,042
Storage and archiving services	721,578	419,179
Others	15,471,905	13,169,821
TOTAL	**383,196,973**	**281,469,012**

20. OTHER OPERATING EXPENSES

	12 months 2021	12 months 2020
Utilities	15,442,865	12,634,324
Repairs maintenance	14,752,769	11,549,854
Rent	8,415,850	6,520,160
Insurance premiums	3,648,189	3,002,708
Promotion expense	15,138,344	13,508,044
Communications	4,907,423	4,236,791
Other administration and operating expenses	18,131,331	17,477,695
TOTAL	**80,436,771**	**68,929,576**

Please refer to Note 2.1 Changes in accounting policies and adoption of revised/amended IFRS for further details on reclassification of commodities expenditure starting with 2021.

21. NET FINANCIAL RESULT

	12 months 2021	12 months 2020
Finance cost	(26,321,456)	(23,252,551)
(Loss)/Gain from foreign exchange rate impact	(9,104,758)	(9,943,800)
Other income	34,948	2,585,489
Interest income	158,840	50,893
FINANCIAL NET PROFIT/(LOSS)	**(35,232,425)**	**(30,559,969)**

22. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

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

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

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

Neolife Medical Center Romania acquisition has been approved by Competition Council on February 22, 2022.

22.1.1. Subsequent acquisition of non-controlling interest

Increased participation in Panduri Medical Center

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

Increased participation in Dentist 4 Kids SRL

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

22.1.2. Organic growth

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

22.1.3. Acquisition of subsidiaries

Acquisition of KronDent SRL

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

Acquisition of the Veridia Medical Center (Basarab Medical Center)

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

Acquisition of the majority package of Medica Sibiu

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

Completion of the acquisition of CED Pharma Group

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

Completion of the acquisition of Pharmachem Distributie SRL

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

Acquisition of Stomestet Group

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

Acquisition of Costea Digital Dental (Oradent)

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

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

Acquisition of Neolife Medical Center Romania

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

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

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

Acquisition of Expert Med Centrul Medical Irina

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

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

23. EVENTS AFTER THE BALANCE SHEET DATE

There were no other significant events after December 31, 2021.

Mihail Marcu,	**Adrian Lungu,**
CEO	CFO

MEDLIFE GROUP

2021 PRELIMINARY REPORT

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

CONTENTS:

Note: The following financial statements are prepared in accordance with international financial reporting standards, as adopted by European Union ("IFRS").

Report concluded in compliance with ASF Regulation no. 5/2018 on issuers of financial instruments and capital markets and Law no. 24/2017 on issuers of financial instruments and capital markets.

The following financial statements are unaudited.

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

I. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 ("CONSOLIDATED FS")

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ("**CONSOLIDATED BS**")

	December 31, 2021	December 31, 2020	Variation 2021/2020
ASSETS			
Long Term			
Goodwill	199,679,613	147,256,824	35.6%
Intangible assets	63,068,147	46,755,678	34.9%
Property, plant and equipment	584,492,571	535,672,488	9.1%
Right-of-use asset	156,817,382	146,821,194	6.8%
Other financial assets	31,610,586	27,940,022	13.1%
TOTAL NON-CURRENT ASSETS	**1,035,668,299**	**904,446,206**	**14.5%**
Current Assets			
Inventories	74,702,545	53,058,518	40.8%
Receivables	159,570,821	121,079,030	31.8%
Other receivables	12,830,056	15,822,146	-18.9%
Cash and cash equivalents	129,539,313	81,970,397	58.0%
	376,642,735	**271,930,091**	**38.5%**
Prepayments	9,410,594	7,117,566	32.2%
TOTAL CURRENT ASSETS	**386,053,329**	**279,047,657**	**38.3%**
TOTAL ASSETS	**1,421,721,628**	**1,183,493,863**	**20.1%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Long Term Debt			
Lease liability	158,786,846	147,097,180	7.9%
Other long term debt	7,546,394	18,119,743	-58.4%
Interest-bearing loans and borrowings	441,086,294	414,696,592	6.4%
Deferred tax liability	23,559,617	20,345,799	15.8%
TOTAL LONG-TERM LIABILITIES	**630,979,151**	**600,259,314**	**5.1%**
Current Liabilities			
Trade and other payables	224,221,572	151,690,134	47.8%
Overdraft	25,493,223	27,127,907	-6.0%
Current portion of lease liability	41,693,149	41,166,069	1.3%
Current portion of interest-bearing loans and borrowings	58,482,734	46,436,217	25.9%
Current tax liabilities	1,942,230	5,467,450	-64.5%
Provisions	8,499,458	7,209,494	17.9%
Other liabilities	44,378,235	35,230,733	26.0%
TOTAL CURRENT LIABILITIES	**404,710,601**	**314,328,004**	**28.8%**
TOTAL LIABILITIES	**1,035,689,752**	**914,587,319**	**13.2%**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	82,395,091	82,027,012	0.4%
Treasury shares	(4,015,977)	(666,624)	502.4%
Reserves	126,490,224	124,211,557	1.8%
Retained earnings	137,434,296	35,701,579	285.0%
Equity attributable to owners of the Group	**342,303,634**	**241,273,524**	**41.9%**
Non-controlling interests	43,728,241	27,633,021	58.2%
TOTAL EQUITY	**386,031,876**	**268,906,545**	**43.6%**
TOTAL LIABILITIES AND EQUITY	**1,421,721,628**	**1,183,493,863**	**20.1%**

Mihail Marcu,
CEO

Adrian Lungu,
Accounting and Tax Manager

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

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED DECEMBER 31, 2021 ("**CONSOLIDATED PL**")

	12 months ended December 31, 2021	2020	Variation 2021/2020
Revenue from contracts with customers	1,432,027,145	1,077,448,351	32.9%
Other operating revenues	10,344,070	9,274,762	11.5%
Operating Income	**1,442,371,215**	**1,086,723,113**	**32.7%**
Consumable materials and repair materials	(234,354,593)	(189,975,286)	23.4%
Third party expenses	(383,196,973)	(281,469,012)	36.1%
Salary and related expenses	(333,827,504)	(277,035,208)	20.5%
Social contributions	(12,214,458)	(10,767,730)	13.4%
Depreciation	(111,118,400)	(102,897,388)	8.0%
Impairment losses and gains (including reversals of impairment losses)	(4,406,807)	(10,888,049)	-59.5%
Commodities expenses	(106,466,669)	(35,649,736)	198.6%
Other operating expenses	(80,436,771)	(68,929,576)	16.7%
Operating expenses	**(1,266,022,175)**	**(977,611,985)**	**29.5%**
Operating Profit	**176,349,040**	**109,111,128**	**61.6%**
Finance cost	(26,321,456)	(23,252,552)	13.2%
Other financial expenses	(8,910,970)	(7,307,417)	21.9%
Financial result	**(35,232,425)**	**(30,559,969)**	**15.3%**
Result Before Taxes	**141,116,615**	**78,551,159**	**79.6%**
Income tax expense	(23,592,740)	(14,787,475)	59.5%
Net Result	**117,523,875**	**63,763,684**	**84.3%**
Owners of the Group	106,791,507	56,702,860	88.3%
Non-controlling interests	10,732,369	7,060,824	52.0%
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	-	0.0%
Corrections related to prior years	-	-	0.0%
Gain/loss on revaluation of own shares	-	-	0.0%
Deferred tax on other comprehensive income components	-	-	0.0%
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**	**0.0%**
Total other comprehensive income attributable to:			
Owners of the Group	-	-	0.0%
Non-controlling interests	-	-	0.0%
TOTAL COMPREHENSIVE INCOME	**117,523,875**	**63,763,684**	**84.3%**
Total comprehensive income attributable to:			
Owners of the Group	106,791,507	56,702,860	88.3%
Non-controlling interests	10,732,369	7,060,824	52.0%

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED DECEMBER 31, 2021 ("**CONSOLIDATED CF**")

	12 months ended December 31, 2021	2020
Net profit before taxes	**141,116,616**	**78,551,159**
Adjustments for		
Depreciation	111,118,400	102,897,388
Provisions for liabilities and charges	1,289,964	5,460,306
Interest revenue	(158,840)	(50,893)
Interest expense	26,321,456	23,252,552
Allowance for doubtful debts and receivables written-off	4,742,536	10,888,049
Financial Discounts	(2,569)	-
Other non-monetary gains	(4,535,441)	(3,712,076)
Unrealized exchange gain / loss	6,654,907	7,392,342
GW impairment	-	90,706
Operating cash flow before working capital changes	**286,547,029**	**224,769,532**
Decrease / (increase) in accounts receivable	(13,613,237)	(35,539,764)
Decrease / (increase) in inventories	(6,375,812)	(9,968,002)
Decrease / (increase) in prepayments	(2,243,475)	1,018,264
Increase / (decrease) in accounts payable	4,412,818	(19,743,767)
Cash generated from working capital changes	(17,819,706)	(64,233,268)
Cash generated from operations	**268,727,322**	**160,536,264**
Income Tax Paid	(27,168,945)	(9,716,112)
Interest Paid	(27,690,477)	(22,207,210)
Interest received	158,840	50,893
Net cash from operating activities	**214,026,740**	**128,663,835**
Acquisition of subsidiaries, net of cash acquired	(52,504,735)	(23,769,813)
Additional participation interest acquired	(1,661,990)	-
Purchase of intangible assets	(5,357,076)	(5,962,689)
Purchase of property, plant and equipment	(87,183,052)	(83,116,171)
Net cash used in investing activities	**(146,706,853)**	**(112,848,673)**
Cash flow from financing activities		
Increase in loans	78,319,943	101,692,813
Payment of loans	(50,890,455)	(25,118,546)
Financial lease payments	(43,440,889)	(43,857,062)
Dividends paid to NCI	(70,000)	(701,987)
Payments for purchase of treasury shares	(3,669,570)	(3,548,879)
Net cash from/ (used) in financing activities	**(19,750,971)**	**28,466,339**
Net change in cash and cash equivalents	**47,568,916**	**44,281,501**
Cash and cash equivalents beginning of the period	81,970,397	37,688,896
Cash and cash equivalents end of the period	**129,539,313**	**81,970,397**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

II. FINANCIAL ANALYSIS OF THE CONSOLIDATED PL

Sales for the 12 months period ended December 31, 2021 amounted to RON 1,432,027,145, higher by 32.9% compared to sales recorded in the 12 months period ended December 31, 2020. This increase was mainly the result of growth in almost all of the Group's business lines, as well as the impact of the acquisitions completed by the Group in 2020 and 2021.

Business Line	12 months 2021 Sales	% of Total Sales	12 months 2020 Sales	% of Total Sales	Variation 2021/2020
Clinics	407,441,702	28.5%	307,919,487	28.6%	32.3%
Stomatology	93,204,531	6.5%	61,363,524	5.7%	51.9%
Hospitals	317,305,322	22.2%	251,943,388	23.4%	25.9%
Laboratories	259,970,003	18.2%	198,519,202	18.4%	31.0%
Corporate	206,112,967	14.4%	198,530,858	18.4%	3.8%
Pharmacies	59,949,420	4.2%	44,405,803	4.1%	35.0%
Others	88,043,200	6.1%	14,766,089	1.4%	496.3%
TOTAL SALES	**1,432,027,145**	**100.0%**	**1,077,448,351**	**100%**	**32.9%**

Other operating revenues have increased by 11.5% in 2021 compared to previous year, reaching RON 10,334,770 in 2021.

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide the Group's services. The Group recorded operating expenses of RON 1,266,022,175 in 2021, representing an increase of 29.5%, or RON 288,410,189 as compared to 2020. The Group's operating expenses as a percentage of total operating income reached 90.0% in the 12 months period ended December 31, 2020 and 87.8% in the 12 months period ended December 31, 2021.

Operating expenses evolution

	12 months 2021	12 months 2020	Variation 2021/2020
Consumable materials and repair materials	234,354,593	189,975,286	23.4%
Commodities expenses	106,466,669	35,649,736	198.6%
Utilities	15,442,865	12,634,324	22.2%
Repairs maintenance	14,752,769	11,549,854	27.7%
Rent	8,415,850	6,520,160	29.1%
Insurance premiums	3,648,189	3,002,708	21.5%
Promotion expense	15,138,344	13,508,044	12.1%
Communications	4,907,423	4,236,791	15.8%
Third party expenses (including doctor's agreements)	383,196,973	281,469,012	36.1%
Salary and related expenses	333,827,504	277,035,208	20.5%
Social contributions	12,214,458	10,767,730	13.4%
Depreciation	111,118,400	102,897,388	8.0%
Impairment losses and gains (including reversals of impairment losses)	4,406,807	10,888,049	-59.5%
Other administration and operating expenses	18,131,331	17,477,695	3.7%
TOTAL	**1,266,022,175**	**977,611,985**	**29.5%**

Operating profit recorded an increase of 61.6% in 2021 as compared to 2020, from RON 109,111,128 in 2020 to RON 176,349,040 in 2021.

Financial loss increased in 2021 with RON 4,672,456 from a negative RON 30,559,969 in 2020 to a negative RON 35,232,425 in 2021.

The net result for the 12 months period ended 31 December 2021 increased with RON 53,760191 as compared to the corresponding period of 2020, from RON 63,763,684 in 2020 to RON 117,523,875 in 2021. The increase represents the translation of the increase of the operating profit into the net result.

On a pro-forma basis, sales for FY 2021 amount to RON 1,632,881,143 and Adjusted EBITDA to RON 308,352,948 Please refer to chapter VII – UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION for more information regarding pro-forma financial information.

ANALYSIS OF THE CONSOLIDATED BS

Non-current assets amount to RON 1,035,668,299 as of 31 December 2021, recording an increase of RON 131,222,092 or 14.5% as compared to 31 December 2020.

Current assets increased with RON 107,005,672 or by 38.3% from RON 279,047,657 as at 31 December 2020 to RON 386,053,329 as at 31 December 2021.

Current liabilities (excluding interest-bearing debt items) increased with RON 79,443,683, or by 39.8%, from RON 199,597,812 as at 31 December 2020, to RON 279,041,495 as at 31 December 2021.

Interest bearing debt increased with RON 49,018,281, or by 7.2%, from RON 676,523,965 as of 31 December 2020 to RON 725,542,246 as of 31 December 2021.

III. IMPORTANT EVENTS IN 2021

3.1 Subsequent acquisition of non-controlling interest

Increased participation in Panduri Medical Center

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

Increased participation in Dentist 4 Kids SRL

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

3.2 Organic growth

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

3.3 Acquisition of subsidiaries

Acquisition of KronDent SRL

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

Acquisition of the Veridia Medical Center (Basarab Medical Center)

In February 2021, MedLife Medical System completed the transaction for the purchase of the full shareholding package of Veridia Medical Center in Bucharest, known also as Basarab Medical Center.

Veridia Medical Center has been operating on the private medical services market for 17 years. It started its activity with a medical analysis laboratory and later on consolidated its position by developing a large medical center that incorporates 20 medical offices and which provides specialized medical services, general medicine consultations and consultations of different specialties, paraclinical investigations, treatments and minor surgeries. Additionally, for sampling for laboratory testing, the center also includes four sampling points, located in Berceni, Militari, Drumul Taberei and Pantelimon neighborhoods and since September 2020 it also includes a molecular biology laboratory for SARSCoV-2 testing.

Acquisition of the majority package of Medica Sibiu

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

Completion of the acquisition of CED Pharma Group

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

Completion of the acquisition of Pharmachem Distributie SRL

In July 2021, MedLife Medical System completed the acquisition of the package of 75% of the shares of the distribution company Pharmachem Distribuţie SRL. It is one of the largest acquisitions in the Group in the recent years. Pharmachem has been operating on the pharmaceutical distribution services market for 16 years, being an important player, a network of warehouses in Bucharest and throughout the country.

Acquisition of Stomestet Group

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

Acquisition of Costea Digital Dental (Oradent)

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

Acquisition of Neolife Medical Center Romania

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

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

Transaction was approved by the Competition Council in January 2022 and the acquisition was completed in February 2022.

Acquisition of Expert Med Centrul Medical Irina

In December 2021, MedLife Medical System completed the acquisition for the 76% majority stake of Expert Med Centrul Medical Irina, the largest independent player on the private medical services market in Galați. The company will be integrated under Sfânta Maria brand, part of Medlife Group. Expert Med Centrul Medical Irina was launched in 1999, with over 22 years of experience in the private medical services market.

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

IV. SIGNIFICANT SUBSEQUENT EVENTS

There have been no significant events subsequent to December 31, 2021.

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

V. MAIN FINANCIAL RATIOS AS AT 31 DECEMBER 2021

Current ratio	**Period ended at December 31, 2021**		
Current assets	386,053,329	=	0.95
Current liabilities	404,710,601		

Debt to equity ratio	**Period ended at December 31, 2021**		
Long Term Debt	607,419,534	=	157%
Equity	386,031,876		
Long Term Debt	607,419,534	=	61%
Capital Assets	993,451,410		

Trade receivables turnover (days)	**Period ended at December 31, 2021**		
Average receivables	140,324,926	=	35.28
Sales	1,432,027,145		

Fixed assets turnover	**Period ended at December 31, 2021**		
Sales	1,432,027,145	=	1.38
Net Fixed Assets	1,035,668,299		

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

VI. OPERATIONAL KEY PERFORMANCE INDICATORS

Business line	Info	12 months ended 2021	12 months ended 2020
Clinics	**Revenue**	**407,441,702**	**307,919,487**
Clinics	Visits	2,279,580	1,815,055
Clinics	Avg fee	178.7	169.6
Stomatology	**Revenue**	**93,204,531**	**61,363,524**
Stomatology	Visits	154,358	89,172
Stomatology	Avg fee	603.8	688.1
Hospitals	**Revenue**	**317,305,322**	**251,943,388**
Hospitals	Patients	100,230	82,209
Hospitals	Avg fee	3,165.8	3,064.7
Laboratories	**Revenue**	**259,970,003**	**198,519,202**
Laboratories	Analyses	8,541,036	5,211,645
Laboratories	Avg fee	30.4	38.1
Corporate	**Revenue**	**206,112,967**	**198,530,858**
Corporate	Subscriptions	742,739	738,582
Corporate	Avg fee	277.5	268.8
Pharmacies	**Revenue**	**59,949,420**	**44,405,803**
Pharmacies	Clients	361,236	194,838
Pharmacies	Sales per client	166.0	227.9
Others	**Revenue**	**88,043,200**	**14,766,089**

VII. UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION FOR THE 12 MONTHS PERIOD ENDED DECEMBER 31, 2021 ("CONSOLIDATED PRO FORMA PL")

Introduction

The following Consolidated Pro Forma PL of the Consolidated PL is based on the Group's Consolidated FS for the 12 months period ended 31 December 2021, adjusted with the historical financial results of the companies acquired by the Group during the period from 1 January 2021 up to 31 December 2021 (the "**Acquired Companies**"). Details of the Acquired Companies are set out below.

The Consolidated Pro Forma PL for the 12 months period ended 31 December 2021 transposes (i) the acquisition of the Acquired Companies as if the acquisition had occurred on 1 January 2021 by combining the financial results for the period of the Acquired Companies with those of the Group and (ii) the elimination of certain expenses included in the Consolidated PL of the Group which the Group considers to be non-operational and/or non-recurring by nature.

The Consolidated Pro Forma PL provides a hypothetical illustration of the impact of the transactions on the Company's earnings. The Consolidated Pro Forma PL has been prepared for the Group as at and for the 12 months period ended 31 December 2021. The Consolidated Pro Forma PL should be read in conjunction with the Consolidated FS for the 12 months period ended 31 December 2021.

Purpose of the Consolidated Pro Forma PL

The Consolidated Pro Forma PL set out below has been prepared to (i) illustrate the effect on the Group of the acquisitions completed in 2021 and (ii) provide an estimate of the Group's recurring EBITDA.

The Group's unaudited consolidated pro forma Adjusted EBITDA is also useful when analyzing the Group's current debt compared to its earnings capacity. Although the Consolidated BS in the Consolidated FS include the full amount of debt incurred to finance the acquisitions completed as of 31 December 2021, the Consolidated PL includes no portion of the annual earnings of the Acquired Companies. Using the unaudited consolidated pro forma Adjusted EBITDA for such comparison allows inclusion of a measure of the full period earnings that will contribute to the servicing of the debt incurred in relation to the acquisitions.

In the 12 months period ended 31 December 2021 the Company made the following acquisitions in pursuit of a consolidation strategy aimed at complementing the Group's service offering, expanding its national footprint and consolidating its market position:

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

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

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

	12 Months ended December 31, 2021			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
Revenue from contracts with customers	**1,432,027,145**	**200,853,998**	-	**1,632,881,143**
Other operating revenues	10,344,070	4,096,240	-	**14,440,310**
OPERATING INCOME	**1,442,371,215**	**204,950,238**	-	**1,647,321,453**
OPERATING EXPENSES	**(1,266,022,175)**	**(198,432,388)**	**4,325,339**	**(1,460,129,223)**
OPERATING PROFIT	**176,349,040**	**6,517,850**	**4,325,339**	**187,192,230**
Finance cost	(26,321,456)	(3,140,447)	-	(29,461,903)
Other financial expenses	(8,910,970)	(1,073,010)	-	(9,983,980)
FINANCIAL RESULT	**(35,232,425)**	**(4,213,457)**	-	**(39,445,882)**
RESULT BEFORE TAXES	141,116,615	2,304,393	4,325,339	**147,746,348**
Income tax expense	(23,592,740)	(387,659)	(692,054)	(24,672,453)
NET RESULT	**117,523,875**	**1,916,734**	**3,633,285**	**123,073,894**

Net Income to Adjusted EBITDA

	12 Months ended December 31, 2021			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
Net income for the period	**117,523,875**	**1,916,734**	**3,633,285**	**123,073,894**
Add back:				
Taxes on income	**23,592,740**	**387,659**	**692,054**	**24,672,453**
Out of which:				
Base tax expense	23,592,740	387,659	-	23,980,399
One off impact	-	-	692,054	692,054
Net financial result	**35,232,425**	**4,213,457**	**-**	**39,445,882**
Depreciation, amortisation and impairment, including write-ups	**111,118,400**	**10,042,318**	**-**	**121,160,718**
Adjusted EBITDA	**287,467,440**	**16,560,169**	**4,325,339**	**308,352,948**

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

Sales split by Business Line

	12 Months ended December 31, 2021			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
Clinics	407,441,702	37,961,774	-	445,403,476
Stomatology	93,204,531	12,210,825	-	105,415,356
Laboratories	259,970,003	1,768,877	-	261,738,880
Corporate	206,112,967	44,240	-	206,157,207
Hospitals	317,305,322	78,223,617	-	395,528,939
Pharmacies	59,949,420	10,742,957	-	70,692,378
Others	88,043,200	59,901,707	-	147,944,907
Total Sales	**1,432,027,145**	**200,853,998**	**-**	**1,632,881,144**

Basis for the Consolidated Pro Forma PL

The Consolidated Pro Forma PL for the 12-month period ended 31 December 2021 has been prepared starting from the Consolidated PL of the Group as of 31 December 2021. The Consolidated Pro Forma PL was prepared in a manner consistent with the accounting policies adopted by the Group in the Consolidated FS as of 31 December 2021.

The Consolidated Pro Forma PL for the 12 months ended 31 December 2021 gives effect to the acquisitions of the Acquired Companies as if the acquisitions had occurred on 1 January 2021. Also, certain expense items incurred by the Group in the relevant period which are considered to be non-operational and non-recurring by nature as detailed in the notes to the tables, are reflected in the Consolidated Pro Forma PL as one-off adjustments, based on management judgment for the Group, without taking into account the Acquired Companies.

Consolidated Pro Forma PL adjustments

Normalization adjustments

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

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

Entity	Date of obtaining control	Months included in Normalization (inclusive) 1 January - 31 December 2021
Centrul Medical Matei Basarab	March 2021	January - February 2021
Pharmachem Distributie	August 2021	January – July 2021
Grupul de farmacii CED Pharma	July 2021	January – June 2021
Medica Sibiu	May 2021	January – April 2021
Stomestet SRL	November 2021	January – October 2021
The Lab Stomestet SRL	November 2021	January – October 2021
Stomestet Plus SRL	November 2021	January – October 2021
Costea Digital Dental (Oradent)	December 2021	January – November 2021
Expert Med Centrul Medical Irina*	December 2021	January – December 2021
Neolife Medical Center *	January 2022	January – December 2021

*The control over the Neolife Medical Center will be obtained in the first semester of 2022. The control over Expert Med Centrul Medical was obtained in December 2021. Both of the companies will be consolidated starting with 2022.

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

One off adjustment

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

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

Type of Expense	Amount for 2021	Note
Cost of Acquisitions	2,097,204	*Nota A*
Consultancy costs	311,136	*Nota B*
Other costs	1,916,999	*Nota C*
Total	**4,325,339**	

Note A

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

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

Note B

Includes expenses with consultancy services.

Note C

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

VIII. EBITDA EVOLUTION

	Period ended December 31		Variation
	2021	2020	2021/2020
	Pro-Forma	IFRS	
Revenue from contracts wi	**1,632,881,143**	**1,077,448,351**	**51.6%**
Other operating revenues	14,440,310	9,274,762	55.7%
Operating Income	**1,647,321,453**	**1,086,723,113**	**51.6%**
Operating expenses, excluding amortisation and depreciation	**(1,338,968,505)**	**(874,714,597)**	**53.1%**
EBITDA	**308,352,948**	**212,008,516**	**45.4%**
EBITDA margin	18.9%	19.7%	

	12 Months ended December 31, 2021	% out of Total
Adjusted Pro-forma EBITDA	**308,352,948**	**100%**
Attributable to:		
Owners of the Group	280,909,536	91,1%
Non-controlling interests	27,443,412	8,9%

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Mihail Marcu,
CEO

Adrian Lungu,
CFO

Declaration of management of MedLife Group

We confirm to the best of our knowledge that the Consolidated Preliminary Financial Statements of MedLife Group for the 12-month period ended December 31, 2021, which were prepared in accordance with the applicable International Financial Reporting Standards, provide a true and fair view of the assets, liabilities, financial position, profit and loss account of the Group, and of the main events that took place during the 12-month period ended December 31, 2021 and their impact on the Consolidated Preliminary Financial Statements of MedLife Group.

Mihail Marcu,	**Adrian Lungu,**
CEO	CFO

MED LIFE S.A.

INDIVIDUAL UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Prepared in accordance with Order of Ministry of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards („IFRS")

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

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

	December 31, 2021	December 31, 2020	Variation 2021/2020
ASSETS			
Long Term			
Intangible assets	9,895,358	10,675,893	-7.3%
Property, plant and equipment	254,693,044	244,998,068	4.0%
Right-of-use asset	58,067,756	71,462,302	-18.7%
Other financial assets	257,432,358	237,335,288	8.5%
TOTAL NON-CURRENT ASSETS	**580,088,516**	**564,471,551**	**2.8%**
Current Assets			
Inventories	10,036,802	13,224,013	-24.1%
Receivables	69,583,573	89,382,165	-22.2%
Receivables with group companies	106,337,549	95,020,068	11.9%
Other receivables	20,370,021	11,780,770	72.9%
Cash and cash equivalents	32,110,430	33,735,446	-4.8%
	238,438,375	**243,142,462**	**-1.9%**
Prepayments	**3,263,079**	**1,325,662**	**146.1%**
TOTAL CURRENT ASSETS	**241,701,454**	**244,468,124**	**-1.1%**
TOTAL ASSETS	**821,789,970**	**808,939,675**	**1.6%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Long Term Debt			
Lease liability	58,804,365	67,027,513	-12.3%
Other long term debt	-	3,325,000	-100.0%
Interest-bearing loans and borrowings	322,234,093	333,649,420	-3.4%
Deferred tax liability	11,457,413	11,457,413	0.0%
TOTAL LONG-TERM LIABILITIES	**392,495,871**	**415,459,346**	**-5.5%**
Current Liabilities			
Trade and other payables	80,243,299	96,605,850	-16.9%
Overdraft	9,896,200	9,738,800	1.6%
Current portion of lease liability	14,778,313	21,416,526	-31.0%
Interest-bearing loans and borrowings	43,228,289	34,881,989	23.9%
Intercompany payables	441,238	1,036,693	-57.4%
Current tax liabilities	360,917	3,829,499	-90.6%
Provisions	3,145,135	2,885,053	9.0%
Other liabilities	16,155,810	16,008,640	0.9%
TOTAL CURRENT LIABILITIES	**168,249,201**	**186,403,050**	**-9.7%**
TOTAL LIABILITIES	**560,745,072**	**601,862,396**	**-6.8%**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	82,395,091	82,027,012	0.4%
Treasury shares	(4,015,977)	(666,624)	502.4%
Reserves	90,599,863	90,599,863	0.0%
Retained earnings	92,065,921	35,117,028	162.2%
TOTAL EQUITY	**261,044,898**	**207,077,279**	**26.1%**
TOTAL LIABILITIES AND EQUITY	**821,789,970**	**808,939,675**	**1.6%**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

	12 Months ended December 31, 2021	2020	Variation 2021/2020
Revenue from contracts with customers	602,445,854	508,823,190	18.4%
Other operating revenues	4,057,881	4,093,568	-0.9%
Operating Income	**606,503,735**	**512,916,758**	**18.2%**
Consumable materials and repair materials	(96,281,239)	(84,668,323)	13.7%
Third party expenses	(180,012,118)	(140,358,151)	28.3%
Salary and related expenses	(148,780,015)	(129,604,093)	14.8%
Social contributions	(5,391,067)	(5,144,462)	4.8%
Depreciation	(49,763,312)	(46,482,290)	7.1%
Impairment losses and gains (including reversals of impairment losses)	(4,406,807)	(6,816,733)	100.0%
Other operating expenses	(35,324,738)	(32,329,352)	9.3%
Operating expenses	**(519,959,296)**	**(445,403,404)**	**16.7%**
Operating Profit	**86,544,439**	**67,513,354**	**28.2%**
Finance income - interest revenue	3,471,637	1,714,066	102.5%
Finance cost	(15,662,799)	(13,773,288)	13.7%
Other financial expenses	(5,976,928)	(5,565,399)	7.4%
Financial loss	**(18,168,090)**	**(17,624,620)**	**3.1%**
Result Before Taxes	**68,376,349**	**49,888,734**	**37.1%**
Income tax expense	(11,427,455)	(8,046,454)	42.0%
Net Result	**56,948,894**	**41,842,280**	**36.1%**
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	-	100%
Deferred tax on other comprehensive income components	-	-	100%
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**	**100%**
TOTAL COMPREHENSIVE INCOME	**56,948,894**	**41,842,280**	**36.1%**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

	12 Months ended December 31,	
	2021	**2020**
Profit before taxes	**68,376,349**	**49,888,734**
Adjustments for		
Depreciation	49,763,312	46,482,290
Interest expense	15,662,799	13,773,288
Allowance for doubtful debts and receivables written-off	4,406,807	6,816,733
Provisions for liabilities and charges	260,082	2,360,622
Other non-monetary gains	(2,276,421)	(568,952)
Unrealised exchange gain / loss on interest bearing obligations	4,803,644	5,180,675
Interest revenue	(3,471,637)	(1,714,066)
Operating cash flow before working capital changes	**137,524,935**	**122,219,323**
Decrease / (increase) in accounts receivable	7,429,276	(35,532,917)
Decrease / (increase) in inventories	3,187,211	(6,523,215)
Decrease / (increase) in prepayments	(1,937,417)	212,942
Increase / (decrease) in accounts payable	(15,700,777)	(39,329,389)
Cash generated from working capital changes	**(7,021,707)**	**(81,172,579)**
Cash generated from operations	**130,503,228**	**41,046,744**
Income tax paid	(14,896,037)	(4,612,616)
Interest received	3,471,637	1,714,066
Interest paid	(17,217,294)	(12,829,063)
Net cash from / (used in) operating activities	**101,861,533**	**25,319,132**
Purchase of investments	(23,738,386)	17,859,198
Purchase of intangible assets	(2,764,098)	(2,893,079)
Purchase of property, plant and equipment	(32,517,617)	(60,312,241)
Loans granted	(11,317,481)	(10,610,899)
Net cash used in investing activities	**(70,337,582)**	**(55,957,021)**
Cash flow from financing activities		
Payment of loans	(35,448,438)	(15,542,552)
Lease payments (IFRS 16)	(22,723,165)	(24,950,950)
Increase in loans	29,287,662	97,429,538
Payments for purchase of treasury shares	(3,669,570)	(3,548,879)
Decrease in loans granted to group companies	(595,456)	(671,254)
Net cash from/ (used in) financing activities	**(33,148,967)**	**52,715,903**
Net change in cash and cash equivalents	**(1,625,016)**	**22,078,014**
Cash and cash equivalents beginning of the year	33,735,446	11,657,432
Cash and cash equivalents end of the year	**32,110,430**	**33,735,446**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

MED LIFE S.A.
INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(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 December 2020	**33,217,623**	**(666,624)**	**48,809,389**	**24,010,989**	**66,588,874**	**35,117,028**	**207,077,279**
Share capital contribution	-	-	-	-	-	-	-
Increase from own shares acquisition	-	(3,669,511)	-	-	-	-	**(3,669,511)**
Net release of own shares used for acquiring additional NCI	-	320,158	-	-	-	-	**320,158**
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made	-	-	368,079	-	-	-	**368,079**
Other reserves, including revaluation reserve	-	-	-	-	-	-	**-**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**56,948,893**	**56,948,893**
Gain/loss from revaluation	-	-	-	-	-	-	-
Deferred tax related to other comprehensive income	-	-	-	-	-	-	-
Profit of the year	-	-	-	-	-	56,948,893	**56,948,893**
Balance as at December 31, 2021	**33,217,623**	**(4,015,977)**	**49,177,468**	**24,010,989**	**66,588,874**	**92,065,921**	**261,044,898**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

(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

(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 3.19 Revenue from contracts with customers recognition and Note 16 Revenue from contracts with customers) 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, 2021 and January 1, 2021 are as follows:

No.	Name of subsidiary	Main activity	Location	December, 31 2021	January, 1 2021
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83.01%	83.01%
2	Medapt SRL (indirect)**	Medical Services	Brasov, Romania	83.01%	83.01%
3	Histo SRL (indirect)**	Medical Services	Brasov, Romania	49.81%	49.81%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)**	Medical Services	Sfantu Gheorghe, Romania	66.41%	66.41%
5	Bahtco Invest SA	Development of building projects	Bucharest, Romania	100%	100%
6	Med Life Ocupational SRL	Medical Services	Bucharest, Romania	100%	100%
7	Pharmalife-Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
8	Med Life Broker de Asigurare si Reasigurare SRL	Insurance broker	Bucharest, Romania	99%	99%
9	Accipiens SA	Rental activities	Bucharest, Romania	73%	73%
10	Genesys Medical Clinic SRL (indirect)**	Medical Services	Bucharest, Romania	73%	73%
11	Bactro SRL (indirect)**	Medical Services	Deva, Romania	73%	73%
12	Transilvania Imagistica SA (indirect)**	Medical Services	Oradea, Romania	73%	73%
13	Biofarm Farmec SRL (indirect)**	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
14	RUR Medical SA (indirect)**	Medical Services	Bucharest, Romania	83.01%	83.01%
15	Biotest Med SRL	Medical Services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical Services	Bucharest, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	90%
18	Ultratest SA (direct si indirect)**	Medical Services	Craiova, Romania	76%	76%
19	Diamed Center SRL	Medical Services	Bucharest, Romania	100%	100%
20	Prima Medical SRL	Medical Services	Craiova, Romania	100%	100%
21	Stem Cells Bank SA	Medical Services	Timisoara, Romania	100%	100%
22	Dent Estet Clinic SA	Dental healthcare	Bucharest, Romania	60%	60%
23	Green Dental Clinic SRL (indirect)**	Dental healthcare	Bucharest, Romania	31%	31%
24	Dentist 4 Kids SRL (indirect)**	Dental healthcare	Bucharest, Romania	60%	31%
25	Dent A Porter SRL (indirect)**	Dental healthcare	Bucharest, Romania	31%	31%
26	Dentestet Kids SRL (indirect)**	Dental healthcare	Bucharest, Romania	32%	32%
27	Aspen Laborator Dentar SRL (indirect)**	Dental healthcare	Bucharest, Romania	45%	45%
28	Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	100%	90%

(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%	100%
37	Sfatul medicului SRL	Medical Platform	Bucharest, Romania	100%	100%
38	RMC Dentart (indirect)**	Dental healthcare	Budapest, Hungary	51%	51%
39	RMC Medical (indirect)**	Medical Services	Budapest, Hungary	51%	51%
40	RMC Medlife	Holding	Budapest, Hungary	51%	51%
41	Badea Medical SRL	Medical Services	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SA	Medical Services	Bucharest, Romania	75%	75%
43	Centrul medical Micromedica SRL	Medical Services	Piatra Neamt, Romania	100%	100%
44	Micromedica Targu Neamt SRL (indirect)**	Medical Services	Targu Neamt, Romania	100%	100%
45	Micromedica Bacau SRL (indirect)**	Medical Services	Bacau, Romania	100%	100%
46	Micromedica Roman SRL (indirect)**	Medical Services	Roman, Romania	100%	100%
47	Medrix Center SRL (indirect)**	Medical Services	Roznov, Romania	100%	100%
48	Spitalul Lotus SRL	Medical Services	Ploiesti, Romania	100%	100%
49	Labor Maricor SRL	Medical Services	Bacau, Romania	100%	100%
50	Centrul Medical Matei Basarab SRL (indirect)**	Medical Services	Bucharest, Romania	100%	0%
51	Pharmachem Distributie SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	75%	0%
52	CED Pharma SRL (indirect)**	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	0%
53	Leti Pharm 2000 SRL (indirect)**	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	0%
54	Monix Pharm SRL (indirect)**	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	0%
55	KronDent SRL (indirect)**	Dental healthcare	Brasov, Romania	36%	0%
56	Medica SA	Medical Services	Sibiu, Romania	60%	0%
57	Dent Estet Ploiesti SRL (indirect)**	Dental healthcare	Ploiesti, Romania	30.6%	0.0%
58	The Lab Stomestet SRL (ind	Dental healthcare	Cluj, Romania	36%	0%
59	Stomestet SRL (indirect)**	Dental healthcare	Cluj, Romania	36%	0%
60	Stomestet Plus SRL (indirect	Dental healthcare	Cluj, Romania	36%	0%
61	Costea Digital Dental SRL (indirect)**	Dental healthcare	Oradea, Romania	36%	0%
62	Expert Med Centrul Medical Irina (indirect)*	Medical Services	Galati, Romania	76%	0%
63	Neolife Medical Center Romania*	Medical Services	Bucharest, Romania	50%	0%

* The control over these companies will be obtained in the first semester of 2022 (except for Expert Med Centrul Medical Irina, for which the control was obtained in December 2021) and will be consolidated starting with 2022.
**These companies are subsidiaries of other subsidiaries in the Group and are included in the consolidation, as they are controlled by the entities which are subsidiaries of the ultimate parent.

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

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

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

- **Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)**

  In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods. The amendments had no material impact on the financial statements of the Company.

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

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

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

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

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

  The amendments were initially effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period. Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Board has also proposed to delay the effective date of the 2020 amendments accordingly, such that entities will not be required to change current practice before the proposed amendments come into effect. These Amendments, including ED proposals, have not yet been endorsed by the EU.

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)**

  The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

  - **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
  - **Annual Improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**

  The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Amendments have not yet been endorsed by the EU.

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

  The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Amendments have not yet been endorsed by the EU.

- **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU.

The 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.

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 of the Company have been prepared in accordance with the provisions of Ministry of Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards ("IFRSs"), with all subsequent modifications and clarifications.

The Company also prepares consolidated financial statements in accordance with IFRS as endorsed by the EU, which are available on the Company's website.

The accounting policies applied in these financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended 31 December 2020, except for the adoption of new standards effective as of January 1st 2021.

The financial year corresponds to the calendar year.

3.2 Basis of preparation

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

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

3.3 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.

In addition, due to the proactive response taken by the Company to improve its liquidity position, since the beginning of the pandemic crisis, the cashflows of the Company have remained stable, demonstrating the financial discipline across the Company and the conservative approach taken when modelling scenarios. Cash and available facilities have remained strong at RON 32.1m at year-end, compared to RON 33.7m at

31 December 2020.

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.

For the covenant testing periods ending December 2021 and June 2022, the Board of Directors are confident that Med Life has sufficient headroom to stay within the covenants levels, with the mitigations available (which would include management of working capital and constrained levels of capital investment), even in its severe but plausible downside scenarios.

Based on the 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 Significant judgements, estimates and assumptions

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

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

3.4.1. Judgements

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

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

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

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

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

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

Cash generating units

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

Contingencies

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

3.4.2. Estimates and assumptions

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

Impairment of non-financial assets

Please refer to Note 5 – tangible and intangible fixed assets.

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 2021, the management has not identified any indication that would conclude the need of revaluating its land and buildings for any impairment.

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

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

Impairment of financial assets - investments in subsidiaries

Management conducts testing annually or whenever there is an indication of impairment to assess whether any impairment losses should be recognized.

Allowance for expected credit losses of trade receivables and contract assets

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

In determining adjustments for impairment of receivables, management incorporates forward-looking information, exercises professional judgement and uses estimates and assumptions. Estimation of expected credit risk losses involved forecasting future macroeconomic conditions for the next 2 years. More details on the assumptions, scenarios used and the weights assigned to each scenario can be found in Note 7 dedicated to accounts receivables.

The incorporation of forward-looking elements reflects the expectations of the Company and involves the creation of scenarios, including an assessment of the probabilities of materialization of each scenario.

Leases - Estimating the incremental borrowing rate

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

Provision for untaken holidays

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 and later on, in 2021. The amount of the obligation was therefore determined to be equal to the number of unused leave multiplied by the relevant employee's gross salary at the reporting date.

3.5 Foreign currency and translation

Presentation currency

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

The exchange rates as announced by the National Bank of Romania on December 31, 2021 were RON 4.9481 for EUR 1 (December 31, 2020: RON 4.8694 for EUR 1), respectively 1.3391 for HUF 100 (December 31, 2020: RON 1.3356 for 100 HUF).
The average exchange rates for the period of 12 months 2021 were 4.9208 RON for 1 EUR (12 months 2020: 4.8276 RON for 1 EUR), respectively 1.3730 RON for 100 HUF (12 months 2020: 1.3777 for 100 HUF).

Translation of foreign currencies

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

3.6 Investments in subsidiaries

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

Dividends received from investment companies are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

3.7 Property, plant and equipment

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

The value of land and buildings owned presented in these financial statements is based on the valuation reports which were prepared as of December 31, 2019 by independent valuators certified by ANEVAR. The revaluation is performed with sufficient frequency as to ensure that the the carrying amount of a revalued asset does not differ materially from its fair value.

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

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

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

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

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

	Years
Buildings	10 – 50 years
Plant and equipment	3 – 15 years
Fixtures and fittings	3 – 15 years

3.8 Intangible assets

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

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

The Company's intangible assets are represented by software licenses which are amortized 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 non-financial assets
At the end of each reporting period, the Company reviews whether there is an indication that an asset may be impaired.

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

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

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

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

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

3.9 Inventories

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

3.10 Cash and cash equivalents

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

3.11 Government grants

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

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

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

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

3.12 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.12.1 Financial assets

Initial recognition and classification

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

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

With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price as disclosed in note 3.19 Revenue from contracts with customers recognition.

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

A financial asset is measured at amortized cost if both of the following conditions are met:

- the financial asset is held using a business model that aims to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely repayments of principal and interest on the principal outstanding.

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

Subsequent measurement

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

Amortised cost and effective interest method

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

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

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

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The contractual rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment

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

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

The Company considers a financial asset in default when contractual payments are over 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

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

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

During the pandemic, 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.

3.12.2 Equity instruments and financial liabilities

Classification as equity or debt

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

a) Equity instruments

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

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

b) Financial liabilities

Initial recognition and classification

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

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

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

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

Subsequent measurement

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

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

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

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

Derecognition

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

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

Offsetting of financial instruments

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

3.13 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.

3.14 Taxation

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

Current income tax

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

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

3.15 Share capital

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

3.16 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.

3.17 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.

3.18 Provisions for risks and charges

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

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

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

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

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

3.19 Revenue from contracts with customers recognition

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

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

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

Principal versus agent considerations

The Company has concluded that they are the principal in all of their revenue arrangements since they are the primary obligor in all the revenue arrangements, have pricing latitude.

Med Life's core activities

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

The Company's business and revenue model focuses on the spending power of corporations and private individuals on medical services, while the State's contribution through the National Health Insurance House ("NHIH") represents a complement, not the core revenue of Med Life's activities. However, the National Health Insurance House is considered to be one major customer that goes across multiple sectors such as:

clinics, hospitals and laboratories, and from which the Company receives the consideration based on reaching pre-established ceilings, for the medical services provided to the State's insured patients, which are the end users of the healthcare medical services. The revenue in relation with NHIH is recognised at the end of the month, when the Company has an enforceable right to receive payment for performance completed up to date, as the end user receives and consumes the benefits provided by the entity's performance as the entity performs.

Clinics

The core of the Company's operations is the network of ambulatory clinics. The business line comprises a network of 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 also form part of this business line. The Company's clinics provide a wide range of services delivered mainly in two formats:

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

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

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

Stomatology

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

Laboratories

The Laboratories business line provides the following range of services: biochemistry, pathological anatomy (cytology and histology), molecular biology and genetics, haematology, immunology, microbiology and toxicology. Sampling points are locations where the Company collects blood and other samples from patients. The Laboratories business line sources the bulk of its revenue from FFS clients, and the revenue is recognised at a point in time, when the performance obligation is satisfied.
One exception is when the Company provides laboratory tests to other companies' employees and the revenue is recognised at the end of the month, not immediately after the laboratory tests are performed, when the Company has an enforceable right to payment for performance completed up to date. From IFRS 15 perspective, the revenue is recognised at a point in time (at the end of the month).

Hospitals

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

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

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

Corporate

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

The HPPs offered by the Company consist of the following:

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

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

Contract assets and liabilities

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

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

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.

3.20 Employee benefits

Employee benefits

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

All employees of the Company are members of the Romanian State pension plan. The Company does not operate any other pension scheme.

Bonus schemes

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

3.21 Fair value

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

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

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

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

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

3.22 Segment information

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

An operating segment is a component of an entity:

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

The Company has identified five core business lines, which comprise the following major categories: clinics, stomatology, hospitals, laboratories and corporate. For further details on disaggregation of revenue streams, please refer to Note 3.19. Revenue from contracts with customers recognition.

The core purpose of Med Life is to enhance the quality of life for individuals, the ultimate end users of healthcare services, therefore setting the patient as first priority in all activities performed.

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

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

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

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

The following operating segments are aggregated to one reporting segment, being the provision of healthcare services, since they exhibit similar economic characteristics: clinics, stomatology, hospitals, laboratories and corporate. As a result of the same structural framework conditions, the operating segments in the Company with the healthcare services provided are characterised by a similar risk and rewards profile whose economic environment is largely regulated by legislation. The politically desired state interference is felt both on the income side and with expenses. It is thus possible for the operating segments to achieve similar EBITDA margins on the long term. We thus continue to have only one operating segment subject to reporting.

The Company generates most of all revenues for all areas of activity in Romania. Although there are locations throughout the country, the executive management assumes that the resulting differences in the billing logic do not entail any material different opportunities and risks and these therefore do not conflict with aggregating the healthcare services into a single segment.

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

In order to enable users of the financial statements to evaluate the nature and financial effects of the business, Med Life decided to present the revenues split on the main business lines (please see Note 3.19 - Revenue from contracts with customers).

3.23 Leases

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

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

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

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

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

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

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

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

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

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

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

After initial recognition, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

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

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

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

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

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

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

4. FINANCIAL ASSETS

The Company holds significant investments in other companies.

Carrying amount	**31 December 2021**	**31 December 2020**
Cost of investments in other companies	242,878,520	222,209,791
Long-term loans granted to group companies	26,391,097	12,497,232
Other financial assets	(11,837,259)	2,628,265
TOTAL	**257,432,358**	**237,335,288**

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

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

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

- 76% acquisition of shares in Expert Med Centrul Medical Irina; the control was obtained in December 2021 and the company is consolidated starting with January 2022.

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 11,837,259 (January 1, 2020: RON 11,651,985).

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

5. TANGIBLE AND INTANBILES FIXED ASSETS

	31 December 2021	31 December 2020
Gross book value	508,161,347	473,927,132
Accumulated depreciation	(243,572,945)	(218,253,171)
Net book value	**264,588,402**	**255,673,961**

6. INVENTORIES

	31 December 2021	31 December 2020
Consumable	9,964,003	13,144,957
Materials in the form of inventory items	69,623	78,288
Inventory in transit	3,176	768
TOTAL	**10,036,802**	**13,224,013**

7. TRADE AND OTHER RECEIVABLES

	31 December 2021	31 December 2020
Customers	90,428,303	108,560,823
Advances to suppliers	5,051,253	2,310,518
Allowance for bad debt	(25,895,983)	(21,489,176)
TOTAL	**69,583,573**	**89,382,165**

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

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

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.

In allowance for bad debt 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.

8. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash in bank	31,044,849	32,531,266
Cash in hand	744,789	946,719
Cash equivalents	320,792	257,461
TOTAL	**32,110,430**	**33,735,446**

9. PREPAYMENTS

As of December 31, 2021 the Company has prepayments in amount of RON 3.263.079 (RON 1.325.662 as of January 1, 2021). The prepayments balance as of December 31, 2021 consists mainly of deferred commissions for financing related to the Club loan for undrawn facilities and amounts such as insurance policies for professionals and tangible assets.

10. TRADE AND OTHER PAYABLE

	31 December 2021	31 December 2020
Suppliers	68,818,687	85,659,132
Fixed assets suppliers	8,899,480	8,240,800
Contract liability	2,525,132	2,705,918
TOTAL	**80,243,299**	**96,605,850**

11. OTHER SHORT-TERM LIABILITIES

	31 December 2021	31 December 2020
Salary and related liabilities (incl. contributions)	9,204,181	9,195,331
Other liabilities	6,951,629	6,813,309
TOTAL	**16,155,810**	**16,008,640**

12. LEASING LIABILITIES

	31 December 2021	31 December 2020
Long term portion – Leasing	58,804,365	67,027,513
Current portion – Leasing	14,778,313	21,416,526
TOTAL	**73,582,678**	**88,444,039**

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

13. FINANCIAL DEBT

	31 December 2021	31 December 2020
Current portion of long-term loans (incl. overdraft)	53,124,489	44,620,789
Non-current portion of long-term loans	322,234,093	333,649,420
TOTAL	**375,358,582**	**378,270,209**

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

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

Increases in credit facility during 2021

On 29 April 2021, Medlife Group increased the existing facilities by 40 million euros by signing a syndicated loan in the total amount of approximately 184 million euros. To this increase will be added, as appropriate, other important liquidities of the company. The syndicate of banks which signed the new syndicated loan consists of Banca Comercială Română, as coordinator, mandated lead arranger, documentation agent, facility & security agent and lender, Raiffeisen Bank, BRD Groupe Société Générale and Banca Transilvania, as lead arrangers and lenders. The new funds will be dedicated to consolidating and expanding the group at national level, through the development of regional hospitals, where the patient will benefit from a 360-degree approach both in terms of the complexity of the medical act and the quality of complementary services. The expansion of the medical infrastructure and the M&A program are also a priority, and moreover, the Group will continue intensely its research efforts, aiming to intensify them through new investments during the year.
Also, on 6 December 2021, the Group signed a new increase for the syndicated loan for an additional 50 million euros in order to consolidate its position on the market, funds that will be used to accelerate the acquisition program.

• a guaranteed overdraft facility between Garanti Bank S.A. and Med Life S.A., the amount drawn on December 31, 2021, is of RON 9,896,200;

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.

14. SHARE CAPITAL AND SHARE PREMIUM

The issued share capital in nominal terms consists of 132,870,492 ordinary shares as at 31 December 2021 (31 December 2020: 132,870,492) with a nominal value of RON 0.25 per share. The holders of ordinary shares are entitled to one vote per share in the shareholders’ meetings of the Company, except for the treasury shares bought back by the Company as part of the share buy-back program. All shares rank equally and confer equal rights to the net assets of the Company, except for treasury shares.

In accordance with the Decision of the Extraordinary General Meeting of Shareholders of the Company dated 15.12.2020, the share capital of the Company was increased with RON 27,681,352.50, from RON 5,536,270.5 to RON 33,217,623, by issuance of a number of 110,725,410 new shares with a nominal value of RON 0.25 per share. The Share Capital Increase was made with the incorporation of share premium reserves, and the newly issued shares (5-for-1) were allocated without a monetary compensation to all shareholders registered in the shareholders' register of the Company as at 4 of January 2021 (Registration Date).

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

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

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

	Number of shares	%	Value
Others	62,606,860	47.12%	15,651,715
Marcu Mihail	20,552,307	15.47%	5,138,077
Cristescu Mihaela Gabriela	18,660,690	14.04%	4,665,173
Legal entities	17,016,235	12.81%	4,254,059
Marcu Nicolae	14,034,400	10.56%	3,508,600
TOTAL	**132,870,492**	**100.00%**	**33,217,623**

15. RESERVES

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

	31 December 2021	31 December 2020
General reserves	3,431,665	3,431,665
Other reserves	20,579,324	20,579,324
Revaluation reserves	66,588,874	66,588,874
TOTAL	**90,599,863**	**90,599,863**

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

Turnover for the period ended December 31, 2021 was 602.445.854 RON (as at December 31 2020: 508.823.190 RON) and consists of medical services, including revenues from prevention packages of corporate customers and fees for services rendered within Med Life's clinics and various hospitals within Romania.

17. OTHER OPERATING REVENUES

Other operating revenues caption comprises:

	12 months 2020	12 months 2019
Other operating revenues	1,781,460	2,224,434
Capitalized cost of intangible assets	2,276,421	1,869,134
TOTAL	**4,057,881**	**4,093,568**

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

18. THIRD PARTY EXPENSES

	12 months 2021	12 months 2020
Medical services	160,897,230	124,908,758
Other services	3,416,516	1,916,455
Cleaning and laundry	3,244,280	3,064,942
Financial services	3,089,318	2,204,071
Legal services	2,811,334	2,853,758
Others	2,636,363	2,325,422
Security and safety	1,723,232	1,065,902
Waste collection and sanitation	1,328,249	1,200,743
Logistics and telecommunications services	402,454	312,979
IT services	286,238	281,507
Storage and archiving services	88,590	145,791
Accreditations and authorizations	88,314	77,823
TOTAL	**180,012,118**	**140,358,151**

19. OTHER OPERATING EXPENSES

	12 months 2021	12 months 2020
Utilities	5,141,142	4,510,812
Repairs maintenance	5,973,289	4,361,730
Rent	3,494,050	3,683,868
Insurance premiums	2,409,000	1,837,638
Promotion expense	9,443,037	8,512,328
Communications	2,285,233	1,956,064
Other administration and operating expenses	6,578,987	7,466,912
TOTAL	**35,324,738**	**32,329,352**

20. FINANCIAL NET RESULT

	12 months 2021	12 months 2020
Loss from foreign exchange rate impact	(5,976,928)	(6,628,985)
Finance cost	(15,662,799)	(13,773,288)
Other income	-	1,063,587
Interest income	3,471,637	1,714,066
FINANCIAL NET LOSS	**(18,168,090)**	**(17,624,620)**

21. EVENTS AFTER THE BALANCE SHEET DATE

There have been no other significant events subsequent to December 31, 2021.

Mihail Marcu,
CEO

Adrian Lungu,
CFO

MED LIFE S.A.

PRELIMINARY FY 2021 REPORT

Name of the issuing company: Med Life S.A.

Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania

Fax no.: 0040 374 180 470

Unique Registration Code at the National Office of Trade Registry: 8422035

Order number on the Trade Registry: J40/3709/1996

Subscribed and paid-in share capital: RON 33,217,623

Regulated market on which the issued securities are traded: Bucharest Stock Exchange

CONTENTS:

Note: The following financial statements are prepared in accordance with international financial reporting standards, as adopted by European Union ("IFRS").

Semester report concluded in compliance with ASF Regulation no. 5/2018 on issuers of financial instruments and capital markets and Law no. 24/2017 on issuers of financial instruments and capital markets.

The following financial statements are unaudited.

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

I. UNAUDITED STANDALONE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 ("STANDALONE FS")

UNAUDITED STANDALONE STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED DECEMBER 31, 2021 ("**STANDALONE BS**")

	December 31, 2021	December 31, 2020	Variation 2021/2020
ASSETS			
Long Term			
Intangible assets	9,895,358	10,675,893	-7.3%
Property, plant and equipment	254,693,044	244,998,068	4.0%
Right-of-use asset	58,067,756	71,462,302	-18.7%
Other financial assets	257,432,358	237,335,288	8.5%
TOTAL NON-CURRENT ASSETS	**580,088,516**	**564,471,551**	**2.8%**
Current Assets			
Inventories	10,036,802	13,224,013	-24.1%
Receivables	69,583,573	89,382,165	-22.2%
Receivables with group companies	106,337,549	95,020,068	11.9%
Other receivables	20,370,021	11,780,770	72.9%
Cash and cash equivalents	32,110,430	33,735,446	-4.8%
	238,438,375	**243,142,462**	**-1.9%**
Prepayments	**3,263,079**	**1,325,662**	**146.1%**
TOTAL CURRENT ASSETS	**241,701,454**	**244,468,124**	**-1.1%**
TOTAL ASSETS	**821,789,970**	**808,939,675**	**1.6%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Long Term Debt			
Lease liability	58,804,365	67,027,513	-12.3%
Other long term debt	-	3,325,000	-100.0%
Interest-bearing loans and borrowings	322,234,093	333,649,420	-3.4%
Deferred tax liability	11,457,413	11,457,413	0.0%
TOTAL LONG-TERM LIABILITIES	**392,495,871**	**415,459,346**	**-5.5%**
Current Liabilities			
Trade and other payables	80,243,299	96,605,850	-16.9%
Overdraft	9,896,200	9,738,800	1.6%
Current portion of lease liability	14,778,313	21,416,526	-31.0%
Interest-bearing loans and borrowings	43,228,289	34,881,989	23.9%
Intercompany payables	441,238	1,036,693	-57.4%
Current tax liabilities	360,917	3,829,499	-90.6%
Provisions	3,145,135	2,885,053	9.0%
Other liabilities	16,155,810	16,008,640	0.9%
TOTAL CURRENT LIABILITIES	**168,249,201**	**186,403,050**	**-9.7%**
TOTAL LIABILITIES	**560,745,072**	**601,862,396**	**-6.8%**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	82,395,091	82,027,012	0.4%
Treasury shares	(4,015,977)	(666,624)	502.4%
Reserves	90,599,863	90,599,863	0.0%
Retained earnings	92,065,921	35,117,028	162.2%
TOTAL EQUITY	**261,044,898**	**207,077,279**	**26.1%**
TOTAL LIABILITIES AND EQUITY	**821,789,970**	**808,939,675**	**1.6%**

Mihail Marcu,
Director General

Adrian Lungu,
Director Financiar

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

UNAUDITED STANDALONE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THER PERIOD ENDED DECEMBER 31, 2021 ("**STANDALONE PL**")

	12 Months ended December 31,		Variation
	2021	2020	2021/2020
Revenue from contracts with customers	602,445,854	508,823,190	18.4%
Other operating revenues	4,057,881	4,093,568	-0.9%
Operating Income	**606,503,735**	**512,916,758**	**18.2%**
Consumable materials and repair materials	(96,281,239)	(84,668,323)	13.7%
Third party expenses	(180,012,118)	(140,358,151)	28.3%
Salary and related expenses	(148,780,015)	(129,604,093)	14.8%
Social contributions	(5,391,067)	(5,144,462)	4.8%
Depreciation	(49,763,312)	(46,482,290)	7.1%
Impairment losses and gains (including reversals of impairment losses)	(4,406,807)	(6,816,733)	100.0%
Other operating expenses	(35,324,738)	(32,329,352)	9.3%
Operating expenses	**(519,959,296)**	**(445,403,404)**	**16.7%**
Operating Profit	**86,544,439**	**67,513,354**	**28.2%**
Finance income - interest revenue	3,471,637	1,714,066	102.5%
Finance cost	(15,662,799)	(13,773,288)	13.7%
Other financial expenses	(5,976,928)	(5,565,399)	7.4%
Financial loss	**(18,168,090)**	**(17,624,620)**	**3.1%**
Result Before Taxes	**68,376,349**	**49,888,734**	**37.1%**
Income tax expense	(11,427,455)	(8,046,454)	42.0%
Net Result	**56,948,894**	**41,842,280**	**36.1%**
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	-	100%
Deferred tax on other comprehensive income components	-	-	100%
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**-**	**100%**
TOTAL COMPREHENSIVE INCOME	**56,948,894**	**41,842,280**	**36.1%**

Mihail Marcu,
Director General

Adrian Lungu,
Director Financiar

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

UNAUDITED STANDALONE STATEMENT OF CASH FLOW FOR THER PERIOD ENDED DECEMBER 31, 2021 ("**STANDALONE CASHFLOW**")

	12 Months ended December 31,	
	2021	**2020**
Profit before taxes	**68,376,349**	**49,888,734**
Adjustments for		
Depreciation	49,763,312	46,482,290
Interest expense	15,662,799	13,773,288
Allowance for doubtful debts and receivables written-off	4,406,807	6,816,733
Provisions for liabilities and charges	260,082	2,360,622
Other non-monetary gains	(2,276,421)	(568,952)
Unrealised exchange gain / loss on interest bearing obligations	4,803,644	5,180,675
Interest revenue	(3,471,637)	(1,714,066)
Operating cash flow before working capital changes	**137,524,935**	**122,219,323**
Decrease / (increase) in accounts receivable	7,429,276	(35,532,917)
Decrease / (increase) in inventories	3,187,211	(6,523,215)
Decrease / (increase) in prepayments	(1,937,417)	212,942
Increase / (decrease) in accounts payable	(15,700,777)	(39,329,389)
Cash generated from working capital changes	**(7,021,707)**	**(81,172,579)**
Cash generated from operations	**130,503,228**	**41,046,744**
Income tax paid	(14,896,037)	(4,612,616)
Interest received	3,471,637	1,714,066
Interest paid	(17,217,294)	(12,829,063)
Net cash from / (used in) operating activities	**101,861,533**	**25,319,132**
Purchase of investments	(23,738,386)	17,859,198
Purchase of intangible assets	(2,764,098)	(2,893,079)
Purchase of property, plant and equipment	(32,517,617)	(60,312,241)
Loans granted	(11,317,481)	(10,610,899)
Net cash used in investing activities	**(70,337,582)**	**(55,957,021)**
Cash flow from financing activities		
Payment of loans	(35,448,438)	(15,542,552)
Lease payments (IFRS 16)	(22,723,165)	(24,950,950)
Increase in loans	29,287,662	97,429,538
Payments for purchase of treasury shares	(3,669,570)	(3,548,879)
Decrease in loans granted to group companies	(595,456)	(671,254)
Net cash from/ (used in) financing activities	**(33,148,967)**	**52,715,903**
Net change in cash and cash equivalents	**(1,625,016)**	**22,078,014**
Cash and cash equivalents beginning of the year	33,735,446	11,657,432
Cash and cash equivalents end of the year	**32,110,430**	**33,735,446**

Mihail Marcu,
CEO

Vera Firu,
Accounting and Tax Manager

II. FINANCIAL ANALYSIS

ANALYSIS OF THE STANDALONE PL

Sales for the 12 months period ended 31 December 2021 ("12 months 2021") amounted to RON 602,445,854, increased by 18.4% compared to sales recorded in the 12 months of 2020 ("12 months 2020"). 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.

Other operating revenues recorded a decrease of 0.9% during 12 months 2021 as compared to 12 months 2020, amounting to RON 4,057,881 as at 31 December 2021.

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 519,959,296 during 12 months 2021, representing an increase of 16.7%, or 4,555,893 RON, as compared to 12 months 2020. The increase is mainly linked to overall business increase.

Operating profit recorded a 28.2% increase in 12 months 2021 as compared to 12 months 2020, from RON 67,513,354 in 12 months 2020 to RON 86,544,439 in 12 months 2021.

Financial loss increased in 12 months 2020 by RON 543,470 from a loss of RON 17,624,620 in 12 months 2020 to a loss of RON 18,168,090 in 12 months 2021.

Net result increased in 12 months 2021 by RON 15,106,614 from a profit of RON 41,842,280 in 12 months 2020 to a profit of RON 56,948,894 in 12 months 2021.

ANALYSIS OF THE STANDALONE BS

Non-current assets amount to RON 580,088,516 as of 31 December 2021, recording an increase of 2.8% as compared to 31 December 2020. The increase is linked with the increase in tangibles assets.

Current assets decreased by RON 2,766,670 or 1.1% from RON 244,468,124 in 31 December 2020 to RON 241,701,454 in 31 December 2021.

Current liabilities (excluding interest-bearing debt items), decreased by RON 20,019,336, from RON 120,365,735 as at 31 December 2020 to RON 100,346,399 as at 31 December 2021.

Interest bearing debt decreased by RON 17,772,987, from RON 466,714,248 as of 31 December 2020 to RON 448,941,260 as of 31 December 2021.

III. IMPORTANT EVENTS 1 JANUARY – 31 DECEMBER 2021 PERIOD

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

- 10% subsequent acquisition of non-controlling interest in Panduri Medical Center in June 2021;
- 29% (indirect %) subsequent acquisition of non-controlling interest in Dentist 4 Kids SRL (indirect control) in June 2021;
- 31% indirect control in the newly established company Dent Estet Ploiesti SA through organic growth;

- 36% (indirect %) acquisition of shares in KronDent SRL; the control was obtained in December 2020 and the company is consolidated starting with January 2021;
- 100% acquisition of shares in Veridia Medical Center (Basarab Medical Center); the control was obtained in February 2021 and the company is consolidated starting with March 2021;
- 60% acquisition of shares in Medica Sibiu SRL; the control was obtained in April 2021 and the company is consolidated starting with May 2021;
- 100% completion of acquision of shares in CED Pharma Group; the control was obtained in June 2021 and the company is consolidated starting with July 2021;
- 75% completion of acquisition of shares in Pharmachem Distributie SRL; the control was obtained in July 2021 and the company is consolidated starting with August 2021;
- 36% (indirect %) acquisition of shares in Stomestet Group; the control was obtained in October 2021 and the company is consolidated starting with November 2021;
- 36% (indirect %) acquisition of shares in Costea Digital Dental (Oradent); the control was obtained in November 2021 and the company is consolidated starting with December 2021;
- sign-off for the sale and purchase agreement of 50% shares in Neolife Medical Center Romania in October 2021;
- 76% acquisition of shares in Expert Med Centrul Medical Irina; the control was obtained in December 2021 and the company is consolidated starting with January 2022.

Transaction with Neolife Medical Center Romania was approved by Competition Council in January 2022 and the acquisition was completed in February 2022.

3.1 Subsequent acquisition of non-controlling interest

Increased participation in Panduri Medical Center

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

Increased participation in Dentist 4 Kids SRL

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

3.2 Organic growth

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

3.3 Acquisition of subsidiaries

Acquisition of KronDent SRL

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

Acquisition of the Veridia Medical Center (Basarab Medical Center)

In February 2021, MedLife Medical System completed the transaction for the purchase of the full shareholding package of Veridia Medical Center in Bucharest, known also as Basarab Medical Center.

Veridia Medical Center has been operating on the private medical services market for 17 years. It started its activity with a medical analysis laboratory and later on consolidated its position by developing a large medical center that incorporates 20 medical offices and which provides specialized medical services, general medicine consultations and consultations of different specialties, paraclinical investigations, treatments and minor surgeries. Additionally, for sampling for laboratory testing, the center also includes four sampling points, located in Berceni, Militari, Drumul Taberei and Pantelimon neighborhoods and since September 2020 it also includes a molecular biology laboratory for SARSCoV-2 testing.

Acquisition of the majority package of Medica Sibiu

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

Completion of the acquisition of CED Pharma Grou

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

Completion of the acquisition of Pharmachem Distributie SRL

In July 2021, MedLife Medical System completed the acquisition of the package of 75% of the shares of the distribution company Pharmachem Distribuţie SRL. It is one of the largest acquisitions in the Group in the recent years. Pharmachem has been operating on the pharmaceutical distribution services market for 16 years, being an important player, a network of warehouses in Bucharest and throughout the country.

Acquisition of Stomestet Group

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

Acquisition of Costea Digital Dental (Oradent)

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

Acquisition of Neolife Medical Center Romania

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

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

This transaction was approved by Competition Council in January 2022 and the acquisition was completed in February 2022.

Acquisition of Expert Med Centrul Medical Irina

In December 2021, MedLife Medical System completed the acquisition for the 76% majority stake of Expert Med Centrul Medical Irina, the largest independent player on the private medical services market in Galați. The company will be integrated under Sfânta Maria brand, part of Medlife Group. Expert Med Centrul Medical Irina was launched in 1999, with over 22 years of experience in the private medical services market.

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

IV. IMPORTANT SUBSEQUENT EVENTS

There have been no significant events subsequent to December 31, 2021.

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

V. MAIN FINANCIAL RATIOS PERIOD ENDED AT DECEMBER 31, 2021

Current ratio	**Period ended at 31 December, 2021**		
Current assets	241,701,454	=	1.44
Current liabilities	168,249,201		

Debt to equity ratio	**Period ended at 31 December, 2021**		
Long Term Debt	381,038,458	=	146%
Equity	261,044,898		
Long Term Debt	381,038,458	=	59%
Capital Assets	642,083,356		

Trade receivables turnover (days)	**Period ended at 31 December, 2021**		
Average receivables	79,482,869	=	47.50
Sales	602,445,854		

Fixed assets turnover	**Period ended at 31 December, 2021**		
Sales	602,445,854	=	1.04
Net Fixed Assets	580,088,516		

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

VI. EBITDA EVOLUTION

	For the period ended December 31,		Variation 2021/2020
	2021	**2020**	
Revenue from contracts with customers	602,445,854	508,823,190	18.4%
Other operating revenues	4,057,881	4,093,568	-0.9%
Operating Income	**606,503,735**	**512,916,758**	**18.2%**
Operating expenses	**(519,959,296)**	**(445,403,404)**	**16.7%**
Operating Profit	**86,544,439**	**67,513,354**	**28.2%**
EBITDA	**136,307,751**	**113,995,644**	**19.6%**
Finance cost	(15,662,799)	(13,773,288)	13.7%
Other financial expenses	(5,976,928)	(5,565,399)	7.4%
Finance income - interest revenue	3,471,637	1,714,066	102.5%
Financial result	**(18,168,090)**	**(17,624,620)**	**3.1%**
Result Before Taxes	**68,376,349**	**49,888,734**	**37.1%**
Income tax expense	(11,427,455)	(8,046,454)	42.0%
Net Result	**56,948,894**	**41,842,280**	**36.1%**

Mihail Marcu,
Director General

Adrian Lungu,
Director Financiar

Declaration of management of MedLife SA

We confirm to the best of our knowledge that the Standalone Preliminary Financial Statements of MedLife SA for the 12-month period ended December 31, 2021, which were prepared in accordance with the applicable International Financial Reporting Standards, provide a true and fair view of the assets, liabilities, financial position, profit and loss account of the Company, and of the main events that took place during the 12-month period ended December 31, 2021 and their impact on the Standalone Preliminary Financial Statements of MedLife SA.

Mihail Marcu,	**Adrian Lungu,**
CEO	CFO