



Caring for
your health
is all we do.

Medicover's mission is to improve and sustain health and wellbeing. We do it by investing in long-term client relationships, improving access and quality of care, as well as by focusing on early diagnosis and preventive measures. Medicover's operations take place in two divisions: Diagnostic Services and Healthcare Services.

Caring for your health is all we do.

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2020 highlights

25 years of experience, 1995–2020:

- From Poland to a leading international company, present in more than 10 countries.
- From EUR <0.1m to EUR 997.8m in revenue.

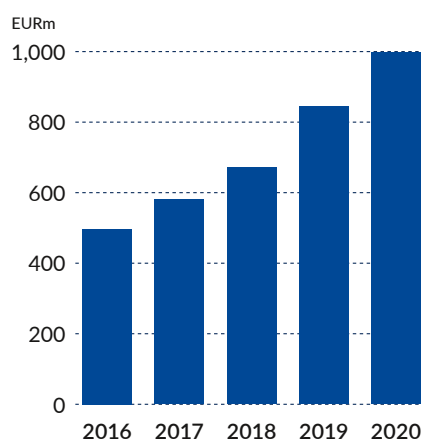
A challenging and uncertain year that was impacted both positively and negatively by Covid-19.

Completed a directed share issue raising SEK 1,500m.

New business opportunities arising from the pandemic.

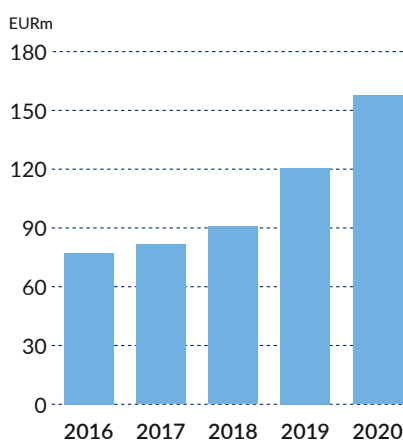
Revenue

997.8 EURm



EBITDA

157.5 EURm



Key figures

	2020	2019	2018	2017	2016
Revenue, EURm	997.8	844.4	671.6	580.2	497.3
EBITDA, EURm	157.5	120.7	90.7	81.5	77.2
Earnings per share, EUR	0.182	0.168	0.167	0.152	0.084
Revenue growth, %	18.2	25.7	15.8	16.7	19.7
EBITDA growth, %	30.6	33.0	11.3	5.6	22.5

Medicover in brief

Medicover is a specialised provider of diagnostic and healthcare services, focusing on markets mainly in Central and Eastern Europe and India. The company operates through two divisions – Diagnostic Services and Healthcare Services.

Diagnostic Services

Diagnostic Services – offers a broad range of laboratory testing in all major clinical pathology areas. The business is conducted through a network of 97 laboratories, 733 blood-drawing points (BDPs) and 26 clinics. Largest markets are Germany, Ukraine, Romania and Poland.

47%

Share of revenue

Healthcare Services

Healthcare Services – offers high-quality care based on an Integrated Healthcare Model. The basis for this is a network of 25 hospitals and 117 clinics and medical facilities. Largest markets are Poland, India and Romania.

53%

Share of revenue

32,387

Co-workers

104 million

Laboratory tests

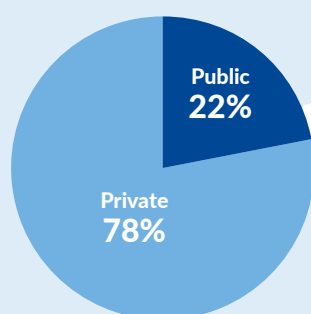
<1.4 million

Members

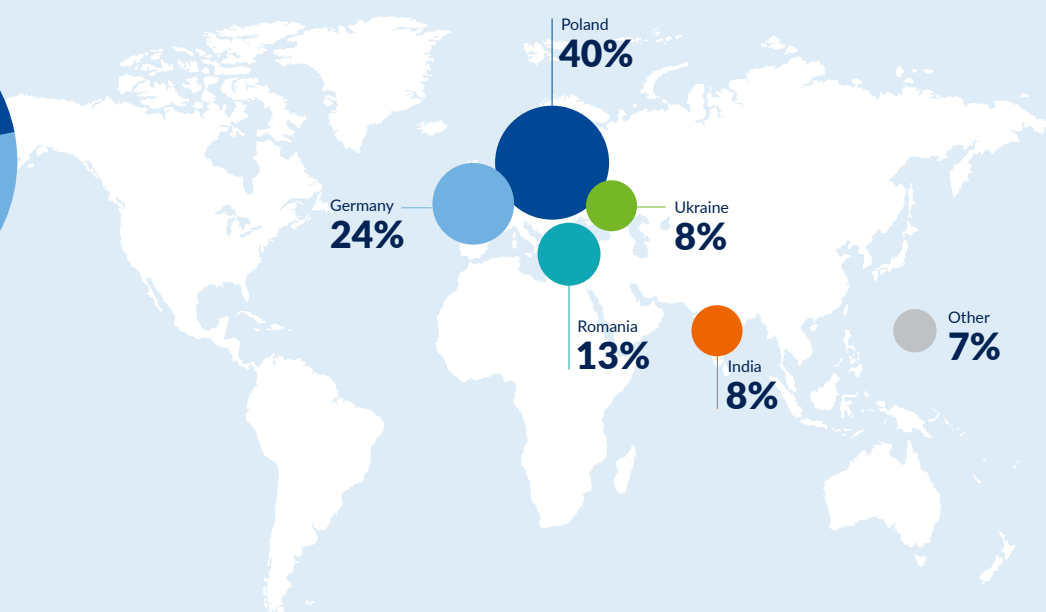
6.7 million

Medical visits

Revenue by payer



Revenue by country



Continued growth during a challenging year

As an international healthcare group, Medcover has been affected by the coronavirus pandemic in several ways. Our people have, in an outstanding way, made a difference to the health of our patients and contributed to high national Covid-19 testing capacity in the countries where we operate. At the same time, we have dealt with the challenges in our own operations and delivered strong growth in both revenue and earnings.

During the year, I have had many reasons to be impressed by Medcover's employees, who have tackled the challenges and uncertainty with an extraordinary degree of professionalism, dedication and care. Staff in the Healthcare Services division have made outstanding efforts to help people who have become ill with Covid-19, while simultaneously also worrying about themselves. In the Diagnostic Services division, staff have put in numerous long working days in response to the substantial need for Covid-19 testing in our markets.

Our main focus has been on the health and safety of our staff and their families, and our customers and patients. We acted early and decisively with measures that included adapted healthcare systems and the introduction of safety procedures to protect both staff and patients. This has enabled us to continue providing our patients with the best possible care in a safe way – whether for Covid-19 or other medical conditions. Medcover plays an important role in ensuring people receive the care they need in our countries of operation and we are proud to contribute in difficult times.

Continuing growth in revenue and earnings

I am pleased to be able to sum up another year of strong growth in revenue and earnings, particularly considering the challenges that dominated 2020. Revenue amounted to EUR 997.8m (EUR 844.4m) – growth of 18.2 per cent compared to 2019. Organic growth was 11.3 per cent. Net financial impact on revenue from Covid-19 is estimated to be in the range EUR -23m to -42m. Since the stock exchange listing in 2017, we have more than doubled our revenue, which corresponds to a compounded annual growth rate of 19.8 per cent.

EBITDA for 2020 increased by 30.6 per cent and amounted to EUR 157.5m (EUR 120.7m). The adjusted EBITDA margin increased to 16.4 per cent (14.8 per cent) having been positively affected by both our long-term efficiency work and increased cost-effectiveness.

Proof of the strength of Medcover's business model

This year has given us further proof of the strength of our business model. Medcover's diversification in terms of geographical

markets, revenue models and service offerings, combined with our strong brand, contributes to our high organic growth rate.

Diversification also contributes to balanced risk, which we have benefited from this year. The areas of the business that were most affected by government measures to reduce the spread of infection were elective outpatient care, including elective diagnostics, and wellness services. Some operations were temporarily closed and people postponed non-emergency care. Other areas of the business showed great resilience. One such example is continuing growth in our employer-paid care model, albeit somewhat subdued, which is evidence that Medcover's offering is attractive. The number of members increased by 4.1 per cent during the year and reached close to 1.4 million at the end of the year.

Rapid recovery

When the markets reopened early summer, all operations showed a more rapid and robust recovery than we had expected. The recovery also gained extra momentum from high demand for Covid-19-related services. In some of our diagnostic operations, we have operated at maximum capacity to manage the large volume of Covid-19 tests, which are important tools for countries around the world as they work to identify infected persons and control the spread. We have also seen a high level of activity in our hospitals, mainly in India, but also in Poland and Romania. In total, close to 7,100 patients have been treated for Covid-19 in our hospitals, with a large majority of them in our Indian hospitals.

It is important to point out that our underlying business is not yet back to pre-coronavirus levels. As the needs for Covid-19-related healthcare services eventually decline, we also look forward to our other operations making a full recovery.

Increased capacity in digital healthcare services

We have invested heavily over the years to be at the forefront of digital healthcare services with high standards of user experience and service level. This has been a decisive advantage during the pandemic this year, with temporary lockdowns and general recommendations on limiting contacts with other people.



One example is that we have helped customers with many of their requested services in a digital environment rather than a face-to-face meeting. The proportion of virtual healthcare in the integrated healthcare model in Poland increased fivefold during the year. In total, we had 1.4 million virtual visits in 2020 and we strengthened capacity by adding a further 3,100 doctors in our virtual care delivery.

Another example is that we have significantly reduced the average visit time for some of our network of blood-drawing points by enabling customers to book in advance and digitally choose which tests are to be performed and pay for everything. This gives customers increased peace of mind and reduces the risk of infection spread.

We have had a tremendous customer response to our digital services. More and more people have had the opportunity to experience the benefits of these services and we can see a change in customer behaviour – a development we expected but which accelerated during the year. Our hope and expectation is that demand for digital services will be higher than before, even after the coronavirus pandemic has subsided.

Data security – always a priority area for Medcover – received even more focus during the year due to the rapid digital development and increased GDPR requirements in recent years. An increasing number of hacker attacks and greater use of cloud-based storage services have been contributory factors in Medcover's expansion of its organisational resources in order to remain at the forefront.

Sustainability

I am proud of our sustainability report, which you will find included in this annual report. Our corporate mission – “to improve and sustain health and well being” is closely aligned to the United Nation's SDG no 3 – “Good health and well-being” which is our primary focus. Medcover is a signatory to the UN Global Compact since early this year. For more detail and examples of our work and how we relate to the SDG's, I invite you to read the sustainability report.

Continued growth focus

The basis of our entire business is to have healthy, satisfied and loyal customers. We work actively on preventive measures in both our divisions to ensure that people have good basic health and that diseases are identified early. In the wake of the ongoing pandemic, we see society increasingly recognising the importance of this, which is positive for our entire industry.

We maintain our strong growth focus. Underlying growth in our markets is good and the aim is to continue to show faster organic growth than the market through our diversified business model. We have a strong balance sheet, which enables us to continue to supplement organic growth with selected acquisitions.

Financial targets stand firm

At the time of writing, we have been living with the coronavirus pandemic for a year and will continue to do so for some time to come. It therefore remains our top priority to care for and protect our employees and our customers. Medcover's good results during these challenging times are the result of teamwork. During the year, our employees made exceptional efforts to provide the best care to our many customers. I would like to express a sincere thank you for your professionalism and dedication.

Our financial targets for the period 2020–2022 remain unchanged. We offer high-quality services that are important to many people in the markets where we operate, which was clearly shown in the rapid recovery during autumn. This gives us confidence as we face the future and continue our efforts to develop Medcover at a fast pace, despite lingering uncertainties about how the coronavirus pandemic will shape the road ahead.

Stockholm, March 2021

Fredrik Rågmark
CEO

How Covid-19 affected Medcover

The spread of the coronavirus has brought unprecedented challenges for people, companies and societies across the globe. Throughout the crisis, Medcover's staff have continued to provide customers and patients with the best care and support, despite at the same time being concerned for themselves and their families.

The coronavirus pandemic has impacted Medcover in several ways during the year, including through government-imposed measures such as lockdown restrictions in the various markets. These have varied across markets but have generally meant that the demand for elective, non-emergency, care decreased, primarily affecting the specialty-care/Fee-For-Service (FFS) part of the business. In many of the markets gyms and fertility clinics could not remain open during the lockdowns. In the Diagnostics business, the demand for traditional diagnostic tests decreased as people postponed their visits to doctors and as access to blood-drawing points was restricted due to the lockdowns. This was partly compensated for by a surge in demand for Covid-19 tests. The least affected market was Germany, the Integrated Healthcare Model, emergency and maternity care have also been stable through the pandemic. As restrictions have gradually been relaxed, Medcover has seen a robust recovery in almost all its areas of operation in the second half of the year.

Protecting staff, customers and patients

Medcover's first priority when the pandemic arrived in February 2020 was to protect all employees while also continuing to

provide healthcare services to customers, not least to patients in need. In such challenging times, there were numerous examples of heroic efforts by Medcover's staff across the various markets. These ranged from recurring extra shifts by personnel in the Diagnostic Services operations in order to process the high number of Covid-19 tests, to the front-line personnel in the Healthcare Services operations who, with calm and compassion, continued to tend patients, including diagnosis and care of Covid-19 patients.

Medcover acted early by introducing forceful measures to protect both employees and patients within its operations:

1. When the spread of the virus took off in China early in the year, preparations were made for a scenario with a rapid spread of infection in Medcover's markets as well. A plan for reorganising processes and introducing safety routines in Medcover's care systems was prepared. When infection rates started to increase in Europe, Medcover was able to adjust quickly and ensure that patients were treated according to the new safety regime, protecting both staff and patients.



Caring for Covid-19 patients in India

In early autumn of 2020, the number of confirmed Covid-19 cases surged in India, making it one of the countries hardest hit by the pandemic. As the need in the country for Covid-19 treatment increased, Medcover responded by rapidly shifting focus and expanding its capacity to help patients who became ill from the virus. New care models and medical safety procedures were implemented to offer the best care possible

for patients as well as a safe environment for patients and staff alike.

During autumn, up to 630 hospital beds and over 3,000 staff in 10 hospitals were dedicated to Covid-19 patients. This amounts to approximately 25 per cent of the total number of hospital beds at Medcover Hospitals in India. At the end of the year, a total of approximately 7,100 Covid-19 patients had been treated in Medcover's hospitals.

2. Early on, Medcover secured delivery and access to protective equipment and other safety materials, thereby avoiding the lack of such equipment that later affected many markets.
3. For several years Medcover has invested in the development of state-of-the-art digital healthcare services. Thanks to robust technology, the company was able to scale up these services significantly during the pandemic, offering patients the possibility to access healthcare services on digital platforms. Limiting the number of people visiting the physical facilities helped to protect staff and to reduce infection spread.

Supporting customers, patients and society in difficult times

From the start of the pandemic Medcover was strongly committed to continue supporting its members, patients and customers. The overwhelming majority of the Company's clinics, hospitals and blood-drawing points have remained open throughout the year.

By significantly expanding capacity in its online services, Medcover was able to meet patients' needs for doctor consultations and other services in a time of restrictions. In 2020 alone, Medcover equipped an additional 3,100 doctors with tools for virtual care (which included ensuring data security), and performed 1.4 million online consultations. Patients' feedback on Medcover's online services has been fantastic, which is reflected in a Net Promoter Score of 40 for these services.

Medcover's hospitals in India, Poland and Romania have played a part in these countries' response to the Covid-19 pandemic. In India a total of 630 hospital beds, including intensive-care units, have been dedicated to the care of Covid-19 patients in 2020. This amounts to approximately 25 per cent of the total number of hospital beds at Medcover Hospitals in India. In Poland and Romania, approximately 80 hospital beds have been dedicated to the care of Covid-19 patients.

Covid-19 testing has been an important tool in the world-wide response to the pandemic by identifying cases, tracing infection and preventing further spreading. In 2020, the Diagnostic Services division upgraded its operations, including a continuous scale-up of capacity, to help meet the increased need for Covid-19 testing in both public and private healthcare. In Poland and Romania, Medcover's contribution has been particularly large, helping these countries to maintain a high level of testing. The company performed a total of 1.9 million Covid-19 and antigen tests in 2020. New business opportunities have emerged through the pandemic, for example, safe travel has been made possible with the help of Covid-19 testing.



Testing travellers at Munich Airport

Business and leisure travellers now have access to fast and highly digitised Covid-19 testing at Munich Airport. Using RT-PCR (reverse-transcription polymerase chain reaction) testing, the new Test & Fly center helps travellers to avoid a mandatory quarantine upon reaching their destination as is currently enforced by many countries if the traveller cannot provide a medical report confirming no signs of a Covid-19 infection.

The service is adapted to the digital age, with booking, payments and delivery of results made exclusively by phone. Upon arrival in the main building (Terminal 2) an identity check is performed, followed by sample collection via a painless throat swab. Within 3–6 hours, a push message is sent to the traveller's mobile phone announcing that the results are ready. The full medical report is also sent as a file via email to facilitate entry to the country.

The test centre is set up by the medical laboratory MVZ Martinsried, owned by Medcover, supported by Flughafen München, Flughafen München Medizinisches Zentrum, Mikrogen Diagnostik and GNA BioSolutions.

Financial impact from Covid-19

The following figures are estimates of the net impact of Covid-19 on revenue and estimated EBITDA contribution (the negative impact on EBITDA due to Covid-19 is not included):

Revenue

Total: EUR -23 to -42m revenue

Diagnostic Services: EUR 11 to 19m

Healthcare Services: EUR -42 to -53m

EBITDA

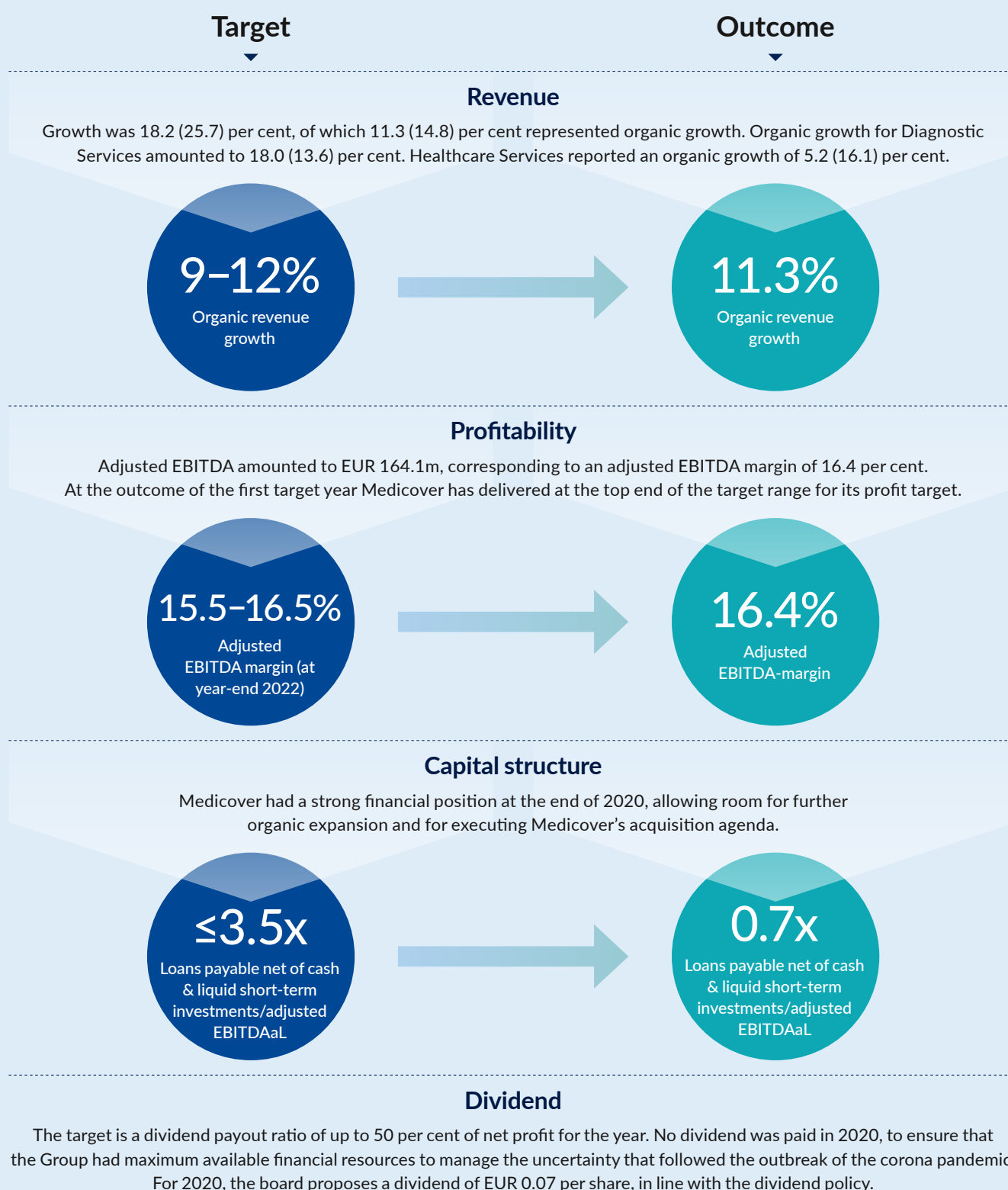
Total: EUR 30.1m EBITDA, corresponding to 31.8 per cent margin

Diagnostic Services: EUR 21.2m, corresponding to 32.1 per cent margin

Healthcare Services: EUR 8.9m, corresponding to 31.3 per cent margin

On track towards medium-term targets

In 2020, Medcover set new medium-term targets (2020–2022) confirming the continued expectation to maintain robust organic revenue growth alongside ongoing margin expansion, with a maintained strong balance sheet.





Medicover Tech – A central role of in-house developed systems

“Technology is at the core of our business and we aim to be at the forefront in software development and e-commerce driving growth for the group.

As an internal software service provider, the team known as SDCC (Software Development Competency Centre) has been supporting Healthcare Services and Diagnostic Services for more than 10 years. Rebranding into Medicover Tech, we now move into a new stage to develop in-house solutions to support medical operations, e-commerce and internal communications.

More than 140 specialists across our geographies employ the latest technology and tools, aligned with the highly dynamic software environment. They are located in hubs in Poland, Romania, Ukraine, and India covering a diverse area of expertise, developers, analysts, Quality Assurance testers, Program Managers, system consultants and software related experts.

Medicover is following and operating under best practice standards with extensive testing and quality control procedures to develop its own software solutions. Proprietary information systems support healthcare service provision whilst ensuring optimal patient care, clinical service quality and efficiency, helping the teams to manage patient interactions, records, and processes.”

Darek Wałachowski, IS&T Director, Healthcare Services

Sustaining customers' health and wellbeing

Medicover's mission is to improve and sustain health and wellbeing. The aim is to take care of patients' health in the right place, at the right time, with the right outcome, and in the most effective way.

Medicover is a specialised provider of diagnostic and healthcare services and with a focus on health and wellbeing, which are split between two divisions:

Diagnostic Services

Diagnostic Services division offers a broad range of laboratory tests in all major clinical pathology areas, ranging from routine to advanced tests and from prevention to monitoring of treatments. The business is conducted through a network of 97 laboratories, 733 blood-drawing points and 26 clinics.

66 per cent of revenue comes from private payments from patients. The remaining 34 per cent of revenue is generated from publicly funded sources.

Healthcare Services

Healthcare Services division offers high-quality care based on its Integrated Healthcare Model and a broad offering of specialty-care services in areas such as health and wellness. Services are offered in 117 medical clinics, 20 fertility clinics, 52 dental clinics, 25 hospitals and 25 gyms.

44 per cent of revenue is generated through Medicover's Integrated Healthcare Model – a prepaid healthcare package purchased primarily by employers as an employee benefit, and also by individuals. Another 46 per cent of revenue comes from the Fee-For-Service (FFS) model, where customers pay for healthcare services as they use them. The final 10 per cent stems from publicly funded sources.



Two divisions ...

Diagnostic Services

Healthcare Services

... providing high-quality healthcare services ...

Laboratory tests in all major clinical pathology areas

Primary care
Specialist care
Hospital care

... to a strong and growing revenue base ...

66% Privately paid

34% Publicly funded

44% Funded through Integrated Healthcare Model

46% Fee-For-Service (FFS)

10% Publicly funded

... in attractive markets with long-term structural growth drivers ...

Germany
Ukraine
Romania
Poland
Others

Poland
India
Romania
Others

... creating long-term value for:

Customers

- Deliver the highest standards of healthcare based on patients' needs.
- Provide high access to care through continuous capacity building and digitalisation.

Employees

- Engaging experience with an evolving company.
- Excellent learning and development opportunities.
- Community engagement through Medcover Foundation.

Shareholders

- Deliver financial value through stable profitable growth.

Society

- Contribute in meeting society's increased need for healthcare.
- Constitute an important part of the total healthcare solution in the markets where the company is present.
- Promote health and well-being in society through the Medcover Foundation.

Continued growth through premium quality and diversification

Medicover has a history of strong growth, with average annual revenue growth during the past ten years of 15.8 per cent. At the base of Medicover’s growth journey is access to high-quality health-care services when and where customers require these. Growth opportunities are further enhanced by a strategy of diversification in terms of markets, revenue streams and healthcare-service offerings.

Access to high-quality healthcare

Ensuring easy access to high-quality healthcare services when and where customers require them forms the core of Medicover’s operations. This strengthens Medicover’s relationships with clients, ensures loyalty, and drives organic growth in the company’s main markets in Central and Eastern Europe, Germany and India.

Customer surveys demonstrate high satisfaction, in general well above 97 per cent, and a willingness to recommend Medicover, which is reflected in a high Net Promoter Score. These are fundamental success factors for the Company as it competes for customers in a private-payment environment. Medicover is continuously investing in further improving the customer experience, with a strong focus on the patients’ journey together with Medicover at all stages of life.

Presence in attractive markets

Overall, geographical diversification reduces Medicover’s exposure to market factors and dependency on individual markets. Furthermore, most markets where Medicover operates show substantial growth. See ‘Market characteristics that enable Medicover’s growth’ on the next page.

Multiple revenue streams

Medicover combines three sources of funding: public funding, corporate/employer funding through the prepaid Integrated Healthcare Model, and Fee-For-Service (FFS) from individuals. Multiple payers mean diverse revenue profiles, which greatly benefits Medicover. Public and corporate payers provide volume and stable revenue over time, while individual customers bring solid, but less predictable, revenue at higher margins. By targeting different payers, Medicover gains access to a larger share of the healthcare market in its countries of operation, while at the same time benefiting from risk diversification. During the coronavirus pandemic this diversification was beneficial for Medicover as public and corporate funding were less affected than private payments directly from consumers.

Broad range of healthcare services

Medicover offers a broad range of healthcare services through its two divisions. Diagnostic Services division offers laboratory testing in all major clinical pathology areas, ranging from routine to advanced tests. A correct diagnosis is a prerequisite for good healthcare provision and modern treatment methods. At least 70 per cent of all medical decisions are today dependent on

Medicover’s strengths provide a solid foundation for the continued development



diagnostic testing. Diagnostic services are therefore a stable component of healthcare spending.

Through its extensive network of healthcare centres, hospitals and third-party health providers, the Healthcare Services division's offering ranges from preventive and primary care to specialist outpatient care and hospital care. Medcover also offers expanded services of specialty care in specific areas like dental care, orthopaedics, health and wellness and the diagnosis and treatment of infertility.

By providing customers with services in many areas of care and at all stages of life, long customer relationships are created, benefiting both the customer and Medcover.

Strong M&A execution

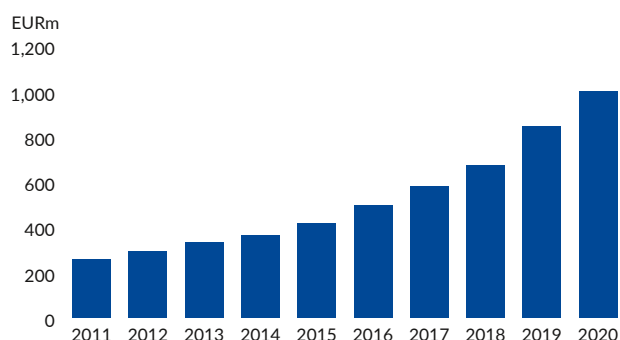
Acquisitions are an important add-on component of Medcover's growth strategy. Acquisitions have typically been made to expand the footprint in existing markets and to develop into new segments of specialty care. Other acquisitions have been targeted towards entering and developing new countries with high long-term growth potential, for example India. Medcover has robust internal capabilities in all areas of M&A – from maintaining a strong pipeline of opportunities to execution of transactions.

Operational efficiency

Medcover's three main keys to margin expansion are optimal utilisation of existing infrastructure and capacity; network efficiency, and cost management. Optimal use of the company's infrastructure includes all resources, most importantly to ensure that doctors spend as much time as possible supporting the patients in Healthcare Services. Diagnostic Services improves its efficiency by concentrating a large volume of tests in highly specialised units. Digitalisation plays a major role in containing costs. For instance, Diagnostic Services can successfully process a growing number of tests and Healthcare Services can develop its ways of interacting with patients.

Long-term growth track-record

Revenue



Market characteristics that enable Medcover's growth

1. Strong underlying growth in healthcare spending

All countries where Medcover is present, except Germany, have lower healthcare expenditure than the EU-27 average. On average, 10 per cent of GDP was spent on healthcare in the EU-27 in 2018, compared to just 6 per cent in Poland and Romania, two of Medcover's largest markets.

As economies mature and GDP increases, a greater proportion of GDP is normally devoted to healthcare as these services become affordable to more people. This results in higher growth rates for healthcare spending in these countries. In the five-year period 2014–2018, healthcare spending per capita in Poland increased by 23 per cent and in Romania by 54 per cent. The equivalent figure for the EU-27 was 12 per cent¹⁾.

2. The strongest growth is in private healthcare

In most markets where Medcover operates there is some entitlement to universal healthcare. However, as public health expenditure in relation to GDP is significantly lower in these markets than the average for most developed countries and growth in public healthcare spending is limited by budgetary restrictions private funding is a vital way to fill the gap between supply and demand.

This means that market growth is stronger in private funding healthcare than in public funding healthcare. In Poland, for example, the private healthcare market represents approximately one third of the total market and has grown at annual rates of between 7 and 10 per cent in the last five years²⁾, while the prepaid employer healthcare segment (subscription market) has achieved double-digit annual growth rates in the last five years.²⁾

3. Continued opportunities to outperform market growth

Medcover's strong brand name, premium quality and focus on further expanding its service offering are differentiators that enable Medcover to strengthen its market position in the competitive private healthcare market. It is Medcover's aim to grow faster than the markets where it operates, which is apparent in the Company's historical growth rates.

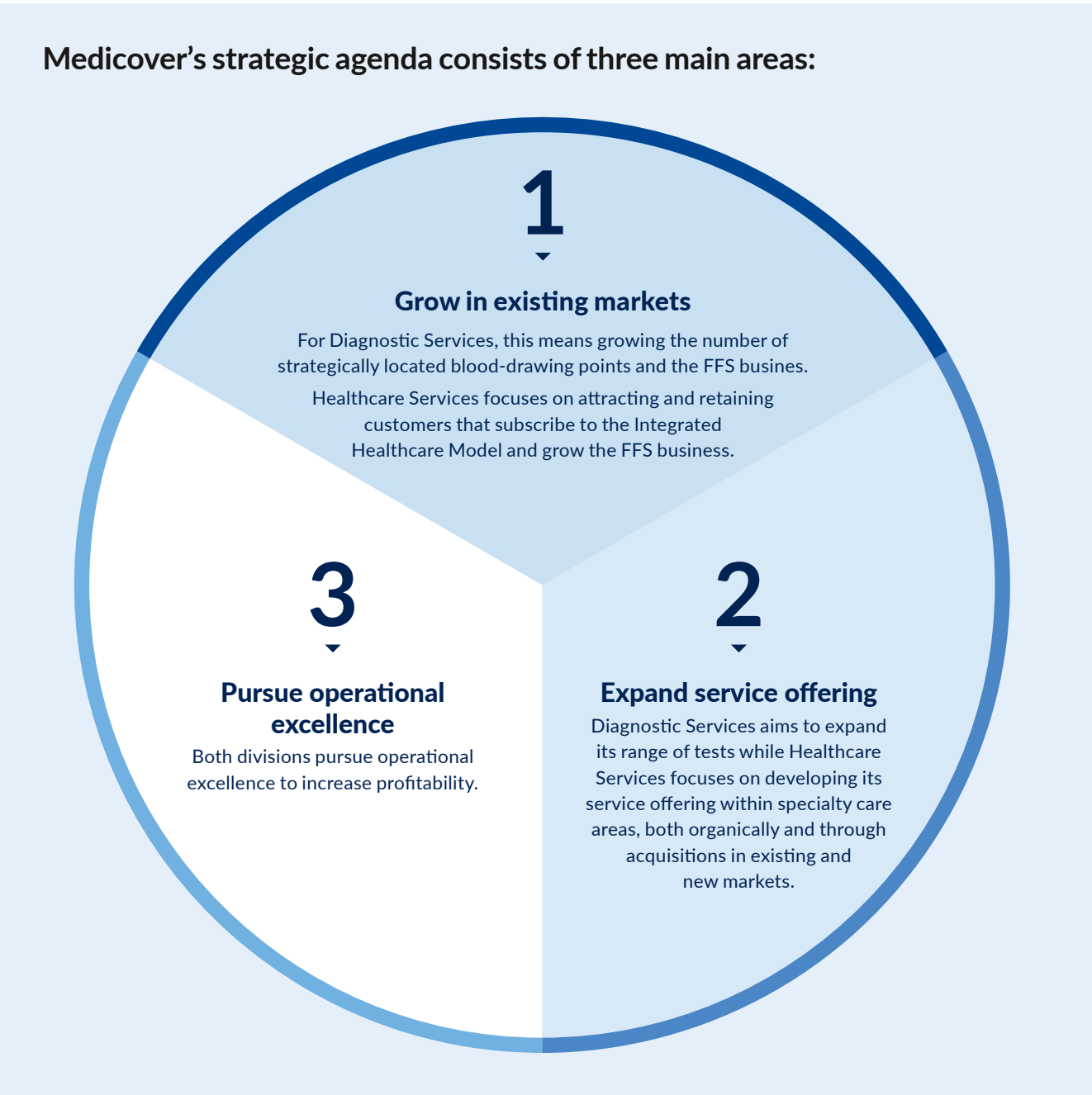
In Poland, for example, Medcover's market share of employer-funded healthcare is approximately 18 per cent. Within fee-for-service healthcare, a market valued at approximately EUR 6 billion in Poland, Medcover's market share is around 3 per cent. In other words, there are significant opportunities to continue to grow the business above market growth rates.

¹⁾ Source of data: Eurostat.

²⁾ Source of data: PMR – Private Healthcare market in Poland.

Strategy for continued profitable growth

Medicover is dedicated to profitable growth. To continue to be successful, the company’s activities are based on a long-term strategic agenda. Implementation of this agenda is adapted to the two divisions since the businesses, scope and activities are specific.



Diagnostic Services

1 Grow in existing markets

Regardless of the market and the payer model, diagnostic tests are mostly performed on the recommendation of a physician. Consequently, it is crucial for Medcover to have close relations with doctors responsible for referring patients. Doctors are widely spread in most countries where Medcover operates. Therefore, geographical coverage through an expanding network of strategically located blood-drawing points (BDPs) is critical to growing the business. In addition to growing the BDP network, Medcover invests in new laboratory capacity to manage an expanding number of tests as well as growing the clinician referral network and number of referral doctors. At present, Medcover has a total of 97 laboratories (including central laboratories), 733 BDPs, 26 clinics and 37,800 referral doctors in ten countries.

2 Expand service offering

Medcover's diagnostic services range from routine to advanced tests across all major clinical pathology areas. New and more complex in-vitro diagnostic (IVD) tests are continually being developed, and this is an important driver of growth and profit. Examples include genetics, histopathology, immunology, allergology and molecular diagnostics. These tests are significantly more costly, and provide a growing proportion of revenue for Diagnostic Services. Advanced tests represent 42 per cent of revenue and only 6 per cent of volume.

Besides offering a complete range of routine tests, which is a prerequisite for being a preferred partner to physicians, Medcover is making further dedicated inroads into the advanced-test area. This is done both by expanding existing capacity and expertise and by acquiring advanced laboratories to add new application competences. To take advantage of the rapid development in diagnostic testing, it is also critical to keep informing and educating clinicians about the uses and advantages of new tests. Significant efforts are put into keeping clinicians up to date through personal visits and seminars. In 2020 more than 54,000 hours was spent on education.

3 Pursue operational excellence

Medcover takes advantage of the economies of scale resulting from being a major diagnostics provider. With a large volume of tests, there are significant opportunities for centralisation and automation. Medcover works in a hub-and-spoke model where large test volume is collected in central and regional labs. This way of working is supported by a proprietary laboratory information system in ten countries which achieves optimal laboratory process efficiency, interlab referrals and distributed analysis, as well as results reporting and post-analytical customer service. Medcover also seeks scale effects and better purchasing terms by centralising procurement of materials and consumables, called reagents. These are the main cost components besides staff.



Healthcare Services

1 Grow in existing markets

In Poland, Romania and Hungary (only insurance), Medcover Healthcare Services has built a strong business based on the employer-funded Integrated Healthcare Model. Employers are increasingly willing to invest in employee health, not least as a tool for attracting and keeping talent. Medcover's solid reputation and client loyalty are the obvious springboard for further organic growth. Medcover maintains premium quality through continuous improvements and by attracting the best medical practitioners. Improving customers' access to services is equally crucial. Healthcare Services has made significant investments in digitalisation to develop new ways of meeting, diagnosing and treating patients. In 2020, organic growth of the Integrated Healthcare Model was 7.9 per cent and the total membership base increased by 4.1 per cent. Medcover enjoys a high retention of corporate clients – 97 per cent in 2020.

Medcover also works continuously with growing its FFS business in existing markets, for example has the dental network grown with 11 clinics in Poland, a combination of new openings and acquisitions. Medcover Sport (ex OK System) grew with the acquisition of Fitness World consisting of 19 gyms in Poland. Medcover Hospitals India (MHI) has grown with 5 new hospitals in 2020.

2 Expand service offering

Medcover continues to expand its specialty-care offering based on the Fee-For-Service (FFS) model, where individuals can gain access to services at any time by purchasing these individually. The specialty-care/FFS offering includes hospital care, dental care, orthopaedics, infertility diagnosis and treatment, wellness and fitness membership business. Revenue from the FFS model has increased in 2020 to EUR 245.7m, strongly supported by the consolidation of Medcover Hospitals India.

Medcover expands the specialty-care offering in both existing and new markets organically and by acquisitions. By expanding in existing markets, Medcover can reach new customers as well as users of the Integrated Healthcare Model. These customers too can pay a fee to purchase individual services that are not included in standard plans. The benefit is obvious: customers can turn to a single healthcare provider and get the quality customers are used to. For Medcover, this means stronger and longer customer relationships, which in the end spells growth.

The decision to enter new areas or markets is based on market characteristics and the ability to offer high-quality services. The investments in India in Medcover Fertility and Medcover Hospitals are examples of this strategy.

3 Pursue operational excellence

Costs related to medical staff and facilities are the main cost items in the Healthcare Services division. Consequently, an essential element of increasing productivity, as well as quality, is to ensure that medical staff devote time to direct patient interaction rather than administration. Furthermore, proprietary information systems support healthcare service provision whilst ensuring optimal patient care, clinical service quality and efficiency. Medcover owns some of its facilities, primarily highly specialised facilities such as hospitals, while others are leased on long-term contracts. Medcover has a good reputation with real-estate developers and landlords, which makes it possible to influence the initial design and to secure competitive rent. This greatly reduces expensive later adaptations and increases the productive use of space and supports efficient business flows for Medcover.





Voluntary work in Medicover

The Medicover Foundation provides a channel for Medicover's staff to contribute their time and expertise to benefit those in need. In 2020 more than 1,000 employees in Poland and Romania were involved in 58 different charitable projects. For example Medicover staff support the Intervention Preadoption Centre in Otwock and the Third Millennium Nursing and Care Association in Częstochowa, Poland. These two centres take care of newborns and infants who cannot be looked after by their parents, until they can be returned to their parents or found other permanent homes.

Diagnostic Services in Poland has made it possible for children to have access to free diagnostics and so enabled rapid access to treatment. Volunteers from the Medicover Foundation and its partners completed a major refurbishment of the Otwock center and refreshed many rooms at the Częstochowa center. This gave the staff taking care of these children new possibilities for their treatment and rehabilitation, and the children gained a friendly and functional space for play and development. Employee volunteers also regularly visit both centres to help out.

The Medicover Band has played charity concerts and arranged collections with the proceeds going directly to these children and their guardians.

In 2020 Medicover planned further renovations at these centres which had to be postponed because of the coronavirus pandemic. Instead Medicover provided support with protective equipment, such as visors, masks and disinfectants, which were scarce, especially at the beginning of the pandemic. Additionally, Medicover has organised Covid-19 testing for all employees and residents of the Otwock facility.

Present in attractive markets

Medicover's primary markets for both diagnostic services and healthcare services are in Central and Eastern Europe, Germany and in India. The largest markets are Poland, Germany, Romania, India and Ukraine. Medicover also has operations in a number of smaller markets.

Since 1989, healthcare reforms have been implemented in all countries of Central and Eastern Europe. Despite the reforms there is still a under supply of well-developed state-funded healthcare offering high-quality health and patient services in many of the countries. The economies of these countries have grown and the expectations of local citizens for healthcare quality and choice have increased. These factors have been the main driver of growth in privately funded healthcare. Private healthcare is quite well developed in most of the markets where Medicover is present and it functions as an effective and valued complement to publicly funded care. In 2020, all markets and economies were affected as a result of the pandemic and government restrictions. GDP growth in EU is expected to contract by 6.4 per cent in 2020 and anticipated to recover in 2021 and 2022. Medicover's main markets are expected to recover faster than EU average.

There are a number of different payment models for privately funded healthcare which depend on the relationship between the sum paid and the services provided:

Fee-For-Service (FFS)

In the FFS model the patient or other payer pays an amount for each specific service provided – normally at the same time or shortly after the service is provided. This is a common payment model in many markets.

Funded payment

In a funded model the individual, company or other payer pays an amount in advance (in effect a subscription or an insurance premium) in return for the right to receive healthcare services within a given scope of services. There is no direct link between the amount paid and the services subsequently provided.

Medicover offers both of these private payment models. In 2020 about 78 per cent of its revenue came from private payment. In the Diagnostic Services division, private payment represented a 66 per cent share of revenue in 2020, compared with a share of 90 per cent in the Healthcare Services division. Dependence on public funding is therefore relatively low.

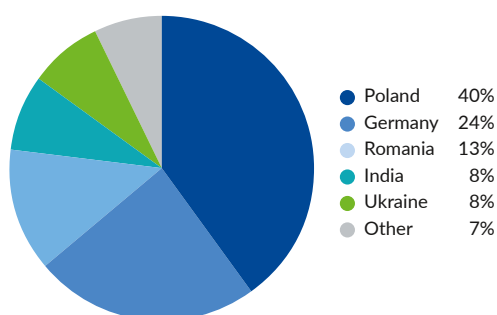
Key drivers

As economies mature and GDP per capita increases, a greater proportion of GDP is devoted to healthcare. Since public spending generally grows in line with GDP, this usually means that private spending on healthcare grows faster, and the demand for private healthcare and diagnostic services has indeed increased further. Medicover has been well positioned to take advantage of these growth opportunities in its key markets.

The main drivers for this change – which are expected to continue to increase the demand – are:

- Changing demographics driving growth in healthcare. An ageing population leads to increased demand for diagnostic and healthcare services.
- Increased number of people with chronic conditions and lifestyle influenced diseases such as diabetes, hypertension, cancer, etc.
- Growing economies with low unemployment rates.
- An increasing role for privately paid or funded and privately provided care.
- Increasing health awareness and healthy living with focus on prevention.
- Rapid development in health technology.
- Growing automation and digitalisation of health related services.

Revenue by country



Key markets

Poland

Both divisions are present on the Polish market. Poland is the largest market, for Healthcare Services representing 67 per cent of the division's revenue and a major market for Diagnostic Services representing 10 per cent of division's revenue, representing 40 per cent of the Group's total revenue.

Medicover grew 4 per cent and the private healthcare market in Poland was expected to decrease 18¹⁾ per cent in 2020 due to the coronavirus pandemic. Medicover's compounded annual growth rate in Poland for the last five years is 15.4 per cent.

The public healthcare system which is funded by taxes, social healthcare insurance and contributions is governed by the National Health Fund (Narodowy Fundusz Zdrowia, NFZ). Selected additional services (e.g. for example advanced cancer treatment and rare-diseases care) are centrally funded by the State budget and governed by the Ministry of Health (MZ).

The private healthcare services sector is split into a Fee-For-Service segment and a funded segment. Both segments are growing as a result of Poland's strong economic development and low unemployment rates. 2020 has been a year of exception where the market has decreased. Between 2020 and 2025 it is estimated that the total Polish private healthcare market will grow at a compounded annual rate of 5.5¹⁾ per cent. The FFS market is expected to grow faster than the total market, at a compounded annual rate of 5.9¹⁾ per cent. The Fee-For-Service market is five times larger than the funded market. Dental care generates the largest portion of FFS spending. The dental market is very fragmented and the level of consolidation is estimated to 3 per cent. The diagnostics market is growing at a compounded annual rate of 7.6 per cent and is estimated to continue to grow by 8 per cent a year.



Population:	38 million
GDP per capita ²⁾ :	15,692.5
GDP growth 2019, annual %:	4.6%
Healthcare spending per capita ²⁾ :	978.74
Unemployment rate, %:	3.2%

Main competitors:

Diagnostic Services:
Diagnostyka, ALAB

Healthcare Services:
LuxMed, Enel-Med, PZU

¹⁾ PMR – Private healthcare market in Poland 2020.

²⁾ USD, The World Bank 2019 data.

Germany

Medicover operates primarily in the north-eastern part of Germany and Bavaria (Munich-Metropolitan area) with its laboratories and throughout Germany with its network of clinics. Germany has the largest population and the largest economy in the EU. The German economy has been growing at low single-digit percentage rates for the last few years however in 2020 GDP growth is expected to drop 6.0 per cent and return to growth again in 2021. Germany's labour market has developed strongly in recent years with declining unemployment, but as a result of the pandemic, unemployment has increased in 2020. Medicover has an annual compounded growth rate of 18.7 per cent for the last five years.

The German healthcare system is a self-regulated system, with statutory health insurance (SHI) companies (which amounted to 105 in 2019) covering approximately 90 per cent of the population, and private health insurance (PHI) covering approximately 10 per cent of the population. The German health expenditures amounted to EUR 390.6bn in 2019, representing 11.7 per cent of GDP.

Price and scale of reimbursement for healthcare and diagnostic services are regulated by the State for patients insured under SHI, and by regional associations for patients insured under PHI. In the in-patient sector, private laboratories invoice hospitals for testing-services under contracts based on freely negotiated prices; these normally include flat rates or fees per test based on a 'percentage of applicable fee' scale set for example by the regional health authority (Kassenärztliche Vereinigungen, KV).



Population:	83 million
GDP per capita ²⁾ :	46,445.2
GDP growth 2019, annual %:	0.3%
Healthcare spending per capita ²⁾ :	5,472.20
Unemployment rate, %:	4.4%

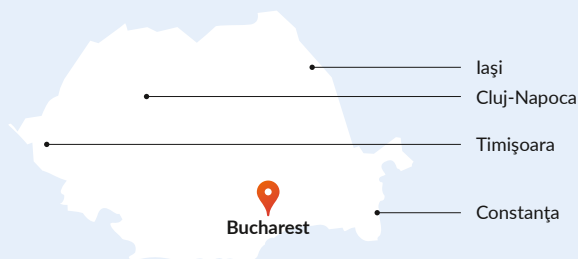
Main competitors:

Diagnostic Services:
Sonic Healthcare, Limbach Gruppe, Synlab, Amedes

Romania

Both divisions are present on the Romanian market. The Romanian health system is organised at two main levels: the national level responsible for the implementation of governmental health policy, and the district level responsible for ensuring service provision according to the rules set centrally. Because the public healthcare system is below the EU average standard and its quality is often not meeting public expectations, the private sector has developed well in conjunction with the strong economic development in the country. The private healthcare market has grown on average 8–9 per cent the last five years and Medcover's compounded annual growth rate in Romania for the last five year is 20.0 per cent. The private healthcare market in Romania is expected to have negative growth in 2020 due to the pandemic but is forecasted to return to growth in 2021.

Romania has the sixth-largest population in the EU (19.4 million), and it has the eleventh largest economy in terms of PPP (Purchasing Power Parity). Between 2015–2019 the average annual GDP growth rate was 4.8 per cent. The spread of the coronavirus pandemic contracted Romanian economic growth, with a negative rate of GDP growth 5.2 per cent for 2020. The unemployment rate has increased from 3.9 per cent in 2019 to 5.0 per cent in 2020, and is forecasted to decline in 2021.



Population:	19 million
GDP per capita ²⁾ :	12,919.5
GDP growth 2019, annual %:	4.8%
Healthcare spending per capita ²⁾ :	687.25
Unemployment rate, %:	5.0%

²⁾ USD, The World Bank 2019 data.

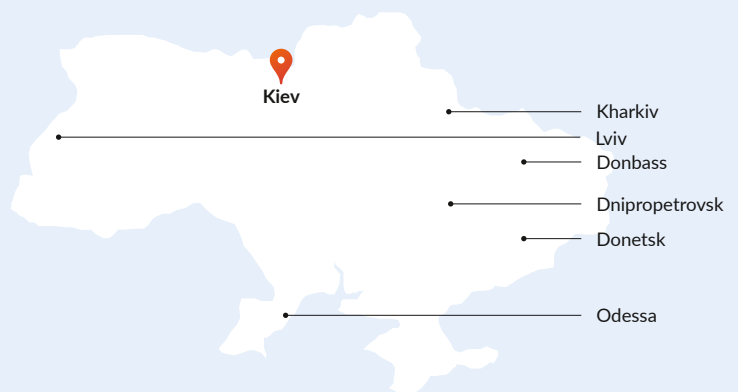
Main competitors:

For both Diagnostic Services and Healthcare Services:
Regina Maria, MedLife

Ukraine

Diagnostic Services has been present in the Ukrainian market since 2007, when a small start-up laboratory business was acquired, and Healthcare Services since 2013 when a fertility business was acquired. Diagnostic Services has a nation-wide network of blood-drawing points and is ranked as number one. Medcover's diagnostic network in Ukraine annually services more than two million individual customers which represents more than 10 per cent of the population in the geographic area covered, showing the widespread demand for our services. Healthcare Services is represented by its fertility business.

The Ukrainian constitution guarantees free medical treatment to all Ukrainian citizens and registered residents. In practice public healthcare funding is very limited and only basic services are covered. Consequently, costs for most healthcare services and pharmaceuticals have to be borne by patients themselves. The private sector in the Ukrainian health system is small in organisational terms and consists mostly of pharmacies, diagnostic facilities and private clinics which are funded by private payments. The total healthcare market has been growing at more than 20 per cent per annum. The private healthcare market was around USD 700m in 2019. Medcover's compounded annual growth rate in Ukraine for the last five years is 19.9 per cent.



Population:	42 million
GDP per capita ²⁾ :	3,659.0
GDP growth 2019, annual %:	3.8%
Healthcare spending per capita ²⁾ :	228.39
Unemployment rate, %:	8.9%

Main competitors:

Diagnostic Services:
Dila, Invitro, Smartlab
Healthcare Services:
BioTexCom Clinic, Mother & Child

India

Healthcare Services operates on the Indian market with its fertility clinics and Medcover Hospitals. The Company has 12 fertility clinics, mostly located in the Delhi area, and 16 hospitals in the states of Telangana, Andhra Pradesh, Bangalore and Maharashtra.

The Indian healthcare system is divided into two main sectors – public and private – and each state has its own healthcare delivery system. The public sector covers mainly basic healthcare, while the private sector provides the majority of more complex services, with a high concentration in the major cities. The Indian healthcare sector is growing at a rapid rate due to a rising population, rising income, better health awareness, lifestyle diseases and the development of previously less urbanised regions, resulting in more public spending and investments by private healthcare providers. The Indian healthcare market is mostly private pay with a high proportion of FFS. The hospital segment is particularly interesting, with private facilities holding a dominant position, supported by well-developed and growing hospital insurance products. Medical tourism has increased significantly in recent years. Outlay on medical care (public sector) has also increased over the past few years and now represents 1.4 per cent of GDP. The increasing proportion of wealthy people in the Indian population, together with the higher standard of medical care now expected, has expanded the opportunities for premium services.



Population:	1,381 million
GDP per capita ²⁾ :	2,099.6
GDP growth 2019, annual %:	3.1%
Healthcare spending per capita ²⁾ :	72.83
Unemployment rate, %:	5.4%

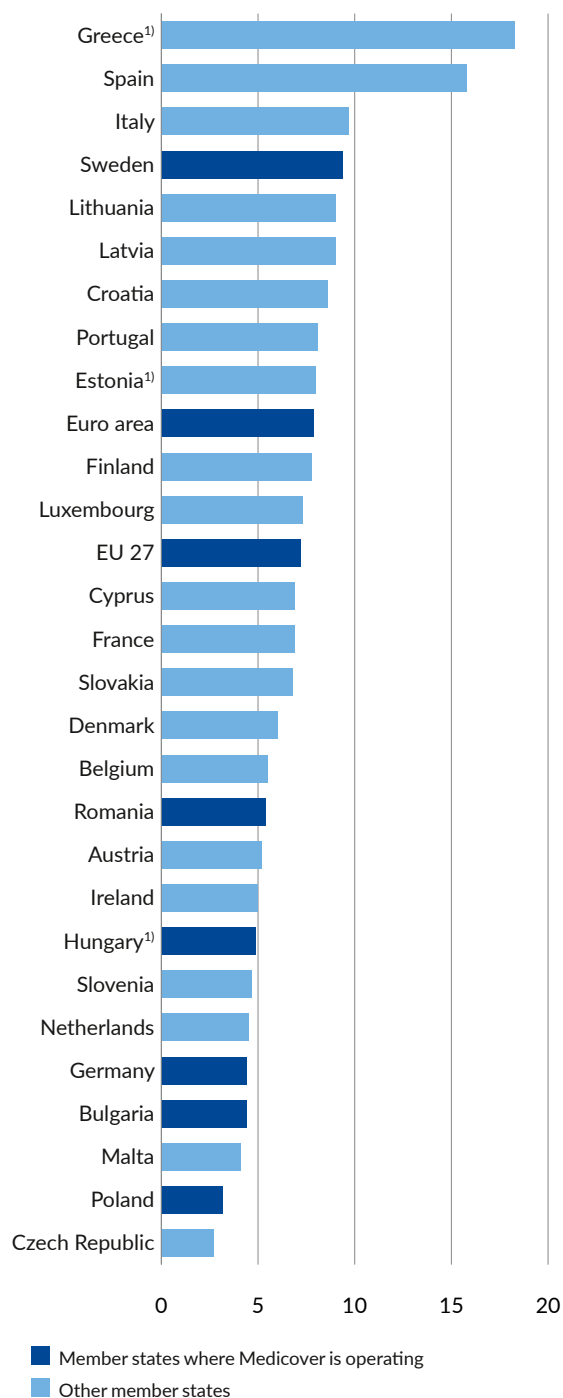
²⁾ USD, The World Bank 2019 data.

Main competitors:

Healthcare Services:
Apollo, Hospitals,
Fortis Healthcare,
Manipal Hospitals

Unemployment rate in EU countries July 2020

(seasonally adjusted), %



¹⁾ as of June 2020.

Source: Eurostat

Diagnostic Services

Diagnostic Services offers a wide portfolio of diagnostic laboratory services, including a comprehensive range of routine and advanced tests, across all major therapeutic areas. The key markets of the division are Germany, Ukraine, Romania and Poland. The division is also present in a number of smaller markets.

Today more than 70 per cent of all medical decisions are dependent on diagnostic testing. The increased knowledge of the complex origin of many diseases requires diagnostic experts from all areas to combine their expertise and work closely with clinical experts to achieve optimal treatment solutions for each patient. Diagnostic Services offers more than 8,000 parameters, which range from routine blood tests to highly advanced diagnostics and cover all major clinical pathology areas.

“Our business impacts millions of people around the world and it is our mission to deliver the highest level of healthcare in all the markets where we operate”.

Benedikt von Braunmühl, COO Diagnostic Services

In 2020 the division’s revenue amounted to EUR 473.4m and represented 47 per cent of total revenue. Close to 104 million tests were processed, a decrease of 2.7 per cent. A total of 1.9 million tests were related to Covid-19 testing. The division’s network consists of 97 clinical laboratories, 733 blood-drawing points (BDPs) and 26 clinics in ten markets.

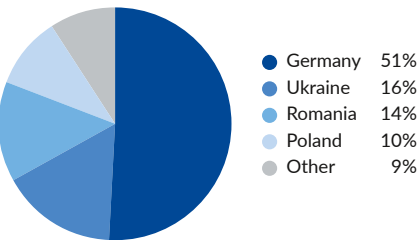
Leadership ambitions in genetic testing
Medicover’s efforts to become a market leader in genetics have continued, fuelled by our vision of placing genetics at the core of medical decisions. Medicover Genetics offers a complete in-house and tailor-made portfolio, spanning cytogenetic analyses, molecular pathology solutions and the latest in Next

Generation Sequencing (NGS) technology and microbiome sequencing. This allows Medicover to resolve large-scale structural variations currently missed by NGS. Patient support through genetic counselling is integral to each patient’s journey and crucial in explaining complex findings to physicians and patients alike. With more than 20 certified genetic counsellors across the markets counselling is provided locally.

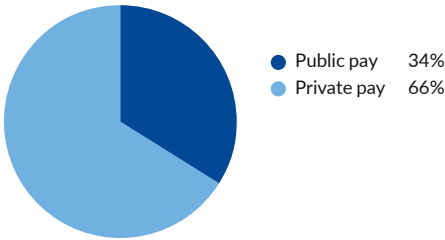
Medicover Integrated Clinical Services
Medicover Integrated Clinical Services (MICS) contributes to accelerating the development of innovative therapies and diagnostics, serving the needs of international life-science partners with 20 years’ worth of clinical and diagnostic expertise gathered in Germany and Central Eastern Europe. MICS focuses on clinical applications and clients from the areas of pharmaceuticals, diagnostics, biopharma and biotech as well as contract research organisations (CROs), biobanks and other players in this sector.

State-of-the-art equipment
Medicover regularly upgrades and invests in best-in-class laboratory equipment. During the past year the division invested heavily in capacity. Fully integrated automation systems from industry leaders Roche, Abbott, Beckman Coulter, Siemens and Sysmex are implemented in the high-throughput laboratory areas, each managing between 10,000 and 25,000 tests per day.
Advanced equipment in genetic testing includes a NovaSeq™ High Throughput Next Generation Sequencer from Illumina, a Hamilton-based automation solution for DNA extraction, and a robust bioinformatics solution.

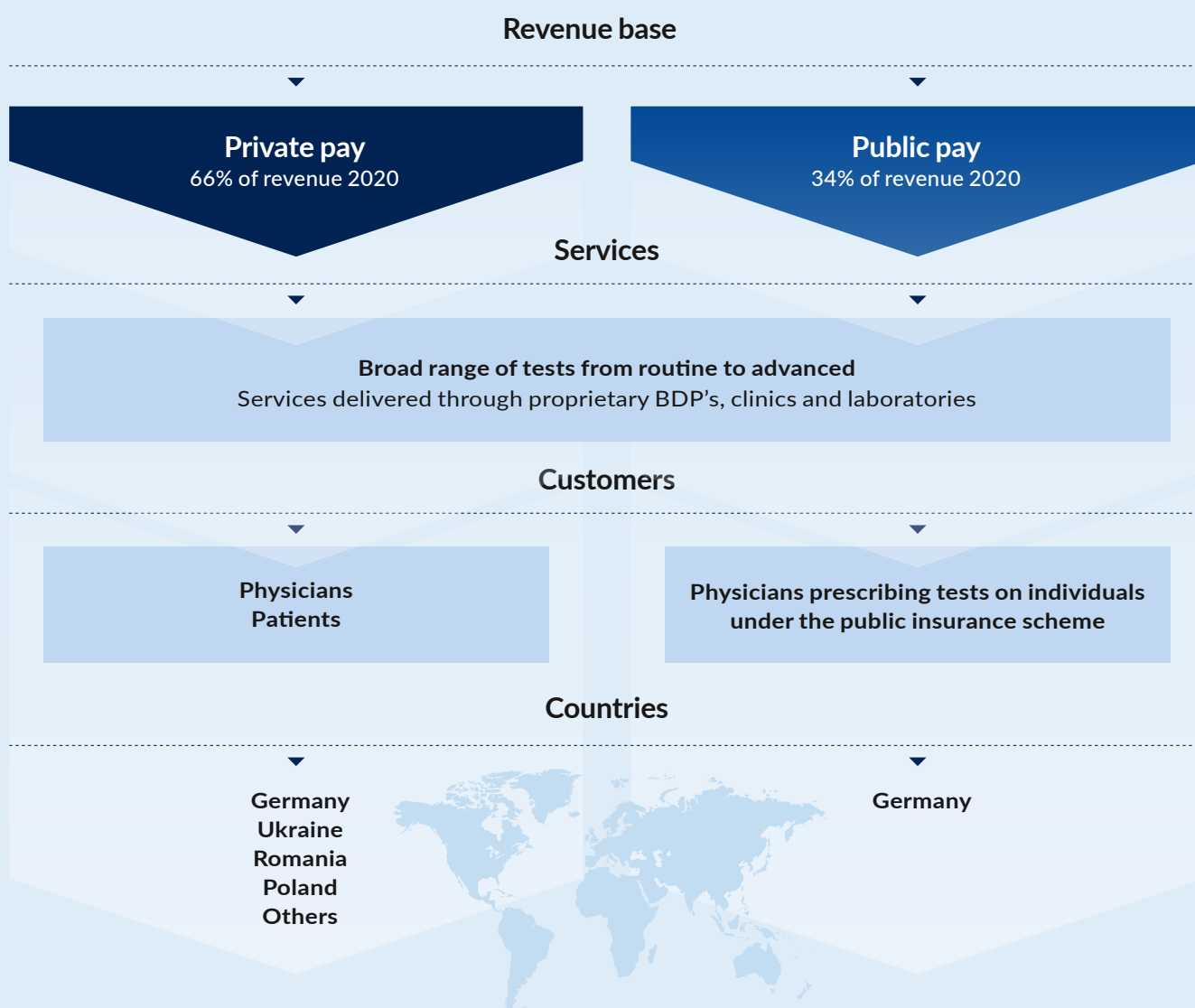
Revenue by country



Revenue by payer



Business model – Diagnostic Services



Operations by key markets	Revenue EURm	Total number of labs	Central labs	Regional labs	Hospital labs	Specialised labs	BDPs	Medicover clinics	Lab tests (million)
Germany	242.4	18	3	4	6	5		26	36.4
Ukraine	73.4	7	1	6			306		22.7
Romania	67.5	20	1	14	4	1	126		13.2
Poland	48.6	32	1	12	13	6	121		21.5
Others	41.5	20	1	14	5		180		10.1
Total	473.4	97	7	50	28	12	733	26	103.9

Increased testing capacity for Covid-19

Timely and accurate laboratory testing has proved to be an important tool in the management of the coronavirus pandemic, helping to slow viral spread and support government decision makers and healthcare providers. By increasing our testing capacity from the present figure of more than 300,000 Covid-19 tests a month and providing multiple testing options and multiple ways to access testing, Medicover continue to support Covid-19 testing needs, serological testing, to detect antibodies against SARS-CoV-2 and Next Generation Sequencing to detect and characterise new variants.

Revenue base and services

In 2020, 66 per cent of Diagnostic Services' revenue came from private payment and 34 per cent from public funding. Many of Medicover's markets have a strong dependency on private payers, except for Germany which is predominantly publicly funded and structured differently.

Diagnostic Services offers a broad range of routine-to-advanced tests covering the whole span from early diagnosis to prevention. While routine tests represented 58 per cent of revenue, the share of advanced tests in the portfolio is increasing every year and now represents 42 per cent of revenue, but only 6 per cent of test volume. This segment will continue to become more and more important as new and more complex in vitro diagnostic (IVD) tests are continually being developed, contributing to the growth of Diagnostic Services. Medicover focuses on molecular diagnostics, genetics and non-invasive prenatal testing (NIPT) and will continue to invest in its capabilities for advanced testing.

Efficient delivery of services

To enable efficient delivery of services to customers and at the same time benefiting from scale effects, Diagnostic Services works in a hub-and-spoke model.

- Central and regional laboratories: central laboratories provide advanced diagnostics as well as support for clinical trials. These centralised laboratories act as hubs in their country of operation and conduct routine tests, immunology tests and advanced tests (including histopathology and genetics). The regional laboratories are located around the central laboratories, providing a range of routine and immunology tests with shorter processing times, often with same-day delivery.
- Hospital laboratories provide urgent diagnostic testing and facilitate off-site access to a broad range of tests.
- Special laboratories provide centralised services in a dedicated field such as special immunology, genetics and histopathology.
- BDPs operate as collection points for blood, urine and tissue samples. The samples are then transported to Medicover's laboratories where they are analysed. The BDPs are spread across Poland, Romania, Ukraine and other countries.
- Medicover Clinics: a network of clinics in Germany specialising in endocrinology, HIV, genetics and rheumatology.

Customers and countries

Diagnostic Services offers a broad range of services to hospitals, public and private medical facilities, doctors, patients and private customers and tailors its approach to each market to meet diverse regulatory environments and market dynamics. For example, in Germany, which has a high proportion of public payment and a well-functioning healthcare system, Medicover tends to work with doctors who order diagnostic tests on behalf of patients. In contrast, several countries in Central and Eastern Europe such as Poland, Romania and Ukraine rely more on private payment. Consequently, patients purchase tests, based on the recommendation of a doctor or by their own choice.





Rapid expansion of SARS-CoV-2 testing across all countries

By February 2020 it was clear that Covid-19, the disease caused by the novel coronavirus SARS-CoV-2, would pose a significant health threat across all Medcover markets in the months, and perhaps even years to come. It had also become clear that the best possible way to slow down the spread of the virus was to rapidly identify infected individuals and isolate them from the non-infected population.

Medcover took on the challenge and has been working continuously to expand its testing facilities to meet an unprecedented ever-increasing demand of molecular diagnostic tests, which continues to the current day.

Physicians, scientists and laboratory technicians across our countries joined forces and shared experiences, materials, protocols and best practices to enable each other to continue the fight against the spread of Covid-19. The latter faced challenges in supply chains and staff shortage and were able to overcome these with great personal commitment and teamwork across all markets.

“It is an honour to be part of a team that continues to work tirelessly day and night to fight the spread of Covid-19 and I want to use this opportunity to express my deepest gratitude to everyone that has been and is continuing to stand strong in the face of this unprecedented healthcare crisis and is contributing to allow Medcover to play a strong role in our local healthcare systems,” says Dr. Stefan Mehrle, Head of Strategic Business Area Genetics, tasked with leading the molecular diagnostic testing programme Covid-19 for Diagnostic Services, Medcover.

In 2020 1.9 million Covid-19 tests have been performed in our markets and a larger part was performed in Germany.

Healthcare Services

Healthcare Services’ offering covers a wide range of services, from wellbeing to specialist healthcare and inpatient care. The division has operations in Poland, India, Romania, Ukraine and Hungary.

Healthcare Services wants to change the way healthcare services are delivered today, by offering patients uncompromising customer service and by constantly developing its business. The portfolio includes services in the areas of prevention, specialist healthcare, inpatient care, state-of-the-art dental services and innovative wellbeing solutions including sports and diet. The division targets both corporate and private customers and patients as well as public payers.

Increased health awareness and healthy living, together with rising disposable income, are increasing demand for the services offered. By meeting the demand with a broad range of services together with high-quality care and accessibility, Healthcare Services creates good conditions for continued growth.

“We enable life, we save life,
we maintain and improve life”.

John Stubbington, COO Healthcare Services

In 2020 the division’s revenue amounted to EUR 539.7m and represented 53 per cent of total revenue. Every year, investments continuously focus not only on multidisciplinary hospitals, state-of-the-art dental clinics and modern medical centres, but also on modern lifestyle and wellbeing solutions. Last year EUR 33.8m was invested in business development. Medicover operates 117 medical clinics, 20 fertility clinics, 25 hospitals and 52 dental clinics. The division also provides a fitness membership business for corporate clients and owns 25 gyms.

Dynamic expansion of dental clinics

Healthcare Services is rapidly extending its footprint in dental services, both organically and by acquiring additional dental practices. Today Medicover Dentistry consists of 52 state-of-the-art dental clinics across all major cities in Poland. It offers patient-centred, technology-enabled dental care that meets the need of entire families, including conservative dentistry, implantology, prosthetics, orthodontics and paediatric dentistry.

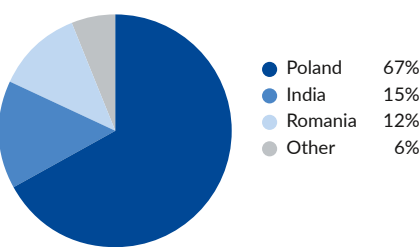
Hospital expansion

In recent years Medicover has expanded its hospital operations in Romania through acquisitions. Following significant investments in Pelican Hospital in 2020, adding both capacity and competencies, Medicover is one of the leader among private hospitals in Romania in terms of number of hospitalisations. Pelican Hospital offers a broad range of medical specialties and has for example successfully implemented surgical specialties such as orthopaedics, urology, general surgery and neurosurgery.

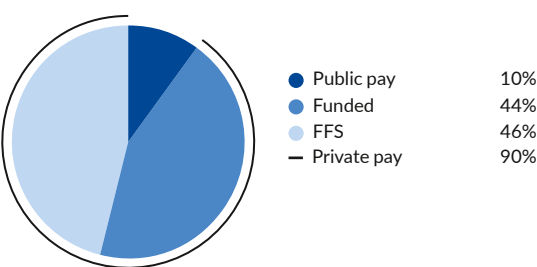
Medicover is the only private medical company in Poland to have its own multi-specialty hospital. Since it opened the Wilanow hospital in Warsaw in 2009 the number of specialties and services has increased significantly. The hospital has nine specialty departments permanently employing approximately 350 doctors and 280 nurses. The number of patients has increased significantly each year and reached 7,700 in 2020.

Medicover Hospitals India (MHI) has during the year expanded its business with five new hospitals.

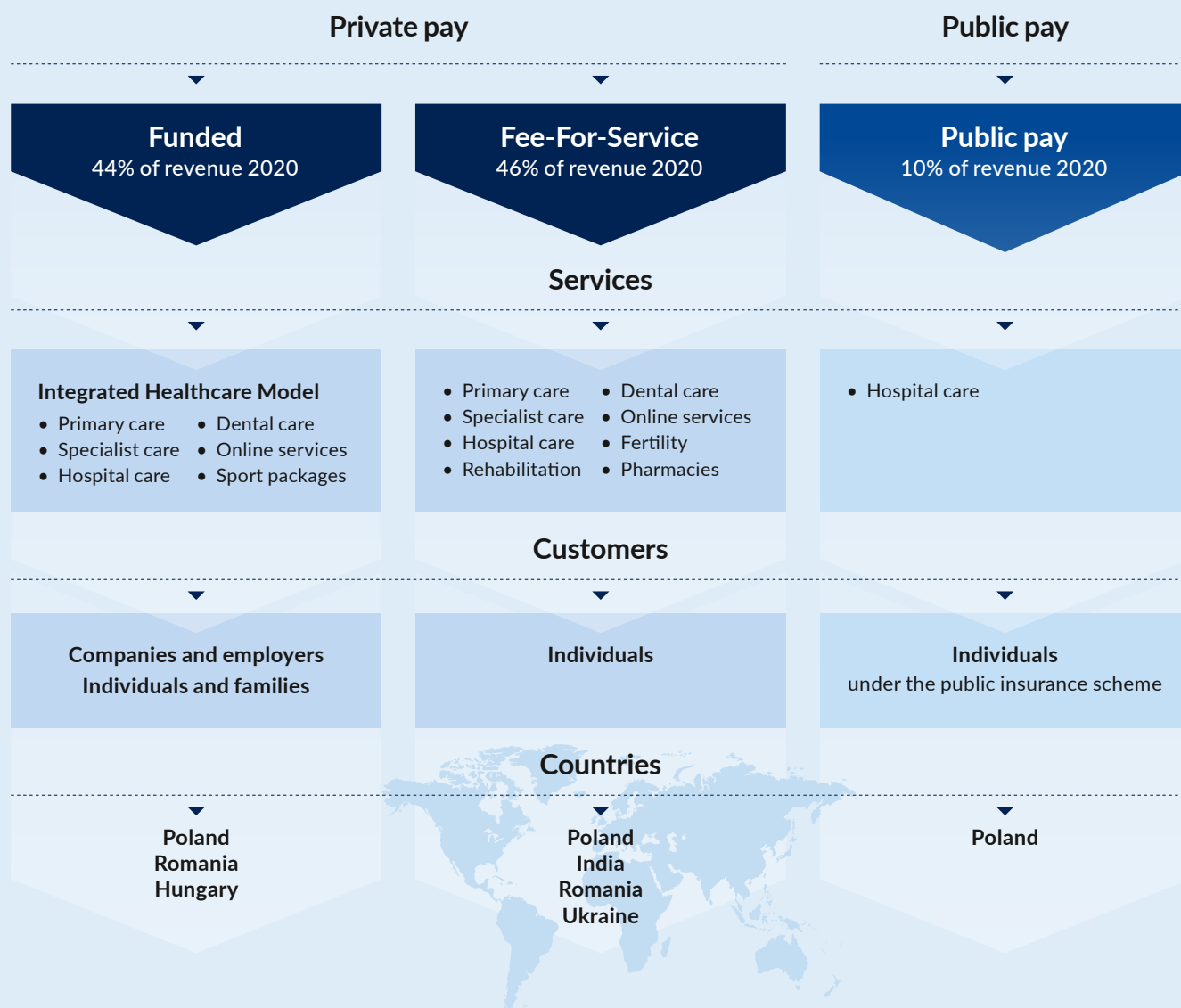
Revenue by country



Revenue by payer



Business model – Healthcare Services



E-commerce an important growth driver in Fee-For-Service

Digitalisation transforms the way people manage their health. By continuously expanding its online service offering, Medcover can meet customer expectations as well as benefiting from additional growth opportunities.

Medcover's MediStore is a leading online platform that offers a full range of health products in Poland and Romania,

tailored to the health needs of individual clients. MediStore offers doctor's visits, diagnostic tests, vaccinations, dental services, preventive products and packages for the whole family as well as health screenings and services in the field of aesthetic medicine. In addition, unique genetic tests as well as post-examination care and professional hospital care are offered.

Operations by key markets	Revenue EURm	Clinics	Hospitals	Beds	Fertility	Dental	Gym	Other facilities	Members (thousand)	Visits (millions)
Poland	358.6	82	6	620	5	52	25	29	975	5.7
India	82.5	2	16	2,185	12			27		0.3
Romania	65.9	29	3	380					240	0.7
Other	32.7	4			3				138	
Total	539.7	117	25	3,185	20	52	25	56	1,353	6.7

Revenue base and services

Funded

One of Medcover's main products is its Integrated Healthcare Model, which is offered as a subscription and medical insurance to client companies' employees or to individual clients and which represents 44 per cent of the division's revenue. Growth is driven by new members at existing customer companies and by new corporate clients. Medcover offers various types of contracts ranging from basic needs to more comprehensive contracts covering all forms of healthcare and well-being. Care is provided within Medcover's health centres and by network providers, hospitals and laboratory services.

The number of members grew by 4.1 per cent in 2020 and amounts to nearly 1.4 million. In recent years the division has intensively developed its benefit offer to employers, mainly in Poland, in line with the philosophy of wellbeing and health such as sport packages.

Fee-For-Service (FFS)

For many years Healthcare Services has been developing FFS, where revenue comes from private payers. Medcover has broadened its offering of FFS, increasing growth and share of revenue for the division. Customers have access not only to outpatient centres or hospital services but also to a broad offering of consumer care services such as dental care, pharmacies, rehabilitation, inpatient hospital care, fertility and a wide range of services online.

Public pay

Public payment is predominantly related to acute hospital services in the multidisciplinary Wilanow hospital and in Neomedic, a leading neonatology and obstetrics hospital group in southern Poland as well as in our Indian hospitals. The share taken by public payment has increased in recent years, mainly as a result of the acquisition of Neomedic. In 2020, close to 8,000 babies were born in Neomedic hospitals.

Customers and countries

The Integrated Healthcare Model, which generated 44 per cent of the division's revenue in 2020, primarily targets corporate customers (employers), but also individuals and families. 46 per cent of revenue is generated through a Fee-For-Service (FFS) payment model, where customers, primarily consumers, pay for healthcare services as these are used. 10 per cent is generated through public funding, where individuals receive care within public healthcare schemes.

The major markets for Healthcare Services, representing 79 per cent of revenue, are two of the largest and fastest-growing economies in Central and Eastern Europe: Poland and Romania. Since 2017 Medcover has been expanding on the Indian market, which generated 15 per cent of the divisional revenue in 2020. Other markets include Hungary and Ukraine.

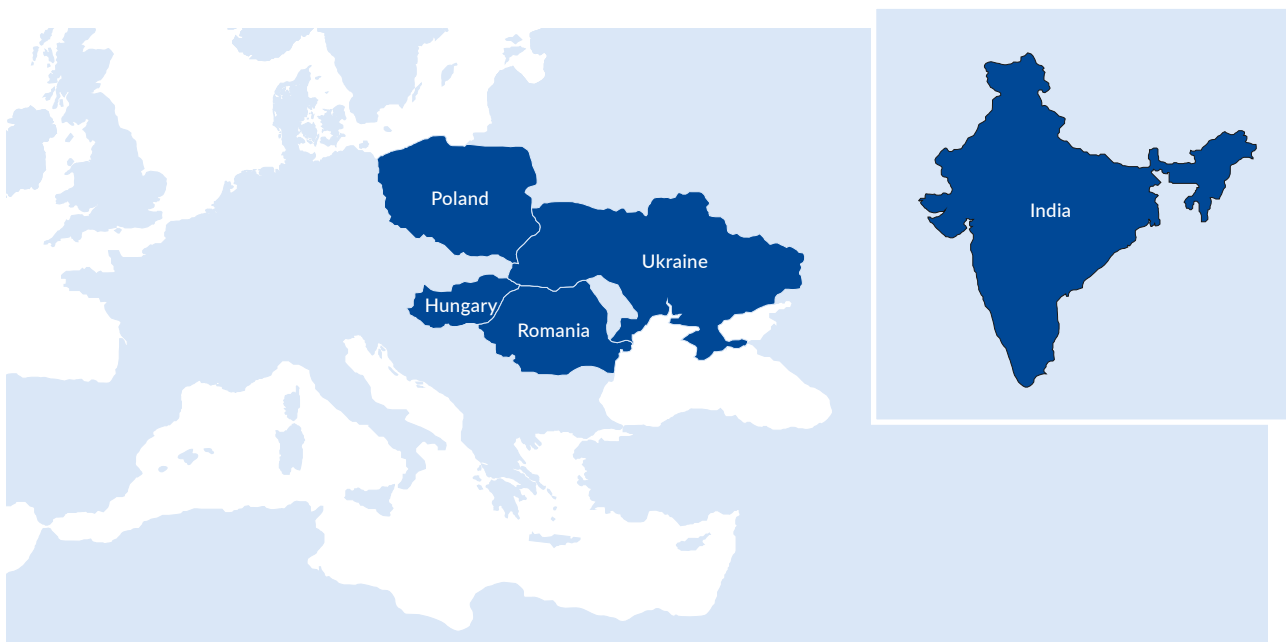
Medcover in India

Medcover has been present on the Indian healthcare market since 2017 and it is expected to become a significant market over time. The expansion started with a fertility business and a minority ownership in the MaxCure hospital group, now Medcover Hospitals India (MHI). In December 2019 Medcover took control and the business was consolidated.

In 2020 Medcover's presence in India has grown from 11 hospitals at the beginning of the year to 16 at year-end. Today we are present in Madhapur, Hyderabad, 3 hospitals in Vizag, Srikakulam, Karimnagar, Nizamabad, Nashik, Nellore, Nurnool, Suyosha, Sangareddy, Zaheerabad, Chandanagar and Aurangabad. In addition, Medcover runs two radiology centres and two cancer centers in Mysore and Bangalore.

Medcover owns 56 per cent of Medcover Hospitals India and the company has more than 5,500 employees in India.

By the end of 2020, Medcover also had 12 fertility clinics in India, mostly located in the Delhi area, where around one third of Medcover's IVF cycles are performed. Medcover fertility clinics are among the top fertility clinics there, offering some of the highest success rates in the region.





Maternity care at the highest level at Medcover Hospitals in Poland

When it comes to maternity care in Poland, future mothers have several options offered by Medcover. One of them being in the multidisciplinary hospital in Warsaw, and also Neomedic hospitals in the south of Poland. All hospitals provide healthcare that meets the highest world standards of maternity care, and cooperate with the best specialists in this profession – experienced, highly qualified doctors and well respected midwives with nation-wide reputation.

The Neomedic hospitals gather a team of well-respected experts in the field of neonatology, obstetrics and gynecology, as well as health service managers. In 2020 nearly 8,000 deliveries took place in Neomedic hospitals. One of Neomedic hospitals (Ujastek) has a neonatology department at the 3rd level of reference, which means that the team of the department has the highest skills and competences to attend to the youngest premature babies and the most difficult cases.

The Medcover Hospital in Warsaw is growing stronger year on year. It has 9 specialty departments, including a maternity ward. In 2010 the number of births at the Medcover Hospital amounted to 64, whereas in 2020 have welcomed the 8,000th newborn – the increase is significant. For the past years Medcover Hospital in Warsaw has been ranked first in one of the most significant annual and independent researches, conducted by the Foundation “Childbirth with Dignity”, that analyses in details the treatment and care women receive during childbirth in the hospital of choice.

Considering the pandemic, it is a remarkable result and evidence of trust placed in Medcover by our patients, who choose Medcover Hospitals.

Medicover's sustainability framework

Introduction

Medicover's mission is to improve and sustain health and well-being. Our mission sets our direction not only for our services to our customers but also for our relationship with all stakeholders and our contribution to society. To be able to fulfil our mission, we need to be a sustainable company for the long term. This includes, but is not limited to, being profitable, continuously striving to improve our relationship with our employees, customers, partners and suppliers, ensuring the highest standard of governance and business ethics, promoting diversity, equal opportunity and gender balance in our organisation, and taking responsibility for our environment. All these aspects are important for a sustainable company.

Through engagement with key stakeholders we have identified the areas where Medicover has the biggest sustainability risks and opportunities. Based on this we have developed a sustainability framework which focuses on three key areas and two supporting areas. These key areas are strongly linked to, and support the UN Sustainable Development Goals (SDGs).

We have identified three SDGs that are most relevant to Medicover and where we contribute positively, the strongest link is to Goal #3: Good Health and Well-Being. We also contribute towards two more of the SDGs; Goal #8 Decent Work and Economic Growth, and Goal #4 Quality Education. Medicover's objectives in these areas are mutually reinforcing, which increases our overall positive impact.

Care provision

Our sustainability objectives, linked to SDG #3, are to increase healthcare funding in the countries where we are present, and to extend access to care, for our customers and for the communities as a whole.

People and partners

Our sustainability objectives, linked to SDG #8, are to develop the healthcare workforce and support them with tools and systems that enable them to be more productive. We consider primarily our own employees but also the staff of our partners and customers. We also recognise that Medicover's healthcare has a substantial impact on the health and productivity of our patients, directly contributing to economic growth.

Prevention and education

Our sustainability objectives, linked to SDG #4, are helping people to stay healthy and promoting prevention and early detection. We also contribute to education through the ongoing investment in education and training of our staff and medical partners.

The sustainability outcomes

Taking these three areas together we help to achieve the following outcomes:

- People lead healthier lives and need health treatment less often.
- When they need care, they can get it quickly and conveniently.
- Care providers are equipped, trained and empowered to do their jobs well.

You can learn more about the activities, the plans, and the way we measure our progress towards these outcomes in this sustainability report.

Recognising the strong alignment of Medicover's sustainability goals with the SDGs, Medicover has become a signatory to the UN Global Compact.



Medicover's primary contribution

Ensure healthy lives and promote well-being for all at all ages.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Medicover's supporting contribution



Take urgent action to combat climate change and its impacts.



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

In addition Medicovert's sustainability framework includes two supporting areas.

Care for the environment

A healthy population needs a healthy planet to live on, and we recognise that immediate actions are needed to make sure current and future generations can enjoy the climate and the environment we have at times taken for granted. Medicovert is committed to play its part in the achievement of SDG #13: Climate Action.

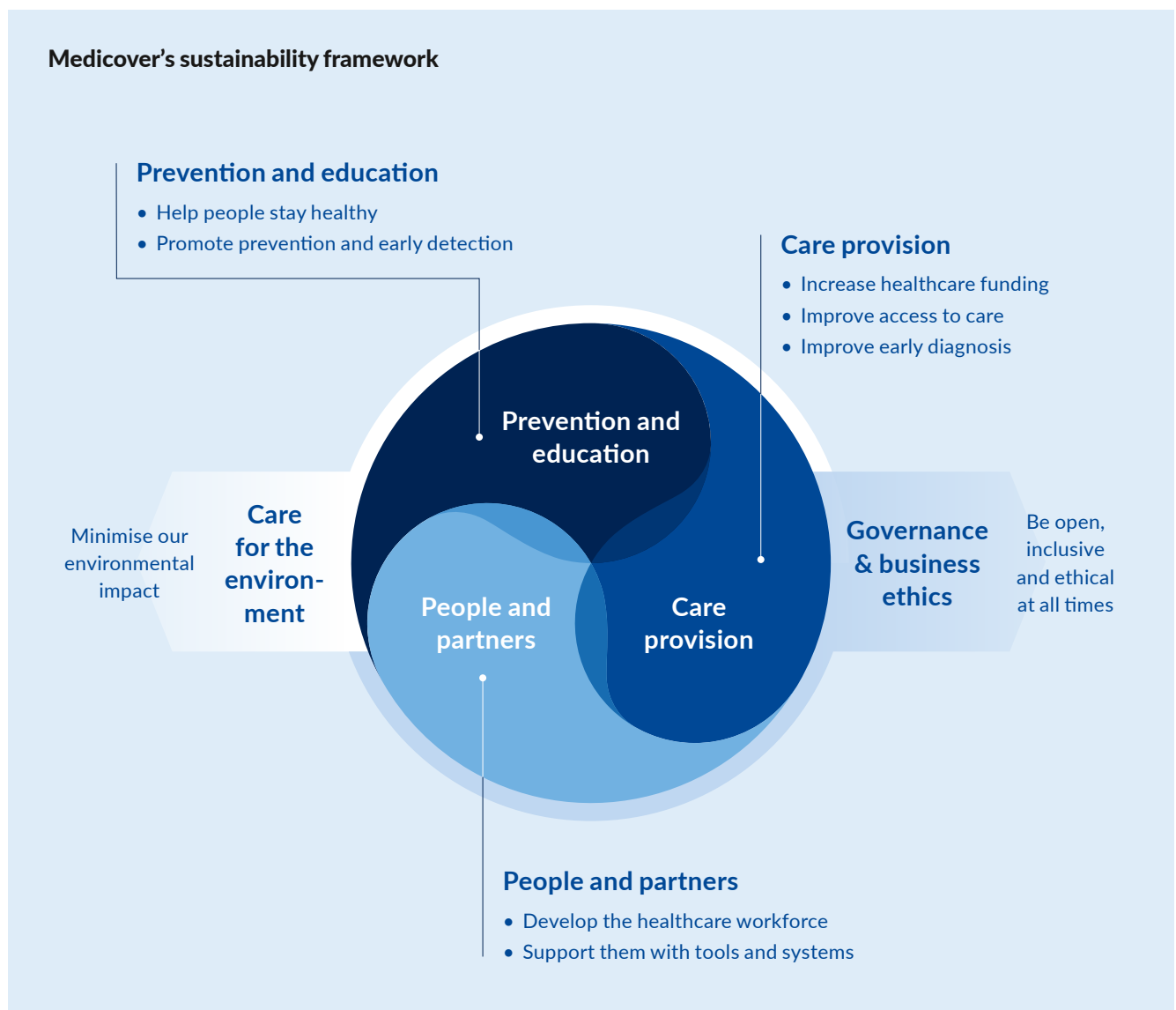
Governance and business ethics

The way Medicovert works is as important for us as the results we achieve. We aim to be open, inclusive and ethical at all times. That is reflected in SDG #16: Peace, Justice and Strong Institutions. Medicovert follows all relevant frameworks including but not limited to the Swedish Corporate Governance Code and the Swedish Companies Act.

Measuring our progress

The final section of this sustainability report pulls everything together and describes our approach to measuring our progress as we move towards our goals.

Our framework for sustainability is captured in the illustration below.



Care provision

We have already highlighted the strong alignment between Medcover's mission to improve and sustain health and well-being and the United Nation's Sustainable Development Goal #3: Ensure healthy lives and promote well-being for all at all ages.

The potential impact of this effort is highlighted by research published during 2020 by the McKinsey Global Institute "Prioritizing Health". The findings of this report include the following:

- Using interventions that already exist today, the global disease burden could be reduced by about 40 per cent over the next two decades.
- Realizing the healthy growth opportunity would require a pivot to prevention both within healthcare systems and beyond.
- Better health could add USD 12 trillion to global GDP in 2040.
- The economic return could be USD 2 to USD 4 for each USD invested in better health.

Medcover fully agrees: Investment in healthcare, and in particular early diagnosis and preventative care, is strongly justified both by the direct benefits it brings to people and by its impact on economic growth. Medcover seeks to play a leading role in delivering these benefits through the actions described below.

Firstly, we aim to increase healthcare funding in those markets where we operate

This provides the resources to increase early diagnosis and preventative care. The total non-public healthcare spending channelled through Medcover in 2020 was EUR 781m, an increase of 17.1 per cent from the previous year. That is an amount similar to the entire domestic public healthcare spending of a country like Cyprus, or the total healthcare spending for more than 850,000 people in Poland. Medcover's growth also liberates state healthcare funding to address the needs of other patients and other medical priorities.

Secondly, we aim to improve access to care, especially preventative care

In 2020 Medcover provided services for 9 million people in the Diagnostic Services division and more than 3 million people in the Healthcare Services division. Medcover is continuing to expand its network to reach even more customers and

patients in existing and new markets. For example, the development in India has enabled thousands more patients to access healthcare provided by Medcover. In 2020 the hospitals in India have provided care to more than 200,000 patients and been at the forefront of the response to Covid-19, treating more than 7,000 patients with this infection.

Access to care has improved through the development of virtual care, allowing patients to receive initial health advice wherever they are, with minimised risk of infection. In Poland, the number of virtual visits increased 4.5-fold in 2020 to a total of 1.4 million virtual visits, and we are now providing remote medical advice more than 150,000 times every month.

In addition health information and advice are made freely available through many channels to the general public. We frequently run "Blue Cities" and other events where health information is shared and diagnostics provided free of charge to attendees. The Covid-19 pandemic inevitably curtailed our public screening and advisory events during 2020, but in the two previous years an estimated 12,000 people received free screening or health advice from Medcover, and we are looking forward to return to these activities in 2021.

Medcover has its widest reach through its websites and other digital channels. These enable us to share advice quickly and to keep all people updated. In 2020 these freely accessible channels were accessed more than 94 million times. Some of this content is embedded in tools such as the Medcover App, which has been downloaded more than 360,000 times.

Thirdly, we aim to improve early diagnosis

Early diagnosis means that health conditions can be identified, treated and cured at an earlier stage. Laboratory tests are a major contributor to early diagnosis and are a component of more than 70 per cent of all medical decisions worldwide. In 2020 the number of blood-drawing points Medcover operates increased by 63 to a total of 733, increasing access to diagnostic testing.

We made further investments in expanding genetic testing, through which patients can become aware of possible future health concerns for themselves, or (as with NIPT testing) for their unborn child.

In the particular circumstances of 2020, we have contributed to Covid-19 testing and screening. Medcover's cooperation with the travel industry, establishing testing facilities for airports and cruise liners, has helped many people to continue their lives and their work with much reduced risk of spreading infection.



Non-public healthcare spending channelled through Medcover in 2020 is a similar amount to the public healthcare spending of a country like Cyprus or for more than 850,000 people in Poland.

In pursuing these goals, we aim to maintain the highest quality of care for all who use of our services

The Medical Advisory Council (MAC), chaired by the Chief Medical Officer, brings together medical leadership from all Medicovert's businesses with external experts to set standards, measure the results we achieve for patients and follow up on any adverse events. The MAC meets regularly through the year and in 2020 had a particular focus on our response to the coronavirus pandemic, ensuring the care and safety of both patients and staff. For more details of our approach to ensuring the highest medical quality please see the Medical quality section.

We aim to be as transparent as possible in the way that we work, without compromising any of the personal and confidential data we hold for our patients, customers and employees.

In doing this our goal is full compliance with data protection regulations in all our markets, using systems and processes that offer high levels of security and stability.

We measure our progress with the actions described in this section by tracking:

- The total non-public healthcare spending channelled through Medicovert: EUR 781m (EUR 667m)
- The number of individuals who received services during the year: 9.0 million in Diagnostic Services and more than 3.0 million in Healthcare Services
- The growth in the number of owned facilities: 39 (30) and blood-drawing points: 63 (100)
- The number of times during the year a Medicovert site was accessed for free healthcare information: 94 million times (42 million times)

Medical quality

One of Medicovert's key values is 'passion for quality'.

The Medicovert board is advised by its Medical Advisory Council (MAC), chaired by Chief Medical Officer (CMO). Medical quality is defined as 'safe, appropriate, cost effective advice, care, diagnostics and treatment with an outcome that benefits the patient'. The MAC is joined by the CEO and brings together medical leadership from all Medicovert's businesses with external professional experts. The Company's medical quality management system is built around this structure; supported by the encouragement of open reporting and a learning culture to drive continuous quality improvement.

Safety is an absolute priority. In the context of 'what gets measured gets improved', medical key performance indicators are collected by the businesses and monitored by the MAC at its quarterly meetings. These include standard safety measures such as hospital acquired infections, re-admissions and serious incidents, all of which have to be investigated and reviewed by the MAC to ensure lessons are learnt, shared and actions taken to avoid recurrence.

Performance metrics collected in the ambulatory clinics and fertility centres include health improvement data and clinical pregnancies achieved respectively. The current clinical pregnancy rate for women receiving cryo-preserved embryos under the age of 35, across Medicovert's fertility centres is 53 per cent; which is assessed as a high clinical performance. In addition, data is collected by laboratories which, although largely

automated, still need performance metrics; for example, to monitor turn-around times and any results that need to be corrected.

In addition to its work on monitoring safety and quality of care and work on measuring customer experience across the Group, the MAC has also supported a study asking Medicovert's customers using the ambulatory clinics in Poland if the advice or treatment they received improved their condition and health. The results from 2020 were positive with 78 per cent (74 per cent) agreeing that their condition and health had improved. The MAC's work will be expanded and lessons learnt from the feedback on how to further improve will continue.

The MAC manages a medical risk matrix; the highest risks in recent months have been the risk of Covid-19 infection in Medicovert facilities and the risk of reduced staffing levels due to Covid-19 infection or contacts requiring quarantine. In the report to the board on safety and clinical quality, the CMO has been able to report on comparatively low levels of Covid-19 infection amongst staff in clinical facilities and good management of staff absences which enabled continued maintenance of safe high-quality services.

People and partners

Medicover's people are our most important asset, the foundation for our growth and the cornerstone of delivering quality care to customers and patients. We also recognise the crucial contribution of the medical and other staff working in our partner clinics and service providers.

In many markets one of the biggest constraints on improving access to care is the shortage of qualified and experienced medical personnel. We aim to create employment opportunities for young medical staff to gain experience and develop further, and to support all medical staff and partners with tools and systems that enable them to be more productive.

Medicover's healthcare has a substantial impact on the health and productivity of our patients, directly contributing to economic growth.

In this way we are contributing to SDG #8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Medicover's employees

Medicover is the largest private sector employer of qualified medical staff in Central Europe. At the end of 2020 Medicover had 32,387 people based in 17 countries, which represents headcount growth of 13 per cent. Around two thirds of Medicover's employees are medical professionals; doctors, nurses, specialist medical technicians and laboratory specialists; 73 per cent are women. Medicover has employees of more than 60 different nationalities with 29 per cent living and working in countries which are classified by the World Bank as lower middle or low income. For more details of Medicover's employees please see the graphs within this section of the report.

Attracting and developing employees

We are especially committed to provide job opportunities to young people and medical professionals seeking to build their careers: 11,654 new recruits were hired during the year with

65 per cent of our new hires being medical professionals. Within that population, 4,078 or 35 per cent are medical staff under the age of 30, the majority of these work opportunities being in developing markets. Overall, 29 per cent of our people are under the age of 30 and within that overall age bracket, 67 per cent have a higher-level education.

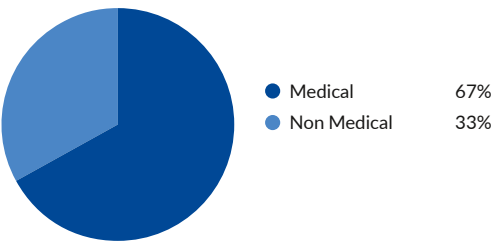
Whilst many of these professionals choose to build long term careers with Medicover, others use this as a springboard to build medical careers elsewhere. The total rate of employee turnover was 19.7 per cent. Medicover's goal is to achieve an employee turnover rate below 15 per cent. The turnover rate is driven by a high level of turnover of medical staff in our Indian businesses. This turnover is driven by highly trained nurses and doctors either returning to education or moving into the public healthcare sector. When we exclude the data from India, the annual turnover rate is a very healthy 10.6 per cent.

Voluntary turnover, moving annual total

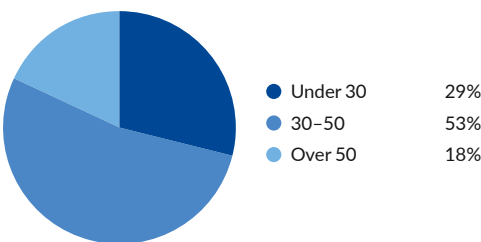
Female	18.6%
Male	22.8%
Total	19.7%

We support flexible working arrangements for both full time and part time roles, so that employees can tailor their working conditions to meet their needs. All vacancies are advertised internally to suitably qualified candidates so that they can build their careers within Medicover. Apart from the right skills and qualifications, the Company looks for people with positive and forward-looking attitudes, recognises that capability can come in any package, and welcomes diversity in its broadest sense. In all major HR processes from recruitment to appraisals and leadership development four specific capabilities are valued: thinking and behaving in line with Medicover's values; committing to and contributing to our business; being willing and able to develop as a leader, and having the ability required to adapt

Number of co-workers by category



Age structure



to change. In addition, the Medicovert Leadership Profile sets out the skills and competencies we expect to see in our leaders across different levels in the organisation as well as providing guidance for people's development in achieving their own ambitions and aspirations for their career.

Medicovert offers a wide range of development opportunities, for instance workshops, e-trainings, managerial programmes and interpersonal training. Development opportunities are offered depending on each person's role, area of expertise, motivation and potential. As a result of the Covid-19 restrictions it was challenging to provide extensive practical training across our markets, and as much training as possible was moved to online/virtual platforms. During 2020 185,000 hours were invested in training, corresponding to 1.5 days per full-time co-worker. Medicovert's commitment to development and training of people is also demonstrated through a new initiative to implement the Cornerstone Learning Management System throughout all businesses, with rollout starting in 2021.

Equal opportunities

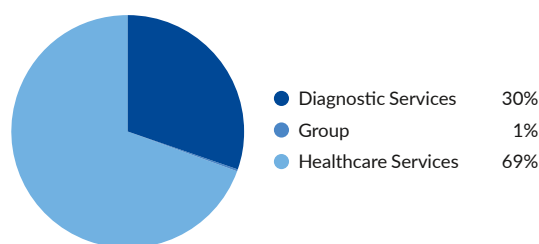
It is essential to provide our employees with an attractive work environment where they feel secure, valued, empowered and enabled to provide best quality care.

Everything Medicovert does derives from its values and it is these which shape the relationship with employees, enabling each of them to provide the best possible outcome whether it is delivering quality care or in any other area of responsibility. It is always essential that we create a working environment which is open and inclusive; free of any form of discrimination or bullying. Staff receive training in our Medicovert Code of Conduct ("Medicovert CoC") and must adhere to it. Read more about Medicovert's CoC on page 40.

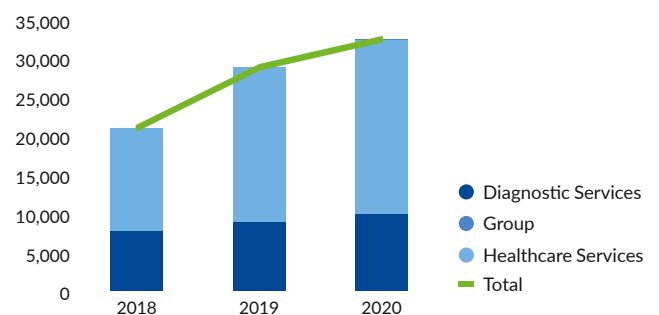
Gender balance within our management and leadership teams is something that we are committed to at Medicovert. We are proud that 54 per cent of our broader leadership team



Number of co-workers by segment



Number of co-workers



are women, but also recognise that we have work to do to improve gender equality at higher positions.

Management breakdown	2020	
	Female	Male
Executive management team	14%	86%
Divisional/Group senior management	30%	70%
Country senior management (SMT)	32%	68%
Director	47%	53%
Manager	58%	42%
Total	54%	46%

Working at Medcover entails having a positive impact on people's lives and many of Medcover's employees also find it meaningful to contribute to Medcover's philanthropic projects. Despite the pandemic the Medcover Foundation in Poland and Romania undertook 58 charitable projects benefiting more than 50,000 people in need, and there were also many similar projects led by Medcover employees in other markets.

Employee safety

Medcover ensures safe workplaces in accordance with legal requirements and industry standards, providing all employees with training in workplace health and safety, and offering similar services to our customers. Medcover in Poland provides health and safety training for its corporate clients: During 2020 there were 85 training courses with more than 3,000 participants.

The coronavirus pandemic challenged Medcover to enable our staff to serve patients effectively whilst at the same time keeping them as safe and secure as possible. As well as providing the essential personal protective equipment we revised all relevant operating procedures and put in place remote care and triage wherever possible, for the benefit of both patients and staff. We are pleased that, at the time of writing only 9.2 per cent of our staff have been infected with Covid-19 and that 99.9 per cent of infected staff have recovered or are recovering.

In 2020, there were 98 recorded accidents at work across the Medcover organisation, a reduction of 16 per cent from 2019. 40 per cent of people involved in an accident were expected to recover fully to pre-injury health status within 3 days. 53 per cent were accidents at work, while 32 per cent

happened whilst traveling either to or from the place of work. The remaining accidents occurred during work-related business trips.

	2020	2019
Number & rate of fatalities as a result of work-related injury	0	0
Number & rate of high-consequence work-related injuries (excluding fatalities) ¹⁾	0	0
Number & rate of recordable work-related injuries	98	117

¹⁾ Work-related injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

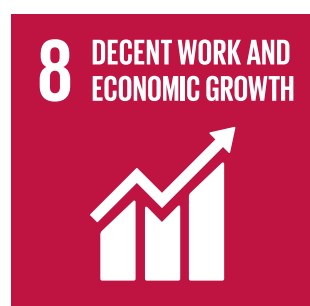
Supporting safety and productivity

One of the most important ways for Medcover to ensure its employees are safe and productive is to give them the right tools for their jobs. This goes beyond materials for patient care and personal protective equipment, it is also essential to provide the right systems support. Medical staff should be able to focus on patient care not routine administration, to consult reference sources and colleagues efficiently and easily, and to keep track of their patients quickly and conveniently.

Since the Company was founded Medcover has been investing in developing systems to support its medical staff. Medcover was an early adopter of electronic medical records; a pioneer in creating care paths for the most commonly encountered conditions and a leader in providing doctors using our laboratory services with online test catalogues and receipt of results. In 2020 a major focus was on scaling up virtual care for the benefit of both patients and staff. We are pleased to report that in 2020 more than 23,000 medical professionals made use of one or more of our medical systems in the course of delivering healthcare.

Medcover's partners

As a diagnostic and healthcare services provider Medcover is closely integrated with the full healthcare system in the countries where it is present. The Healthcare Services division sub-contracts health services from more than 3,000 independent ambulatory clinics, and Diagnostic Services provides laboratory diagnostic services to 37,800 referring medical professionals. Many of these partners are small businesses. In this way the number of care providers that Medcover enables and supports is much greater than the number of care providers that are employed directly.



An employee in Poland under Medcover's care has 4 more healthy and productive days per annum compared to the working population as a whole, or 5,870 work years for the population under our care for the full year. If this productivity increase could be achieved for the entire Polish work-force that would be 278,000 work years of extra productivity and to that we could add the long-term benefits from improved health.

We aspire to ensure the equivalent treatment and opportunities for the staff of our service providers as we do for Medcover's directly employed staff. The Medcover Supplier Code of Conduct (Supplier CoC) embeds the same principles as Medcover CoC, and we work continuously with our suppliers to obtain their agreement to follow the standards embedded in this code.

Supporting full and productive employment

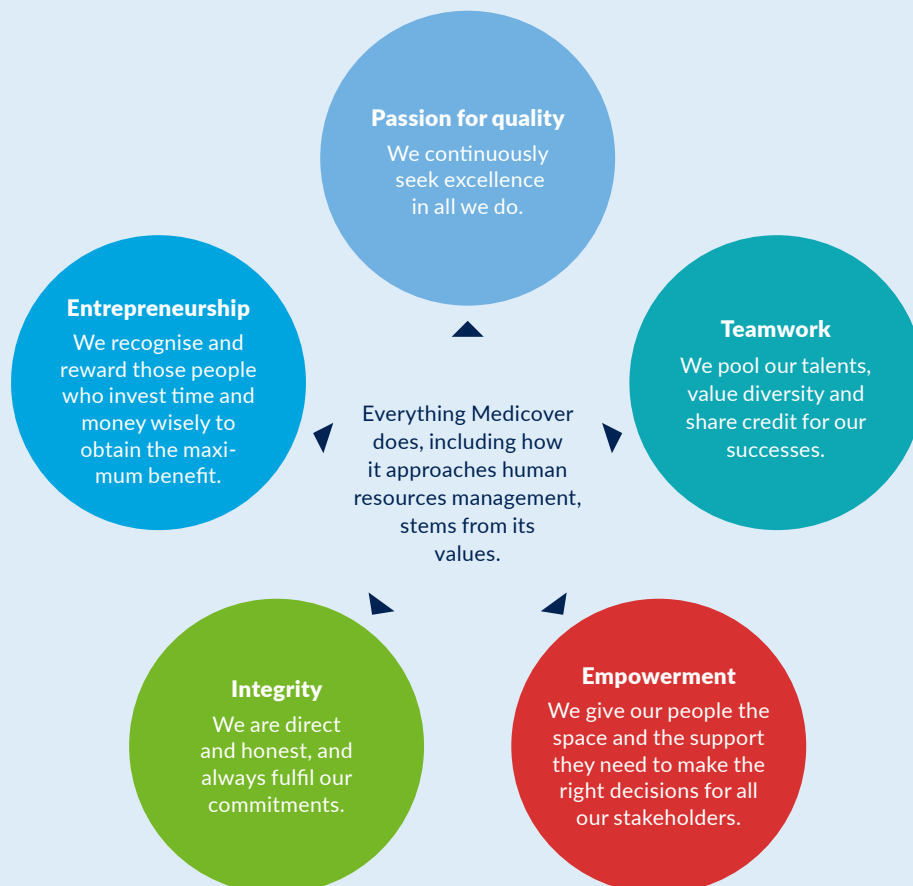
We think of our corporate customers as our partners, and when they request Medcover to provide healthcare to their staff, the outcome should be a happier, healthier and more productive workforce. In our Polish healthcare practice, we can measure that we are succeeding with this: considering 7 of the most common causes of absenteeism and presenteeism, an employee under Medcover's care has 4 more healthy and productive days per annum compared to the working population as a whole, or 5,870 workyears for the population under Medcover's care for the full year. If the same productivity increases could be achieved for the entire Polish workforce that would be 278,000 workyears of extra productivity.

This does not include any of the long-term benefits from improved health.

We will measure our progress with the sustainability goals for our people and partners by tracking:

- Medcover employment opportunities created for medical professionals aged under 30: 4,078 new jobs (2,791)
- The number of medical staff using Medcover's systems to interact with patients or check diagnostic test results: 23,598
- The productivity increase for our corporate clients through the care provided to their employees: 5,870 workyears (5,020) for our members in Poland, based on 7 of the most common conditions.
- The adoption of the Medcover CoC and Supplier CoC, which is covered in the metrics for Governance and business ethics.

Medcover's values



Prevention and education

Education is fundamentally important to improving the quality of care and access to care. We want Medcover's staff and partners to learn, gain experience and develop their skills so we continually improve our services. That is why we also focus on SDG #4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Our particular focus is of course health education, both for medical professionals, and for the entire population.

Staff training

All medical staff are encouraged to continue their medical education whilst working with Medcover. This includes regular internal opportunities for experience sharing, and the annual medical conference in Poland, which most recently had 370 doctors participating. Medcover sponsors programmes with nurse training schools in several countries. Last year, over 600 nurses attended training in Ukraine, adapting to online trainings under the Covid-19 restrictions. This programme was rolled out for the first time in Belarus this year with 285 nurses attending. In Poland 527 nurses received training through Medcover's nursing programmes which cover subjects from technical training to managerial skills. Medcover also runs the Queen Silvia Nursing Award programme in Poland, through which trainee nurses can submit their ideas to improve care for the sick and elderly. We have already completed four editions of this award and have attracted more than 1,100 entries.

Diagnostic Services is largely centred around prevention, early detection, and the monitoring of health status, since most medical decisions are based on some type of testing. The Diagnostic Services division also runs an extensive training programme for doctors in the countries where it operates. The Synevo days in Romania are widely attended, and the Synevo test handbook has become a common source of reference used by more than 15,000 practising physicians. An updated and expanded online version of the handbook is currently being developed.

The opportunities for staff training and further education are not limited to our medical staff. During 2020 Medcover invested 185,000 hours in training, which corresponds to 1.5 days per full-time employee. In 2020, over 65 per cent of trainings provided to people in Medcover were focussed on medical training in areas of skills and qualification enhancements.

Preventative care and training

Turning to preventative care and medical education for the population, this is integrated into Medcover's services for its paying customers, examples being seasonal flu vaccinations and regular dental check-ups. Medcover provided more than 6,700 health screenings and 175,000 occupational health examinations during 2020.

We provide specific advice for people with chronic conditions to help them manage those conditions. For example, Medcover patients in Poland with hypertension are 50 per cent more likely to have their blood pressure restored to normal levels than for the patient population as a whole, which increases their life expectancy by five years. Another good example is the advice for people suffering from back pain,

on exercises which they can undertake to relieve their symptoms without surgery.

Most importantly, we recognise that when young people follow a healthy lifestyle, those behaviours become ingrained and they significantly reduce the risk of developing many diseases in later life. The Medcover Foundation has developed and offered the PoZdro and InCerc programmes in Poland and Romania through which more than 32,000 school children have had their health status screened. Those with obesity problems or poor physical fitness have been offered the opportunity together with their families to take part in health coaching to address these risks. We are proud of the fact that the majority of the participants in these coaching programmes have achieved reductions in their BMI.

These programmes have also provided health education materials for middle school children which have been widely used. 65,000 lesson packs have been distributed to 500 schools.

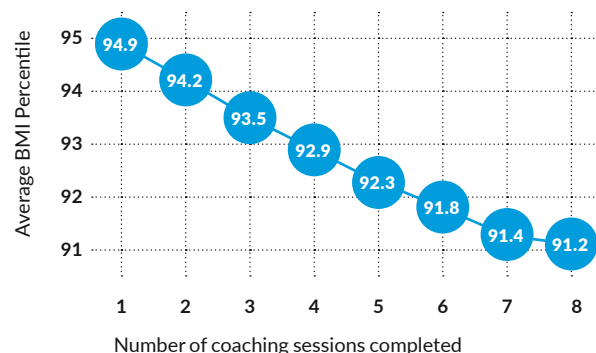
The experience of running these programmes revealed that many school nurses have been working without adequate tools for health screening and record keeping, making it more difficult for them to provide the best care for the children in their schools. In response we developed the ESMS system and made this available to nurses in schools across Poland. It is already in use in 100 schools covering more than 6,000 pupils, and we aim to make it available also in other countries.

Our plans include developing school materials for physical education for younger children, getting them engaged in physical activity and reducing the risk of developing musculo-skeletal disorders as they grow. Health education provides a double payback: Not only is it valuable in itself, but healthy children are absent less frequently, and hence their overall opportunity to benefit from education is improved.

Our progress with the actions described in this section is measured by tracking, amongst other things:

- The number of diagnostic tests provided: 103.9 million (106.7 million)
- The number of hours of training provided to staff: 185,000 (374,700)
- The cumulative number of school children who have participated in Medcover sponsored health education or screening: 102,800 (88,150)

Impact of the PoZdro coaching on participant Body Mass Index (BMI)



Care for the environment

Medicover views environmental care as a prerequisite for human health and wellbeing. A healthy population needs a healthy planet to live on, and Medicover recognises that immediate action is needed to ensure current and future generations will be able to benefit from the climate and the environment the older generations have at times taken for granted. Medicover is committed to play its part in the achievement of SDG: #13 Take urgent action to combat climate change and its impacts.

Medicover strives to decrease the Company's environmental impact over time. Medicover's main environmental impacts and risks are related to energy use in our hospitals, clinics and other facilities; from various equipment and materials; from external and internal transport; and from waste.

Our Medicover Environmental Policy commits us to:

- conduct all activities in compliance with relevant environmental legislation and regulations.
- consider environmental opportunities and risks when making business decisions.
- strive to reduce environmental impact when doing business, purchasing, sales, and travelling.
- reduce Medicover's climate impact and continually improve waste management.
- consider green energy and/or renewable energy.
- consider implementing relevant ISO management systems and/or EMAS certification.

Based on our principle of decentralised responsibility and accountability, our approach is implemented locally in each division and country. The environmental management systems used by several Medicover units are certified according to schemes such as EMAS. The IMD Oderland laboratory has led the way in implementing an environmental management system and developing a programme to reduce its carbon emissions. It is a model we are seeking to learn from in our other laboratories and facilities.

During the year, we established a team with the purpose of improving Medicover's environmental efforts and performance. The team measured and analysed the Company's energy consumption and carbon emissions, to identify priorities and set targets. The initial analysis of this team is that:

Total direct consumption of energy (Scope 1 and 2) was 91,400 kWh per EURm of revenue in 2020.

Total direct CO₂ emissions (Scope 1 and 2) was 51.7 t per EURm of revenue, up 11 per cent over the prior year. This increase is due to the addition of MHI with significantly higher carbon intensive energy generation offsetting the overall reduction of 9 per cent in direct energy consumption. Excluding MHI, the CO₂ emissions per EURm of revenue for 2020 would have reduced by the order of 20 per cent compared to 2019.

We also recognise Medicover's ability to reduce carbon emissions by eliminating unnecessary travel, both for staff and for patients. The scaling up of remote consultation capacity this year has contributed to time saved and reduced carbon emissions as well as creating a safer working environment. We estimate that in 2020 the total time saved for our patients through virtual care came to 912 workyears, and that emissions of more than 3,000 t CO₂ were saved as a result.

The plan for the coming year includes deepening our understanding of Medicover's other environmental impacts e.g. from waste, effluents and water consumption. Based on the findings we will create action plans and identify relevant metrics.

Our progress with the actions described in this section is measured by tracking:

- Medicover's total direct consumption of energy: 91,400 kWh per EURm of revenue (100,600)
- Medicover's total direct CO₂ emissions: 51.7 t CO₂ per EURm of revenue (46.5 t CO₂)
- The estimated time and emissions saved through virtual care provision (compared with traditional care): 912 workyears, more than 3,000 t CO₂



In 2020 the total time saved for our patients through virtual care came to 912 workyears, and saved emissions through reduced travel of more than 3,000 t CO₂.



Governance and business ethics

The way Medicovert works is as important for us as the results we achieve: the organisation must be ethical, inclusive and accountable as well as effective. That is reflected in our focus on SDG: #16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Corporate governance

Medicovert follows all relevant frameworks including but not limited to the Swedish Corporate Governance Code and the Swedish Companies Act. For further information read the Corporate governance report on page 57–65.

The Medicovert board has established a sustainability committee to ensure strong leadership and focus on the sustainability goals set out in this report.

Business ethics

The Medicovert Code of Conduct ("Medicovert CoC") is the foundation of Medicovert's sustainability approach. It includes the Company's commitment to employees and other key stakeholders, as well as the ethical standards expected of everyone working at Medicovert. The Medicovert CoC also guides the business and its people in sound decision-making.

Medicovert is committed to human rights, labour rights, the environment and anti-corruption. The Medicovert CoC specifies Medicovert's responsibility in these areas. The Medicovert Supplier Code of Conduct ("Supplier CoC"), Medicovert Environmental Policy, Medicovert Anti-Bribery Policy and Medicovert Whistleblower Policy further outline the Company's commitment.

These policies are available on our corporate website in each of the 13 languages most important for our staff and our partners. A clear majority of Medicovert's employees have already committed to the Medicovert CoC, however we aim for more than that: During 2020 we have started the roll out of our e-learning in the Medicovert CoC to our staff. At year-end 2020 more than 4,700 people have been trained in the Medicovert CoC, and through continued roll out we will ensure that this training reaches an even wider audience.

To further secure sound business ethics within the organisation everyone is encouraged to report if they become aware of behaviour that is not in line with the Medicovert CoC. Concerns can be raised to the employee's managers, division

heads, HR or legal representatives, or through the Medicovert Whistleblower channel, a system provided by a third party supplier. Concerns of serious wrongdoings can be raised anonymously and are promptly investigated. Anyone raising concerns in good faith is protected against retaliation under the Medicovert Whistleblower Policy.

Medicovert operates in some countries that score low on Transparency International's Corruption Perceptions Index. Read about Medicovert's risks and risk management on pages 51–56 and in Note 25. We have zero tolerance for corruption and bribery. The Medicovert Anti-Bribery Policy expands on the principles in the Medicovert CoC, and is supplemented by the Medicovert Anti-Bribery manual, providing further guidance and practical examples. During 2020 we developed our own anti-bribery and anti-corruption e-learning, specifically tailored to our business and focused on key risks identified during our group-wide risk-mapping. The training will be translated into local languages and rolled out to Medicovert's businesses in 2021, replacing the external anti-bribery e-learning previously used.

The same principles are embedded in the Supplier CoC, and our suppliers are expected to comply with this. In 2020 we started to roll out the Supplier CoC from our largest market to all the others where we operate. We are in the process of collecting statements from our suppliers that they accept the Supplier CoC, starting with the largest suppliers and high-risk suppliers. More than 250 suppliers have signed off on the Supplier CoC. The work will continue in 2021, including the implementation of a system to track which suppliers have endorsed the Supplier CoC.

We encourage widespread internal communication through multiple channels and conduct regular, anonymous surveys of our employees to understand their ideas and their concerns. We provide feedback and follow up on the issues they raise.

We will measure our progress with the actions described in this section by tracking:

- The number of staff who have been trained in the Medicovert CoC: 4,700 (more than 16,000 have signed).
- The number of staff who have been trained in the Medicovert Anti-Bribery Policy: New e-training has been developed, to be rolled out during 2021 (more than 16,000 have signed).
- The number of suppliers who have committed to the Supplier CoC: 253 (90).

Measuring our progress

The sustainability goals we work towards are in many cases complementary and mutually reinforcing. For example, investments in medical training both make our people more fulfilled and more effective and improve the quality and scope of care we can provide.

There are many metrics that we measure to keep track of how we are progressing, in the table below you can find the key performance indicators, grouped according to the sustainability goals they help us to address. We will refer to these in the sustainability reports for future years.

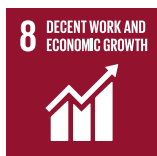
Care provision



Quick and convenient access to care

	2020 ¹⁾	2019 ¹⁾
Total non-public healthcare spending channelled through Medcover	EUR 781m	EUR 667m
The number of individuals who received Medcover services during the year:		²⁾
Diagnostic Services	9 million	
Healthcare Services	>3 million	
The growth in the number of facilities:	39	30
blood-drawing points:	63	100
The number of times a Medcover site was accessed for free healthcare information	94 million	42 million

People and partners



Care providers equipped, trained and empowered to do their jobs well

Medcover employment opportunities created for medical professionals aged under 30	4,078 new jobs	2,791 new jobs
The number of medical staff using Medcover's systems to interact with patients or check diagnostic results	23,598 professionals	²⁾
The productivity increase for our corporate clients through the care provided to their employees	5,870 workyears per annum (Poland)	5,020 workyears per annum (Poland)

Prevention and education



People lead healthier lives

The number of diagnostic tests provided	103.9 million	106.7 million
The number of hours of training provided (to staff and to medical partners)	185,000	374,700
The cumulative number of school children who have participated in Medcover sponsored health education or screening	102,800	88,150

Care for the environment



Minimise our environmental impact

Total consumption of energy (Scope 1 and 2) per EURm of revenue	91,400 kWh	100,600 kWh
Total CO ₂ emissions (Scope 1 and 2) per EURm of revenue	51.7 t CO ₂ ³⁾	46.5 t CO ₂
Time and emissions saved through virtual care provision (compared with traditional care)	Time 912 workyears Emissions more than 3,000 t CO ₂	²⁾

Governance and business ethics



Open, inclusive and ethical at all times

The number of employees who have been trained in the Medcover Code of Conduct	4,700 trained More than 16,000 have signed	Training launched in 2020
The number of Medcover staff who have been trained in the Anti-Bribery Policy	Training to be launched 2021 More than 16,000 have signed	Training to be launched 2021
The number of suppliers who have committed to the Medcover Supplier Code of Conduct	253	90

¹⁾ The environmental impact metrics and other non-financial metrics in this report are derived from Medcover internal data supplemented by estimates for locations and service lines where accurate source data was not available.

²⁾ Comparative data not measured.

³⁾ 36.6 t CO₂ excluding MHI.

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Information about the share

Medicover's B-shares have been listed on Nasdaq Stockholm since 23 May 2017. The share price increased by 51 per cent during the year and has increased by 293 per cent since the listing.

Share capital and structure

A directed share issue of 15 million class B shares was completed in June, increasing the total share capital in Medicover to EUR 30.1m (EUR 27.1m). The quota value is EUR 0.2 per share. Medicover has three classes of shares: 78,551,881 class A shares which carry one vote, 69,798,670 class B shares which carry one tenth vote and 2,384,644 class C shares which carry one tenth vote. The total number of shares amounted to 150,735,195 and total number of votes is 85,770,212.4.

Share performance and volume

During the year the highest closing price paid was SEK 164.00 on 30 December and the lowest closing price paid was SEK 76.40 on 23 March. The highest bid price during the year was SEK 172.80. The Company's market capitalisation at year end amounted to SEK 24.7bn. The share price increased by 51.0 (48.2) per cent during the year. The total share turnover on Nasdaq Stockholm amounted to 23,263,859 with a daily average volume of 92,317 shares. Trading on Nasdaq Stockholm amounted to 60.7 per cent of total trading.

Shareholders and ownership structure

At 30 December 2020 Medicover had 5,923 (4,214) shareholders, an increase by 41.0 per cent. Ownership outside of Sweden corresponded to 24.8 per cent (312 shareholders) of the total share capital and 21.6 per cent of the voting rights. Financial and institutional shareholders held 90.1 per cent of share capital and 91.4 per cent of the voting rights and private shareholders 9.9 per cent of share capital and 8.6 per cent of voting rights.

Dividend

According to the Company's dividend policy the board of directors could consider an annual dividend of up to 50 per cent of net profit. A proposed dividend will take into account Medicover's long-term development opportunities and its financial position. Class A and class B shares are entitled to dividends, but class C shares are not entitled. The right to a dividend is granted to those persons who are listed as shareholders in the share register maintained by Euroclear Sweden AB on the record date. The board of directors proposes a dividend of EUR 0.07 per share for 2020 and is subject to approval on the annual general meeting on 29 April 2021. The proposed dividend is 40.2 per cent of the net profit, which is in line with the dividend policy.

Silent period

Medicover maintains a silent period beginning 30 days prior of the publication of interim and year-end reports. During the silent period no meetings with investors, analysts or media are arranged.

Long-term performance-based share programmes

The annual general meetings in 2020, 2019, 2018 and the extraordinary shareholders' meeting in 2017 have decided on long-term performance-based share programmes for key employees. The following table shows the main characteristics for the programmes. For more information, refer to note 32.

	Plan 2020	Plan 2019	Plan 2018	Plan 2017
Approval date, AGM	30 April 2020	3 May 2019	26 April 2018	31 March 2017
Maximum number of shares to be allotted	1,112,000	1,060,000	1,004,000	938,000
% of total shares	0.74	0.70	0.67	0.62
% of voting rights	0.13	0.12	0.12	0.11
Number of employees offered to participate	58	53	50	45
Number of participants at inception date	54	46	43	32
Estimated number of B shares to be allotted, subject to possible recalculation	1,003,904	862,104	786,016	664,664
as percentage of total shares	0.67	0.57	0.52	0.44
as percentage of voting rights	0.12	0.10	0.09	0.08
Number of participants at year-end 2020	53	40	31	22

	Number of shares	Capital, %	Voting rights, %
Class A shares	78,551,881	52.1	91.6
Class B shares	69,798,670	46.3	8.1
Class C shares	2,384,644	1.6	0.3
Total	150,735,195	100.0	100.0

Source: Euroclear Sweden AB, 30 December 2020

Information about the share

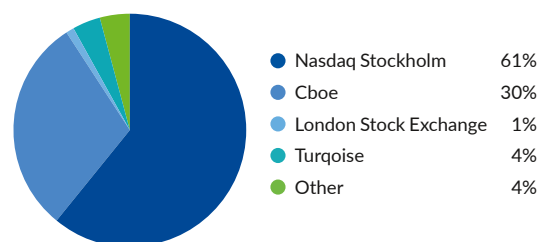
	Number of shareholders	% of shareholders	Capital, %	Votes, %
Private shareholders	5,445	91.9	9.9	8.6
– of which based in Sweden	5,389	91.0	9.7	8.6
Institutional shareholders	478	8.1	90.1	91.4
– of which based in Sweden	222	3.7	65.4	69.8
Total	5,923	100.0	100.0	100.0
– of which based in Sweden	5,611	94.7	75.2	78.4

Source: Euroclear Sweden AB, 30 December 2020

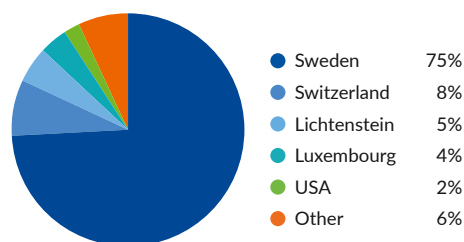
Number of shares	Number of shareholders	% of shareholders	Capital, %	Votes, %
1–500	4,964	83.7	0.3	0.05
501–1,000	344	5.8	0.2	0.04
1,001–5,000	324	5.5	0.5	0.10
5,001–10,000	69	1.2	0.4	0.08
10,001–50,000	105	1.8	1.6	0.39
50,001–100,000	27	0.5	1.3	0.60
100,001–	90	1.5	95.7	98.74
Total	5,923	100.0	100.0	100.00

Source: Euroclear Sweden AB, 30 December 2020

Share trading on different market places



Share capital by country



The share



Information about the share

15 largest shareholders

	Class A shares	Class B shares	Class C shares	Total shares	Capital, %	Votes, %
Celox Holding AB	47,157,365			47,157,365	31.3	55.0
Christina af Jochnick Family	18,880,915	58,210		18,939,125	12.6	22.0
Robert af Jochnick Family ¹⁾	9,909,861	3,922,780		13,832,641	9.2	12.0
Fjärde AP-Fonden		14,371,218		14,371,218	9.5	1.7
AMF Aktier och Fonder		6,353,232		6,353,232	4.2	0.7
Enter Fonder		2,725,883		2,725,883	1.8	0.3
SEB Investment Management		2,475,634		2,475,634	1.6	0.3
HSBC Bank PLC, W8IMY		2,195,508		2,195,508	1.5	0.3
Euroclear Bank S.A./N.V, W8-IMY	136,000	1,983,173		2,119,173	1.6	0.6
Fredrik Rågmark		1,979,155		1,979,155	1.3	0.2
Mertzig Equity Fund Sweden		1,850,000		1,850,000	1.2	0.2
SHB Luxembourg CLACCT SWDEN	859,570	912,281		1,771,851	1.2	1.1
Clients Sverige Fokus		1,640,000		1,640,000	1.1	0.2
Handelsbanken Fonder		1,583,545		1,583,545	1.1	0.2
JP Morgan Bank Luxembourg S.A.		1,500,000		1,500,000	1.0	0.2
Others	1,608,170	26,248,051	2,384,644	30,240,865	19.9	5.0
Total	78,551,881	69,798,670	2,384,644	150,735,195	100.0	100.0

¹⁾ Including NG Invest Beta AB.

Source: Euroclear Sweden AB, 30 December 2020

Date	Event	Number of shares			Share capital		
		Change in number of class A shares	Change in number of class B shares	Change in number of class C shares	Number of shares following the transaction	Change, €	Total, €
22/08/2016	Foundation		6,500		6,500	6,500	6,500
02/01/2017	Share issue in kind	17,539,222	1,873,923		19,419,645	19,413,145	19,419,645
02/01/2017	Reduction of share capital		-6,500		19,413,145	-6,500	19,413,145
10/03/2017	Share split (5:1)	70,156,888	7,495,692		97,065,725		19,413,145
30/03/2017	Share issue in kind		6,970		97,072,695	1,394	19,414,539
22/05/2017	New share issue in connection with the Offering		36,262,500		133,335,195	7,252,500	26,667,039
22/05/2017	Conversion ¹⁾	-5,774,964	5,774,964		133,335,195		26,667,039
30/06/2017	Conversion ¹⁾	-55,555	55,555		133,335,195		26,667,039
31/07/2017	Conversion ¹⁾	-320,525	320,525		133,335,195		26,667,039
31/08/2017	Conversion ¹⁾	-39,940	39,940		133,335,195		26,667,039
30/09/2017	Conversion ¹⁾	-125,855	125,855		133,335,195		26,667,039
30/11/2017	Conversion ¹⁾	-31,110	31,110		133,335,195		26,667,039
31/01/2018	Conversion ¹⁾	-13,960	13,960		133,335,195		26,667,039
30/06/2018	Conversion ¹⁾	-409,475	409,475		133,335,195		26,667,039
31/08/2018	Conversion ¹⁾	-50,000	50,000		133,335,195		26,667,039
31/10/2018	Share issue			2,400,000	135,735,195	480,000	27,147,039
31/12/2018	Conversion ¹⁾	-1,669,930	1,669,930		135,735,195		27,147,039
28/2/2019	Conversion ¹⁾	-368,595	368,595		135,735,195		27,147,039
30/4/2019	Conversion ¹⁾	-15,850	15,850		135,735,195		27,147,039
31/7/2019	Conversion ¹⁾	-16,735	16,735		135,735,195		27,147,039
30/8/2019	Conversion ¹⁾	-2,120	2,120		135,735,195		27,147,039
31/10/19	Conversion ¹⁾	-5,065	5,065		135,735,195		27,147,039
31/12/19	Conversion ¹⁾	-25,000	25,000		135,735,195		27,147,039
31/01/20	Conversion ¹⁾	-20,000	20,000		135,735,195		27,147,039
31/03/20	Conversion ²⁾		15,356	-15,356	135,735,195		27,147,039
30/06/20	Share issue		15,000,000		150,735,195	3,000,000	30,147,039
31/08/20	Conversion ¹⁾	-175,000	175,000		150,735,195		30,147,039
30/11/20	Conversion ¹⁾	-24,550	24,550		150,735,195		30,147,039

¹⁾ Conversion from A to B shares.

²⁾ Conversion from C to B shares.

Management report

The board of directors and CEO for Medcover AB (publ) hereby present the annual report and consolidated financial statements for the financial year 2020.

Operations

Medicover is a healthcare and diagnostic services provider mainly operating in Poland, Germany, Romania, Ukraine, India and other smaller markets, primarily in Central and Eastern Europe.

Business concept

Medicover offers a broad range of high-quality healthcare and diagnostic services through a comprehensive network of hospitals, clinics and laboratories. The Group operates through two divisions, Diagnostic Services and Healthcare Services.

Operations and organisation

Market

Medicover's services can be sub-divided into two main private payment models depending on the relationship between the amount to be paid and the services to be provided: Fee-For-Service ("FFS") with each of the services paid out of pocket by individuals and funded pay subscriptions/health plans under insurance contracts or prepaid arrangements. As much as 78% of the Group's revenue in 2020 originated from private pay, reflecting Medicover's low reliance on public funding. The

Group has a strong position in Poland and Germany with these two markets accounting for the majority of the Group's revenue.

Diagnostic Services

Offers a broad range of diagnostic laboratory testing across all major clinical pathology specialties. The division generated 47% of the Group's revenue. Of this, 66% was generated from private pay and the remaining 34% through public pay, out of which 31% from the German market.

Healthcare Services

Offers services ranging from primary care to specialist outpatient and inpatient care. The division generated 53% of the Group's revenue. 44% of total Healthcare Services revenue was generated by Medicover's integrated healthcare model, which is predominantly an employer funded employee benefit healthcare package (subscription/health plan). 46% of the division's revenue was generated through the strong and expanding FFS and other services and the remaining 10% from public funded sources.

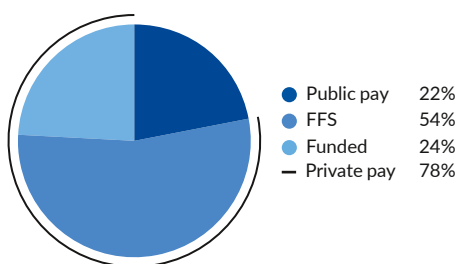
Important events during the financial year

The Covid-19 pandemic has had a cumulative financial negative impact on the Group's operating performance even if the Group has had additional revenue from Covid-19 services during the second half of the year. Underlying conservative actions were taken to adjust the cost base with temporary short time working hours, salary reductions and other steps which have dampened the negative impact. In addition, the financial performance has been supported by government employment grants and rent concessions.

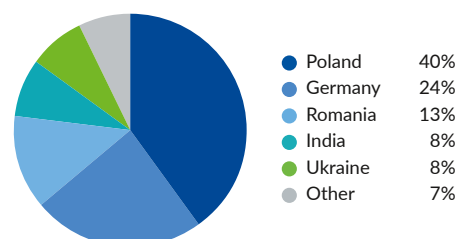
A directed share issue of 15 million shares was completed in June 2020, this resulted in an increase in share capital of €3.0 million and in share premium of €138.9 million, net of transaction costs. Medicover has also renegotiated and increased its indebtedness covenant levels for its €220 million revolving credit facility to ensure increased financial flexibility. The additional financial resources and resilience of the underlying businesses enabled the Group to continue to invest for growth and support its patients and members.

Business combinations during the year included three dental businesses in Poland, an endocrinology clinic in Germany and Fitness World Sp. z o.o., a gym chain in Poland.

Revenue by payer



Revenue by country



Management report

Financial Overview

Revenue

The Group's revenue was €997.8 million (€844.4 million), a growth of 18.2%. Organic growth was 11.3%. Medcover was negatively impacted by Covid-19 with lower demand for certain services, such as elective surgeries, and continuing patient reluctance to access diagnostics or healthcare. This was offset by revenue from Covid-19 services, such as diagnostics, PCR and antigen/antibody testing and treating patients.

Foreign exchange fluctuations had a negative impact of 3.3% with weakness from all non-euro markets.

Diagnostic Services

Revenue increased by €64.7 million, or 15.9%, to €473.4 million (€408.7 million). Organic growth was 18.0%, impacted positively by Covid-19. The number of laboratory tests decreased by 2.7% to 103.9 million (106.7 million). 1.9 million Covid-19 tests have been performed. Foreign exchange fluctuations had a negative impact of 2.7% with weakness for all non-euro markets.

Healthcare Services

Revenue increased by €90.4 million, or 20.1%, to €539.7 million (€449.3 million). Organic growth was 5.2%, impacted negatively by Covid-19. Revenue from business combinations made within the last year amounted to €83.3 million of which €72.1 million related to Medcover Hospitals India ("MHI"). The total number of hospitals in MHI has increased from 11 to 16 during the year. MHI has been strongly supported by revenue from Covid-19 services, having admitted close to 7,100 Covid-19 patients.

The employer funded member base increased from 1,300K to 1,353K during the year, a growth of 4.1%. Foreign exchange fluctuations had a negative impact of 3.6%, driven mainly by weakness for Poland.

Covid-19

The estimated impact of Covid-19 on revenue was as follows:

€ million	2020
Revenue from Covid-19 services	
Diagnostic Services	66.1
Healthcare Services	28.3
Total	94.4
Estimated negative impact on revenue	
Diagnostic Services	47-55
Healthcare Services	70-81
Total	117-136
Estimated net impact on revenue	
Diagnostic Services	11 to 19
Healthcare Services	-42 to -53
Total	-23 to -42

Operating profit

Operating profit was €61.3 million (€46.5 million), impacted both positively and negatively by Covid-19. Within the operating profit was an impairment charge of €-5.2 million (€-0.8 million) for non-current assets. The Group recognised total expenses of €-5.1 million (€-1.9 million) as costs related to equity settled share-based payment transactions. EBITDA was €157.5 million (€120.7 million), a margin of 15.8% (14.3%). Adjusted EBITDA amounted to €164.1 million (€125.0 million), a margin of 16.4% (14.8%). Adjusted EBITDAaL increased by 35.6% to €115.1 million (€84.9 million), a margin of 11.5% (10.1%).

Medical costs were €-734.3 million (€-637.6 million) and slightly lower at 73.6% of revenue compared to previous year with contribution increasing by €56.7 million to €263.5 million. Distribution, selling and marketing costs decreased by €1.7 million to €-43.3 million (€-45.0 million). Administrative costs increased by €43.6 million to €-158.9 million (€-115.3 million).

Revenue growth 2020

Growth components (€ million)	Revenue 2019	Organic growth	Acquisition growth	Currency effects	Total growth	Revenue 2020
Medcover	844.4	95.3	85.9	-27.8	153.4	997.8
As % of revenue		11.3%	10.2%	-3.3%	18.2%	
Diagnostic Services ¹⁾	408.7	73.5	2.6	-11.4	64.7	473.4
As % of revenue		18.0%	0.6%	-2.7%	15.9%	
Healthcare Services ²⁾	449.3	23.5	83.3	-16.4	90.4	539.7
As % of revenue		5.2%	18.5%	-3.6%	20.1%	

¹⁾ Including inter-segment revenue of €14.1 million in 2020 (€13.2 million).

²⁾ Including inter-segment revenue of €1.6 million in 2020 (€0.7 million).

Management report

The estimated positive EBITDA and margin of Covid-19 revenue was as follows:

€ million	2020
EBITDA	
Diagnostic Services	21.2
Healthcare Services	8.9
Total	30.1
EBITDA margin	
Diagnostic Services	32.1%
Healthcare Services	31.3%
Total	31.8%

Other income/costs and net financial items

Other income/costs amounted to €1.5 million (€1.0 million).

Net financial result amounted to €-25.6 million (€-12.3 million). €-18.1 million (€-13.7 million) was related to interest expense and commitment fees on the Group's debt and other discounted liabilities. €-10.2 million (€-7.2 million) of the interest expense was related to lease liabilities. €0.9 million (€1.8 million) of interest was earned on cash balances. Foreign exchange losses amounted to €-8.4 million (€-0.4 million) of which €-5.5 million related to Euro denominated lease liabilities.

Profit for the year and earnings per share

Profit before income tax increased by €4.0 million to €37.3 million with a margin of 3.7% (3.9%). Income taxes amounted to €-10.0 million (€-8.6 million) with an effective tax rate of 26.7% (25.9%). The slightly higher effective tax rate is due to an increase in weighting of profit to German entities, with a higher effective tax rate. Profit for the year was €27.3 million (€24.7 million).

Basic/diluted earnings per share was €0.182 (€0.168).

Cash flow from operating activities

The net cash flow from operating activities before working capital changes and tax payments increased by €43.4 million, or 35.0%, to €167.7 million (€124.3 million). This translates to a conversion of EBITDA of 106.5% (103.0%). Net working capital increased by €0.7 million (€23.5 million), reflecting increased receivables, higher inventories and an increase in trade and other payables. Income tax paid decreased by €2.5 million to €11.0 million (€13.5 million). The net cash flow from operating activities increased by €68.7 million, or 77.7%, to €156.0 million (€87.3 million).

Cash flow used in investing activities

The net cash flow used in investing activities amounted to €126.3 million (€141.8 million). Payment for acquisition of intangible assets and property, plant and equipment increased by €9.3 million to €72.5 million (€63.2 million). Cash flow from acquisition of subsidiaries and associates amounted to €13.6 million (€82.7 million) relating to payments for earlier closed transactions and acquisitions for the year.

Cash flow from/(used in) financing activities

Net proceeds from the directed share issue during 2020 amounted to €141.9 million. The Group acquired an additional 1.6% interest in the share capital of MHI for €1.2 million. Total

ownership in MHI at year-end was 56.0% (54.4%). Net loans repaid amounted to €106.4 million (net loans drawn €97.4 million). Leases repaid were €31.4 million (€29.9 million). The net cash flow from/(used in) financing activities amounted to €-14.1 million (€48.8 million).

Financial position

The Group's equity amounted to €483.5 million (€359.7 million). The increase is mainly explained by the directed share issue, which was reduced by a negative movement of €40.5 million on translation reserves, of which 88% relating to Poland, Ukraine and India.

Loans payable amounted to €167.9 million (€275.3 million), a decrease of €107.4 million. Lease liabilities were €199.5 million (€176.2 million) and the total financial debt amounted to €367.4 million (€451.5 million). Loans payable net of cash and liquid short-term investments were €81.1 million, down €159.4 million, reflecting the strong operating cash flows and the capital increase. The Group has a revolving credit facility at year-end of €220 million with a maturity of 1.5 years and financial covenants in relation to net debt/EBITDA and interest cover. The Group has undrawn revolving credit facilities, liquid short-term investments and cash and cash equivalents of over €300.0 million at the end of the year. Net financial debt was €280.6 million (€416.7 million), a decrease of €136.1 million.

5-year financial summary

For a 5-year financial summary of the consolidated income statement, statement of financial position, cash flow statement and key financial data, refer to pages 118 and 119.

Share capital

Share capital as at 31 December 2020 was €30.1 million (€27.1 million) represented by 150,735,195 shares divided into 78,551,881 class A shares, 69,798,670 class B shares and 2,384,644 class C shares.

In June 2020, the board of directors resolved, based on the authorisation granted by the annual general meeting on 30 April 2020, on a directed share issue of 15 million new class B shares at a subscription price of SEK 100 per share. This resulted in an increase in share capital of €3.0 million and in share premium of €138.9 million, net of transaction costs.

The quota value was €0.2 (€0.2) per share. Each class A share carries one vote. Each class B and class C share carries one tenth of a vote. Medicover's class B share has been listed on Nasdaq Stockholm since May 2017.

Celox Holding AB, the largest shareholder, owned 47,157,365 shares with 31.3% of the capital and 55.0% of the voting rights. The Christina af Jochnick family owned 18,939,125 shares with 22.0% of the voting rights. The Robert af Jochnick family owned 13,832,641 shares with 12.0% of the voting rights.

Co-workers

Medicover recognises that its business performance, growth and brand value are dependent upon its ability to develop the right culture to lead and engage its employees. For more information about Medicover's co-workers, refer to "People and partners" section. As at 31 December 2020, Medicover had 32,387 co-workers, split into 73% women and 27% men, and 19,404 FTE's on average over the year. Within the positions of managerial responsibility in the Group, such as managers,

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directors and others in a leading position, women held 54% and men 46% of the positions.

Sustainability report according to the Annual Accounts Act

Medicover AB has prepared a sustainability report according to the Annual Accounts Act. The report contains material information about the Group's efforts and commitments within the sustainability issues: environment, social conditions and personnel, respect for human rights and anti-corruption.

The sustainability report is available on the following pages:

- Business model: 10–11
- Risks and risk management: 51–56
- Sustainability: 30–41

The Medicover Code of Conduct is the foundation of the Company's sustainability efforts, guiding the business and supporting sound decision-making. The Code of Conduct is based on the UN Global Compact and reflects the Company's material sustainability aspects. Medicover's other sustainability related steering documents are the Medicover Supplier Code of Conduct, the Medicover Environmental Policy, the Medicover Whistleblower Policy and the Medicover Anti-Bribery Policy.

The auditor's report on the sustainability report can be found on page 117.

Remuneration to the board members

Fees and other remuneration to the members of the board of directors are resolved by the annual general meeting (AGM). At the AGM held on 30 April 2020, it was resolved that remuneration for the time until the end of the next AGM for board members elected by the general meeting shall be paid to cover duties and responsibilities of all board and committee members. For details, refer to note 31 for full disclosure.

The board of directors' proposal for guidelines for executive remuneration

The executive management falls within the provisions of these guidelines. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the AGM 2021. Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines. These guidelines do not apply to any remuneration decided or approved by the AGM.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability

For more information about the Company's business strategy, refer to "Strategy" section.

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer the executive management a competitive total remuneration.

Long-term share-related incentive plans have been implemented in the Company. Such plans have been resolved by the

AGM and are therefore excluded from these guidelines. The long-term share-related incentive plan proposed by the board of directors and submitted to the AGM 2021 for approval is excluded for the same reason. The proposed plan essentially corresponds to existing plans. The plans include among others executive management in the Company. The performance criteria used to assess the outcome of the plans are linked to the business strategy and thereby to the Company's long-term value creation, including its sustainability. At present, these performance criteria comprise growth in EBITDA or EBITDAaL over a five-year period. The plans are further conditional upon the participant's own investment and certain holding periods of several years.

Variable cash remuneration covered by these guidelines shall aim at promoting the Company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 75% of the fixed annual cash salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100% of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the board of directors based on a proposal from the remuneration committee.

For the CEO, pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 20% of the fixed annual cash salary. For other executives, pension benefits, including health insurance, shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to not more than 20% of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits may amount to not more than 10% of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines. Executives who are expatriates may receive additional remuneration and other benefits to the extent

Management report

reasonable in light of the special circumstances associated with the expat arrangement, taking into account, to the extent possible, the overall purpose of these guidelines. Such benefits may not in total exceed 75% of the fixed annual cash salary.

Termination of employment

Upon termination of an employment, the notice period may not exceed twelve months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for two years for the CEO and one year for other executives. When termination is made by the executive, the notice period may not exceed twelve months, without any right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than 24 months following termination of employment.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualised, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the Company's business strategy and long-term interests, including its sustainability, by for example being linked to the business strategy or promote the executive's long-term development.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

Salary and employment conditions for employees

In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Group have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programmes for variable remuneration for the executive management, the

application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The members of the remuneration committee are independent of the Company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Research and development

Medicover has over many years developed its inhouse systems to support medical operations, driving effectiveness, safety and efficiency. These tools have driven higher satisfaction and retention. These systems are developed with Medicover's experienced software development teams. During 2020 €4.4 million (€3.8 million) relating to development expenditure has been capitalised as intangible assets. In addition, Medicover researches novel tests and test protocols for laboratory tests, as well as new approaches for delivery of medical services with a strong focus on electronic means and utilisation of data to improve medical effectiveness. All such research costs are expensed in the period incurred.

Parent company

The parent company's business mainly consists of corporate management and holding company functions. Revenue for 2020 was €0.7 million (€1.0 million). Profit for the year amounted to €2.1 million (€4.4 million), impacted by Group contribution and dividends received from subsidiaries.

Equity amounted to €611.9 million (€463.1 million) at 31 December 2020, increased by €141.9 million from the net proceeds of the directed share issue.

Dividend policy

According to the Company's dividend policy the board of directors could consider an annual dividend of up to 50% of net profit. A proposed dividend will take into account Medicover's long-term development opportunities and its financial position.

Proposed distribution of earnings

The board of directors proposes to the AGM that a dividend of €0.07 per share is distributed for the financial year 2020. The decision is subject to the shareholders' approval on the AGM on 29 April.

The proposed dividend is 40.2% of the net profit attributable to shareholders, in line with the dividend policy, corresponding to a total of €10.4 million. If the proposal is accepted, the expected record date for the dividend will be 3 May and the dividend is expected to be paid out by Euro-clear on 10 May. More information is included in note P13.

Risk and risk management

Medicover's business and operations are exposed to risks that could impact its operations, performance or financial position. Management of these risks is a key issue for Medicover to execute its strategy and reach financial targets. Medicover sets out to manage those risks that are controllable, through identification, assessment and controls and for those that are not controllable to monitor and mitigate as reasonably possible.

Operational risks

Risk	Description	Risk management
Market risk	<p>Medicover largely operates in privately paid markets where individuals or companies are voluntarily paying for health services provided. As such economic factors are an important driver for demand and pricing of services. Medicover is dependent on the employment market in its Healthcare Services segment, where employer funded healthcare packages are the largest source of revenue. A strong employment market and growing economies support employment and retention benefits such as healthcare packages. Also strong economics support increasing disposable income and ability to afford to pay for healthcare services.</p> <p>Medicover has competitors that also provide the services that it offers in most of its markets. In order to be competitive Medicover must ensure its offering is competitive and valued both by those paying for the services and those using the services.</p>	<p>Medicover has for over 25 years grown against an economic background of cycles of strong growth and retrenchment. Medicover has developed its ability to remain flexible to manage such cycles through its relative size and resulting scale. This is part based on Medicover's approach to maintain affordability for its services to match the local market's ability to pay for them. These are to a large degree services of medical professionals providing healthcare and thereby creating a natural matching to local affordability. Economic crises also have a tendency to impact central funding for publicly paid healthcare which leads to more people being forced to find healthcare treatment from private providers tending to mitigate the impacts of economic downturns on Medicover.</p> <p>Having a geographical spread between several markets, both those characterised as developing and mature also mitigate to offset the impacts of any one country's economic problems.</p> <p>Medicover has for over 25 years been constantly improving its operations and effectiveness, systems and insights and very importantly its scale. Scale is an important factor in being able to provide services cost effectively to customers and meet their expectations. By having a focus on service to customers, meeting their needs and ensuring good working conditions Medicover is able to maintain its offering as competitive in the market and valued by its customers and payer.</p>
Political risk	<p>Medicover operates across several countries and is exposed in each of these markets to political risks as to reimbursement structures and tariffs, legislative frameworks and enforcement of contracts and permits, corruption, weak institutions and conflicts. These factors may make it difficult to operate, delay investments, increase costs and impact financial returns and business stability.</p> <p>Healthcare provision is susceptible to ideological political actions and change of public funding arrangements, particularly viewed through the objective of state provision versus privately owned providers.</p> <p>Regulations are often not applied evenly, with state/public providers not being subject to or not complying with legislation, whilst private providers are obliged to comply.</p>	<p>Medicover's diversification across several countries and within those countries in several areas of healthcare services mitigates to a degree individual country actions. Medicover has a history of focus on private funded sources for its activities and in markets characterised as less developed to move that focus to avoid public funded services. This has ensured the robustness of Medicover's business even in periods of strong economic shocks and country crises. Healthcare is an area which fortunately is not seen as a target area for interference from officials resulting in a less exposed business area.</p> <p>In certain markets to mitigate the risks of weak institutions Medicover has a higher investment cost to reduce reliance on third parties, such as owning key properties rather than leasing.</p>
Legislation and regulation risk	<p>Medicover operates in markets which are regulated and therefore affected by laws, regulations and governmental interpretations and practices which might entail higher costs and constraints on growth. Medicover must comply with, and is affected by, laws and regulations relating to, among other things, access to healthcare and diagnostic services, the quality of such services, qualifications of and requirements on employees and other medical staff members, financing of healthcare and diagnostic services, environment, disposal of clinical waste, pricing and operating guidelines.</p>	<p>Inhouse lawyers support Group companies with advice on laws and regulations including compliance as well as support with contract reviews. Medicover has from the very start of its business operated with the principles of complete compliance with legislation, which after over 25 years of operations has instilled a culture which helps to perpetuate this approach.</p> <p>Becoming an important reference for quality standards and an employer engaged with and respected by the medical community also helps to mitigate risks. In relation to changes in legislation Medicover is an active voice in discussions on areas of legislation. This is helped by scale within certain markets.</p>

Risk and risk management

Operational risks

Risk	Description	Risk management
Medical risk	<p>Medical risk is the risk that patients and their quality of life could be adversely affected by the advice/counselling, care or treatment provided by clinical staff employed or contracted by Medicover; or the failure to investigate or treat safely and appropriately due to poor staffing levels, inappropriate skills/expertise or lack of competence.</p> <p>In Diagnostic Services, medical risk, in addition, is the risk of errors in diagnostic tests or incorrect patient attribution leading to wrong diagnosis, wrong treatment (e.g. incompatible blood transfusion) or delayed treatment causing harm.</p> <p>Medical risk, due to potential impact or claims against the Company, links across to reputational risk, financial risks and regulatory risk.</p>	<p>Medicover closely monitors clinical work across the Group with a view to picking up issues early, learning from them and acting to encourage continuous clinical improvement. This requires open reporting and a learning culture. Key medical performance indicators are collected from across the Group and reported monthly to the Medicover board's medical advisory council, chaired by the chief medical officer, which has accountability for quality of care, medical ethical issues, clinical governance and assurance on the management of clinical risk. Medical KPIs are reported to the board on a quarterly basis, particular attention being given to the reporting of and learning from serious clinical incidents. The medical advisory council regularly reviews and updates the medical risk register.</p>
Insurance risk	<p>The Group conducts insurance activities in the field of medical insurance. Part is through insurance contracts which are written by the Group's regulated insurance entity and thereby subject to regulatory oversight by authorities under insurance legislation and part is conducted by other commercial entities as activities which do not fall under regulation but still contain elements of insurance contracts. The Group provides medical services through its owned and controlled facilities and medical staff to treat its members who subscribe to Medicover's insurance policies or commercial fixed rate contracts.</p>	<p>The insurance contracts are predominantly with employer groups to pay for healthcare services to be provided to their employees and dependents (funded payments). The Group has extensive experience in assessing the risk accepted by entering into these insurance contracts. The Group assesses both new business accepted and continuing contracts against internally generated actuarial risk profiles and has procedures in place to estimate future profitability and cash flows on both proposed and existing business. The risk profiles are adapted for each market the Group operates in.</p> <p>Certain benefits which could lead to larger individual claims are capped. Certain benefits incorporated into the insurance contracts issued are backed by other insurers on a non-recourse basis, mainly in the area of travel insurance. Reinsurance is not used to transfer insurance risk as the scope of large scale losses is naturally limited by the facility based medical service model and the restrictions incorporated into the insurance contracts.</p> <p>The Group's insurance contracts are heavily dispersed across a wide range of employers and geographical locations in Europe, with no large concentrations of risk. Furthermore, contract terms limit recourse of the contract holder in the case of inability to provide medical services for whatever reason.</p>
Reputational risk	<p>Reputational risk is the risk that Medicover's reputation will be damaged among customers or the general public. Activities of healthcare providers both public and private are covered by the media including social media, whose coverage from time to time may be extensive. Media interest and coverage of Medicover increases as the Company grows which can be positive or negative. Negative criticism can have consequences that are more serious than what is justified under the circumstances. Negative publicity concerning Medicover, one of our competitors, or the industry as a whole may have a negative impact on Medicover's reputation directly or indirectly. This may reduce trust of our customers in our services and propensity to maintain contracts or buy services.</p>	<p>Medicover takes an approach to providing safe healthcare that is based on ensuring availability of tools to reduce risk of medical errors, an environment that is transparent and where patients and families are respected. The quality of the staff and their desire to improve and provide safe medicine is an important factor in our staff selection and ongoing relationships. An example is the systems based approach to monitoring drug prescriptions to reduce the risks of incorrect prescriptions, which was an investment decision justified by increased safety. This is also an important tool for reducing the risk of rumours and negative publicity as well as demonstrating to our customers our commitment to their health and well-being.</p> <p>Medicover also strives to build a positive reputation in the communities, to offset any perceived negatives which may arise. Employee engagement activities and the work of the Medicover Foundation are examples of how Medicover gives back to the communities and create a positive reputation.</p>
Technology risk	<p>Technology risk is the risk that new developments in medical technology enable certain healthcare services to be provided more effectively or more cost efficiently, rendering Medicover's provision of those services obsolete.</p>	<p>Medicover's diversification across different customers and types of services mitigates the risk, e.g. the integrated healthcare model provides a broad range of healthcare services, not just specific services in specific ways.</p> <p>Medicover is monitoring new technology developments and cooperates with the innovators. This cooperation implies that the innovators can advance their products and services and at the same time Medicover can become an early adopter of those which bring value to customers and/or enhance standards of care.</p>

Risk and risk management

External Risks

Risk	Description	Risk management
Pandemic	<p>A global pandemic such as the current Covid-19 virus could impose restrictions on operations, expose medical staff to infection and require concerted actions by health authorities or governments to control the spread and manage the consequences. This risk could be limited to one geography or be global in nature leading to reduced economic activity, a lack of, or restriction of availability of staff, high levels of illness/absenteeism or even death of in particular medical staff. Authorities could requisition medical staff, facilities or equipment to assist in managing the consequences or other restrictions on the Group's ability to operate could be imposed. Government restrictions could also lead to a reduction in demand for certain services, close-down of businesses, customers having financial difficulties and/or delays in making payments, termination or non-renewal of agreements, impairment of goodwill and other assets and disruption in the financial market.</p>	<p>Medicover monitors events closely in developing health risk fields that may impact its customers and staff and has a contingency plan and systems for regular flu seasons and other peak health demand periods and periodically acquires excess inventories to mitigate risks of availability of supplies or disruption of supply chains. Medicover has invested strategically and historically focussed on digital technology which has proven to be very important to be able to serve its customers and to mitigate adverse risks during a pandemic. By its nature pandemic events can be overwhelming upon healthcare resources and inherently means limitations to risk mitigation steps available. Financial impacts due to government restrictions and any change in demand for the Group's services are closely monitored by management.</p>
Staff availability	<p>Medicover is growing at a fast rate, as more customers wish to access Medicover's network and services. This imposes on Medicover a requirement to expand its facilities and most importantly its staffing levels for services provided directly by medical staff. It is important for Medicover to be able to recruit and retain qualified and well educated staff, such as physicians, nurses, technicians and other healthcare and diagnostic professionals as well as administrative employees and there is a risk that Medicover, in some geographies, could suffer from a lack of supply of suitable staff due to reduced funding for education, emigration of skilled and well-educated staff and competition for the available staff with other private and state providers. This may also increase inflation for medical staff costs above general inflation and create pressure on margins where costs cannot be compensated through pricing.</p> <p>Moreover, Medicover is dependent on certain key individuals in the executive management. Medicover's ability to recruit and retain qualified senior executives is important for Medicover's capability to effectively govern its operations, offer high quality healthcare and diagnostic services and its ability to maintain and obtain relevant permits and licenses for its operations. There is a risk that senior executives will not perform in accordance with customers' expectations and the quality standards set by the Group. If Medicover is unable to retain a qualified senior management team, this could result in a poorer development and outlook.</p> <p>For staff availability during a pandemic, refer to risk Pandemic.</p>	<p>Medicover strives to be a workplace where medical and other staff feel respected and recognised and as a place where they can meet their professional aspirations. This is achieved through investment in systems to facilitate work, continuing education and development and peer based networks providing support and advice. Medicover's continued work with digitalisation and automation also implies that medical staff's time is more leveraged and so that their working environment is more safe. This helps to keep medical staff well, motivated and productive and enables them to serve a greater number of patients. This is combined with market based remuneration levels and a reputation as a respected employer. This may not be sufficient on its own to secure staff and Medicover has taken initiatives to be a training and development centre for medical staff, with programmes in Poland, Romania, India and Ukraine.</p> <p>In respect of the executive management Medicover has an approach to pay executives at appropriate market levels and furthermore has a long-term incentive plan to assist in motivating executive staff to remain with the Group over a longer period of time.</p>

Risk and risk management

External Risks

Risk	Description	Risk management
Information-systems	<p>One of the strengths of Medcover is its own developed systems to manage patient interactions, records and processes. These highly specialised in-house developed systems are complemented by, and where appropriate interfaced with various commercially supplied information systems. Medcover's ability to leverage this combination of proprietary and commercial systems has been an important driver for Medcover's ability to meet customer's expectations and manage the costs of delivery of those services. This does mean however that Medcover is dependent on the Group's information systems and platforms and related processes running seamlessly and without interruption. There is a risk that the Group's systems may suffer interruptions or disturbances as a result of for example hacker attacks, infringements, computer viruses, bugs, network failures or human factors, resulting in unavailability, disruption or in sensitive patient information becoming public or accessible for non-authorised persons. The patients concerned could suffer significantly if confidentiality was to be compromised. Any improper functioning of Medcover's information systems may prevent the Group's staff to carry out medical services, entail the loss or corruption of data, including patient data, or generally cause disruptions to the Group's activities. With the introduction of regulations on data privacy across the European Union, the impact of regulatory fines will increase for breaches of law.</p>	<p>Medcover manages these risks through dedicating resources to build redundancy and robustness to its systems with a high focus on security and protection against external and internal threats. This approach is Group wide, however wherever there is an increased reliance upon centralised systems the degree of attention and resources dedicated to management of these risks is increased. Regular testing and auditing of systems and processes are conducted to manage threats. Dedicated physical infrastructure is made available for providing central services complemented with offsite remote facilities. Policies and procedures covering the Group are maintained centrally. Medcover regularly upgrades and invests in its information systems equipment and software solutions to maintain an environment that is able to resist new and developing threats. However strong such preventative measures may be, there is always a risk that failures may still occur hence back-up procedures and failure protocols have been developed to mitigate the impact of any such outages or failures.</p> <p>In house software is developed by dedicated staff following and operating under best practice standards with extensive testing and quality control procedures. Medcover has over 25 years of experience in developing and deploying its in house solutions. Medcover has always taken a very strict approach to data privacy and protection and so was well placed to prepare for and implement the EU General Data Protection Regulation which came into effect in May 2018.</p>
Permits and property	<p>Much of Medcover's operations are governed by specific laws that may impose regulations on physical structures, equipment, staffing and operations. In some countries operational permits or restrictions may apply as to what services can be provided and in which areas or other geographical limitations may apply. These rules and laws may change which could imply additional costs or require write downs to carrying values of permits or licenses that have been acquired. For new locations, extensions or moving facilities permits may impose requirements not adding any value or indeed imposing outdated and inefficient work practices, which may increase operating costs. Granting of permissions or licences may be delayed or take excessive time, leading to increased costs of investment. In certain cases, for key facilities, revocation or cancelling of permits could significantly impair operations.</p> <p>Medcover is dependent to fulfil its growth to add new facilities and locations and often relies on leasing premises from third parties, either fitted out to its specifications or as bare space to be adapted to Medcover's needs. There is a risk that suitable space is not available at the price that Medcover is seeking or in the locations needed. This could hamper Medcover's expansion plans.</p>	<p>Medcover is diversified across several geographies and within those geographies is usually present across many sites. As most permitting in the markets where Medcover operates is location by location this diversifies the risks of any individual permit being invalidated or cancelled. Furthermore, Medcover has been operating for many years in most of its markets and has a large experience in effectively monitoring and ensuring compliance with all permit and statutory obligations for operating medical facilities. In the larger markets dedicated teams are supporting these activities particularly in respect of expansion and new or moved locations. This builds a robust structure for managing premises from all aspects including permits, project management, sourcing and negotiations. Expansion in new locations is actively managed with multiyear projections of space requirements to enable prime locations to be secured and provide real options for expansion sites.</p>
Acquisition execution	<p>Growth through acquisitions, large as well as small, is part of Medcover's strategy. This entails a risk that Medcover will not identify suitable acquisition targets, that Medcover will not successfully negotiate acceptable terms, or be able to finance the acquisitions. Growth through acquisition also entails risks that Medcover will be exposed to unknown obligations in the acquired company or that the costs of acquisition will be higher than expected. In addition, acquisitions of less profitable businesses may have a negative impact on Medcover's margins and there is a risk that it might not be possible to integrate the acquired operations as planned, thus incurring higher costs than projected or not achieving synergies projected in full or within projected times.</p>	<p>Medcover has central oversight over all acquisition processes and experienced support resources in executing acquisitions and post-acquisition integration. The companies and units acquired operate in well-known areas. Medcover executes reviews of areas of the business operations (including customers and suppliers), financials, staffing and legal situation when performing acquisitions. It assesses risks and may negotiate guarantees and retain payments to protect against unknown risks. In many cases Medcover mitigates risk by linking the acquisition price to future development and performance of the target acquired. Medcover has established and implemented a structured acquisition process that requires analysis, documentation and sufficient approval prior to each acquisition. In addition, Medcover establishes a detailed integration plan in connection with the acquisition decision whereby the risk of increased costs related to integration is measured and managed.</p>

Risk and risk management

Financial Risks

Risk	Description	Risk management
Foreign currency risk	<p>The Group operates across several countries with its major operations in Poland, Germany, Romania, Ukraine and India. It operates in each country predominantly in its local currency. This exposes the Group to the risk of unfavourable movements in exchange rates with the foreign currency risk being classified as:</p> <ul style="list-style-type: none"> • transaction risk, arising from transactions being conducted by entities in currencies other than their currency, and • translation risk being the risk of the net investment exposure to foreign currency subsidiaries and the risk that the profit of foreign subsidiaries when translated to Euros is reduced. 	<p>Most of the Group's local businesses operate in a local market with staff employed providing services to the population. Employees are the largest cost and resource of the Group. As such a match between costs and revenue of the local currency is achieved by reducing exposures to transaction foreign currency risks.</p> <p>The Group's investments into subsidiaries in foreign currencies is exposed to translation risk for the statement of financial position, and a reduction of the value of local currencies to the Euro could impact the equity of the Group. The Group views that the ability to earn income and the ability to increase prices in line or above inflation within the relevant markets compensates over time for such devaluations and although an immediate impact or reduction in operating cash flows can be felt, over a period of 12 to 24 months these effects are compensated through the relatively fast flow through of import cost inflation. With this in mind Medcover's policy is not to actively hedge the net investment position in foreign subsidiaries. For more information, refer to note 25.</p>
Credit risk	Credit risk is the risk that trade receivables are not paid or assets held by counterparties are not paid or recoverable.	<p>Customers' compliance with agreed credit terms are monitored closely. A wide diversification of customers reduces the relative size of any individual customer's balances outstanding at any point in time. Where concentration does exist is with government or quasi government institutions which are either guaranteed by the state or have an implied state guarantee. This reduces the risk of irrecoverable amounts impacting the Group significantly.</p> <p>Counterparties with whom assets are deposits or loaned, such as banks or custodians are monitored for credit worthiness and ratings.</p> <p>For more information, refer to note 25.</p>
Interest rate risk	This is the risk that an increase or a decrease in general interest rates could adversely impact the Group.	Central treasury monitors interest rate projections with a view to decision-making as to investments and acquisitions and how these would be financed in the future. For more information, refer to note 25.
Liquidity and financing risk	Liquidity risk relates to the ability to pay obligations as they become due, and financing risk relates to the ability to refinance loans or other debt as it matures.	<p>Medcover is in a position where it does not have significant liabilities coming due in any concentration due to its low debt levels. During the year Medcover completed a directed share issue raising net proceeds of €141.9 million. The share issue strengthened the balance sheet and increased the financial flexibility. The Group has a central revolving credit facility of €220 million with a maximum maturity up until June 2022 and schuldchein loans of €140 million with maturities of four to nine years at fixed and floating rate tranches improving its liquidity profile at attractive rates. Loans payable net of cash and liquid short-term investments amounted to €81.1 million at year-end, reflecting the strong operating cash flow and the capital increase.</p> <p>The Group is cash generative at an operating cash flow level and has central control over investment activity. This provides a large degree of control over managing cash flows in the short term. This enables the Group to match its investment plans to available financing resources.</p> <p>For more information, refer to note 25.</p>

Risk and risk management

Sustainability Risks

Risk	Description	Risk management
Employee protection	As a diverse business operating in many markets, there are many managers in Medcover working without direct day to day supervision. There is a risk that some managers or other employees begin to operate in unacceptable ways, for example allowing bullying, harassment or discrimination within the workplace.	Medcover provides training to all managers, communicates its values widely and works hard to make sure they are recognised through the organisation. Medcover conducts regular employee surveys to understand the employees' perceptions and encourage frequent feedback. All staff are obliged to follow Medcover code of conduct and are regularly offered training in Medcover's policies and standards. Medcover encourages employees to report any concerns they have through the whistleblower channel.
Social conditions	Medcover cooperates with many suppliers and subcontractors in the provision of its services. There is a risk that these partners conduct business in ways which are discriminatory or harmful to the rights and interests of patients or their own staff.	Medcover has a supplier code of conduct which suppliers are expected to understand and comply with. The frequent interaction between Medcover and its suppliers should help draw attention to any examples of non-compliance. Customers and employees are encouraged to raise any complaints or grievances centrally and these are promptly investigated.
Anti-corruption	There is a risk that Medcover's employees are tempted to pay or accept bribes or become involved in other corrupt practices.	Medcover's Anti-Bribery Policy together with Medcover code of conduct and Medcover supplier code of conduct set the rules to be followed in order to prevent bribes and misconduct in all activities under Medcover's control. Medcover does not tolerate any form of bribery and prohibits its employees and business representatives from giving or receiving bribes of any kind. Medcover conducts anti-bribery training for its employees. Periodic internal audit is used to deter corruption and identify any instances of non-compliance. Employees are encouraged to report serious wrongdoings in accordance with Medcover Whistleblower Policy.
Environment	There is a risk that Medcover becomes dependent on operating models which are found to have an unacceptable environmental impact, for example over reliance on fossil fuels, or the excessive production of medical waste.	Medcover complies with all the environmental and sanitary regulations applicable to its activities. Medcover is also monitoring its environmental impact and developing new approaches which will enable both Medcover and its customers to reduce their environmental footprint, for example reducing travel related emissions through the increased use of telemedicine.

Corporate governance report

Background

Medicover AB (publ) is a public limited liability company, with corporate registration number 559073-9487 and with its registered office in Stockholm. Class B shares in Medicover AB (publ) are traded on Nasdaq Stockholm.

Corporate governance

The external framework for Medicover's corporate governance includes the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Nordic Main Market Rulebook for Issuers of Shares and the Swedish Corporate Governance Code (the "Code"). The Code is based on the principle of 'comply or explain'. This means that companies which apply the Code may deviate from certain individual rules but are required to explain the reasons for each such deviation. Medicover deviates from the Code in one respect (point 2.4), in that the chairman of the board is also chairman of the nomination committee. This deviation is explained below under "Nomination committee". The current version of the Code is available on the Swedish Corporate Governance Board's website: www.bolagsstyrning.se.

Internal regulations that affect the governance environment are the articles of association, rules of procedure for the board, rules of procedure for and instructions to the audit committee and the remuneration committee, instructions for the CEO and various other policy documents.

Articles of association and classes of shares

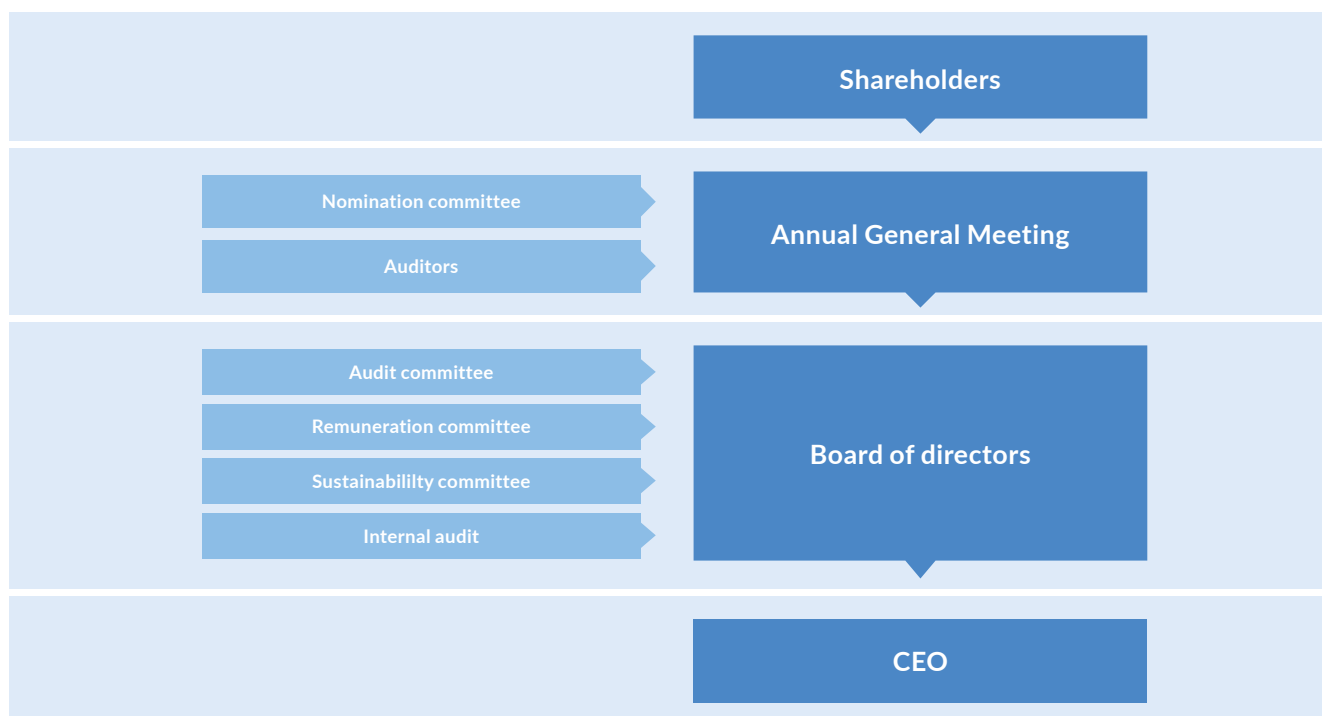
The Company's articles of association provide for the possibility to issue three classes of shares (class A shares, class B shares and class C shares) and contain a conversion clause based on which class A shares and class C shares may be converted to class B shares. Each class A share entitles its holder to one vote, while each class B share – just as each class C share – entitles to one tenth of a vote. Each class A share and each class B share respectively entitles its holder to dividends (assuming a resolution regarding dividends has been passed), but holders of class C shares are not entitled to any dividend. In case of liquidation of the Company, class C shares carry equivalent rights to the Company's assets as other shares, however not to an amount exceeding the quota value of the share. There are no other differences between class A shares, class B shares and class C shares.

The Company's articles of association do not contain any limitations in terms of the number of votes each shareholder may exercise at general meetings or any specific provisions on the appointment and dismissal of board members or on amendments to the articles of association.

Shares and shareholders

As at 31 December 2020, Medicover AB (publ) had 150,735,195 shares, consisting of 78,551,881 class A shares, 69,798,670 class B shares and 2,384,644 class C shares.

Governance model



Medicover's class B shares have been listed on Nasdaq Stockholm since 23 May 2017.

The Company had a total of 5,923 shareholders at the end of 2020 (as compared to 4,214 at the end of 2019). The largest shareholder is Celox Holding AB with 47,157,365 class A shares, equivalent to 31.3 per cent of the total number of shares and share capital and 55.0 per cent of the total number of votes. The second largest shareholder is NG Invest Beta AB with in total 10,574,760 shares (8,443,571 class A shares and 2,131,189 class B shares), equivalent to 7.0 per cent of the total number of shares and share capital and 10.1 per cent of the total number of votes. No other shareholder than Celox Holding AB and NG Invest Beta AB has a direct or indirect shareholding that represents 10 per cent or more of the total number of votes in the Company. On 31 December 2020, the Company held all 2,384,644 class C shares. For additional information on the share and owners, see pages 43–45 and Medicover's website www.medicover.com.

General meetings

The general meeting is Medicover's highest decision-making body, at which Medicover's shareholders are entitled to exercise their right to vote at annual general meetings ("AGM") and extraordinary general meetings ("EGM") in accordance with the Swedish Companies Act.

The convening notice of general meetings shall be published in the Swedish Official Gazette and on the Company's website, within such time as set forth in the Swedish Companies Act. It must be announced in Svenska Dagbladet that a notice has been issued.

Shareholders who are unable to attend in person may be represented by an authorised proxy. Only shareholders who are listed in the share register and that have notified the Company of their intention to attend before the deadline stipulated in the convening notice are entitled to participate at the general meeting and vote for their shares.

Information from Medicover's most recent AGMs and EGMs held after the listing at Nasdaq Stockholm can be found in the corporate governance section of Medicover's website www.medicover.com. In the same section, information is also provided regarding the shareholders' right to have matters addressed at general meetings and the deadline by which Medicover must receive shareholder requests to be able to ensure the matter is included in the convening notice of the meeting.

The AGM is the name of the general meeting at which the annual report is presented. Among other matters, the Company's board and the chairman of the board are elected at the AGM. The AGM also appoints the Company's auditors, and resolves upon fees for the auditors, and fees for the board and committee work. The Company's financial year runs from 1 January to 31 December, and the AGM must be held within 6 months of the end of the financial year. The meeting date and

venue is announced on Medicover's website no later than in connection with the publication of the third quarter interim report.

At the AGM the shareholders have an opportunity to ask questions about Medicover's operations. Members of the board are present to respond to shareholder questions. The auditor will also attend the AGM.

2020 AGM

The most recent AGM was held on 30 April 2020 in Stockholm (the "2020 AGM"). In total, 91,557,372 shares and 76,189,403.1 votes, out of which 74,481,851 class A shares (representing 54.9 per cent of the shares and 88.2 per cent of the votes in the Company) and 17,075,521 class B shares (representing 12.6 per cent of the shares and 2.0 per cent of the votes in the Company), were present in person or represented by proxy at the meeting. Due to the spread of the coronavirus in the community the company had decided to restrict the 2020 AGM in scope, inter alia by offering a live broadcast of the 2020 AGM (subject to approval by the 2020 AGM) and recommending shareholders to attend via proxy.

The following main resolutions were passed:

- Approval of live broadcast of the 2020 AGM via the Company's website.
- Adoption of the annual report, allocation of the result and discharge from liability with respect to the board members and the CEO.
- Determination of the number of board members and remuneration to the board members and the auditor.
- Re-election of the members of the board and the auditor.
- Adoption of instructions to the nomination committee.
- Adoption of guidelines on remuneration to senior management.
- Adoption of a long term performance-based share programme (the Plan 2020) (for further information regarding the Plan 2020, see note 32), authorisation for the board to issue and repurchase class C shares (see page 59) and decision to – following conversion into class B shares – transfer such shares to participants in the Plan 2020 and in order to secure possible social charges arising as a result of the Plan 2020, and approval of the inclusion of the CEO (who is also a board member of the Company) in the Plan 2020.
- Authorisation for the board to issue class B shares (see under "Authorisations – approved by the 2020 AGM").
- Adoption of amended articles of association.

All of the board members and a majority of the executive management members (including the CFO) were present at the 2020 AGM, the majority of them via a link due to the coronavirus pandemic and related travel restrictions and quarantine recommendations/requirements. The chairman of the nomination committee, the CEO and the Company's auditor were present in person.

Authorisations – approved by the 2020 AGM

At the 2020 AGM, two resolutions were passed authorising the board to issue shares and one resolution authorising the board to repurchase its own class C shares:

- Authorisation for the board to, on one or several occasions, increase the Company's share capital by issuing new class B shares. Such share issue resolutions may be made with or without deviation from the shareholders' preferential rights and with or without provisions for contribution in kind, set-off or other conditions. The authorisation may only be utilised to the extent that it corresponds to a dilution of not more than 10 per cent of the total number of shares outstanding at the time of the 2020 AGM, after full exercise of the authorisation. The purpose of the authorisation is to increase the financial flexibility of the Company and the acting scope of the board. If the board resolves on an issue in deviation from the shareholders' preferential rights, the reason for this must be to strengthen the financial position of the Company in a time and cost-effective manner or to provide the Company with new owners of strategic importance to the Company or in connection with acquisition agreements, or, alternatively, to procure capital for such acquisitions. In case of such deviation from the shareholders' preferential rights, the new share issue shall be made at market terms and conditions.
- Authorisation for the board to resolve, on one or several occasions, to increase the Company's share capital by not more than EUR 235,021.2 by the issue of not more than 1,175,106 class C shares, each with a quota value of one fifth of a EUR (0.2). With deviation from the shareholders' preferential rights, the participating bank shall be entitled to subscribe for the new class C shares at a subscription price corresponding to the quota value of the shares. The purpose of the authorisation and the reason for the deviation from the shareholders' preferential rights in connection with the issue of shares is to ensure delivery of shares to employees under the long term performance-based share programme adopted by the AGM 2020 (the "Plan 2020"), as well as to secure potential social charges arising as a result of the Plan 2020.
- Authorisation for the board to resolve, on one or several occasions, to repurchase its own class C shares. The repurchase may only be effected through a public offer directed to all holders of class C shares and shall comprise all outstanding class C shares. Repurchases shall be effected at a purchase price corresponding to the quota value of the share. Payment for the acquired class C shares shall be made in cash. The purpose of the repurchase authorisation is to ensure delivery free of charge of the class B shares that the participants in the Plan 2020 will be granted the opportunity to receive (so called performance shares) as well as to secure potential social charges arising as a result of the Plan 2020.

The above authorisations are valid until the next AGM.

The board has, based on the above mentioned authorisation granted by the 2020 AGM, on 10 June 2020 resolved on a directed share issue of 15,000,000 new class B shares at a subscription price of SEK 100 per share (the "Directed Share Issue"), resulting in an increase of the Company's share capital by EUR 3,000,000 (from EUR 27,147,039 to EUR 30,147,039) and in the total number of shares increasing from 135,735,195 shares to 150,735,195 shares together carrying 85,949,807.4 votes. The Directed Share Issue resulted in a dilution of approximately 9.95 per cent of the capital and approximately 1.75 per cent of the votes for existing shareholders based on the total number of shares and votes in the Company after the Directed Share Issue. The subscription price in the Directed Share Issue has been determined by way of a so called accelerated bookbuilding procedure.

As of 31 December 2020, the above mentioned mandate to issue class C shares has not been utilised.

2021 AGM

Medicover's 2021 AGM will be held on Thursday 29 April 2021 in Stockholm. The notice of the 2021 AGM was published in March 2021. Shareholders wishing to have a matter addressed by the AGM must submit a request in writing to the board well in advance of the AGM. More information is available on Medicover's website www.medicover.com.

Nomination committee

The nomination committee fulfils the duties falling upon it according to the Code. Without any limitation of the foregoing, this includes preparing and submitting for the AGM:

- motivated proposals regarding a) the number of members of the board, b) election of a chairman and other members of the board, and c) fees and other remuneration for the chairman and the other members of the board as well as remuneration for committee work;
- with the support of the Company's audit committee, a proposal regarding the election of and remuneration to the external auditor;
- a proposal regarding the chairman of the annual general meeting; and
- a proposal on instructions to the nomination committee.

The 2020 AGM resolved that the nomination committee will consist of the chairman of the board and one representative of each of the four largest shareholders. According to the instructions to the nomination committee adopted at the 2020 AGM, the representative of the largest shareholder shall be appointed as chairman of the nomination committee, unless the nomination committee unanimously appoints another member. If any of the largest four shareholders renounces its right to appoint one representative to the nomination committee, such right shall transfer to the shareholder who then in turn, after these four, is the largest shareholder in the Company.

The chairman of the board, Fredrik Stenmo, being appointed as chairman of the nomination committee is a deviation from the Code. The reason for the deviation is that it seems natural that a representative of the largest shareholder in terms of votes and capital should chair the nomination committee as the shareholder also has a decisive influence on the composition of the nomination committee through its voting majority at general meetings.

As announced in a press release on 11 September 2020, the current nomination committee consists of:

- Fredrik Stenmo (chairman of the board and the nomination committee), representing Celox Holding AB and the Christina af Jochnick family's total shareholding.
- Hans Ramel, NG Invest Beta AB
- Per Colleen, Fjärde AP-Fonden
- Angelica Hanson, AMF and AMF Fonder

Independence of the nomination committee

According to the Code, the majority of the nomination committee's members must be independent of the company and its executive management, and at least one of these must also be independent of the company's largest shareholder in terms of voting power. As for the four members of the Company's nomination committee, all four are independent of the Company and its executive management and three are also independent of the Company's largest shareholder in terms of voting power, so the independence requirements of the Code are fulfilled.

Nomination committee's work in preparation for the 2021 AGM

The nomination committee has held two meetings in 2020 (one physical and one via video conference) and two in 2021, and has in addition to the meetings had contact by email and phone. The work has been conducted in a good and friendly spirit of broad consensus. The chairman of the board has provided the nomination committee with information on the board and board committee work during the year. The chairman of the board has also accounted for the board evaluation performed. The committee has discussed the board's composition, addressing the existing and possible future requirements with respect to new experience and expertise. The nomination committee suggests no changes to the board's composition. Special attention has been paid to the importance of diversity and gender balance when preparing the proposal on board members for the 2021 AGM, and the nomination committee has applied point 4.1 of the Code as diversity policy when preparing the proposal. Medicover's board consists of 25 per cent women and the nomination committee's ambition is to strive to reach a more equal gender distribution on the board over time. The committee has concluded that the Company fulfills the Code's independence requirements as a majority of the proposed board members are independent in relation to the

Company and its executive management, and as at least two of the board members who are independent of the Company and its executive management are also independent in relation to the Company's major shareholders. Furthermore, when making its proposal regarding the appointment of the external auditor, the recommendation from the audit committee has been taken into account.

No fees have been paid for the work of the nomination committee.

For further information about the nomination committee's work, please refer to Medicover's website www.medicover.com.

The shareholders have had the possibility to submit proposals to the nomination committee. The nomination committee's proposals to the 2021 AGM are presented in the convening notice to the AGM on Medicover's website www.medicover.com. The AGM will be held on Thursday 29 April 2021.

Board of directors

The board's overall task is to manage the Company's affairs in the interests of the Company and all its shareholders and to ensure and promote a good company culture, and the board shall ensure that the organisation of the Company is structured so that the accounting, management of funds and the Company's overall financial situation is controlled in a satisfactory way. In addition to establishing the overall goals and strategy of the Company, other key tasks of the board include to identify how sustainability issues impact risks to and business opportunities for the Company, to ensure that there is an appropriate system for follow-up and control of the Company's operations and thereto associated risks to the Company and to ensure a satisfactory process for monitoring the Company's compliance with relevant laws and other regulations, as well as the application of internal guidelines. The board shall carry out its work in accordance with applicable EU rules and legislation, the Swedish Companies Act and other Swedish legislation, the Company's articles of association, the rules of procedure for the board and other policies, Nasdaq Nordic Main Market Rulebook for Issuers of Shares, the Code as well as any other applicable guidelines and directives. The chairman of the board shall ensure that the work of the board is evaluated annually by a systematic and structured process in accordance with the Code.

The board appoints, and if necessary dismisses, the CEO, who is responsible for day-to-day operations based on guidelines and instructions prepared by the board. The CEO informs the board regularly about events of significance for Medicover, including information on the Company's progress and the group's earnings, financial position and liquidity.

The board shall supervise the performance of the Company and ensure that the CEO fulfils the imposed obligations. The distribution of responsibilities between the board and the CEO is set out in the instructions for the CEO.

Composition of the board

According to the Company's articles of association, the board should (to the extent elected by the general meeting) consist of at least three and no more than twelve members.

Up until the 2020 AGM, the Company's board should have consisted of nine members elected by the AGM, including the chairman of the board, but after Jonas af Jochnick passed away on 16 May 2019 the board has consisted of eight members as nobody has been appointed to replace him. At the 2020 AGM it was determined that the Company's board shall consist of eight members elected by the AGM, including the chairman of the board. All eight board members were re-elected at the 2020 AGM; Fredrik Stenmo (chairman), Peder af Jochnick, Robert af Jochnick, Arno Bohn, Sonali Chandmal, Michael Flemming, Margareta Nordenvall and Fredrik Rågmark (CEO). Apart from the CEO, none of the board members are employed by Medicover. All board members have attended Nasdaq's stock market training course for boards and management.

The average age of the board members elected by the 2020 AGM was 61 at year-end 2020. Information about remuneration for board members resolved upon at the 2020 AGM is available in note 31.

Independence of the board

According to the Code, the majority of the board members elected by the general meeting must be independent of the company and its executive management and at least two of these must also be independent of the company's major shareholders. As for the Company's eight board members, all but one (the CEO) are independent of the company and its executive management and five are independent of the company's major shareholders. This means that the independence requirements of the Code regarding board members are fulfilled. The independence status of each board member is indicated on pages 66–67.

The board's rules of procedure and written instructions

Annually, at the inaugural board meeting the board reviews and adopts the rules of procedure for the board, rules of procedure for and instructions to the audit committee and the remuneration committee, instructions for the CEO and instructions for financial reporting.

The chairman of the board

The chairman of the board shall ensure that the work of the board is carried out efficiently and that the board fulfils its commitments. In addition to directing and organising the work of the board in order to provide the best possible conditions and to lead board meetings, the chairman shall keep himself/herself informed of the group's operations and development through regular contact with the CEO. The chairman must regularly confer with the CEO on any strategic issues and represent the Company in matters related to the ownership structure. The chairman may also participate, when necessary, in more important external contacts as well as – in consultation with the CEO – in other, particularly important issues. The chairman shall in cooperation with the CEO secure that well adapted information is communicated to the board before board decisions are made.

Structure of the board work

As outlined in the rules of procedure for the board, the board will hold an inaugural meeting immediately after each AGM or, if so required, immediately after an EGM, and never less than six ordinary meetings in a year. The board may convene additional meetings when necessary or where requested by a board member or the CEO.

The ordinary meetings address established reporting and decision items. The CEO provides ongoing information about Medicover's progress. The board makes decisions on general matters such as strategic, structural and organisational issues

Member	Attendance			Fees (EUR)		
	Board	Audit committee	Remuneration committee	Board	Audit committee	Remuneration committee
Fredrik Stenmo, chairman	16/16	5/5	4/4	70,000	10,000	7,500
Peder af Jochnick	15/16			50,000		
Robert af Jochnick	15/16			50,000		
Arno Bohn	16/16		4/4	50,000		7,500
Sonali Chandmal	16/16	5/5		50,000	10,000	
Michael Flemming	16/16	5/5		50,000	20,000	
Margareta Nordenvall	16/16	5/5		50,000	10,000	
Fredrik Rågmark, CEO	15/16					

The chairman voluntarily waived all board and committee fees for the second quarter and 20 per cent of the board and committee fees for the third quarter. All other board members waived 20 per cent of board and committee fees for the second and third quarter.

as well as on large investments, acquisitions and divestments. The chairman is also actively involved in these issues in between board meetings. The Company's auditor attends at least one board meeting per year, and meets with the board without the CEO or any other member of the executive management present.

The board has delegated authority to approve smaller acquisitions within specified parameters to the investment committee, see under "Investment committee" on page 64.

Work of the board in 2020

In 2020, 16 board meetings were held. Focus was given primarily to interim reports, the Covid-19 impact on the business and employees, the Directed Share Issue and the M&A activity of Medcover, in addition to the usual reporting and decision items. The attendance of the board members at the board meetings is indicated in the table on page 61.

Board work evaluation

The chairman of the board is responsible for evaluating the board's work. This includes gaining an understanding of the issues that the board thinks warrant greater focus, as well as determining areas where additional competence is needed within the board and whether the board composition is appropriate. The evaluation also serves as guidance for the work of the nomination committee. In 2020 the board has evaluated its work through a so called self-assessment, and in the end of 2020 an external professional consultant firm was engaged to perform an independent evaluation of the board and the board's work based on several parameters. The result from these evaluations is that the board is performing well and that the board is well composed with good competencies.

Board committees

The board has appointed an audit committee and a remuneration committee. The committee members are selected among the board members for a one-year term in accordance with the principles stipulated in the Swedish Companies Act and the Code. In the beginning of 2021, the board also established a sustainability committee as a sub-committee of the board.

Audit committee

The audit committee has in 2020 consisted of four members, comprising Michael Flemming, Fredrik Stenmo, Sonali Chandmal and Margareta Nordenvall. The audit committee has the following main responsibilities:

- Preparations for the board's work on assuring the quality of the Company's and the group's accounting, financial reporting and internal control as well as financial risk and risk management.
- Monitoring and addressing issues concerning the efficiency of the Company's internal controls, regulatory compliance and risk management, in general as well as, in particular, in respect of the financial reporting.

- Monitoring and evaluating the work of the auditor, and monitoring the impartiality and independence of the auditor.
- Informing the board of the outcome of the auditors' audit and explaining how the audit contributed to the integrity of financial reporting and what the role of the committee was in that process.
- Assisting in conjunction with preparation of, and recommending the nomination committee, proposals to the AGM's resolution regarding election of an auditor, including administering the selection procedure.
- Monitoring accounting developments in areas that may affect Medcover.

The committee held five meetings in 2020 with particular emphasis on interim reports, audit reports, the Covid-19 impact on the business, internal control and audit (internal and external). The attendance of the committee members is indicated in the table on page 61.

According to the Code, if the board has established an audit committee, the majority of the audit committee's members must be independent in relation to the company and its executive management. At least one of those members who are independent in relation to the company and its executive management must also be independent in relation to the company's major shareholders. As for the four members of the Company's audit committee, all are independent of the company and its executive management and all but one (the Chairman) are independent of the company's major shareholders. This means that the Code's independence requirements regarding the audit committee members are fulfilled. The independence status of each committee member is indicated on pages 66–67.

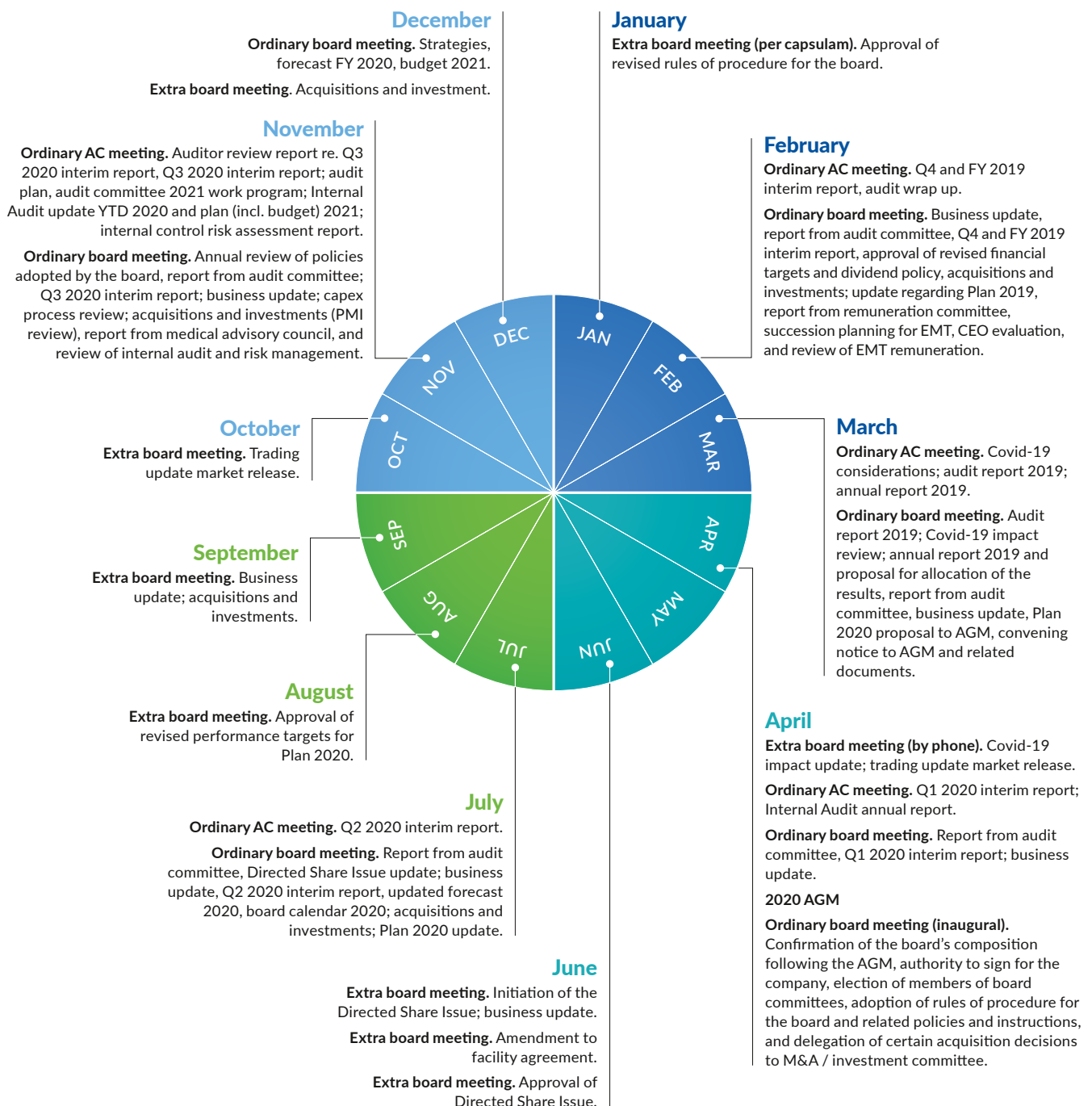
Remuneration committee

The remuneration committee consists of two members, comprising Fredrik Stenmo and Arno Bohn. The remuneration committee has the following main responsibilities:

- Preparing the board's decisions on issues concerning principles for remuneration, remuneration amounts and other terms of employment for executive management.
- Monitoring and evaluating programmes for variable remuneration to the executive management, both ongoing programmes as well as such that have ended during the year.
- Monitoring and evaluating the application of the guidelines for remuneration to the executive management that the general meeting is legally obliged to establish, as well as the current remuneration structures and remuneration levels within the Company.

In 2020, the committee held three ordinary meetings focusing on remuneration policies within the group and proposals for the long term performance-based share programme approved

Board activities 2020



by the 2020 AGM. The attendance of the committee members is indicated in the table on page 61.

The Code states that, if a remuneration committee has been established by the board, the chairman of the board may chair the remuneration committee but all other general meeting elected members of the committee must be independent in relation to the company and its executive management. As for the Company's remuneration committee, the chairman of the board also chairs the remuneration committee. Both committee members are independent of the company and its executive management. This means that the Code's independence requirements regarding the remuneration committee members are fulfilled. The independence status of each committee member is indicated on pages 66–67.

Sustainability committee

The sustainability committee was established in the beginning of 2021 and consists of three members, comprising Fredrik Stenmo (chair), Sonali Chandmal and Fredrik Rågmark (board member and CEO). The purpose of the committee is to ensure an aligned and well prepared and supervised sustainability model of the Company, with an emphasis on supervision of strategy, implementation of strategy and monitoring and evaluation of Medcover's work within the sustainability area. The sustainability committee has the following main responsibilities:

- Prepare the board's decisions on issues concerning sustainability.
- Monitor and evaluate the Company's goals within the sustainability area.
- Monitor and evaluate the application of the guidelines issued by the board within the sustainability area.
- For each financial year review the Company's sustainability report, which is to be included in the Company's annual report or approved by the board as a separate report in connection with the approval of the annual report of the Company.

Executive management

The group's executive management team consists of seven¹⁾ members; in addition to the CEO, the team comprises the CFO, the COO for the Diagnostic Services division, the COO for the Healthcare Services division, the General Legal Coun-

sel, the CIO and the CMO. See pages 68–69 for more information on the individuals in the executive management team. The executive management team holds meetings on a regular basis at which the main topics discussed are the group's financial progress, projects in process and other strategic issues. The meetings have following the outbreak of the coronavirus pandemic been held via video conference as the thereto related restrictions and recommendations have not enabled physical meetings.

All members of the group's executive management team have attended Nasdaq's stock market training course for boards and management.

For principles, remuneration and other fees for the CEO, see note 31 and in the Company's remuneration report which is available on www.medcover.com.

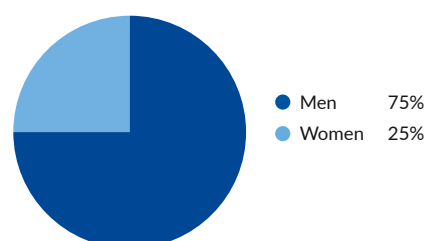
Investment committee

The Company has established an investment committee, comprising seven members; the CEO, the CFO, the COO for the Diagnostic Services division, the COO for the Healthcare Services division, the General Legal Counsel, the CIO and the Group Strategy Advisor. The investment committee meets on a regular basis to monitor the Group's ongoing M&A projects and decide on key steps to be taken in such projects, and the board has delegated authority to the investment committee to approve smaller acquisitions within specified parameters. Acquisitions approved by the investment committee based on this delegated authority is reported back to the board. Save for this delegated authority to approve smaller acquisitions within specified parameters, the authority to approve acquisitions rests with the board. The scope of the investment committee's work also covers operational matters and capex decisions. Following the coronavirus pandemic outbreak, the work of the Investment committee has intensified, and the committee meets more frequently (usually twice per week via video conference).

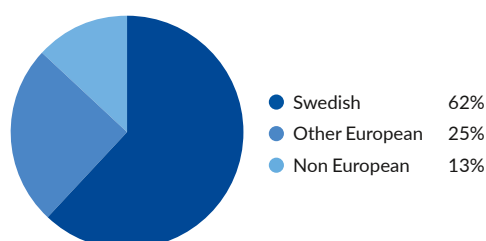
Auditor

Medcover's auditor is the accounting firm BDO Sweden AB, with the authorised auditor Jörgen Lövgren as auditor-in-charge. BDO Sweden AB was re-appointed at the 2020 AGM for the period until the end of the next AGM.

Gender split board of directors



Board of directors' nationalities



¹⁾Until mid-April 2020, the group's executive management team consisted of eight members (including the Group HR Director)

Control environment

The internal control framework is governed by the Swedish Companies Act and the Code. Internal control is a process affected by the board, the audit committee, the CEO, the executive management and other employees and which is intended to provide a reasonable assurance that the Company's objectives are met, with respect to effective and efficient operations, reliable reporting and compliance with applicable laws and regulations. Internal control with respect to financial reporting is an integral part of the overall internal control, using for example such control activities as segregations of duties, reconciliations, approvals, safeguarding of assets and controls over information systems. Internal control over financial reporting is intended to provide reasonable assurance regarding the reliability of external financial reporting in the form of quarterly and annual reports and financial statements as well as ensuring that external financial reporting is prepared in accordance with law, applicable accounting standards and other requirements for listed companies.

The process for the Company's internal control is based on the control environment which establishes the character and provides the discipline and structure for the other four integral components of the process: risk assessment, control activities, information and communication, and monitoring.

Risk assessment, control activities, information, communication and monitoring

The board has the overall responsibility for the Company's internal control. This is executed formally through written rules of procedure which define the board's responsibilities and how the responsibilities are divided between board members, the board committees and the CEO. However, it is the control environment as established by the board that is the key factor in the overall process. Written policies, guidelines and instructions, such as Medcover Corporate Information Technology Policy, Medcover Code of Conduct, Medcover Anti-bribery Policy, Medcover Whistleblower Policy and Internal Control Guidance are examples of the body of direction, guidance and support available to managers and staff of the Company. The audit committee is responsible for increasing the quality and improving the supervision and control of the Company's internal control and risk management particularly on matters regarding compliance and financial reporting.

Risk assessment is a component of internal control and is expected to be part of business unit managers' activities and approach to internal control. Within the area of financial reporting and compliance, managers identify risks and the potential impact and likelihood as part of the process of defining processes, roles, procedures and other internal control activities. For more information on the major risks and management of these risks see the risk section.

The managers of the Company's divisions and business units, together with their respective organisation, have a responsibility for internal control (including operational, com-

pliance and financial monitoring). The Company has established common reporting standards across all entities of the Company, overseen by dedicated controlling finance personnel with monthly reviews against plans and budgets and monitoring of variances and unusual or unexpected amounts or exceptions. Combined with monthly and periodic management reviews by the CEO and operational managers within the business units this regular information and communication across the business and close monitoring is part of the process of assurance that the objectives set by the board are achieved.

Communication of Medcover's internal control objectives and processes is assisted by a Medcover wide intranet and other communication channels. This is further supported by internal control education processes for managers run as a regular integral part of the internal audit activities as well as induction processes and compliance education under the Human Resources function.

Internal audit

Medcover has established an internal audit function that is staffed with suitably qualified and experienced personnel. The head of internal audit is appointed by and reports to the audit committee who reviews and approves the resources dedicated to and the work and results of the function. The head of internal audit reports to the CFO for administrative issues.

The function has been in existence for many years gaining experience within Medcover and thereby giving a deep understanding of the operational units, business model, systems and internal controls. This has been instrumental in driving efficiency of operations and understanding of internal controls throughout the operational management. Part of the work of the function is to conduct an annual self-assessment based review of the internal control environment of the major business units, validate and report the results to the audit committee. Combined with materiality aspects and historical outcomes of internal audit reviews this forms part of the basis of developing the annual internal audit programme set by the audit committee.

The purpose of the internal audit function is to provide assurance to the board that the internal control environment around the Company's objectives is effective, efficient, in compliance with laws and provides reliable financial reporting. An aspect of achieving these objectives is through education of management and staff in respect of internal controls. Regular training sessions are conducted whenever internal audit conducts field audits.

The objectives are achieved through reviews of business unit's major cycles, such as the sales cycle through to cash, procurement through to payment, payroll and reporting. These reviews look at management's identification of risks, development of policies, controls and procedures to address risks, application and efficiency of these controls and procedures through testing and eventually action plans to address deficiencies and follow up of those action plans.

Board of directors



Fredrik Stenmo

Chairman of the board since 2017.

Board member since 2005.

Member of the audit committee, the remuneration committee, sustainability committee and nomination committee.

Born 1971.

Nationality: Swedish.

Education: Law Degree, Lund University. Business Administration, Lund School of Economics.

Other assignments: Chairman of the board of ORESA Ltd.

Board member of the Jonas and Christina af Jochnick Foundation, Celox Group Ltd and Celox Holding AB.

Professional experience: Partner at FSN Capital and earlier experience from Bank Boston Capital and SEB.

Independency in relation to major shareholders: No.

Independency in relation to the company and management: Yes.

Shareholding in the company¹⁾: 6,396,050 class A shares and 23,210 class B shares.



Peder af Jochnick

Board member since 2012.

Born 1971.

Nationality: Swedish.

Education: Graduate from Lund School of Economics.

Graduate of Royal Swedish Naval Academy and National Defence Staff College.

Other assignments: Chairman of the board of Grafair Flight Management AB, Grafair Bromma AB and Viceroy AB.

Board member of Celox Holding AB and Scandinavian Risk Solutions AB.

Professional experience: CEO Scandinavian Risk Solutions AB, COO and Accountable Manager Air Express. Helicopter Pilot Scandinavian Air Ambulance.

Independency in relation to major shareholders: No.

Independency in relation to the company and management: Yes.

Shareholding in the company: 3,820,965 class A shares.



Robert af Jochnick

Board member since 2007.

Born 1940.

Nationality: Swedish.

Education: Graduate from Stockholm School of Economics and Law Degree, Stockholm University.

Other assignments: Chairman of the board of NG Invest Alpha AB, NG Invest Beta AB and af Jochnick Foundation. Board member of Oriflame Holding AG.

Professional experience: Co-founder of Oriflame and board member as of 1970.

Independency in relation to major shareholders: No.

Independency in relation to the company and management: Yes.

Shareholding in the company: 250,000 class A shares and 1,510,638 class B shares.



Arno Bohn

Board member since 2001.

Member of the remuneration committee.

Born 1947.

Nationality: German.

Education: Executive ISMP, Harvard Business School.

Other assignments: Vice Chairman of the Supervisory Board of Hueck Folien GmbH. Member of the Supervisory Board of Market Logic Software AG. Board member of Segera Ltd.

Professional experience: Deputy CEO Nixdorf Computer AG, CEO Porsche AG, Corporate VP General Electric Co.

Independency in relation to major shareholders: Yes.

Independency in relation to the company and management: Yes.

Shareholding in the company: 122,640 class A shares and 177,360 class B shares.

¹⁾ Including holding of closely related parties.



Sonali Chandmal

Board member since 2017.

Member of the audit committee and sustainability committee.
Born 1968.

Nationality: Belgian, Indian.

Education: MBA Harvard Business School and, BA (economics) University of California (Berkeley).

Other assignments: Vice chair of the Board of Trustees in The International School of Brussels. Partner at A Lamot & Company. Board member of Ageas SA/NV, BW LPG Pte Ltd and of Harvard Club of Belgium.

Professional experience: Bain & Company from 1997–2017.

Independency in relation to major shareholders: Yes.

Independency in relation to the company and management: Yes.

Shareholding in the company: 25,000 class B shares.



Michael Flemming

Board member since 2015.

Chair of the audit committee.
Born 1957.

Nationality: South African.

Education: Bachelor of Commerce, Bachelor of Law and B Proc; AMP, Harvard Business School.

Other assignments: Board member Metair Investments Limited and True North Development Ltd.

Professional experience: Board member and CEO of Life Healthcare Ltd. Board member of Sanyati Holding Ltd and Capio AB (publ).

Independency in relation to major shareholders: Yes.

Independency in relation to the company and management: Yes.

Shareholding in the company: –



Margareta Nordenvall

Board member since 2001.

Member of the audit committee.
Born 1954.

Nationality: Swedish

Education: MD, PhD, The Karolinska Institute and MBA, Sloan, Massachusetts Institute of Technology.

Other assignments: Several assignments board of Swedish Parliament's Veterans.

Professional experience: CEO Sophiahemmet AB. Board member of Feelgood AB and Focal Point AB. Mando AB. Member of Swedish Parliament. Board member of Swedish Medical Science Ethic Council and National Institute of Public Health.

Independency in relation to major shareholders: Yes.

Independency in relation to the company and management: Yes

Shareholding in the company: 78,830 class A shares.



Fredrik Rågmark

CEO

Board member since 1997.

Member of the sustainability committee.
Employed since 1996.

Born 1963.

Nationality: Swedish.

Education: Law Degree, Stockholm University and BA Economics, Stockholm School of Economics.

Other assignments: Several assignments within the company.

Professional experience: Managing Director Oresa Ventures, Business Development Manager, Oriflame Eastern Europe.

Independency in relation to major shareholders: Yes.

Independency in relation to the company and management: No.

Shareholding in the company: 1,979,155 class B shares.

Executive management



Fredrik Rågmark

CEO

Board member since 1997.

Member of the sustainability committee.

Employed since 1996.

Born 1963.

Nationality: Swedish.

Education: Law Degree, Stockholm University and BA Economics, Stockholm School of Economics.

Other assignments: Several assignments within the company.

Professional experience: Managing Director Oresa Ventures, Business Development Manager, Oriflame Eastern Europe.

Shareholding in the company: 1,979,155 class B shares.



Jenny Brandt

General Legal Counsel

Employed since 2010.

Born 1974.

Nationality: Swedish.

Education: Master of Laws, Stockholm University and Master of Laws, Queen Mary & Westfield College, London.

Other assignments: –

Professional experience: Attorney at Law at Mannheimer Swartling law firm and Law Clerk at the District Court of Stockholm.

Shareholding in the company: 17,000 class B shares.



Benedikt von Braunmühl

COO, Diagnostic Services

Employed since 2016, leaves the company during the second quarter 2021.

Born 1968.

Nationality: German.

Education: Bachelor in Business Administration, Lorange Institute of Business in Zürich.

Other assignments: Chairman of the Supervisory Committee of PathoQuest.

Professional experience: Industry Advisor Healthcare Practice in Clairfield International. Member of the Executive Committee and Head of Global Commercial Operations at QIAGEN, VP Commercial Operations, Emerging Regions at QIAGEN, GM Italy at QIAGEN, VP-Latin America at QIAGEN, Regional Director Latin America Novartis Vaccines & Diagnostics, Director Global Marketing Paediatric Vaccines at Chiron.

Shareholding in the company: 40,600 class B shares.



Joe Ryan

CFO

Employed since 1996.

Born 1965.

Nationality: Irish.

Education: BSc. and BEng., University of Manchester. Fellow of the Institute of Chartered Accountants of England and Wales (FCA). ACT Association of Corporate Treasurer. Senior Executive Programme, London Business School.

Other assignments: Several assignments within the company.

Professional experience: UK. Chartered Accountant BDO Binder Hamlyn. Internal audit, Philip Morris Inc. Switzerland.

Shareholding in the company: 859,570 class A shares and 304,000 class B shares (own holding and through company).



John Stubbington

COO, Healthcare Services

Employed since 2010.

Born 1968.

Nationality: British.

Education: Accelerated Development Programme, London Business School.

Other assignments: Several assignments within the company.

Professional experience: Spent 18 years at BUPA in a number of varied positions including nine years working globally for their International Arm.

Shareholding in the company: 443,825 class A shares and 80,000 class B shares.



Jaroslaw Urbanczyk

CIO

Employed since 2019.

Born 1968.

Nationality: Polish.

Education: University degree, Warsaw University of Technology, Warsaw School of Economics and IMD Top Executive Programme.

Other assignments: –

Professional experience: CIO American Home Products and Group CIO Skanska.

Shareholding in the company: 974 class B shares.



Dr. Andrew Vallance-Owen

CMO

Employed since 2017.

Born 1951.

Nationality: British.

Education: MBE, DUniv (B'ham), MBA, FRCS Ed.

Other assignments: Chair of UK's Private Healthcare Information Network and Chief Medical Officer, TestCard Ltd.

Professional experience: CChief Medical Officer and Group Medical Director, Bupa, Chair of UKTI's Healthcare Business Group and Specialist Medical Advisor to Healthcare UK. Senior Independent Director at the Royal Brompton and Harefield NHS Foundation Trust.

Shareholding in the company: –

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Consolidated income statement

€m, for the years ended 31 December	Note	2020	2019
Revenue	3	997.8	844.4
Operating expenses			
Medical provision costs	5	-734.3	-637.6
Gross profit		263.5	206.8
Distribution, selling and marketing costs	5	-43.3	-45.0
Administrative costs	5	-158.9	-115.3
Operating profit (EBIT)		61.3	46.5
Other income/(costs)	7	1.5	1.0
Interest income		0.9	1.8
Interest expense	8	-18.1	-13.7
Other financial income/(expense)		-8.4	-0.4
Total financial result		-25.6	-12.3
Share of profit/(loss) of associates		0.1	-1.9
Profit before income tax		37.3	33.3
Income tax	9	-10.0	-8.6
Profit for the year		27.3	24.7
Profit attributable to:			
Owners of the parent		25.8	22.5
Non-controlling interests		1.5	2.2
Profit for the year		27.3	24.7
Earnings per share attributable to owners of the parent:			
Basic/diluted, €	29	0.182	0.168

Consolidated statement of comprehensive income

€m, for the years ended 31 December	Note	2020	2019
Profit for the year		27.3	24.7
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to income statement:			
Exchange differences on translating foreign operations		-40.5	7.8
Income tax relating to these items		0.4	-0.6
Other comprehensive income/(loss) for the year, net of tax		-40.1	7.2
Total comprehensive income/(loss) for the year		-12.8	31.9
Total comprehensive income/(loss) attributable to:			
Owners of the parent		-9.2	30.0
Non-controlling interests		-3.6	1.9
Total comprehensive income/(loss) for the year		-12.8	31.9

Consolidated statement of financial position

€m	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Goodwill	10	289.2	296.7
Other intangible assets	10	64.6	74.6
Property, plant and equipment	11	257.9	252.7
Right-of-use assets	12	180.4	166.0
Deferred tax assets	9	12.1	9.1
Investments in associates	14	7.6	0.7
Other financial assets		9.9	7.5
Total non-current assets		821.7	807.3
Current assets			
Inventories	15	53.0	37.1
Other financial assets		0.0	1.6
Trade and other receivables	16	149.4	142.3
Short-term investments	17	40.1	-
Cash and cash equivalents	17	46.7	34.8
Total current assets		289.2	215.8
Total assets		1,110.9	1,023.1
EQUITY			
Equity attributable to owners of the parent	27	448.0	317.4
Non-controlling interests	28	35.5	42.3
Total equity		483.5	359.7
LIABILITIES			
Non-current liabilities			
Loans payable	21, 22, 23	152.8	163.8
Lease liabilities	21, 22	165.1	142.0
Deferred tax liabilities	9	30.0	31.1
Provisions		1.9	2.2
Other financial liabilities	23	45.9	38.9
Other liabilities	20	3.4	3.7
Total non-current liabilities		399.1	381.7
Current liabilities			
Loans payable	21, 22, 23	15.1	111.5
Lease liabilities	21, 22	34.4	34.2
Unearned premiums/deferred revenue	19	14.8	11.4
Corporate tax payable		7.8	4.8
Other financial liabilities		6.8	5.2
Trade and other payables	18	149.4	114.6
Total current liabilities		228.3	281.7
Total liabilities		627.4	663.4
Total equity and liabilities		1,110.9	1,023.1

Consolidated statement of changes in equity

€m	Share capital	Treasury shares	Share premium	Retained earnings	Non-controlling interests put-option reserve	Other reserves	Translation reserve	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Opening balance as at 1 January 2019	27.1	-0.4	319.7	4.8	-14.9	2.6	-27.7	311.2	4.4	315.6
Profit for the year	-	-	-	22.5	-	-	-	22.5	2.2	24.7
Other comprehensive income	-	-	-	-	-	-	7.5	7.5	-0.3	7.2
Total comprehensive income for the year	-	-	-	22.5	-	-	7.5	30.0	1.9	31.9
Transactions with owners in their capacity as owners:										
Changes in interests in subsidiaries	-	-	-	-2.3	-	-	-	-2.3	-	-2.3
Changes in put option and liquidity obligations with non-controlling interests	-	-	-	-	-23.2	-	-	-23.2	-2.4	-25.6
Non-controlling interests on business combinations	-	-	-	-	-	-	-	-	38.4	38.4
Share-based payments	-	-	-	-	-	1.7	-	1.7	-	1.7
Total transactions with owners in their capacity as owners	-	-	-	-2.3	-23.2	1.7	-	-23.8	36.0	12.2
Closing balance as at 31 December 2019	27.1	-0.4	319.7	25.0	-38.1	4.3	-20.2	317.4	42.3	359.7
Opening balance as at 1 January 2020	27.1	-0.4	319.7	25.0	-38.1	4.3	-20.2	317.4	42.3	359.7
Profit for the year	-	-	-	25.8	-	-	-	25.8	1.5	27.3
Other comprehensive income/(loss)	-	-	-	-	-	-0.1	-34.9	-35.0	-5.1	-40.1
Total comprehensive income/(loss) for the year	-	-	-	25.8	-	-0.1	-34.9	-9.2	-3.6	-12.8
Transactions with owners in their capacity as owners:										
Issue of ordinary shares	3.0	-	140.0	-	-	-	-	143.0	-	143.0
Transaction costs	-	-	-1.1	-	-	-	-	-1.1	-	-1.1
Changes in interests in subsidiaries	-	-	-	0.1	-	-	-	0.1	-0.3	-0.2
Changes in put option and liquidity obligation with non-controlling interests	-	-	-	-	-7.0	-	-	-7.0	-2.9	-9.9
Share-based payments	-	-	-	-	-	4.7	-	4.7	-	4.7
Issue of treasury shares to employees	-	0.0	0.1	-	-	-	-	0.1	-	0.1
Total transactions with owners in their capacity as owners	3.0	0.0	139.0	0.1	-7.0	4.7	-	139.8	-3.2	136.6
Closing balance as at 31 December 2020	30.1	-0.4	458.7	50.9	-45.1	8.9	-55.1	448.0	35.5	483.5

Consolidated cash flow statement

€m, for the years ended 31 December	Note	2020	2019
Profit before income tax		37.3	33.3
Adjustments for:			
Depreciation, amortisation and impairment	5, 10, 11, 12	96.2	74.2
Share-based payments		4.7	1.7
Net interest expense		17.2	11.9
Unrealised foreign exchange (gain)/loss		7.0	-1.1
Other non-cash transactions		5.3	4.3
Cash generated from operations before working capital changes and tax payments		167.7	124.3
Changes in operating assets and liabilities:			
Increase in inventories		-22.0	-1.7
Increase in trade and other receivables		-28.4	-23.4
Increase in trade and other payables		49.7	1.6
Cash generated from operations before tax payments		167.0	100.8
Income tax paid		-11.0	-13.5
Net cash from operating activities		156.0	87.3
Investing activities:			
Payment for acquisition of intangible assets and property, plant and equipment		-72.5	-63.2
Proceeds from disposal of intangible assets and property, plant and equipment		0.9	0.3
Payment for acquiring interest in associates		-1.4	-
Dividends received from associates		0.3	-
Payment for other financial assets		-3.1	-
Payment for acquisition of subsidiaries, net of cash acquired	13	-12.2	-82.7
Proceeds from disposal of subsidiaries, net of cash sold		-	0.1
Repayment of loans granted		0.1	2.0
Payment of loans granted		-0.2	-
Payment for short-term investments		-50.0	-
Proceeds from short-term investments		10.9	-
Interest received		0.9	1.7
Net cash used in investing activities		-126.3	-141.8
Financing activities:			
Issue of shares, net of transaction cost	27	141.9	-
Acquisition of non-controlling interests		-1.2	-2.7
Repayment of loans	22	-287.8	-479.9
Proceeds from loans received	22	181.4	577.3
Repayment of leases		-31.4	-29.9
Interest paid		-15.8	-14.0
Distribution to non-controlling interests	22	-1.2	-2.0
Net cash from/(used in) financing activities		-14.1	48.8
Total cash flow		15.6	-5.7
Cash and cash equivalents			
Cash balance as at 1 January		34.8	38.4
Net effects of exchange gain/(loss) on cash balances		-3.7	2.1
Cash balance as at 31 December	17	46.7	34.8
Increase/(decrease) in cash and cash equivalents		15.6	-5.7

Notes to the consolidated financial statements

1 General information

Medicover AB (publ) ("the Company") is a company registered in Sweden with registered address at P.O. Box 5283 Riddargatan 12A, SE-102 46 Stockholm and company registration number 559073-9487. The principal activity of the Company and its subsidiaries ("the Group") is to provide diagnostic and healthcare services, focusing on markets mainly in Central and Eastern Europe and India. The financial statements for the year ended 31 December 2020 were authorised by the board of directors on 24 March 2021. The annual general meeting will be held on Thursday 29 April 2021 in Stockholm, Sweden.

2 Significant accounting policies, use of estimates and judgements

2.1 Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Company and its subsidiaries ("the Group") have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee, as endorsed by the European Union. In addition, the Group applies RFR 1 *Additional rules for Group Accounting*, related interpretations issued by the Swedish Financial Reporting Board and the Swedish Annual Accounts Act.

(b) Historical cost convention and presentation currency

The financial statements have been prepared on a historical cost basis, except for those financial assets and liabilities measured at fair value as set out in notes 2.15 to 2.18.

The consolidated financial statements are presented in Euro, rounded to the nearest tenth of a million, except for per share information or where specifically mentioned on a different basis.

(c) Restatement of the consolidated statement of financial position

The Group obtained control over Medicover Hospitals India ("MHI") in 2019. The purchase price allocation was completed in 2020, this resulted in an additional deferred tax liability of €3.6 million and goodwill of €3.6 million due to timing differences relating to property, plant and equipment. In the consolidated financial statements, the statement of financial position as at 31 December 2019 has been restated for these amounts.

(d) New and amended standards and interpretations

The accounting policies have been consistently applied by the Group and are consistent with those used in previous years with the exception of an early application of the amendment to IFRS 16 *Leases* regarding Covid-19 Rent related concessions. The amendment allows an entity, if certain criteria are met, to recognise the change in lease payments from a rent concession, occurring as a direct consequence of Covid-19, in the income statement. The Group has applied this amendment and recognised reduced rental expenses of €1.5 million in the income statement for 2020.

In the current financial year, the Group has applied the amendments to IFRS standards issued by the IASB for the annual period starting on 1 January 2020. This adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(e) Standards and interpretations issued but not yet effective in the current period

Certain new standards and amendments to standards have been published, these were not mandatory for 31 December 2020 reporting period. With the exception for the early application of the amendment to IFRS 16 *Leases* as described in section 2.1 d, no new standard or amendment to standards have been early adopted. The Group's

assessment of the impact of the new standards and amendments to standards is set out as follows:

IFRS 17 *Insurance Contracts* (issued in May 2017, but not yet endorsed by EU) establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*. The standard is effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The Group is currently reviewing the impact of IFRS 17. As the Group's insurance contracts are short-term contracts, no major changes to the amounts recognised are expected.

No amendments to standards that are issued but not yet effective are considered to affect the Group's accounting policies or any of the disclosures when applied for the first time.

(f) Use of estimates and judgements

The preparation of consolidated financial statements requires management to make estimates as well as judgements in the choice and application of accounting policies. This may affect the reported amounts of assets and liabilities, income and expenses and supplementary information. Estimates and underlying assumptions are reviewed on an ongoing basis and may be based upon historical experience, future expectations deemed reasonable at the time of approval of these financial statements, observable markets and other sources of information as a basis for those estimates and assumptions. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods that may be affected. Actual results may differ from these estimates. Estimation uncertainties and significant judgements identified by the Group are presented in connection to the items considered to be affected:

Use of estimates and judgements	Note
Recognition of deferred tax assets on losses carried forward	Note 9 Income tax
Impairment testing of goodwill and other intangible assets	Note 10 Intangible assets
Interest rate when discounting future lease payments	Note 12 Right-of-use assets
Determination of extension and termination options in lease contracts	Note 12 Right-of-use assets
Measurement of purchase price allocation	Note 13 Business combinations
Measurement of liquidity obligations with non-controlling interests and contingent considerations	Note 23 Financial assets and liabilities
Measurement of share based-payments	Note 32 Share-based payments Note 20 Other non-current liabilities

2.2 Principles of consolidation

(a) Subsidiaries

The Group prepares consolidated financial statements, which aggregate the assets and liabilities, revenue and expenses of the Company and its subsidiaries. A subsidiary is an investee over which the Company exercises control through ownership or otherwise. The Company controls an investee when it 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. The Company has power over an investee when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns. A listing of the Group's principal subsidiaries is set out in note 34. All inter-company balances, profits and transactions are eliminated upon consolidation.

Non-controlling interests in subsidiaries are disclosed as part of total equity in the statement of financial position.

(b) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method.

2.3 Foreign currencies

(a) Translation of foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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.

(b) Translation of foreign operations

Assets and liabilities of foreign operations are translated to Euro at the exchange rates ruling at the end of the reporting period with the exception of goodwill and fair value adjustments arising on consolidation dating prior 1 January 2005, which are kept at historical cost. Foreign operations' results and cash flows are translated into Euro using average rates of exchange. Foreign exchange differences arising on translation are recognised in equity through the statement of comprehensive income.

Exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation are recognised in other comprehensive income and reclassified from equity to the income statement in the event of disposal of the net investment.

2.4 Revenue

The Group recognises revenue from healthcare and diagnostic services. Healthcare Services offers services ranging from primary care to specialist outpatient and inpatient care. Diagnostic Services offers a broad range of diagnostic laboratory testing across all major clinical pathology specialties. Revenue generated by services provided, from both public and private payers, is allocated to the following:

- a) Public pay relates to medical or laboratory services funded by a government institution or statutory health body;
- b) Earned premiums in respect of insurance contracts, received for access to a predetermined range of medical services or benefits (refer to note 2.5). This type of revenue is also referred to as funded payments;
- c) Fee-for-Services (FFS) refers to fees paid for access to medical or laboratory services on a per-usage basis; and
- d) Other services include non-medical related services such as gym memberships and benefit cards.

For services provided in (a), (c) and (d), revenue is recognised when services are rendered. The provision of the service and payment is usually very close. When an advance payment is received from a customer, deferred revenue (a contract liability) is recognised. Deferred revenue is recognised as revenue when Medcover delivers the agreed service to the customer. Accrued income (a contract asset) is recognised when Medcover has delivered a service to a customer and has a right to consideration.

Revenue is measured based on the consideration to which the Group expects to be entitled. A minor part of the customer contracts includes variable consideration. For these contracts, revenue is recognised to the extent that it is highly probable the amount of revenue recognised will not be subject to significant future reversals as a result of subsequent re-estimations.

2.5 Insurance contracts

The Group provides medical services through its owned and controlled facilities and medical staff to treat its members who subscribe to Medcover's insurance policies or commercial fixed rate contracts. The Group assumes the risk in relation to the member's health demand needs. Both regulated insurance contracts and commercial contracts fall under the definition of insurance contract under IFRS 4 *Insurance*

contracts. The revenue earned on the contracts (earned premiums) is apportioned over the term of the contract on a straight-line basis. A risk apportioned basis of allocating insurance revenue would not be materially different from a straight-line apportionment. Costs of servicing these contracts are incurred mainly in respect of operating the Group's own medical facilities. The cost expensed in the income statement at the end of each period is an estimate based on historical experience and cost incurred but not yet invoiced by suppliers and contractors. A liability is recognised in respect of unearned premiums to defer these to future periods for future release to the income statement as earned premiums.

2.6 Insurance contract acquisition costs

Insurance contract acquisition costs represent commissions, salaries and direct costs associated with selling and acquiring fixed fee medical contracts where the contract is not a regulated insurance contract written by a regulated insurer. All of these costs are expensed in the period when incurred regardless of the duration of the contract. Where the costs arise from selling or acquiring a regulated insurance contract, these are capitalised and then amortised over the expected life of that contract on a straight-line basis, not exceeding twelve months.

2.7 Segment reporting

Segment reporting is in line with management's use of information. It has been determined by reference to the information used by the chief operating decision maker of the Group (CODM) to review the performance of the Group and in making decisions on allocation of resources, the nature of the activities and the management structure and accountabilities. The Group's CEO has been identified as the CODM in accordance with his responsibility for the allocation of resources to operating segments and assessing their performance. The CODM periodically reviews the Group's segments, budgeting and investment decisions and is in regular contact in relation to business performance with the two segment management heads (COOs). These reviews concentrate on segment level performance and components of each segment based upon geography and in the case of Healthcare Services further by specialisation of activity. The review of the performance of the Group's activities is focused on sales and EBITDAaL as the two major financial measures of accountability and performance. Segment assets and liabilities do not regularly form part of the information reviewed by the CODM and hence are not disclosed in the segment disclosures.

The Group's management is organised and accountable on reporting lines reflecting the two reportable segments: Healthcare Services and Diagnostic Services with a management head for each reportable segment who is part of executive management.

2.8 Share-based payments

(a) Equity settled plans

The Group has issued long-term performance-based share programmes to employees. The costs for the programmes are based on the fair value of the share rights at the date of granting. The share-based payments are recognised as employee costs during the vesting period with a corresponding increase in equity. Non-market performance conditions (EBITDA and EBITDAaL targets) and service conditions (being employed) affect the share-based payment cost during the vesting period by the change in the number of shares that are expected to finally vest. The Group recognises a liability for social security expenses for all outstanding equity settled share-based payments. The liability is remeasured at the end of each reporting period and is based on the share-based payment's fair value at the end of the reporting date distributed over the vesting period. In case of an acceleration of the vesting terms or other waiver or amendment the amortisation period is also accelerated to reflect the change in the terms.

(b) Cash settled plans

The Group has entered into agreements where third parties may receive payments in the future based upon the equity value of Group entities. A liability is recognised initially where these obligations have been assumed for services already rendered or where vesting conditions have not been fulfilled completely the proportion not yet vested is recognised

in line with the vesting conditions. The liabilities are measured on a fair value basis, revised over time to reflect best estimates of the likely cash amount to be settled. At each reporting date subsequent changes to the fair value are recognised in the income statement.

2.9 Acquisitions

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts are reported. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period cannot exceed one year from the acquisition date.

2.10 Intangible assets

(a) Goodwill

Goodwill represents the difference between the fair value of the consideration payable for an acquisition and the fair value of the Group's share of the net identifiable assets of the acquired company at the date of the acquisition.

Goodwill arising from business combinations is not amortised but is subject to an annual impairment test. Any impairment adjustments are reflected as an expense in the income statement. Impairment of goodwill is not reversed.

Goodwill arising from business combinations is allocated to cash generating units, which are expected to receive future economic benefits from synergies that are most likely to arise from the acquisition. These cash generating units form the basis of any future assessment of impairment of the carrying value of the acquired goodwill.

(b) Software

Externally purchased and internally developed software are stated at cost less accumulated amortisation and accumulated impairment. Software is amortised on a straight-line basis over the estimated useful life, normally over 5 years. If externally purchased software is used under a license agreement, the license period constitutes the maximum useful life/amortisation period.

(c) Other intangibles

Other intangibles with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment. Amortisation is recognised on a straight-line basis. Other intangibles with indefinite useful lives are stated at cost less accumulated impairment losses.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill when these meet the definition of an intangible asset and the fair value can be measured reliably. The cost for such intangible assets consists of the fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are recognised at cost less accumulated amortisation and accumulated impairment losses, on the same basis as other intangible assets that are acquired separately. The following are indications of the estimated useful life:

Brand	2–20 years
Operating licenses	3–10 years
Customer relations	10 years
Regulatory licenses	indefinite

Intangible assets under development are stated at cost less any impairment loss. Amortisation is determined on the same basis as for internally developed software and commences when the assets are ready for the intended use.

2.11 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment. Depreciation is recognised on a straight-line basis over the estimated useful life. The following are indications of the estimated useful life by asset class:

Land	not depreciated
Buildings	20–50 years
Leasehold improvements	over the life of the lease contract, up to 10 years maximum
Equipment	3–10 years
Vehicles	4–5 years

Assets under construction are stated at cost less any impairment loss. Depreciation is determined on the same basis as for property, plant and equipment and commences when the assets are ready for the intended use.

2.12 Impairment of non-financial assets

Goodwill acquired in a business combination and intangible assets with an indefinite useful life are tested for impairment annually irrespective of whether there is any indication of impairment. The Group reviews its other assets annually to determine whether there is any indication of impairment. When tested for impairment, an asset's or cash generating unit's recoverable amount is estimated from assessing its value in use, or using the net selling price that could be realised for that asset or cash generating unit, whichever is higher. In assessing value in use, the estimated future cash flows of the asset or the cash generating unit to which the asset is allocated are discounted to the present value. The discount rate is estimated as a pre-tax rate reflecting the risks specific to that asset, business unit or cash generating unit. In assessing which groups of assets form cash generating units, management uses judgement in respect of the independence of cash flows between assets and groups of assets.

An impairment loss is recognised in the consolidated income statement whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses recognised are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the cash generating unit. Any impairment loss in respect of goodwill is not reversed if the conditions indicating its impairment are reversed or improve. In respect of other assets an impairment loss is reversed if there has been a change in the conditions indicating the original estimate of impairment.

2.13 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand and short-term highly liquid investments with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

2.14 Inventories

Inventories include consumables and pharmaceuticals and comprise costs of purchase, transport and any taxes of customs duties. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined using the first-in, first-out (FIFO) method. The net realisable value represents the estimated selling price, less estimated costs of completion and costs necessary to make the sale.

Inventories also arise where there is a change in use of investment properties evidenced by the commencement of development with a view to sale, and the properties are reclassified as inventories at the deemed cost, which is the fair value at the date of reclassification. These are subsequently carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses.

2.15 Financial assets

(a) Measurement on initial recognition

At initial recognition financial assets are measured at fair value including transaction costs unless the financial asset is carried at fair value through profit or loss, in which case transaction costs are immediately recognised in profit or loss. The best estimate of fair value at initial recognition is usually the transaction price, represented by the fair value of the consideration given or received in exchange for the financial instrument.

(b) Subsequent measurement

Financial assets are classified and subsequently measured at either amortised cost, fair value through profit or loss or fair value through other comprehensive income on the basis of both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost are subsequently measured using the effective interest method, less provision for impairment. This category mainly includes trade and other receivables. These assets are short-term in nature, which is why they are recognised at nominal amounts without discounting.

Financial assets at fair value through profit or loss are carried at fair value with net changes in fair value recognised in profit or loss. This category mainly includes short-term investments in bond funds.

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not recognised at fair value through profit or loss. For trade receivables and accrued income, the simplified provision matrix in IFRS 9 is used and the Group recognises a loss allowance based on lifetime ECLs at each reporting date. The provision matrix is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(c) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Gains and losses from derecognition are recognised in profit or loss.

2.16 Financial liabilities

(a) Measurement on initial recognition

At initial recognition financial liabilities are measured at fair value including transaction costs unless the financial liability is carried at fair value through profit or loss, in which case the transaction costs are immediately recognised in profit or loss. The best estimate of the fair value at initial recognition is usually the transaction price, represented by the fair value of the consideration given or received in exchange for the financial instrument.

(b) Subsequent measurement

After initial recognition, borrowings, trade and other payables are measured at amortised cost using the effective interest method. Trade payables are short-term in nature, which is why they are recognised at nominal amounts without any discounting.

Financial liabilities subsequently measured at fair value include:

- derivative financial instruments being remeasured at fair value through profit or loss (refer to 2.18);
- put option liquidity obligation over non-controlling interests being remeasured at fair value with the changes in fair value being reported to equity as a transaction between shareholders (refer to 2.17); and
- contingent consideration payable in relation to acquisitions are remeasured at fair value through profit or loss.

(c) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. Gains and losses from derecognition are recognised in profit or loss.

2.17 Put options over non-controlling interests

The Group has granted put options to minority shareholders whereby the minority has the right to sell his/her shares to the Group at some future date at a market price to be determined at the time of exercise or based on an agreed formula approximating a market price. The terms do not provide a present ownership interest in the shares subject to the put. The Group's accounting policy is to partially recognise non-controlling interests and to account for such put options as follows: the obligation price to acquire the non-controlling interest in the future has been estimated at the date of the original agreement and a discount factor applied to that future obligation to reflect the time value of money. The obligation has been recognised as a non-current financial liability in the consolidated statement of financial position based on the earliest exercise dates of the put. The obligation has been offset to equity in a separate reserve to reflect that this transaction is from an economic point of view a transaction between shareholders. Any subsequent changes in the fair value of the future obligation is recognised as an equity transaction. Fair value is determined by estimating the potential put price taking into account projected results of the entity discounted for the time value of money.

2.18 Derivative financial instruments

The Group uses derivatives, such as currency swaps, to hedge its foreign currency risks. Such derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in fair value are recognised in profit or loss. The Group does not apply hedge accounting in accordance with IFRS 9.

2.19 Leases

The Group as a lessee

A lease is identified as a contract, or part of a contract, that gives the right of control and use of an identified asset for a period of time in exchange for consideration. The Group's leases are in respect of real estate, equipment and vehicles. The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost which comprises the lease liability at commencement plus any directly attributable costs, lease payments made prior to commencement and if applicable an estimation of any contractual restitution costs, reduced by any incentives received to enter into the lease. The right-of-use asset is subsequently depreciated using a straight-line basis over the period from commencement to the end of the lease or the useful life of the asset, whichever is shorter.

The lease liability is initially measured as the discounted value of the future identified contractual lease payments to be paid over the life of the lease. The lease liability is subsequently measured at amortised cost using the effective interest method. The discount rate used, if not implicit in the lease, is determined as the specific Group entity's incremental borrowing rate. The incremental borrowing rate is individual for each lease and takes into account:

- credit standing of the specific Group entity contractually bound under the lease;
- currency of the lease;
- average duration of the lease obligation; and
- security implied by the specific asset underlying the lease.

The lease payments taken into account for the lease liability include:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that are based on an index or rate;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase option, if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease liability is remeasured (with a corresponding adjustment to the related right-of-use asset) whenever there are changes relating to:

- the lease term;
- the assessment of exercise of a purchase option;
- the expected payment under a guaranteed residual value;
- lease payments due to changes in an index or rate; and
- lease modifications not accounted for as a separate lease.

The Group has applied the amendment to IFRS 16 *Leases* regarding Covid-19 Rent related concessions. The amendment provides relief from applying the IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of Covid-19. It allows an entity, if certain criteria are met, to recognise the change in lease payments from a rent concession in the income statement. The Group has recognised Covid-19 related rent concessions as a reduced rental expense in 2020.

In certain cases, leases may be based on revenue sharing, in which case a right-of-use asset and lease liability are not recognised unless there is a minimum lease payment or another in substance fixed payment. The revenue share lease cost is directly expensed to the income statement at the same time as revenue is earned and recognised.

Leases with a lease term of 12 months or less and leases of assets with a low value when new (€5,000 or less) are expensed directly to the income statement on a straight-line basis as part of the operating costs.

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 2.12.

2.20 Government grants

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

A grant related to an asset is recognised in the income statement as other income in equal amounts over the expected useful life of the related asset.

A grant related to salaries is recognised in the income statement as a reduction of salary expense on a systematic basis over the periods that the related salary cost, for which the grant is intended to compensate, is expensed.

2.21 Income tax

Income taxes include both current and deferred taxes. Income taxes are recognised in the income statement unless the underlying transaction is recognised in other comprehensive income or in equity, in which case the corresponding tax is recognised according to the same principle. A current tax liability or asset is recognised for the estimated taxes payable or refundable for the current year or prior years.

Deferred tax is recognised using the balance sheet liability method. The calculation of deferred taxes is based on differences between the values recognised in the statement of financial position and their valuation for taxation, which are referred to as temporary differences, and the carry-forward of unused tax losses and tax credits. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred tax asset is recognised only to the extent that it is probable that future taxable

profits will be available against which the asset can be utilised. In the calculation of deferred taxes, enacted or substantively enacted tax rates are used for the individual tax jurisdictions.

Current and deferred tax assets and liabilities are offset when the following criteria are met:

- there is a legally enforceable right to offset current tax assets against current tax liabilities;
- these 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.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority.

2.22 Earnings per share

The Group presents basic and where relevant diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS takes into account the potentially dilutive impact of long-term performance-based share programmes. Contingently issuable ordinary shares are treated as outstanding and included in the calculation of diluted EPS only from the date when the conditions are satisfied.

3 Revenue

	2020	2019
Healthcare Services		
Public pay	55.8	40.0
Private pay		
Funded payments (note 4)	237.8	228.8
Fee-For-Service	221.3	156.5
Other services	23.2	23.3
Total	538.1	448.6

	2020	2019
Diagnostic Services		
Public pay	161.0	137.6
Private pay		
Fee-For-Service	287.8	250.4
Other services	10.5	7.5
Total	459.3	395.5
Central/Other	0.4	0.3
Total	997.8	844.4

4 Insurance contracts

The Group conducts insurance activities in the field of medical insurance. Part is through insurance contracts which are written by the Group's regulated insurance entity and thereby subject to regulatory oversight by authorities under insurance legislation and part is conducted by other commercial entities as activities which do not fall under regulation but still contain elements of insurance contracts as defined under IFRS 4 *Insurance Contracts*.

2020	Regulated	Non regulated	Total
Revenue earned in the period	63.0	174.8	237.8
Claims	-49.3	-124.4	-173.7
Expenses	-6.8	-7.6	-14.4
Assets	75.8	76.4	
Liabilities	12.6	63.1	

2019	Regulated	Non regulated	Total
Revenue earned in the period	62.4	166.4	228.8
Claims	-49.2	-124.7	-173.9
Expenses	-6.9	-8.6	-15.5
Assets	70.0	80.6	
Liabilities	11.6	55.1	

The insurance contracts are predominantly with employer groups to pay for healthcare services to be provided to their employees and dependents (funded payments). The Group has extensive experience in assessing the risk accepted by entering into these insurance contracts. The Group assesses both new business accepted and continuing contracts against internally generated actuarial risk profiles and has procedures in place to estimate future profitability and cash flows on both proposed and existing business. The risk profiles are adapted for each market the Group operates in.

Certain benefits which could lead to larger individual claims are capped. Certain benefits incorporated into the insurance contracts issued are backed by other insurers on a non-recourse basis, mainly in the area of travel insurance. Reinsurance is not used to transfer insurance risk as the scope of large scale losses is naturally limited by the facility based medical service model and the restrictions incorporated into the insurance contracts.

The Group's insurance contracts are heavily dispersed across a wide range of employers and geographical locations in Europe, with no large concentrations of risk. Furthermore, contract terms limit recourse of the contract holder in the case of inability to provide medical services for whatever reason. Generally, contracts do not have any cash reimbursement for services provided outside of the Group's own facilities or network.

5 Nature of expenses

Within the functional headings in the consolidated income statement, the following cost categories are included:

2020	Medical provision costs	Distribution, selling & marketing costs	Administrative costs	Total
Staff costs	-321.4	-26.5	-85.7	-433.6
Property lease costs, heat and other establishment costs	-33.0	0.1	-7.6	-40.5
Depreciation and amortisation	-61.6	-1.7	-27.7	-91.0
Impairment	-0.7	-	-4.5	-5.2
Medical services and other non-salary medical related costs	-291.2	-	-	-291.2
Expected credit losses	-	-	-8.6	-8.6
Other	-26.4	-15.2	-24.8	-66.4
Total	-734.3	-43.3	-158.9	-936.5

2019	Medical provision costs	Distribution, selling & marketing costs	Administrative costs	Total
Staff costs	-286.8	-25.7	-62.7	-375.2
Property lease costs, heat and other establishment costs	-24.7	-0.9	-5.3	-30.9
Depreciation and amortisation	-54.5	-1.8	-17.1	-73.4
Impairment	-0.5	-	-0.3	-0.8
Medical services and other non-salary medical related costs	-249.1	-	-	-249.1
Expected credit losses	-	-	-4.2	-4.2
Other	-22.0	-16.6	-25.7	-64.3
Total	-637.6	-45.0	-115.3	-797.9

6 Segment information

The CEO examines the Group's performance under two reportable operating segments of the business model referred to as Healthcare Services and Diagnostic Services. The CEO receives information about the segments' revenue on a monthly basis. EBITDAaL is used to assess the performance of the operating segments.

The Healthcare Services segment has a focus upon a broad range of medical services characterised with direct contact between the patient and the medical professional. This may be specialised doctors in a narrow field, general practitioners (or so-called family medicine), surgeons or other clinicians. The characteristics of these services are around physical facilities staffed by medical 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 a much smaller degree by public health funds. In all these cases the beneficiary of the service is always the individual patient. This business operates across three main geographies and some minor ones. The Group has identified several operating segments in Healthcare Services however the characteristics in terms of regulatory regime, ultimate customers and economic characteristics are all similar and have been aggregated into one reportable segment, Healthcare Services. When assessing the economic characteristics, management takes into account that the structure and model of the businesses are similar with employment of staff and own staffed medical facilities. This leads to comparable ratios for major medical cost components such as medical cost ratios at similar scale levels, and a convergence of EBITDAaL margins as the businesses become established and individual facilities become utilised at an optimal level.

The Diagnostic Services segment has a focus on in vitro diagnostics characterised by indirect contact between the patient and the medical diagnostic professionals. The clinician orders the diagnostic service and is responsible for interpreting the results and treating the patient. This indirect nature and the fact that the services provided are more of a process rather than an individual treatment give different results in how the business is run and organised. Diagnostic Services is differentiated by such aspects as scale effects, concentration and more industrial type approaches and economics. Customers are ultimately clinicians treating and diagnosing the patients, irrespective of whether the payer is a private clinic, a public health fund or the patients themselves directly. The business operates across four main geographies and the economic return levels and drivers of the performance of the business units, management and regulation are all similar and have been aggregated into one reportable segment, Diagnostic Services. When assessing the economic characteristics, management takes into account that the same technology is being used and production efficiencies arising at similar volume levels. This leads to comparable ratios for major medical cost

components such as medical cost ratios at similar scale levels, and a convergence of EBITDAaL margins as the businesses become established and laboratories become utilised at an optimal level.

Revenue is disclosed on the basis of location of the legal entity providing the services, which is materially the same as the location of

clients. Central costs that are specific to a segment have been allocated to that segment and the remaining balance of central costs is presented separately. Unallocated items represent non-specific items whose allocation to a segment would be arbitrary and mainly comprise corporate expenses.

2020	Healthcare Services	Diagnostic Services	Central/ other	Group Total
Revenue	539.7	473.4	0.7	
Inter-segment revenue	-1.6	-14.1	-0.3	
Revenue from external customers¹⁾	538.1	459.3	0.4	997.8
By payer:				
Private	482.3	298.3	0.4	781.0
Public	55.8	161.0	-	216.8
By country:				
Poland	358.4	39.0	0.1	397.5
Germany	-	242.4	-	242.4
Romania	64.6	63.4	0.0	128.0
India	82.5	-	-	82.5
Ukraine	7.6	73.1	-	80.7
Other countries ²⁾	25.0	41.4	0.3	66.7
Operating profit	28.8	50.8	-18.3	61.3
Margin	5.3%	10.7%		6.1%
Depreciation, amortisation and impairment	55.3	39.0	1.9	96.2
EBITDA	84.1	89.8	-16.4	157.5
Margin	15.6%	19.0%		15.8%
Right-of-use depreciation/impairment	-19.6	-18.8	-0.4	-38.8
Interest on lease liabilities	-7.0	-3.2	0.0	-10.2
Segment result: EBITDAaL	57.5	67.8	-16.8	108.5
Margin	10.6%	14.3%		10.9%
Other income/(costs)				1.5
Net interest expense				-17.2
Other financial income/(expense)				-8.4
Share of profit of associates				0.1
Income tax				-10.0
Profit for the year				27.3
Additions to non-current assets:				
Goodwill	8.7	0.5	-	9.2
Intangible assets	5.0	5.9	1.0	11.9
Land and buildings	0.5	0.1	-	0.6
PPE, other than land and buildings	43.5	19.3	0.0	62.8
Right-of-use assets	49.7	17.7	-	67.4
Investment in associates	-	6.9	-	6.9
Total	107.4	50.4	1.0	158.8

¹⁾ Included in revenue from Diagnostic Services is €144.9 million (€122.0 million) arising from sales to the Group's largest customer. No other single customer contributed 10% or more to the Group's revenue in 2020 or 2019.

²⁾ External revenue originating from Sweden is nil.

2019	Healthcare Services	Diagnostic Services	Central/ other	Group Total
Revenue	449.3	408.7	0.4	
Inter-segment revenue	-0.7	-13.2	-0.1	
Revenue from external customers¹⁾	448.6	395.5	0.3	844.4
By payer:				
Private	408.6	257.9	0.3	666.8
Public	40.0	137.6	-	177.6
By country:				
Poland	345.1	36.4	0.0	381.5
Germany	-	196.6	-	196.6
Romania	59.6	59.5	0.0	119.1
India	9.9	-	-	9.9
Ukraine	8.2	64.8	-	73.0
Other countries ²⁾	25.8	38.2	0.3	64.3
Operating profit	20.1	43.3	-16.9	46.5
Margin	4.5%	10.6%		5.5%
Depreciation, amortisation and impairment	40.9	32.4	0.9	74.2
EBITDA	61.0	75.7	-16.0	120.7
Margin	13.6%	18.5%		14.3%
Right-of-use depreciation	-15.8	-16.7	-0.4	-32.9
Interest on lease liabilities	-4.2	-3.0	0.0	-7.2
Segment result: EBITDAaL	41.0	56.0	-16.4	80.6
Margin	9.1%	13.7%		9.5%
Other income/(costs)				1.0
Net interest expense				-11.9
Other financial income/(expense)				-0.4
Share of loss of associates				-1.9
Income tax				-8.6
Profit for the year				24.7
Additions to non-current assets:				
Goodwill	123.0	23.1	-	146.1
Intangible assets	19.9	14.2	1.6	35.7
Land and buildings	26.3	4.4	-	30.7
PPE, other than land and buildings	64.0	20.9	0.1	85.0
Right-of-use assets	51.8	30.6	1.0	83.4
Investment in associates	0.0	0.0	-	0.0
Total	285.0	93.2	2.7	380.9

	2020	2019
Non-current assets by location of assets		
Poland	310.7	307.3
Germany	213.2	209.8
India	145.3	132.7
Romania	95.4	99.4
Ukraine	23.6	27.2
Other ¹⁾	21.4	21.8
Total	809.6	798.2

¹⁾ of which Sweden is €0.6 million (€0.8 million)

Non-current assets by geography include intangible assets, property, plant and equipment, right-of-use assets, investments in associates and other financial assets.

7 Other income/costs

	2020	2019
Revaluation of equity interest in MHI at acquisition date (note 13)	-	-5.8
Release of currency translation adjustment related to the acquisition of MHI (note 13)	-	-2.1
Release of deferred profit relating to call options MHI	-	-0.8
Change in fair value/release of deferred loss/derecognition relating to put options MHI	-	0.6
Change in fair value of other financial liabilities MHI (note 20)	-	9.0
Revaluation of financial asset (note 14)	1.3	-
Other	0.2	0.1
Total	1.5	1.0

8 Interest expense

	2020	2019
Interest on lease liabilities	-10.2	-7.2
Interest on loans payable	-7.9	-6.5
Total	-18.1	-13.7

9 Income tax

	2020	2019
Current tax	-13.2	-11.4
Withholding tax	-0.4	-0.4
Deferred tax	3.6	3.2
Total	-10.0	-8.6

A reconciliation of the weighted average nominal income tax to the effective income tax expense is as follows:

	2020	2019
Profit before income tax	37.3	33.3
Weighted average tax based on national rates	21.2%	21.8%
Tax at applicable rate	-7.9	-7.3
Tax effect of:		
Non-taxable income	2.7	6.9
Non-deductible expenses	-5.8	-6.5
Profit share non-controlling interests	0.9	0.7
Tax losses and tax credits not recognised	-0.2	-3.6
Adjustments to prior year estimates	-0.8	-0.8
Withholding tax on intra group payments	-0.4	-0.4
Previously unrecognised tax losses and credits	0.6	1.6
Group contribution	0.3	0.5
Other items	0.6	0.3
Income tax expense	-10.0	-8.6
Effective tax rate	26.7%	25.9%

The corporate tax rate in the main geographical operations is as follows: Poland 19%, Germany 30.18%, Romania 16%, Ukraine 18% and India 28.47%.

As at 31 December 2020 uncertainty over income tax treatments for which the Group has recognised a provision amounted to €1.8 million (€1.9 million), mainly related to a dispute with the Ukrainian tax authorities which has been brought to court. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ. The reasonably possible outcomes range from additional liabilities of up to €0.3 million to a reduction in liabilities of up to €1.5 million.

Deferred tax assets and liabilities at 31 December were as follows:

	2020	2019
Deferred tax assets	12.1	9.1
Deferred tax liabilities	-30.0	-31.1
Deferred tax assets/liabilities, net	-17.9	-22.0

A reconciliation of movements in deferred tax assets/liabilities is presented as follows:

	Accruals/ provisions	Goodwill	Other intangibles and PPE	Tax losses	Other net temporary differences	Total
Assets/liabilities as at 31 December 2018	4.4	-19.7	-7.0	1.3	1.5	-19.5
Business combinations	-	2.2	-12.1	3.8	0.4	-5.7
Recognised in income statement	0.3	-0.5	0.9	1.1	1.4	3.2
Recognised in statement of comprehensive income	-	-	-	-	0.1	0.1
Reclassifications	-	-	-	-0.2	-	-0.2
Exchange differences	-	-	0.1	-	-	0.1
Assets/liabilities as at 31 December 2019	4.7	-18.0	-18.1	6.0	3.4	-22.0
Business combinations	-	0.1	-0.5	-	0.9	0.5
Recognised in income statement	1.3	-1.9	2.4	0.6	1.2	3.6
Recognised in statement of comprehensive income	-	-	-	-	0.2	0.2
Reclassifications	-	-	-	-0.2	0.0	-0.2
Exchange differences	-0.3	-	1.0	-0.6	-0.1	0.0
Assets/liabilities as at 31 December 2020	5.7	-19.8	-15.2	5.8	5.6	-17.9

The Group has unrecognised tax losses as at 31 December 2020 amounting to €93.2 million (€130.6 million) that are available to be offset against future profits.

	2020
As at 1 January	130.6
Additions	6.8
Utilisation	-14.7
Expired	-8.2
Adjustment of prior year's acquisition balance (MHI)	-14.0
Losses recognised	-3.2
Exchange differences	-4.1
As at 31 December	93.2

The expiry dates of unrecognised tax losses were as follows:

Year	
2021	2.9
2022	2.5
2023	3.3
2024	4.3
2025	4.7
And thereafter	24.3
No expiry date	51.2
Total	93.2

These losses were not recognised as deferred tax assets as their eventual use was not considered probable in the foreseeable future.

10 Intangible assets

	Good-will	Soft-ware	Internally developed software	Other	Total
Cost					
31 December 2018	150.1	24.2	9.3	53.1	236.7
Business combinations	146.1	0.2	0.0	24.5	170.8
Additions	-	3.9	3.8	3.3	11.0
Disposal by sale	-	0.0	-	0.0	0.0
Retirements	-	-0.2	-	0.0	-0.2
Reclassifications	-	0.9	0.0	-0.9	0.0
Exchange differences	0.5	0.1	-0.2	0.1	0.5
31 December 2019	296.7	29.1	12.9	80.1	418.8
Business combinations	9.2	0.0	-	2.1	11.3
Additions	-	4.4	3.3	2.1	9.8
Disposal by sale	-	-0.1	-	-0.6	-0.7
Retirements	-	-0.1	-	-0.9	-1.0
Reclassifications	-0.1	0.6	0.1	-0.3	0.3
Exchange differences	-15.2	-1.5	-0.3	-3.3	-20.3
31 December 2020	290.6	32.4	16.0	79.2	418.2

	Good-will	Soft-ware	Internally developed software	Other	Total
Amortisation					
31 December 2018	-	-16.7	-5.0	-14.1	-35.8
Amortisation	-	-3.7	-1.5	-6.7	-11.9
Disposal by sale	-	0.0	-	-	0.0
Retirements	-	0.2	-	0.0	0.2
Reclassifications	-	0.0	-	0.0	0.0
Exchange differences	-	-0.1	0.1	0.0	0.0
31 December 2019	-	-20.3	-6.4	-20.8	-47.5
Amortisation	-	-4.1	-2.3	-9.4	-15.8
Disposal by sale	-	0.1	-	-	0.1
Retirements	-	0.0	-	0.0	0.0
Reclassifications	-	-0.1	-	0.1	0.0
Exchange differences	-	1.1	0.1	0.5	1.7
31 December 2020	-	-23.3	-8.6	-29.6	-61.5

	Good-will	Soft-ware	Internally developed software	Other	Total
Impairment					
31 December 2019	-	-	-	-	-
Impairment	-1.4	0.0	-	-1.5	-2.9
Exchange differences	0.0	0.0	-	0.0	0.0
31 December 2020	-1.4	0.0	-	-1.5	-2.9
Net carrying value					
31 December 2019	296.7	8.8	6.5	59.3	371.3
31 December 2020	289.2	9.1	7.4	48.1	353.8

Other intangible assets mainly include brand of €16.2 million (€20.5 million), customer relations of €9.7 million (€10.9 million), operating licenses of €9.5 million (€14.3 million), regulatory licenses €9.1 million (€9.4 million) and intangibles assets under development of €2.1 million (€1.8 million).

The carrying amount of goodwill and other intangible assets with indefinite useful lives has been allocated to the following cash generating units:

	Goodwill		Regulatory licenses	
	2020	2019	2020	2019
Germany	120.1	117.9	9.1	9.4
Other	3.0	6.2	-	-
Total Diagnostic Services	123.1	124.1	9.1	9.4
Poland	89.2	85.5	-	-
Romania	15.6	17.0	-	-
India (MHI)	55.8	63.6	-	-
Fertility Services	5.5	6.5	-	-
Total Healthcare Services	166.1	172.6	-	-
Total	289.2	296.7	9.1	9.4

Impairment test

The recoverable amounts for annual impairment testing are based on value in use calculations which use cash flow projections based on past and actual operating results and 5-year projections of cash generating units. The factor used to calculate growth in the terminal period after 5 years was 5% with the exception of India (MHI) where 6% was used (emerging market) and Germany where 3% was used (more mature market). Management's judgement is that the markets where the Group operates are undersupplied in healthcare and their long-term growth rates will be above more mature markets. Combined this will create continued growth for healthcare ahead of general GDP growth.

The most important criteria in the calculation of value in use are expected growth rates based on past performance and management's expectations for the future and discount rates.

The pre-tax discount rates used when discounting the projected cash flows are based on peer's beta adjusted to reflect management's assessment of risks related to the cash generating units. The pre-tax discount rates for the significant cash generating units were as follows:

	2020	2019
Pre-tax discount rates		
Germany	5.1%	7.4%
Poland	5.5%	7.2%
Romania	8.6%	9.5%
India (MHI)	9.1%	12.2%

Judgement is used in identifying to which cash generating units goodwill and other indefinite life intangible assets are allocated where-by the smallest identifiable group of assets that generates largely independent cash flows is measured for impairment. As the Group's business concept in some areas is as an integrated provider and risk manager individual assets such as clinics or hospitals may be aggregated at a geographical network level.

Sensitivity analyses have been carried out based on a reduction of the growth rate by 10.0% and by an increase in the discount rates of 1.0%. These changes in key assumptions would not lead to any impairment of any of the cash generating units' goodwill or other intangible assets with indefinite useful lives.

11 Property, plant and equipment

	Land and buildings	Leasehold improvements	Equipment	Vehicles	Assets under construction	Total
Cost						
31 December 2018	92.9	59.2	134.0	3.0	9.9	299.0
Business combinations	20.0	4.7	31.3	0.3	1.3	57.6
Additions	10.7	8.6	28.5	0.4	9.9	58.1
Disposal by sale	-	-	-0.5	-0.4	-0.1	-1.0
Retirements	0.0	-1.8	-6.5	0.0	-	-8.3
Reclassifications	2.8	6.6	2.7	0.0	-12.0	0.1
Exchange differences	0.7	1.3	0.7	0.2	0.4	3.3
31 December 2019	127.1	78.6	190.2	3.5	9.4	408.8
Business combinations	0.0	2.6	2.0	0.0	0.1	4.7
Additions	0.6	5.5	30.3	0.6	21.7	58.7
Disposal by sale	-	0.0	-2.7	-0.2	-	-2.9
Retirements	-0.1	-1.4	-3.9	0.0	-0.1	-5.5
Reclassifications	-0.7	3.9	1.1	0.3	-4.6	0.0
Exchange differences	-9.5	-6.8	-16.2	-0.7	-2.1	-35.3
31 December 2020	117.4	82.4	200.8	3.5	24.4	428.5

	Land and buildings	Leasehold improvements	Equipment	Vehicles	Assets under construction	Total
Depreciation						
31 December 2018	-10.4	-31.5	-90.6	-2.1	-	-134.6
Depreciation	-2.9	-7.7	-17.4	-0.4	-	-28.4
Disposal by sale	-	-	0.5	0.3	-	0.8
Retirements	0.0	1.6	6.5	0.0	-	8.1
Reclassifications	0.0	0.0	0.0	0.0	-	0.0
Exchange differences	0.0	-0.7	-0.5	0.0	-	-1.2
31 December 2019	-13.3	-38.3	-101.5	-2.2	-	-155.3
Depreciation	-3.0	-9.1	-23.2	-0.4	-	-35.7
Disposal by sale	-	0.0	2.5	0.2	-	2.7
Retirements	0.1	1.2	3.9	0.0	-	5.2
Reclassifications	0.2	-0.2	0.2	-0.2	-	0.0
Exchange differences	1.0	3.8	9.5	0.4	-	14.7
31 December 2020	-15.0	-42.6	-108.6	-2.2	-	-168.4

	Land and buildings	Leasehold improvements	Equipment	Vehicles	Assets under construction	Total
Impairment						
31 December 2018	-	-	-	-	-	-
Impairment	-	-0.3	-0.4	-	-0.1	-0.8
Exchange differences	-	-	-	-	-	-
31 December 2019	-	-0.3	-0.4	-	-0.1	-0.8
Impairment	-	-1.6	-0.1	-	-	-1.7
Exchange differences	-	0.1	0.1	-	0.1	0.3
31 December 2020	-	-1.8	-0.4	-	-	-2.2

	Land and buildings	Leasehold improvements	Equipment	Vehicles	Assets under construction	Total
Net carrying value						
31 December 2019	113.8	40.0	88.3	1.3	9.3	252.7
31 December 2020	102.4	38.0	91.8	1.3	24.4	257.9

Additions in assets under construction mainly relate to new facilities in MHI.

12 Right-of-use assets

	Buildings	Equipment	Vehicles	Total
Cost				
31 December 2018	164.3	7.3	8.3	179.9
Business combinations	31.4	0.1	0.1	31.6
Additions	47.7	1.2	2.9	51.8
Terminations	-16.4	-0.9	-1.5	-18.8
Other	3.7	0.6	-0.2	4.1
Exchange differences	2.0	0.0	0.0	2.0
31 December 2019	232.7	8.3	9.6	250.6
Business combinations	6.4	-	0.1	6.5
Additions	57.8	1.4	1.7	60.9
Terminations	-27.1	-2.3	-1.9	-31.3
Other	7.1	0.0	0.4	7.5
Exchange differences	-17.8	-0.1	-0.5	-18.4
31 December 2020	259.1	7.3	9.4	275.8
	Buildings	Equipment	Vehicles	Total
Depreciation				
31 December 2018	-56.3	-2.8	-3.8	-62.9
Depreciation	-28.8	-1.7	-2.4	-32.9
Terminations	10.3	0.4	1.2	11.9
Other	-	-	0.2	0.2
Exchange differences	-0.9	0.0	0.0	-0.9
31 December 2019	-75.7	-4.1	-4.8	-84.6
Depreciation	-33.7	-1.8	-2.7	-38.2
Terminations	18.5	1.9	1.8	22.2
Other	0.1	-0.2	0.0	-0.1
Exchange differences	5.6	0.1	0.2	5.9
31 December 2020	-85.2	-4.1	-5.5	-94.8
	Buildings	Equipment	Vehicles	Total
Impairment				
31 December 2019	-	-	-	-
Impairment	-0.6	-	-	-0.6
Exchange differences	-	-	-	-
31 December 2020	-0.6	-	-	-0.6
	Buildings	Equipment	Vehicles	Total
Net carrying value				
31 December 2019	157.0	4.2	4.8	166.0
31 December 2020	173.3	3.2	3.9	180.4

	2020	2019
Amounts recognised in the income statement		
Right-of-use depreciation	-38.8	-32.9
Interest expense on lease liabilities	-10.2	-7.2
Expenses relating to short-term leases	-6.7	-6.6
Expenses relating to leases of low value assets	-1.6	-1.3
Variable lease payments not included in the measurement of the lease liability	-1.6	-0.2
Rent concessions due to Covid-19	1.5	-

	2020	2019
Average lease term, in years		
Buildings	6.7	6.3

The maturity analysis for lease liabilities is disclosed in note 25. In general the Group does not grant restrictive covenants or credit enhancements to lessors.

Variable lease payments

In some cases leases may be based on revenue sharing, in which case a right-of-use asset and lease liability are not recognised unless there is a minimum lease payment or another in substance fixed payment. The revenue share lease cost is directly expensed to the income statement at the same time as the revenue is earned and recognised.

Extension and termination options

Extension and termination options are only included in the lease term when the Group has the right to unilaterally extend/terminate and judges that this right is reasonably certain to be exercised. For most of the Group's lease agreements with extension options, these criteria are considered met and the extension option is therefore included in the lease term. Some of the real estate leases within the Group contain termination options with a purpose to achieve operational flexibility. For most of these agreements, the Group is reasonably certain that the termination option will be exercised. Consequently the lease liability does not include future rental payments in the period after the earliest termination date.

Interest rate when discounting future lease payments

When the Group can not readily determine the interest rate implicit in the lease, it uses the incremental borrowing rate (IBR) to discount future lease payments. The IBR is the interest rate that the lessee would have to pay to borrow over similar terms which requires estimations when no observable rates are available. The Group estimates the IBR by using market interest rates and adjusting with entity specific estimates such as credit standing, currency risk and duration within the lease contracts.

Leases not yet commenced

At year-end 2020 the Group is committed to €6.7 million (€14.5 million) for leases not yet commenced/recognised as right-of-use assets and lease liabilities.

13 Business combinations

The following table presents business combinations during 2020 and 2019. The purchase price allocations are preliminary and subject to

change in the twelve months from the acquisition date. For business combinations during 2019, these have been finalised.

	2020	2019				
	Total	Klein	Neomedic	Medicover Hospitals India	Other	Total
Cash and cash equivalents	0.2	-	2.5	2.2	0.4	5.1
Accounts receivable and inventories	0.9	0.6	4.7	26.9	1.1	33.3
Tax receivable	-	-	-	4.0	-	4.0
Property, plant and equipment	4.7	2.0	18.7	34.1	2.8	57.6
Right-of-use assets	6.5	5.8	3.6	19.3	2.9	31.6
Goodwill	9.2	17.0	48.6	63.6 ¹⁾	16.9	146.1
Other intangible assets:	2.1	5.8	4.0	10.5	4.4	24.7
Brand	1.5	2.5	3.7	-	2.2	8.4
Customer relations	0.5	3.3	-	-	1.6	4.9
Operating licenses	0.1	-	-	10.3	0.3	10.6
Regulatory licenses	-	-	-	-	0.3	0.3
Other	0.0	0.0	0.3	0.2	0.0	0.5
Deferred tax	0.5	-	-2.0	-3.6 ¹⁾	-0.1	-5.7
Lease liabilities	-6.5	-5.8	-3.6	-19.3	-2.9	-31.6
Corporate tax payable	-	-	-0.1	-1.2	0.0	-1.3
Accounts payable	-2.4	-0.1	-4.6	-17.7	-2.3	-24.7
Loans payable	-0.1	-	-9.9	-31.4	-1.2	-42.5
Other long-term liabilities	-	-	-	-1.6	-	-1.6
Non-controlling interests	-	-	-	-38.4	-	-38.4
Total purchase price	15.1	25.3	61.9	47.4	22.0	156.6
Less: cash and cash equivalents acquired	-0.2	-	-2.5	-2.2	-0.4	-5.1
Previously settled in cash	-	-	-	-29.0	-	-29.0
Non-cash movements	-	-	-	-11.8	-	-11.8
Deferred and contingent consideration payable (discounted)	-5.3	-3.9	-	-	-5.5	-9.4
Payment related to prior year's acquisitions	2.6	-	-	-	4.6	4.6
Release from escrow account	-	-21.4	-	-	-1.8	-23.2
Total cash flow for acquisitions of subsidiaries net of cash acquired	12.2	-	59.4	4.4	18.9	82.7

¹⁾ The purchase price allocation was completed in 2020. This resulted in an additional deferred tax liability of €3.6 million and goodwill of €3.6 million due to timing differences relating to property, plant and equipment.

Business combinations during 2020

The Group acquired three dental businesses in Poland, an endocrinology clinic in Germany and 100% of the voting shares in Fitness World Sp. z o.o., a gym operator in Poland. None of the acquisitions are individually significant. Goodwill which amounted to €9.2 million represents knowledge of transferred professionals and expected synergies with existing operations. Goodwill is deductible for tax purposes. Contingent consideration has been recognised and capped as part of the purchase price based on future performance. Included in the consolidated income statement 2020 was revenue of €1.1 million and net result of €0.0 million. If these had been acquired on 1 January 2020, the Group's revenue would have been approximately €7.5 million higher and net profit would have been approximately €0.1 million lower. Acquisition-related costs (included in administrative expenses) amounted to €-1.5 million.

Business combinations during 2019

Klein

In January 2019, the Group acquired the business of Dr. Klein, Dr. Rost and colleagues ('Klein'), a center for genetic diagnostics in Germany, for a total consideration of €25.3 million, including contingent and deferred liabilities of €3.9 million. €17.0 million goodwill was recognised, representing expected synergies with existing operations. Goodwill was deductible for tax purposes. Included in the consolidated income statement 2019 was revenue of €16.1 million and net profit of €0.1 million.

Neomedic

In May 2019, 100% of the voting rights in Neomedic S.A., a leading neonatology and obstetrics hospital group based in Poland, was acquired for a total consideration of €69.0 million including debt assumed. €48.6 million goodwill was recognised, representing the knowledge of transferred professionals and expected synergies with existing operations. Goodwill was not deductible for tax purposes. Included in the consolidated income statement 2019 was revenue of €20.4 million and net profit of €2.8 million. If this acquisition had occurred on 1 January 2019 revenue would have been €9.7 million higher and net profit would have been €0.6 million higher.

Medicover Hospitals India

In December 2019, the Group obtained control of Sahrudaya Healthcare Private Limited (Medicover Hospitals India or 'MHI', former Max-Cure). This company was until 30 November 2019 accounted for as an associated company. The Group and other shareholders of MHI entered into an agreement such that management control was vested with the founders when they owned more than 50% of the voting shares, until such time the Group only had protective rights. On 1 December 2019, the Group exercised additional share options and purchased more

shares (primary and secondary) which increased the voting shares from 49.2% to 54.4%. The purchase price of that tranche amounted to €4.0 million. By doing so, the Group assumed control of the investment and consolidated MHI. The previously held interest of 49.2%, with a carrying amount of €47.2 million, was remeasured to its acquisition date fair value of €41.4 million resulting in a loss of €-5.8 million recognised in other income/costs. The revaluation of the prior held equity in MHI was measured using a fair value model based upon discounted cash flows. The projections of future revenue growth were made at the lower range of the likely outcome and discounted using a rate of 12.2%. A terminal value was computed using a growth rate of 4.0%. Certain early stage assets were valued at cost. In addition, €-2.1 million related to foreign exchange differences, initially recognised as currency translation adjustment, was reclassified to other income/costs from other comprehensive income.

Initially €60.0 million goodwill was recognised, attributable to the entry into a large new market where the Group has a well-functioning organisation with an established workforce. When the purchase price allocation was completed in 2020, this resulted in an additional deferred tax liability of €3.6 million and goodwill of €3.6 million due to timing differences relating to property, plant and equipment. Goodwill was not deductible for tax purposes. Non-controlling interests of €38.4 million have been measured at fair value. Fair value was estimated by applying a discounted cash flow model. The key model inputs used are the projections for revenue development and the discount rate of 12.2%. Included in the consolidated income statement 2019 was revenue of €5.9 million and a net loss of €-0.5 million. If this acquisition had occurred on 1 January 2019 revenue would have been €63.8 million higher and net profit would have been €-5.6 million lower.

The Group's recognised share of MHI's loss for the period 1 January - 30 November 2019, when accounted for as an associate, amounted to €-2.0 million.

Other

Other acquisitions in 2019 included five dental businesses in Poland, four medical clinics in Germany and a laboratory in Germany. Total payments net of cash acquired for these acquisitions amounted to €18.9 million. €16.9 million goodwill was recognised, representing expected synergies with existing operations. Included in the consolidated income statement 2019 was revenue of €8.5 million and a net loss of €-0.1 million. If these acquisitions had occurred on 1 January 2019, revenue would have been €8.6 million higher and net profit would have been €-0.1 million lower.

Acquisition-related costs (included in administrative expenses) amounted to €-2.4 million in 2019.

An overview of other intangible assets identified relating to business combinations is disclosed in the following table:

	Method used	Estimated useful life	2020	2019
Brand	Income-based valuation (how much the brand owner would have to pay to use its brand if it licensed the brand from a third party, using DCF generated by the acquired entity for a period of time to capitalise future branded cash flows)	2-7 years	1.5	8.4
Customer relations	Valuation model based on multi-period-excess-earnings-method	10 years	0.5	4.9
Operating licenses	Greenfield costs for obtaining the compulsory licenses to be able to run the business	3-10 years	0.1	10.6
Regulatory licenses	Fair value approximates to cost	indefinite	-	0.3
Other	Fair value approximates to cost	5 years	0.0	0.5
Total			2.1	24.7

14 Investments in associates

	2020	2019
Diagenom GmbH	0.6	0.7
NIPD Genetics Public Company Ltd ("NIPD")	7.0	-
Total	7.6	0.7

The Group's ownership in Diagenom GmbH was 33% (33%).

In December 2020 the Group's ownership in NIPD increased to 20.0%. The Group obtained significant influence. The investment in NIPD resulted in a revaluation of €1.3 million, was reclassified from other financial assets to investments in associate and accounted for using the equity method. At 31 December 2019, the investment in NIPD was 11.2%.

15 Inventories

	2020	2019
Consumables	41.5	25.3
Pharmaceuticals	4.9	5.1
Real estate development	6.6	6.7
Total	53.0	37.1

Inventories recognised as an expense during the year amounted to €168.1 million (€133.2 million), of which write-downs amounted to €1.0 million (€0.5 million). This expense has been included in medical provision costs. There has been no reversal of write-downs from prior years.

16 Trade and other receivables

	2020	2019
Trade receivables	117.3	106.9
Other receivables	12.9	16.1
Prepayments	11.0	9.4
Accrued income	8.2	9.9
Total	149.4	142.3

Financial assets carried at amortised cost are presented net of expected credit losses (ECL), refer to note 25 for further information.

17 Short-term investments and cash and cash equivalents

	2020	2019
Short-term investments		
Interest-bearing securities	40.1	-
Total	40.1	-

The interest-bearing securities consist of highly liquid diversified Euro denominated bond funds.

	2020	2019
Cash and cash equivalents		
Cash on hand	0.6	0.9
Cash at bank	39.0	27.5
Government bonds	7.1	6.4
Total	46.7	34.8

Refer to note 21 for information regarding credit facilities and utilisation.

18 Trade and other payables

	2020	2019
Trade payables	53.6	44.8
Other payables	20.8	18.8
Accruals	75.0	51.0
Total	149.4	114.6

Accruals include amounts payable related to payroll and general operating costs.

19 Unearned premiums/deferred revenue

	2020	2019
Unearned insurance premiums	7.8	6.1
Deferred revenue	7.0	5.3
Total	14.8	11.4

Unearned insurance premiums relate to premiums which the Group has collected in advance and will be released to the income statement as earned premiums.

Deferred revenue includes advances from customers relating to pre-paid contracts within 12 months maturities. Deferred revenue at 31 December 2019 which was recognised as revenue in 2020 amounted to €5.3 million.

20 Other non-current liabilities

	2020	2019
Cash settled share-based payments	3.4	3.6
Other liabilities	-	0.1
Total	3.4	3.7

The Group and an unrelated third party have entered into arrangements whereby for services rendered, the latter benefits from the investments made by the Group in two subsidiaries by a percentage ownership of the total investment, valued at the time of monetisation using a formula on the basis of the underlying performance of these subsidiaries. This is accounted for based upon financial projections and business plans to estimate the fair value of the eventual liability that will be settled. During 2019, upon consolidation of MHI, part of the liability was reclassified from economic interest liability to cash settled share-based payments. The contract was renegotiated during 2019 resulting in a reduction in the liability of €9.5 million, recognised in other income/cost. These liabilities are estimated to become due at the earliest from mid-2023.

21 Net financial debt

	2020	2019
Non-current loans payable	152.8	163.8
Current loans payable	15.1	111.5
Total loans payable	167.9	275.3
Less: short-term investments	-40.1	-
Less: cash and cash equivalents	-46.7	-34.8
Loans payable net of cash and liquid short-term investments	81.1	240.5
Non-current lease liabilities	165.1	142.0
Current lease liabilities	34.4	34.2
Total lease liabilities	199.5	176.2
Financial debt	367.4	451.5
Less: short-term investments	-40.1	-
Less: cash and cash equivalents	-46.7	-34.8
Net financial debt	280.6	416.7

The Group's loans payable were as follows:

Loans payable	Maturity	Currency	Nominal value	Carrying amount	
				2020	2019
Revolving credit facility	2022	EUR	0.0	0.0	12.2
Schuldschein loan, fixed/float	2024	EUR	48.0	47.9	47.8
Schuldschein loan, fixed/float	2026	EUR	72.0	71.7	71.7
Schuldschein loan, float	2029	EUR	20.0	19.9	19.9
Commercial paper programme		SEK	0.0	0.0	80.4
Other bank loans				9.5	25.5
Other				18.9	17.8
Total				167.9	275.3

The weighted average interest rate of total debt outstanding held at Group level at 31 December 2020 was 1.4% (1.3%).

The Group has financial covenants in relation to net debt/EBITDA and interest cover.

A maturity analysis for financial liabilities is disclosed in note 25.

The Group's credit facilities and utilisation were as follows:

	2020		2019	
	Facility size	Utilised	Facility size	Utilised
Revolving credit facility incl. overdraft facility	220.0	0.0	220.0	12.2
Schuldschein loan	140.0	140.0	140.0	140.0
Commercial paper programme	199.2	0.0	191.7	80.4
Other	16.4	7.2	31.7	22.8
Total	575.6	147.2	583.4	255.4

22 Liabilities arising from financing activities

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

	Loans payable		Lease liabilities		Other financial liabilities	
	2020	2019	2020	2019	2020	2019
Opening balance	275.3	131.3	176.2	125.4	44.1	32.2
Cash movements						
Repayment of loans/ leases ¹⁾	-287.8	-479.9	-41.6	-37.2	-	-
Proceeds from loans received	181.4	577.3	-	-	-	-
Distribution to non-controlling interests	-	-	-	-	-1.2	-2.0
Non-cash movements						
Net foreign exchange movements	-4.4	-0.2	-9.0	0.8	-0.1	0.1
Business combinations	3.6	47.3	6.5	31.6	-	-
Liquidity obligation to non-controlling interests	-	-	-	-	2.9	2.4
Lease additions	-	-	78.6	63.5	-	-
Lease deductions	-	-	-11.2	-7.9	-	-
Economic interest liability for subsidiary	-	-	-	-	0.0	1.2
Reclassification to other non-current liabilities	-	-	-	-	-	-3.4
Changes in fair value recognised through equity	-	-	-	-	7.0	23.2
Changes in fair value recognised through profit and loss	-	-	-	-	-	-9.6
Other	-0.2	-0.5	-	-	-	-
Closing balance	167.9	275.3	199.5	176.2	52.7	44.1

¹⁾ The amount includes interest paid on leases of €-10.2 million (€-7.2 million) and excludes movements in accruals and prepayments.

23 Financial assets and liabilities

	Note	2020			2019		
		Non-current	Current	Total	Non-current	Current	Total
Financial assets at fair value through profit or loss							
Short-term investments		-	40.1	40.1	-	-	-
Foreign currency swaps		-	-	-	-	1.5	1.5
Other financial assets	23 a)	3.2	-	3.2	2.8	-	2.8
Total		3.2	40.1	43.3	2.8	1.5	4.3
Financial assets at amortised cost							
Other financial assets		6.7	0.0	6.7	4.7	1.6	6.3
Trade and other receivables ¹⁾		-	129.3	129.3	-	124.7	124.7
Total		6.7	129.3	136.0	4.7	126.3	131.0
Cash and cash equivalents		-	46.7	46.7	-	34.8	34.8
Total financial assets		9.9	216.1	226.0	7.5	162.6	170.1
Financial liabilities at fair value through profit or loss							
Foreign currency swaps		-	0.3	0.3	-	-	-
Contingent consideration payable ²⁾	23 b)	11.5	7.0	18.5	10.4	4.1	14.5
Total		11.5	7.3	18.8	10.4	4.1	14.5
Put option liquidity obligations with non-controlling interests (with movement through equity)	23 c)	45.9	-	45.9	38.9	-	38.9
Total financial liabilities at fair value		57.4	7.3	64.7	49.3	4.1	53.4
Financial liabilities at amortised cost							
Borrowings ²⁾		141.2	7.8	149.0	152.4	105.1	257.5
Lease liabilities		165.1	34.4	199.5	142.0	34.2	176.2
Other financial liabilities		-	6.8	6.8	-	5.2	5.2
Trade and other payables ¹⁾		-	57.6	57.6	-	49.1	49.1
Deferred consideration payable ²⁾		0.1	0.3	0.4	1.0	2.3	3.3
Total		306.4	106.9	413.3	295.4	195.9	491.3
Total financial liabilities		363.8	114.2	478.0	344.7	200.0	544.7

¹⁾ Amount does not reconcile with amount in the statement of financial position due to non-financial items.

²⁾ Contingent consideration payable, borrowings and deferred consideration payable are presented as loans payable in the statement of financial position.

Financial assets and liabilities carried at amortised cost are considered to have carrying amounts that materially correspond to their fair value.

Recognised fair value measurements – valuation technique and principal inputs

A breakdown of how fair value is determined is indicated in the following three levels:

Level 1: The Group has liquid short-term investments which consist of highly diversified Euro denominated bond funds where the valuation is based on level 1.

Level 2: The Group has foreign currency swaps where the valuation is based on level 2.

Level 3: The Group has the following financial assets and liabilities recurrently measured using level 3 fair value measurements:

- a) From December 2020, other financial assets measured at fair value include 14% of the voting shares in a dialysis clinic in Germany. The prior year includes 11.2% of the voting shares in a biotechnology company, which was reclassified to investments in associates in December 2020, refer to note 14.

- b) The fair value of the contingent consideration payable, resulting from past business combinations, are based on the estimated outcome of future performance targets.
- c) The Group is contractually obliged, at a future date, to acquire a non-controlling interest in one of the Group's German subsidiaries at market price determined at that future date. Fair value amounted to €18.9 million (€17.2 million). The valuation is based on management's estimate of the exercise date and the expected valuation of the put option at that time. Due to contracted terms disadvantaging the holder, it is estimated that the put option will be exercised in 2023 at the earliest. In determining the fair value of the obligation, estimations of key variables are made, of which the most significant are the growth rate of the business to determine its profitability at the future date of exercise and the discount rate applied to the nominal value.

The put option liquidity obligation with non-controlling interests in MHI amounted to €27.0 million (€21.7 million). Half of the put options can be exercised from March 2023 and the remaining half from March 2027. In determining the fair value of the put option liquidity obligation estimations of key variables were made, of which the most significant are the growth rate of the business to determine its profitability at the future date of exercise and the discount rate applied to the nominal value.

The following table summarises the quantitative information about the significant unobservable input used in the level 3 fair value measurements:

Description	Fair value			Inputs		Sensitivity
	2020	2019		2020	2019	Relationship of unobservable inputs to fair value (FV)
Put option (liquidity obligation with non-controlling interests in a German subsidiary)	18.9	17.2	Earnings growth factor	5.5%	5.5%	Increase of 1% point in profit growth = increase in FV liability of €0.3 million
			Risk adjusted discount rate	0.4%	0.8%	Decrease of 1% point in discount rate = increase in FV liability of €0.6 million
Put option (liability obligation with non-controlling interests in MHI)	27.0	21.7	6 year projected CAGR EBITDA	27.0%	20.6%	Increase of 10% in CAGR EBITDA = increase in FV liability of €3.2 million
			Risk adjusted discount rate	11.3%	12.2%	Decrease of 1% point in discount rate = increase in FV liability of €1.2 million
Contingent consideration payable	18.5	14.5	Risk adjusted discount rate	5.5%-8.7%	5.5%-8.7%	Decrease of 1% point in discount rate = increase in FV liability of €0.2 million

No additional significant changes have been made to valuation techniques, inputs or assumptions in 2020.

No financial assets or liabilities have been reclassified between the different levels in the fair value hierarchy.

24 Capital management

The Group has grown principally through organic growth with the addition of acquired growth through business combinations. The organic growth has been within existing markets and new geographies. In expanding organically, the Group is exposed to potential loss of capital if the expansion or new activities do not immediately meet their financial objectives. The Group's objectives have been to balance the cash generation from established business units into higher risk investments in new activities. This has left the equity levels of the Group as a buffer to protect the Group in case of variations in performance that could impact the established activities and to absorb the impacts of currency translation arising from net investments in markets with higher currency devaluation risks. The Group has used debt funding for acquisitions of businesses due to the historically low cost of debt funding and availability of liquidity on the financial markets. When assessing the adequacy of the

Group's equity for the activities and exposures the Group analyses the ratio of loans payable net of cash and liquid short-term investments to total equity (including non-controlling interests), as presented in the following table:

	2020	2019
Loans payable net of cash and liquid short-term investments (note 21)	81.1	240.5
Ratio to total equity	0.2	0.7

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

25 Risk management and financial instruments

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

In the course of its business the Group is exposed to a number of financial risks, including credit, interest rate, liquidity and foreign currency risks. This note presents the Group's objectives, policies and processes for managing these risks and methods used to measure risks.

The central treasury function has an important role in managing the Group's financial risks with the aim to control and manage the Group's financial exposure and financial costs with a balance between risk and costs.

Credit risk

Credit risk for the Group primarily relates to trade receivables in the ordinary course of business and assets held by custodians or loaned to counterparties. 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 and those amounts will be settled due to the real or implied state guarantees.

Counterparties with whom assets are deposited or loaned, such as banks or custodians, are monitored for credit worthiness and ratings. At the balance sheet date, there was no significant concentration of counterparty credit risk.

The maximum exposure to credit risk at the balance sheet date is equal to the carrying amount of the Group's financial assets. 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. The largest credit concentrations are with the Kassenärztliche Vereinigungen, the German system for compensation of healthcare services and the state reimbursement schemes for Telangana and Andhra Pradesh in India, which are deemed to be quasi state guaranteed.

Of the past due amounts of more than 30 days a large proportion relates to state guaranteed or quasi-public institutions which systematically have payment delays, but where payment is reasonably assured.

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

A provision matrix was prepared based on historical observed default rates over the expected life of trade receivables resulting in an ECL reflecting the predictive risk by type of customer and for 2020 in respect of the economic outlook due to the global pandemic. The loss allowance on trade receivables based on the Group's provision matrix arising from the ECL was determined as follows:

2020	Current	<30 days	<180 days	<365 days	>365 days
Expected credit loss rate	4.3%	4.3%	8.3%	30.7%	58.0%
Gross trade receivables	85.0	11.5	18.2	5.6	10.4
Loss allowance	3.7	0.5	1.5	1.7	6.0

2019	Current	<30 days	<180 days	<365 days	>365 days
Expected credit loss rate	0.9%	1.5%	5.8%	18.7%	40.5%
Gross trade receivables	55.2	18.1	18.4	11.1	13.5
Loss allowance	0.5	0.3	1.1	2.1	5.4

A reconciliation of the loss allowance provision is presented as follows:

	2020	2019
As at 1 January	9.4	6.1
Business combinations	-	3.1
Recognised in income statement	8.6	4.2
Amounts written off	-3.8	-4.0
Exchange differences	-0.8	0.0
As at 31 December	13.4	9.4

Interest rate risk

The majority of the Group's debt is denominated in Euro and hence it is exposed primarily to fluctuation in the Euro interest rate benchmarks (EURIBOR) however due to a floor agreement on the benchmark in the Group's financing facilities EURIBOR 3M and 6M would need to rise by 54 and 52 basis points respectively from year-end levels before there would be an increase in the Group's cost of funding. A 100 basis point increase in current interest rates on debt held at Group level would have a negative impact on the consolidated income statement of €-1.1 million. Interest rate risk on financial debt is managed based on monitoring of likely trends over a 1 to 3-year period and decisions are made as to whether to fix interest rates.

Central treasury closely monitors interest rate outlooks and movements. Management's judgement is that the Euro debt markets will continue with a period of historically low interest rates.

The Group has in its schuldchein debt issue fixed a proportion of its long-term debt interest rates with €54.8 million of the total €139.5 million of debt issued at fixed rates for five to seven years. This resulted in attractive fixed rates and thereby matching the interest rate outlook to the long-term use of funds for organic and acquisition growth.

Liquidity risk

The Group has positive operating cash flows in all of its main markets and business lines, and projections and forecasts expect these cash flows to remain positive. These cash flows have been used to reinvest in the Group's businesses in expanding the activities. Management closely monitors projections of cash flows and has a central control over investment activity. This provides a large degree of control over managing Group cash flows in the short term and oversight over medium to longer term plans, cash flows and obligations. This gives the Group the ability to match its investment plans to available financing resources and reassure lending parties of the ability of the Group to service its debt obligations.

The Group had credit facilities at 31 December 2020 of €575.6 million (€583.4 million) of which €147.2 million (€255.4 million) was utilised. During the year, a directed share issue raising net proceeds of €141.9 million was completed, this ensures increased financial flexibility. At 31 December 2020 the Group had schuldchein loans in the German market of €139.5 million (€139.4 million) with maturities between

2024-2029. Medicover AB (publ) issued a commercial paper programme in June 2019. The programme has a total size of SEK 2 billion with possibilities to issue in both Swedish Krona and Euro. At 31 December 2020 the programme was not utilised (€80.4 million).

Given the Group's underlying operating cash flows, its relationships with its banking counterparties and the financial strength of its major shareholder, the Group does not expect any obstacles to renewal of its banking facilities.

A maturity analysis for financial liabilities is presented as follows:

2020	Less than 1 year	Between 1 - 2 years	Between 2 - 4 years	Between 4 - 6 years	Between 6 - 8 years	Between 8 - 10 years	Over 10 years	Total contractual cash flows	Carrying amount
Borrowings	10.5	3.3	51.9	75.8	3.9	23.9	–	169.3	149.0
Lease liabilities	44.8	38.4	60.6	44.7	27.6	15.3	38.0	269.4	199.5
Trade and other payables	57.9	–	–	–	–	–	–	57.9	57.9
Put option liquidity obligations with non-controlling interests	–	–	26.2	39.1	–	–	–	65.3	45.9
Deferred/contingent consideration payable	7.4	6.9	5.0	1.5	–	–	–	20.8	18.9
Other financial liabilities	6.8	–	–	–	–	–	–	6.8	6.8
Total	127.4	48.6	143.7	161.1	31.5	39.2	38.0	589.5	478.0

2019	Less than 1 year	Between 1 - 2 years	Between 2 - 4 years	Between 4 - 6 years	Between 6 - 8 years	Between 8 - 10 years	Over 10 years	Total contractual cash flows	Carrying amount
Borrowings	109.9	1.5	16.8	51.9	75.9	23.8	–	279.8	257.5
Lease liabilities	43.2	37.3	56.9	42.2	15.6	10.0	20.0	225.2	176.2
Trade and other payables	49.1	–	–	–	–	–	–	49.1	49.1
Put option liquidity obligations with non-controlling interests	–	–	–	35.8	14.5	–	–	50.3	38.9
Deferred/contingent consideration payable	6.6	8.7	3.8	–	–	–	–	19.1	17.8
Other financial liabilities	5.2	–	–	–	–	–	–	5.2	5.2
Total	214.0	47.5	77.5	129.9	106.0	33.8	20.0	628.7	544.7

In the tables, the liquidity obligations from put options are allocated to the earliest period in which the Group can be contractually required to pay.

Foreign currency risk

The Group operates across several countries, with its major operations in Poland, Germany, Romania, Ukraine and India. It operates in each country predominantly in the local currencies, respectively Polish Zloty (PLN), Euro, Romanian Lei (RON), Ukrainian Hryvnia (UAH) and Indian Rupee (INR). The Group matches local operating revenue to costs in local currencies in these markets where possible. In the Polish and Romanian Healthcare Services businesses the Group is exposed to foreign currency in relation to costs of premises leases which in some cases are denominated in Euros or US dollars and some capital investment items for medical equipment which are priced relatively to Euros or US dollars. All other costs are denominated in the local currencies, as is substantially all revenue. In the Polish, Romanian and Ukrainian Diagnostic Services businesses the Group is exposed to foreign currency exposure in relation to costs of materials and certain consumables which are priced relatively to Euros or US dollars, with other costs being domestically based.

The Group does not hedge these transactional costs. The Group's operations and equity are exposed to developing market currencies

in several markets and in a period of devaluation the net equity of the Group could be impacted by a reduction in the Euro value of the Group's net investment in those countries of operation. The Group takes a view that the ability to earn income and the ability to increase prices in line or above inflation within the relevant markets compensate over time for such a devaluation and although an immediate reduction on operating cash flows can be felt over a period of 12 to 24 months these effects are compensated through the relatively fast flow through of import cost inflation. With this in mind the Group's policy is not to actively hedge the net investment position in local operations. Part of the funding of some of the Group's local investments is provided for through short-term loans and supplier credit denominated in Euros, these loans and balances may generate foreign exchange losses through the income statement in case of a devaluation.

The revenue of the Group is divided across five main countries of operation and several minor ones. The Group's exposure to foreign currencies for its revenue is presented in the geographical disclosure of segment revenue in note 6.

At the balance sheet date, the currency risk on assets and liabilities was as follows based on nominal amounts:

2020	EUR	PLN	RON	UAH	INR	Other	Total
Trade and other receivables	63.4	38.5	16.5	4.2	20.5	6.3	149.4
Loans payable	146.5	11.8	0.1	–	9.4	0.1	167.9
Lease liabilities	119.4	37.2	0.4	7.6	32.8	2.1	199.5
Trade and other payables	38.7	56.3	24.0	7.5	18.7	4.2	149.4

2019	EUR	PLN	RON	UAH	INR	Other	Total
Trade and other receivables	46.5	44.5	12.4	2.8	27.3	8.8	142.3
Loans payable	242.5	7.7	0.2	–	24.9	0.0	275.3
Lease liabilities	111.5	30.9	0.5	8.2	22.8	2.3	176.2
Trade and other payables	22.6	49.7	18.7	4.3	16.2	3.1	114.6

A 10% strengthening of the following currencies against the Euro at 31 December for equity and throughout the year for profit and loss would have increased/(decreased) equity and profit and loss by the amounts shown below. This sensitivity analysis assumes that all other variables remain constant.

	2020		2019	
	Equity	Profit and loss	Equity	Profit and loss
PLN	21.6	1.2	19.9	1.4
RON	8.1	0.8	7.3	0.6
UAH	4.7	0.4	4.1	0.9
INR	3.8	-0.3	4.0	-0.6

A 10% weakening of the following currencies against the Euro at 31 December for equity and throughout the year for profit and loss would have nearly equal but opposite effect on the basis that all other variables remain constant.

The major currency translation rates used in these financial statements are as follows:

	Statement of financial position rate €1.00 to		Annual average rate €1.00 to	
	2020	2019	2020	2019
USD	1.23	1.12	1.14	1.12
PLN	4.61	4.26	4.44	4.30
RON	4.87	4.78	4.84	4.75
UAH	34.74	26.42	30.79	28.95
INR	89.66	80.19	84.58	78.85

26 Assets pledged and contingent liabilities

Assets pledged as security for liabilities	2020	2019
Property, plant and equipment	0.0	31.5
Inventories	0.0	3.1
Trade receivables	0.0	17.6
Total	0.0	52.2

The majority of the pledged assets at 31 December 2019 related to MHI for third party secured debt assumed. Substantially all of this was refinanced under Group facilities during 2020 and the security was released.

Other commitments	2020	2019
Bank guarantees	2.2	2.1
Commercial tenders guarantees	–	2.5
Other guarantees	0.7	0.1
Commitments for acquisition of property, plant and equipment	7.5	–
Total	10.4	4.7

Contingent liabilities

In the normal course of business, certain Group entities are subject to litigation concerning medical malpractice, employment matters, regulatory disputes or other commercial contract disputes, pending or threatened in the jurisdictions of the entities' operations, and are subject to ongoing tax audits by tax authorities. The outcome of litigation and other claims or lawsuits is intrinsically uncertain. Management views as remote the likelihood of any material claim being found in favour of the claimant for any litigation currently in process, pending or threatened, accordingly, no material provision for any such claims are made in these financial statements.

27 Share capital

Share capital as at 31 December was €30.1 million (€27.1 million) and corresponded to the following shares:

	A shares	B shares	C shares	Total
31 December 2018	79,204,796	54,130,399	2,400,000	135,735,195
Conversion of class A to class B shares	-433,365	433,365		
31 December 2019	78,771,431	54,563,764	2,400,000	135,735,195
Issue of shares		15,000,000		15,000,000
Conversion of class C to class B shares		15,356	-15,356	
Conversion of class A to class B shares	-219,550	219,550		
31 December 2020	78,551,881	69,798,670	2,384,644	150,735,195

Under the Company's articles of association, the authorised number of shares shall be not less than 85 million and not more than 340 million. The Company may issue class A, B and C shares. Each class A share carries one vote. Each class B or class C share carries one tenth of a vote. Medicover's class B share has been listed on Nasdaq Stockholm since May 2017. At the shareholders' request class A shares may be converted to an equal number of class B shares. Class C shares are treasury shares held by the Company to ensure delivery of shares to employees in

accordance with the long-term performance-based share programmes. The quota value per share was €0.2 (€0.2).

In June 2020, the board of directors has, based on the authorisation granted by the annual general meeting on 30 April 2020, resolved on a directed share issue of 15 million new class B shares at a subscription price of SEK 100 per share. This resulted in an increase in share capital of €3.0 million and in share premium of €138.9 million, a total of €141.9 million.

28 Non-controlling interests

Non-controlling interest amounted to €35.5 million (€42.3 million) as at 31 December 2020. The Group has from 1 December 2019 one subsidiary with a material non-controlling interest, Sahrudaya Healthcare Private Limited (MHI). As at 31 December 2020 the ownership interest held by non-controlling interests in MHI was 44.0% (45.6%), corresponding to an accumulated non-controlling interest of €31.4 million (€37.8 million). Summarised financial information for MHI before intra-group eliminations is presented in the following tables.

Income statement/ Total comprehensive income	2020
Revenue	79.3
Result for the year	-2.2
Other comprehensive income/(loss)	-4.3
Total comprehensive income/(loss) for the year	-6.5

Cash flow	2020
Net cash from operating activities	15.6
Net cash used in investing activities	-18.1
Net cash from financing activities	2.9
Increase in cash and cash equivalents	0.4

Assets/liabilities	31 Dec 2020	31 Dec 2019
Non-current assets	77.3	50.1
Current assets	25.5	31.0
Non-current liabilities	65.9	26.7
Current liabilities	30.5	42.5

29 Earnings per share

	2020	2019
Profit for the year attributable to owners of the parent, €m	25.8	22.5
Basic/diluted EPS, €	0.182	0.168

Weighted average number of shares for EPS (thousands)	2020	2019
Weighted average number of shares for basic EPS	141,748	133,335
Effect of dilution from employee share-based payments	0	0
Weighted average number of shares for diluted EPS	141,748	133,335

30 Co-workers

	Average FTE					
	2020			2019		
	Women	Men	Total	Women	Men	Total
By country						
Poland	5,386	1,466	6,852	5,199	1,427	6,626
Romania	2,130	493	2,623	2,310	536	2,846
Ukraine	2,553	267	2,820	2,227	226	2,453
Germany	1,216	394	1,610	1,158	361	1,519
India ¹⁾	1,931	2,350	4,281	248	290	538
Belarus	446	76	522	409	63	472
Serbia	165	54	219	163	50	213
Moldova	128	25	153	127	24	151
Turkey	82	30	112	92	34	126
Bulgaria	70	9	79	69	10	79
Georgia	63	14	77	59	12	71
Hungary	11	3	14	12	4	16
Benelux	9	6	15	9	7	16
Russia	9	4	13	7	3	10
Sweden	5	5	10	5	5	10
Other	1	3	4	26	21	47
Co-workers – total average FTE	14,205	5,199	19,404	12,120	3,073	15,193
Employees	11,976	4,273	16,249	9,931	2,125	12,056
Contractors	2,229	926	3,155	2,189	948	3,137

¹⁾ Medcover Hospitals India was acquired on 1 December 2019. As at 31 December 2019 the company had 4,036 co-workers.

Co-workers presented above include every person who works for or provides services to any Medcover company during the period, under an employment contract or as contracted by Medcover on a self-employed basis or similar. Contractors included in 2020 total figures amounted to 3,155 (Poland: 2,877, Romania: 210, Ukraine: 39 and other: 29). Contractors included in 2019 total figures amounted to 3,137 (Poland: 2,722, Romania: 301, Ukraine: 71 and other: 43).

Gender distribution in board/Medcover management at year-end

	2020			2019		
	Total	Women	Men	Total	Women	Men
Parent company						
Board of directors incl. CEO	8	25%	75%	8	25%	75%
Executive management incl. CEO	7	14%	86%	8	25%	75%
Subsidiaries						
Board of directors	333	15%	85%	297	18%	82%
Other senior management	191	41%	59%	193 ¹⁾	40%	60%

¹⁾ For 2019, the number of other senior management has been restated.

31 Salaries and other remuneration

Remuneration to the board of directors, CEO and other senior executives

Board of directors

Fees and other remuneration to the members of the board of directors are resolved by the annual general meeting (AGM). At the AGM held on 30 April 2020, it was resolved that remuneration for the time until the end of the next AGM to board members elected by the general meeting shall be paid with €70,000 to the chairman of the board and €50,000 to each of the board members, except for the CEO. In addition, €20,000 shall be paid to the chairman of the audit committee, €10,000 to each of the other members of the audit committee and €7,500 to each member of the remuneration committee. Total board fees amounted to €435,000 for the period from 1 April 2020 to 31 March 2021 (€485,000 from 1 April 2019 to 31 March 2020).

CEO and executive management

At the AGM held on 30 April 2020, it was resolved to adopt revised guidelines for remuneration for the CEO and other members of executive management following amendments to the Swedish Companies Act and the Swedish Corporate Governance Code. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed and amendments to remuneration already agreed, after adoption of the guidelines by the AGM.

Medicover shall strive to offer total remuneration and other terms of employment that are fair and competitive in relation to the country or region, position and responsibility, expertise, experience and performance of employment of each member of executive management.

The annual base salary (ABS) shall be fair and competitive in relation to the country or region, position and responsibility, expertise, experience and performance of employment of each senior executive. The ABS represents compensation for a committed work contribution at a high professional level. Salary levels shall be reviewed periodically (usually annually) to ensure continued competitiveness and to recognise individual performance.

Variable compensation shall be measured against pre-defined targets and have minimum and maximum eligible levels. Variable compensation shall relate both to financial performance targets and non-financial targets that benefit both short and long-term Group strategic targets and shareholder value. The targets shall be specific, clear, measurable and time bound. The variable compensation may comprise two programmes,

i) a short-term annual incentive plan (STI) based on the performance of the Company and the member during each calendar year and ii) a long-term performance-based share programme.

The maximum STI entitlements shall be dependent on job position, and expertise and may amount up to a maximum of 75% of ABS (i.e. nine months ABS). For more information on the long-term performance-based share programme, refer to note 32.

Other variable compensation may be approved in extraordinary circumstances, under the conditions that such extraordinary arrangement shall, in addition to the target requirements set out above, be made for recruitment or retention purposes, is agreed on an individual basis, shall never exceed three times the ABS and shall be earned and/or paid out in instalments over a minimum period of two years.

Old age pension and medical benefits shall be designed to reflect home-country practices and requirements. When possible, pension plans shall be based on defined contribution. In individual cases, depending on tax and/or social security legislation to which the individual is subject, other schemes and mechanisms for pension benefits may be approved. Other benefits may be provided on individual level or to the entire executive management. These benefits shall generally not constitute a material portion of total remuneration. The CEO and other members of the executive management do not have any pension contributions beyond defined contribution statutory pension schemes.

The maximum notice period shall be twelve months if the Group takes the initiative and twelve months if the senior executive takes the initiative. In individual cases, severance pay may be approved in addition to the notice period. Severance pay may only be payable upon the Group's termination of the employment arrangement or where a senior executive gives notice as the result of an important change in the working situation, because of which he or she can no longer perform to standard. This may be the case in e.g. the event of a change in reporting line and/or job scope. Severance pay may be provided as a benefit to the individual through the continuation of the ABS for a period of up to twelve months following termination of the employment agreement; no other benefits shall be included. These payments shall be reduced with the equivalent value of any income that the individual earns during that period of up to twelve months from other sources, whether from employment or independent activities.

The board of directors shall be entitled to deviate from these guidelines if special reasons for doing so exist in any individual case.

Total remuneration, social security and pension costs

	2020			2019		
	Remuneration/ board fees	Social security costs	Of which pension costs	Remuneration/ board fees	Social security costs	Of which pension costs
Board of directors, CEO and other executive management	6.7	0.2	0.1	5.1	0.3	0.1
Other employees	305.1	38.8	2.1	260.9	33.0	1.5
Contractors	82.8	–	–	75.9	–	–
Total	394.6	39.0	2.2	341.9	33.3	1.6

Government employment grants, recognised as a reduction of staff costs, amounted to €2.4 million during 2020.

Preparation and decision process

The board of directors has appointed a remuneration committee comprising two members: Fredrik Stenmo (chairman) and Arno Bohn. The remuneration committee shall prepare the board of directors' resolutions

concerning remuneration principles and remuneration and other employment terms for the CEO and executive management.

Remuneration and benefits to board members and executive management

The following table presents the remuneration to board members:

€ 000's	2020			2019		
	Board fees	Committee fees	Total	Board fees	Committee fees	Total
Fredrik Stenmo (chairman)	49	12	61	68	17	85
Jonas af Jochnick (vice chairman), until May 2019	-	-	-	21	-	21
Board Members:						
Peder af Jochnick	45	-	45	48	-	48
Robert af Jochnick	45	-	45	48	-	48
Arno Bohn	45	7	52	46	5	51
Sonali Chandmal	45	9	54	48	10	58
Michael Flemming	45	18	63	48	19	67
Margareta Nordenvall	45	9	54	48	10	58
Fredrik Rågmark (CEO)	-	-	-	-	-	-
Total	319	55	374	375	61	436

The CEO is a board member of the Company but was not remunerated for such office separately. Total board and committee fees resolved at the AGM amounted to €435 thousand; these were voluntarily reduced by €61 thousand during the initial impact of the Covid-19 crisis, resulting in a total of €374 thousand for the year. The chairman voluntarily waived all board and committee fees for the second quarter and 20% of the board and committee fees for the third quarter. All other board members waived 20% of board and committee fees for the second and third quarter.

The following table presents the remuneration and benefits to executive management:

€ 000's	Salary/fees	Variable pay	Other benefits	Share-based payments	Pension contributions	Total
Fredrik Rågmark (CEO)	670	225	8	1,027	8	1,938
Other executive management (6)	1,520	917	173	1,826	100	4,536
Total 2020	2,190	1,142	181	2,853	108	6,474
Fredrik Rågmark (CEO)	900	-	7	389	9	1,305
Other executive management (7)	2,003	598	212	744	87	3,644
Total 2019	2,903	598	219	1,133	96	4,949

During 2020 one executive left. In 2019 two executives left and one was recruited. Pension contributions include statutory employer contributions to state pensions and payments to defined contribution pension schemes. Executives voluntarily reduced base salaries during the initial impact of the Covid-19 crisis in the second quarter and the CEO waived all salary for 3 months.

32 Share-based payments

Equity settled share-based programmes

At the annual general meetings in 2017–2020 respectively, it was decided to adopt long-term performance-based share programmes. The purpose of the programmes is to create conditions for motivating and retaining competent employees in the Group, to increase the alignment of the targets of the participants with those of Medcover and to increase the motivation of meeting and exceeding the Group's financial targets.

Participation in the programmes requires a private investment in shares in Medcover, so-called saving shares, either by way of acquisition of existing shares in the Company or by way of using already held

shares as saving shares. Participants who have kept their saving shares and have maintained their employment within Medcover will at the expiration of the period obtain, without consideration, up to eight class B shares in Medcover, so-called performance shares, for each saving share, provided that certain, predetermined, performance requirements based on the Group's EBITDA (pre IFRS 16 for Plan 2017 and 2018), EBITDAaL (Plan 2019), EBITDA (Plan 2020) growth over a five year period. Medcover will compensate the participants for any dividends paid during the duration of the programmes by increasing the number of performance shares that each participant may receive.

Programmes	Number of participants at grant date	Share rights allocated at grant date	Fair value at grant date, €m	Vesting period
Plan 2017	32	836,664	2.8	1 May 2017 until release of interim report January–March 2022
Plan 2018	43	926,016	3.9	1 May 2018 until release of interim report January–March 2023
Plan 2019	46	917,704	4.0	31 May 2019 until release of interim report January–March 2024
Plan 2020	54	1,017,848	7.7	30 April 2020 until release of interim report January–March 2025

Change in share rights	Plan 2020	Plan 2019	Plan 2018	Plan 2017
Outstanding rights as at 31 December 2018	-	-	862,016	742,000
Granted	-	917,704	-	-
Cancelled/forfeited	-	-4,000	-56,000	-57,336
Outstanding rights as at 31 December 2019	-	913,704	806,016	684,664
Granted	1,017,848	-	-	-
Cancelled/forfeited	-13,944	-51,600	-12,000	-12,644
Fulfilled	-	-	-8,000	-7,356
Outstanding rights as at 31 December 2020	1,003,904	862,104	786,016	664,664

The share rights amounts disclosed are the maximum shares that would be issued if all conditions are achieved in full. No share rights were fulfilled and distributable at the end of the year. The Group's expenses for equity settled share-based payments, including social security costs, amounted to €-5.1 million (€-1.9 million), recognised as administrative costs.

The following variables were used to estimate the fair value at grant date, the service vesting and performance conditions variables are reviewed and amended annually to project the expected outcome at the fulfillment of the plan:

	Plan 2020	Plan 2019	Plan 2018	Plan 2017
Expected annual turnover of personnel	4%	10%	10%	10%
Quoted share price, SEK	99.50	78.60	72.50	56.00
Service vesting conditions	81%	60%	60%	59%
Performance conditions, fulfilment	100%	100%	100%	100%

Performance conditions	Plan 2020	Plan 2019
Each share right entitles to 1 performance share with an annual EBITDA (Plan 2020) EBITDAaL (Plan 2019) growth rate (CAGR)	>9%	>15%
Each share right entitles to 8 performance shares with an annual EBITDA (Plan 2020) EBITDAaL (Plan 2019) growth rate (CAGR)	≥17%	≥23%
Entitlement will occur linearly between 1 to 8 performance shares with an annual EBITDA (Plan 2020) EBITDAaL (Plan 2019) growth rate (CAGR)	9-17%	15-23%
The annual EBITDA respectively EBITDAaL growth rate is calculated on the basis of the Group's financial statements for	2019 and 2024	2018 (restated) and 2023

Performance conditions	Plan 2018	Plan 2017
Each share right entitles to 1 performance share with an annual EBITDA (pre IFRS 16) growth rate (CAGR)	>10%	>14%
Each share right entitles to 8 performance shares with an annual EBITDA (pre IFRS 16) growth rate (CAGR)	≥20%	≥28%
Entitlement will occur linearly between 1 to 8 performance shares with an annual EBITDA (pre IFRS 16) growth rate (CAGR)	10-20%	14-28%
The annual EBITDA (pre IFRS 16) growth rate is calculated on the basis of Group's financial statements ¹⁾ for	2017 and 2022	2016 and 2021

¹⁾ Note that Group's financial statements will not be used for 2021 and 2022, instead restated consolidated financial accounts prepared on a pre IFRS 16 basis will be used.

The maximum value per each participant's share rights under the programme is, however, limited to five times the participant's gross annual base salary in the year of grant and in the event that the value exceeds such limit, the number of performance shares will be decreased on a pro rata basis.

33 Related parties and related party transactions

The ultimate parent company of the Group is the Jonas and Christina af Jochnick Foundation, a charitable foundation, which controls the majority of votes of the Group through its wholly owned subsidiary Celox Holding AB. The parent company of the largest and smallest group of which Medicover AB (publ) is a subsidiary and in which consolidated accounts are prepared is Celox Group Ltd, registration number HE 368166, domiciled in Cyprus.

Ownership	2020	2019
Celox Holding AB share capital	31.3%	34.7%
Celox Holding AB votes	55.0%	55.8%

The board of directors of the Company, executive management and close relatives of these individuals are related parties. The companies in which they are also directors or own a significant share of the capital or votes are considered to be related parties.

Transactions with related parties were as follows:

	2020	2019
Celox Group companies		
Expenses and employment costs recharged	0.2	0.2
Receivables at 31 December	0.0	0.0
Acquisition of land	-	0.1
Non-controlling interests in MHI		
Purchase of materials and services	-17.1	-1.5
Trade payables at 31 December	7.2	6.4

34 Subsidiaries

The following 100% owned (unless otherwise indicated) non-German entities are the principal subsidiaries of the Group and included in the consolidated financial statements:

Company	Activity	Country of incorporation
ABC Medicover Holdings B.V.	Holding/Financing/Management	The Netherlands
Centrum Medyczne Damiana Holding Sp. z o.o.	Medical	Poland
Medicover Försäkrings AB (publ)	Insurance	Sweden
Medicover Healthcare Private Limited ³⁾	Medical	India
Medicover Holding S.A.	Holding/Financing/Management	Luxembourg
Medicover Hospitals SRL	Medical	Romania
Medicover Investment B.V.	Holding/Financing/Management	The Netherlands
Medicover Sp. z o.o.	Medical	Poland
Medicover SRL	Medical	Romania
Neomedic S.A. ²⁾	Medical	Poland
OK System Polska S.A. ²⁾	Medical	Poland
Pelican Impex SRL (80.0%)	Medical	Romania
Rehasport Clinic Sp. z o.o. (78.1%)	Medical	Poland
Sahrudaya Healthcare Private Limited (56.0%) ^{1), 2), 3)} ("Medicover Hospitals India" or "MHI")	Medical	India
Synevo FLLC	Medical	Belarus
Synevo Holding S.à r.l.	Holding/Financing/Management	Luxembourg
Synevo Romania SRL	Medical	Romania
Synevo Sp. z o.o.	Medical	Poland
Synevo Ukraine LLC	Medical	Ukraine

¹⁾ New entities and change in ownership in 2020 versus 2019.

²⁾ New entities and change in ownership in 2019 versus 2018.

³⁾ The accounting year runs from 1 April to 31 March.

The exemption clause according to § 264 Sec. 3 of the German Commercial Code applies to the German subsidiaries listed below which are included in the consolidated financial statements of the Group:

Company	Activity	Country of incorporation
Baltic Sea View Property GmbH (94.9%) ³⁾	Real Estate	Germany
Baltic Sea View Real Estate GmbH ³⁾	Real Estate	Germany
Diagnos MVZ GmbH ³⁾	Medical	Germany
Genetik Berlin-Lichtenberg GmbH	Medical	Germany
Hogyn MVZ GmbH	Medical	Germany
IHP Institut für Hämostaseologie und Pharmakologie MVZ GmbH	Medical	Germany
IMD Institut für Medizinische Diagnostik GmbH ³⁾	Medical	Germany
IMD Labor Oderland GmbH ³⁾	Medical	Germany
IMD MVZ Beteiligungs GmbH (92.5%) ³⁾	Medical	Germany
IMGM Laboratories GmbH ²⁾	Medical	Germany
Infektiologie Ärzteforum Seestraße MVZ GmbH	Medical	Germany
IVD Institut für Veterinärmedizinische Diagnostik GmbH	Medical	Germany
LAB Diagnostics Competence Center GmbH ¹⁾	Administration	Germany
Laborbetreuung IMD GmbH	Trading/Administration	Germany
Labormedicus GmbH	Medical	Germany
Medicover GmbH ³⁾	Medical	Germany
Medicover Genetics GmbH	Medical	Germany
Medicover Gerlingen MVZ GmbH	Medical	Germany
Medicover Medizin gGmbH	Medical	Germany
Medicover Stuttgart MVZ GmbH	Medical	Germany
Medicover Ulm MVZ GmbH	Medical	Germany
MVZ Frankfurt-Westend GmbH ²⁾	Medical	Germany
MVZ Labor Greifswald GmbH ³⁾	Medical	Germany
MVZ Martinsried GmbH ³⁾ ("Klein")	Medical	Germany
MVZ Nazarethkirchstraße GmbH ²⁾	Medical	Germany
Nordmed Healthcare GmbH ³⁾	Medical	Germany
Nordmed Klinik GmbH ³⁾	Holding/Management	Germany
Syneo GmbH ³⁾	Holding/Management	Germany
Syneo Studien Service Labor GmbH	Medical	Germany

¹⁾ New entities and change in ownership in 2020 versus 2019.

²⁾ New entity and change in ownership in 2019 versus 2018.

³⁾ Entity is a significant subsidiary.

35 Fees to auditors

	2020	2019
Audit assignments	-0.9	-0.7
Auditing activities other than audit assignments	-0.1	-0.2
Tax consultancy services	0.0	0.0
Other assignments	-0.1	0.0
Total fees	-1.1	-0.9

€0.8 million (€0.7 million) has been paid to BDO Sweden AB and its network.

36 Subsequent events

On 18 March 2021, Medicover has signed an agreement to acquire 100% of the voting rights of AWO Gesundheitszentrum Calbe (Saale) GmbH, a hospital with 108 beds located in Germany specialised in internal and geriatric medicine. Estimated revenue for 2020 amounted to €11.0 million and the estimated purchase price is €6.2 million including assumed debt. The transaction is expected to be closed on 1 May 2021 and will be consolidated in the second quarter of 2021.

37 Alternative performance measures (APMs)

In its decision making, the Group uses some alternative performance measures (APMs) that are not defined in IFRS. They are used because they provide information useful to assess the Group's development and performance. These measures should not be viewed in isolation or as an alternative to the measures presented in accordance with IFRS. These APMs may not be comparable to similar measures presented by other companies. The main alternative performance measures used by the Group are explained and reconciled as follows:

Reconciliation to EBITDAaL and EBITAaL	2020	2019
Operating profit (EBIT)	61.3	46.5
Amortisation (acquisitions)	10.4	6.4
Impairment	5.2	0.8
EBITA	76.9	53.7
Depreciation and amortisation	80.6	67.0
EBITDA	157.5	120.7
Right-of-use depreciation and impairment	-38.8	-32.9
Interest on lease liabilities	-10.2	-7.2
EBITDAaL	108.5	80.6
Less: depreciation (excl. right-of-use depreciation) and amortisation	-41.8	-34.1
EBITAaL	66.7	46.5
Revenue	997.8	844.4
Operating profit margin	6.1%	5.5%
EBITA margin	7.7%	6.4%
EBITDA margin	15.8%	14.3%
EBITDAaL margin	10.9%	9.5%
EBITAaL margin	6.7%	5.5%
Net profit margin	2.7%	2.9%

Reconciliation to adjusted EBITDAaL and adjusted EBITAaL	2020	2019
Operating profit (EBIT)	61.3	46.5
Amortisation (acquisitions)	10.4	6.4
Impairment	5.2	0.8
Non-cash equity settled share-based payments	5.1	1.9
Merger and acquisition related expenses	1.5	2.4
Adjusted EBITA	83.5	58.0
Depreciation and amortisation	80.6	67.0
Adjusted EBITDA	164.1	125.0
Right-of-use depreciation and impairment	-38.8	-32.9
Interest on lease liabilities	-10.2	-7.2
Adjusted EBITDAaL	115.1	84.9
Less: depreciation (excl. right-of-use depreciation) and amortisation	-41.8	-34.1
Adjusted EBITAaL	73.3	50.8
Revenue	997.8	844.4
Adjusted EBITA margin	8.4%	6.9%
Adjusted EBITDA margin	16.4%	14.8%
Adjusted EBITDAaL margin	11.5%	10.1%
Adjusted EBITAaL margin	7.3%	6.0%

Reconciliation to organic revenue	2020	2019
Revenue	997.8	844.4
Less: acquired revenue	-85.9	-72.2
Revenue excluding acquisitions	911.9	772.2
Currency effect	27.8	-1.4
Organic revenue	939.7	770.8
Organic revenue growth	11.3%	14.8%

APM	Definition	Reason for use
Acquired revenue	Revenue recognised from acquired businesses in the first twelve months from the acquisition. This represents non-organic growth. If there is significant expansion of the acquired business post-acquisition due to investments made subsequent to acquisition or arising due to synergies with existing businesses and such revenue can be readily and reliably identified then this additional revenue is excluded from acquired revenue.	This measure is used to provide insight into revenue growth that derives from acquisitions. This may be useful in assessing the future development potential of the Group.
Organic revenue	Organic revenue combines real internally generated growth and also comprises price changes. The revenue of an acquired business is generally excluded for the twelve months following the business combination, but revenue generated by post acquisition expansion of the business due to investments made subsequent to acquisition or revenue arising from synergies with existing businesses post acquisition, if significant, are included. Revenue of disposed businesses are removed from the comparatives for the twelve months prior to the disposal. The effect of changes in foreign exchange rates is calculated as current year's revenue less current year's revenue converted at prior year's exchange rates.	This measure represents the growth of the business after removing the impact of acquisitions and disposals or other scope changes as well as exchange rate movements. This is used for a "like for like" comparison with the previous year or period enabling a deeper understanding of the business and evolution of revenue and may be useful in assessing the future development potential of the Group.
Organic revenue growth	Organic revenue growth is the comparison of organic revenue for the current year to the comparable prior year revenue, expressed as a percentage or absolute figure.	This measure is used to show organic revenue in comparison to corresponding period prior year.
Operating result (EBIT)	Earnings before interest and tax.	This measure is used to show profit generation in the operating activities.

APM	Definition	Reason for use
EBITA	Earnings before interest, other financial income/(expense), tax, amortisation on assets relating to business combinations and impairment, other income/(costs) and share of profit/(loss) of associates.	This measure is used to show profit generation in the operating activities excluding non-cash based amortisation arising from acquisitions and impairment. This provides a profit measure that adjusts for some items that are non-cash, and is used as a measure to isolate effects arising from acquisitions and thereby increase comparability of performance and evaluation of the Group.
EBITA margin	EBITA as a percentage of revenue.	This measure is used to show profit generation in the operating activities excluding non-cash based amortisation arising from acquisitions and impairment relative to revenue.
EBITDA	Earnings before interest, other financial income/(expense), tax, amortisation, depreciation and impairment, other income/(costs) and share of profit/(loss) of associates.	This measure is used to show profit generation in the operating activities excluding non-cash based depreciation, amortisation and impairment. This measure gives an approximation of the cash generation potential before reinvestment in the business.
EBITDA margin	EBITDA as a percentage of revenue.	This measure is used to show profit generation in the operating activities excluding non-cash based depreciation, amortisation and impairment relative to revenue.
EBITAaL	EBITA, as defined above, reduced by interest on lease liabilities.	This measure is used to show profit generation in the operating activities excluding non-cash based amortisation arising from acquisitions and impairment reduced by interest charges on lease liabilities, a recurring cash cost.
EBITAaL margin	EBITAaL as a percentage of revenue.	This measure is used to show profit generation in the operating activities excluding non-cash based amortisation arising from acquisitions, impairment and interest charges on lease liabilities relative to revenue.
EBITDAaL	EBITDA, as defined above, reduced by depreciation/impairment on right-of-use assets and interest on lease liabilities.	This measure is used to show profit generation that equates more closely to the cash flow of the business. As lease costs (depreciation and interest) are recurring and close to cash based costs, this APM gives a closer approximation to the EBITDA measure as previously derived when the former IFRS standard for leases, IAS 17 <i>Leases</i> applied.
EBITDAaL margin	EBITDAaL as a percentage of revenue.	This measure is used to show profit generation that equates more closely to the cash flow of the business relative to revenue.
Adjusted EBITA	EBITA, as defined above, adjusted for non-cash equity settled share-based payments as well as merger and acquisition related expenses.	This measure is EBITA adjusted for items that are of a non-cash nature or are not related to the recurring operating profit and thereby impacting comparability. This provides a profit measure that adjusts for some items that are non-cash or non-recurring, and is used to isolate effects arising from acquisitions and thereby increases comparability of performance and evaluation of the Group.
Adjusted EBITA margin	Adjusted EBITA as a percentage of revenue.	This measure is used for analysis of underlying profit generation relative to revenue.
Adjusted EBITDA	EBITDA, as defined above, adjusted for non-cash equity settled share-based payments as well as merger and acquisition related expenses.	This measure is EBITDA adjusted for items that are of a non-cash nature or are not related to the recurring operating profit and thereby impacting comparability. This measure gives an approximation of the cash generation potential before reinvestment in the business after removing impacts of non-operational non-recurring costs.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of revenue.	This measure is used for analysis of underlying profit generation relative to revenue.
Adjusted EBITAaL	Adjusted EBITA, as defined above, reduced by interest on lease liabilities.	This measure is EBITA adjusted for items that are of a non-cash nature or are not related to the recurring operating profit and thereby impacting comparability, reduced by interest charges on lease liabilities. This provides a profit measure that adjusts for some items that are non-cash or non-recurring, and is used to isolate effects arising from acquisitions and thereby increases comparability of performance and evaluation of the Group.

APM	Definition	Reason for use
Adjusted EBITAaL margin	Adjusted EBITAaL as a percentage of revenue.	This measure is used for analysis of underlying profit generation relative to revenue.
Adjusted EBITDAaL	Adjusted EBITDA, as defined above, reduced by depreciation/impairment on right-of-use assets and interest on lease liabilities.	This measure is EBITDA adjusted for items that are of a non-cash nature or are not related to the recurring operating profit and thereby impacting comparability reduced for depreciation, impairment and interest related to leases. It is used to show an approximation to the underlying cash generation in the operating activities before reinvestments.
Adjusted EBITDAaL margin	Adjusted EBITDAaL as a percentage of revenue.	This measure is used for analysis of underlying profit generation relative to revenue.
Operating result (EBIT) margin	Operating profit as a percentage of revenue.	This measure is used to show profit generation in the operating activities relative to revenue.
Net profit margin	Net profit as a percentage of revenue.	This measure is used to show how much of each earned euro that flows through to net result.
Net financial debt	Net financial debt represents financial debt contracted by the Group with external parties (banks, bonds) upon which interest is charged and lease liabilities net of cash and cash equivalents and short-term investments.	This measure is used to show the Group's indebtedness from all sources, including lease liabilities and other future obligations or claims on the Group's assets.
Loans payable net of cash and liquid short-term investments/adjusted EBITDAaL	The ratio of loans payable net of cash and cash equivalents and short-term investments to adjusted EBITDAaL represents financial debt contracted by the Group with external parties (banks, bonds) excluding lease liabilities, net of cash and short-term investments relative to adjusted EBITDAaL, as defined above.	This measure shows financial risk and is used to monitor the Group's capacity to support and service its loans payable.

Parent company income statement

€m, for the years ended 31 December	Note	2020	2019
Revenue		0.7	1.0
Gross profit		0.7	1.0
Distribution, selling and marketing costs		-0.2	-0.2
Administrative costs	P3	-9.5	-8.0
Operating loss		-9.0	-7.2
Income from participation in group companies	P4	11.5	12.0
Interest income from group companies		0.0	0.1
Interest expense		-0.4	-0.5
Total financial result		-0.4	-0.4
Profit before income tax		2.1	4.4
Income tax	P5	-	-
Profit for the year		2.1	4.4

As the profit for the year corresponds with the amount in total comprehensive income, no separate statement of comprehensive income is presented.

Parent company balance sheet

€m	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
<i>Property, plant and equipment</i>			
Equipment	P6	0.0	0.0
<i>Financial assets</i>			
Investments in subsidiaries	P7	434.8	434.8
Total non-current assets		434.8	434.8
Current assets			
Receivables from group companies	P8	179.0	109.5
Other receivables		0.3	0.2
Cash and bank		–	–
Total current assets		179.3	109.7
Total assets		614.1	544.5
EQUITY			
<i>Restricted equity</i>			
Share capital		30.1	27.1
Total restricted equity		30.1	27.1
<i>Non-restricted equity</i>			
Share premium		546.0	407.0
Other reserves		8.6	3.8
Retained earnings		25.1	20.8
Profit for the year		2.1	4.4
Total non-restricted equity		581.8	436.0
Total equity		611.9	463.1
LIABILITIES			
<i>Current liabilities</i>			
Loans payable	P9	0.0	80.4
Trade payables		0.2	0.1
Liabilities to group companies		0.7	0.1
Accruals	P10	0.7	0.6
Other liabilities		0.6	0.2
Total current liabilities		2.2	81.4
Total liabilities		2.2	81.4
Total equity and liabilities		614.1	544.5

Parent company statement of changes in equity

€m	Restricted equity	Non-restricted equity			Total equity
	Share capital	Share premium	Other reserves	Retained earnings and profit for the year	
Closing balance as at 31 December 2018	27.1	407.0	2.1	20.8	457.0
Profit for the year	-	-	-	4.4	4.4
Share-based payments	-	-	1.7	-	1.7
Closing balance as at 31 December 2019	27.1	407.0	3.8	25.2	463.1
Profit for the year	-	-	-	2.1	2.1
Issue of ordinary shares	3.0	140.0	-	-	143.0
Transaction costs	-	-1.1	-	-	-1.1
Share-based payments	-	-	4.7	-	4.7
Issue of treasury shares to employees	-	0.1	-	0.0	0.1
Other	-	-	0.1	-0.1	0.0
Closing balance as at 31 December 2020	30.1	546.0	8.6	27.2	611.9

The parent company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as profit for the year.

The share capital consisted of 78,551,881 (78,771,431) class A shares, 69,798,670 (54,563,764) class B shares and 2,384,644 (2,400,000) class C shares, a total of 150,735,195 (135,735,195) shares.

Class A shares carry one vote per share and class B and class C shares carry one tenth of a vote per share. The quota value was €0.2 (€0.2) per share.

In June 2020, a directed share issue of 15 million shares was completed. For further information refer to note 27.

Parent company cash flow statement

€m, for the years to 31 December	Note	2020	2019
Profit before income tax		2.1	4.4
Adjustments for:			
Depreciation		0.0	0.0
Income from participation in group companies		-11.5	-12.0
Share-based payments		4.7	1.7
Net interest expense		0.4	0.4
Unrealised foreign exchange (gain)/loss		0.0	0.2
Other non-cash transactions		0.0	0.0
Increase in receivables		-0.1	-0.1
Increase/(decrease) in payables		1.4	-1.6
Income tax paid		-	-
Net cash used in operating activities		-3.0	-7.0
Investing activities:			
Proceeds from disposal of property, plant and equipment		0.0	0.0
Repayment of loans granted		202.9	211.1
Payment of loans granted		-274.7	-294.4
Dividend and group contribution received		12.0	10.5
Net cash used in investing activities		-59.8	-72.8
Financing activities:			
Issue of shares, net of transaction cost		141.9	-
Repayment of loans		-203.4	-267.8
Proceeds from loans received		124.7	347.9
Interest paid		-0.4	-0.3
Net cash from financing activities		62.8	79.8
Total cash flow		0.0	0.0
Cash and cash equivalents			
Cash balance as at 1 January		-	-
Cash balance as at 31 December		-	-
Increase/(decrease) in cash and cash equivalents		0.0	0.0

Notes to the parent company financial statements

P1 Summary of significant accounting policies

The parent company applies the Swedish Annual Accounts Act and the Financial Reporting Board's Recommendation RFR 2 *Accounting for Legal Entities*. The parent company's stand-alone accounting principles are aligned to the consolidated financial statements, except for the following:

- The income statement and balance sheet are presented in accordance with the format described in the Swedish Annual Accounts Act.
- Investments in subsidiaries are accounted for using the cost method less any impairment losses as per the Swedish Annual Accounts Act. Any direct transaction costs are included in the acquisition cost.
- The parent company does not apply IFRS 9 to financial instruments, instead measures non-current assets at cost less any impairment and current assets at the lower of cost or net realisable value. The accounting principle for derecognition of financial instruments corresponds to the Group's accounting principle, refer to notes 2.15 c and 2.16 c.
- Group contributions received from subsidiaries are recognised as financial income in accordance with the principal rule in RFR 2.
- The parent company does not apply IFRS 16 to leases, instead lease fees are recognised in the income statement on a straight-line basis over the term of the lease.

P2 Intra-group transactions and guarantees

During the year, the parent company had intra-group transactions with its subsidiaries amounting to income of €0.7 million (€1.0 million) and costs of €1.3 million (€1.7 million) for Group wide services.

Medicover AB (publ) has entered into an agreement to cover during the year ending 31 December 2020 all commitments entered into by its indirect German subsidiaries in accordance with the German Commercial code. This is to enable an administrative simplification to file the Group accounts instead of individual accounts of the entities. For a listing of all German entities that this relates to refer to note 34.

Medicover AB (publ) has guaranteed the obligations of its subsidiaries, Medicover Holding S.A., under a revolving credit facility of up to €220 million (€220 million) and to MHI, under an overdraft facility of €10.2 million (-).

P3 Nature of expenses

Within the functional headings, the following cost categories are included:

	2020	2019
Staff costs	-6.7	-3.7
Property lease costs, heat and other establishment costs	-0.5	-0.4
Other	-2.3	-3.9
Total	-9.5	-8.0

The company leases property to operate an office, the total expense amounted to €-0.2 million (€-0.2 million). At 31 December 2020 future minimum non-cancellable operating lease payments within one year amounted to €-0.2 million (€-0.2 million) and to €0.0 million (€-0.2 million) for the period between two to five years.

Included in the category 'other' are expenses relating to audit fees, other consultancy and legal fees.

P4 Income from participation in group companies

Income from participation in group companies represents dividend income of €10.0 million (€10.0 million) received from the Company's direct subsidiary and €1.5 million (€2.0 million) of group contribution.

P5 Income tax

	2020	2019
Profit before income tax	2.1	4.4
Applicable tax rate	21.4%	21.4%
Tax at applicable rate	-0.4	-0.9
Tax effect of:		
Permanent differences, current year	0.8	1.3
Tax loss carry forwards not recognised	-0.4	-0.4
Tax expense	-	-
Effective tax rate	0.0%	0.0%

The company has unrecognised tax losses at 31 December 2020 amounting to €11.1 million (€11.8 million) that are available to be offset against future profits for an unlimited period of time. The €-0.7 million movement in unrecognised tax losses in 2020 is the net effect of €1.9 million additional tax losses for the current year, €-3.1 million adjustment of prior year balance and €0.5 million translation effect.

P6 Equipment

	2020	2019
Opening balance, cost	0.1	0.1
Additions	0.0	0.0
Closing balance, cost	0.1	0.1
Opening balance, depreciation	-0.1	-0.1
Depreciation	0.0	0.0
Closing balance, depreciation	-0.1	-0.1
Net carrying value at 31 December	0.0	0.0

P7 Investments in subsidiaries

Subsidiaries	Corporate ID number	Registered office	Share of equity, %
Medicover Holding S.A.	B59021	Luxembourg	100

Carrying value	2020	2019
Medicover Holding S.A.	434.8	434.8

P8 Receivables from group companies

	2020	2019
Medicover Holding S.A.	177.4	107.3
Other	1.6	2.2
Total	179.0	109.5

P9 Loans payable

	2020	2019
Commercial paper programme	0.0	80.4
Total	0.0	80.4

Refer to note 21 for information on the commercial paper programme.

P10 Accruals

	2020	2019
Interest	-	0.1
Other	0.7	0.5
Total	0.7	0.6

P11 Fees to auditors

	2020	2019
Audit assignments	-0.2	-0.2
Auditing activities other than audit assignments	0.0	-0.1
Tax consultancy services	-	-
Other assignments	-	-
Total	-0.2	-0.3

P12 Salaries and other remuneration

	2020			2019		
	Remuneration/ board fees	Social security costs	Of which pension costs	Remuneration/ board fees	Social security costs	Of which pension costs
Board of directors, CEO and other executive management	1.8	0.1	0.1	1.4	0.1	0.0
Share-based payments	3.7	0.4	-	1.4	0.1	-
Other employees	0.6	0.1	0.1	0.5	0.2	0.1
Total	6.1	0.6	0.2	3.3	0.4	0.1

For further details on remuneration of the board, CEO and other executive management and related remuneration policies and guidelines adopted, refer to notes 31 and 32. The average number of employees was 8 with 4 women and 4 men (7 with 4 women and 3 men).

P13 Proposed appropriation of the Company's profit

Non-restricted equity in the parent company amounts to:

€	31 Dec 2020
Share premium	546,025,087
Other reserves	8,604,648
Retained earnings	25,049,030
Profit for the year	2,080,549
Total	581,759,314

The board of directors proposes to the annual general meeting (AGM) that these earnings are appropriated as follows:

To shareholders a dividend of €0.07 per share	10,384,539
To be retained	571,374,775
Total	581,759,314

The board of directors considers that the equity of the Company and the Group will be of sufficient amount after the proposed dividend, contemplating the business' nature, scale and the risks that the business is associated with and the current economic situation, historical development and forecasts for the Group as well as for the market. The full statement by the board of directors under chapter 18 section 4 of the Companies Act will be included in the AGM documentation.

Board of directors assurance

The board of directors and the CEO certify that the consolidated financial statements and annual report have been prepared in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the Application of International Accounting Standards and that disclosures herein give a true and fair view of the financial position and results of operations. The management report for the Group and the parent company gives a true and fair view of the Group's operations, financial position and results of operations

and describes material risks and uncertainties facing the parent company and the companies included in the Group.

The annual report and consolidated financial statements have been approved for publication by the board of directors on 24 March 2021. The Group's statement of comprehensive income and statement of financial position, and the parent company's income statement and balance sheet, will be subject to approval by the annual general meeting on 29 April 2021.

Stockholm on 24 March 2021

Fredrik Stenmo
Chairman of the board

Peder af Jochnick
Board member

Robert af Jochnick
Board member

Arno Bohn
Board member

Sonali Chandmal
Board member

Michael Flemming
Board member

Margareta Nordenvall
Board member

Fredrik Rågmark
Board member and CEO

Our audit report was submitted on 24 March 2021
BDO Sweden AB

Jörgen Lövgren
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Medcover AB (publ) corporate identity number 559073-9487

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Medcover AB (publ) for the financial year 2020, except for the corporate governance report on pages 57-69. The annual accounts and consolidated accounts of the Company are included on pages 46-112 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance report on pages 57-69. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company, and the consolidated statement of comprehensive income and consolidated statement of financial position for the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the audit committee of the parent company in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1, have been provided to the audited Company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion on, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Fair value measurement of certain financial liabilities

Key audit matter

In relation with certain of its acquisition of and investment in businesses, the Group has entered into various financial instruments which are required to be carried at fair value. Fair values of these instruments are based on valuation models that use inputs and assumptions other than quoted prices included within Level 1 of the fair value hierarchy that are either observable or unobservable as explained in note 23 to the consolidated financial statements, Financial assets and liabilities.

The determination of the fair value of these instruments therefore involves higher degree of management judgment and estimate applied in the valuation models and due to this fact this area required significant audit effort and was assessed as a key matter for our audit.

Our response

With the assistance of our valuation specialists we have evaluated the methodologies, inputs and assumptions used by the Group in determining fair values of financial liabilities. To this effect, our audit procedures included, amongst others:

- Understanding the Group's process for determining fair value measurements;
- Evaluating whether the Group's method of measurement is appropriate in the circumstances given the nature of the items being valued, and in relation to the business, and the environment in which the business is conducted;
- Testing the fair value measurements, which involved challenging and testing management's significant assumptions, the valuation model, and the underlying data; this included comparing observable inputs against independent sources and externally available market data as well as performing an assessment of the reasonableness of non-observable inputs.

Additionally, we reviewed the appropriateness and adequacy of disclosures of fair value risks and sensitivities in note 23 to the consolidated financial statement to reflect the Group's exposure to valuation risk.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–45 and 118–121. The board of directors and the managing director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board of directors and the managing director

The board of directors and the managing director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of directors and the managing director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the board of directors and the managing director are responsible for the assessment of the Company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the board of directors and the managing director intend to liquidate the Company, to cease operations, or have no realistic alternative but to do so.

The audit committee shall, without prejudice to the board of directors' responsibilities and tasks in general, among other things oversee the Company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors and the managing director.
- Conclude on the appropriateness of the board of directors' and the managing director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the board of directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any potential significant deficiencies in internal control that we identified.

We must also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of Medicover AB (publ) for the year 2020 and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the board of directors and the managing director

The board of directors is responsible for the proposal for appropriations of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The board of directors is responsible for the Company's organisation and administration of the Company's affairs. This includes among other things continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organisation is designed so that the accounting, management of assets and Company's financial affairs otherwise are controlled in a reassuring manner. The managing director shall manage the ongoing administration according to the board of director's guidelines and instructions and among other matters take measures that are necessary to fulfill the Company's accounting in accordance with law to handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the board of directors or the managing director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the Company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the board of directors' proposed appropriations of the Company's profit or loss we examined the board of directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance report

The board of directors is responsible for that the corporate governance report on pages 57-69 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance report is conducted in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance report. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance report has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

BDO Sweden AB with Jörgen Lövgren as auditor in charge, Box 6343, 102 35 Stockholm, was appointed auditor of Medcover AB by the general meeting of the shareholders on 30 April 2020 and has been the Company's auditor since 12 October 2016.

Stockholm, 24 March 2021

BDO Sweden AB

Jörgen Lövgren
Authorized Public Accountant

The auditor's report on the statutory sustainability report

To the general meeting of the shareholders of Medcover AB (publ), corporate identity number 559073-9487

Engagement and responsibility

The board of directors is responsible for the sustainability report for 2020 as on the pages 10–11, 30–41 and 51–56 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

The scope of the audit

Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 The Auditor's report on the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. We believe that the examination provides us with a sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, 24 March 2021
BDO Sweden AB

Jörgen Lövgren
Authorized Public Accountant

5-year financial summary

€m	2020	2019	2018	2017	2016
SUMMARY OF CONSOLIDATED INCOME STATEMENT					
Revenue	997.8	844.4	671.6	580.2	497.3
Medical provision costs	-734.3	-637.6	-507.3	-435.7	-367.2
Distribution, selling and marketing costs	-43.3	-45.0	-35.2	-28.4	-24.9
Administrative costs	-158.9	-115.3	-95.4	-84.4	-77.2
Operating profit (EBIT)	61.3	46.5	33.7	31.7	28.0
Other income/(costs)	1.5	1.0	8.6	2.9	0.2
Total financial result	-25.6	-12.3	-8.8	-7.6	-12.9
Share of profit/(loss) of associates	0.1	-1.9	-1.8	0.2	0.1
Profit before income tax	37.3	33.3	31.7	27.2	15.4
Income tax	-10.0	-8.6	-7.5	-7.6	-5.4
Profit for the year	27.3	24.7	24.2	19.6	10.0
SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
ASSETS					
Non-current assets					
Goodwill	289.2	296.7	150.1	126.8	118.6
Other intangible assets	64.6	74.6	50.8	36.4	31.6
Property, plant and equipment	257.9	252.7	164.4	147.8	140.2
Right-of-use assets	180.4	166.0	117.0	110.3	96.0
Investment in associates	7.6	0.7	43.8	22.1	1.0
Other assets	22.0	16.6	13.5	9.8	5.6
Total non-current assets	821.7	807.3	539.6	453.2	393.0
Current assets					
Inventories	53.0	37.1	30.3	30.7	25.8
Other financial assets	0.0	1.6	27.8	2.1	-
Trade and other receivables	149.4	142.3	92.3	82.3	76.7
Short-term investments	40.1	-	-	-	-
Cash and cash equivalents	46.7	34.8	38.4	45.4	18.4
Total current assets	289.2	215.8	188.8	160.5	120.9
Total assets	1,110.9	1,023.1	728.4	613.7	513.9
EQUITY					
Equity attributable to owners of the parent	448.0	317.4	313.1	296.2	89.4
Non-controlling interests	35.5	42.3	4.4	3.6	5.9
Total equity	483.5	359.7	317.5	299.8	95.3
LIABILITIES					
Non-current liabilities					
Loans payable	152.8	163.8	126.4	52.5	194.5
Lease liabilities	165.1	142.0	96.4	85.6	74.2
Other liabilities	81.2	75.9	58.2	51.5	40.4
Total non-current liabilities	399.1	381.7	281.0	189.6	309.1
Current liabilities					
Loans payable	15.1	111.5	4.9	3.7	14.6
Lease liabilities	34.4	34.2	29.0	30.3	26.1
Trade and other payables	149.4	114.6	77.9	66.3	56.4
Other liabilities	29.4	21.4	18.1	24.0	12.4
Total current liabilities	228.3	281.7	129.9	124.3	109.5
Total liabilities	627.4	663.4	410.9	313.9	418.6
Total equity and liabilities	1,110.9	1,023.1	728.4	613.7	513.9
SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT					
Cash generated from operations before working capital changes and tax payments	167.7	124.3	94.4	83.3	72.4
Net cash from operating activities	156.0	87.3	74.4	76.7	51.3
Net cash used in investing activities	-126.3	-141.8	-116.1	-53.5	-66.1
Net cash from/(used in) financing activities	-14.1	48.8	34.6	4.9	16.1
Total cash flow	15.6	-5.7	-7.1	28.1	1.3

€m	2020	2019	2018	2017	2016
KEY FINANCIAL DATA					
Group					
Revenue	997.8	844.4	671.6	580.2	497.3
Organic revenue	939.7	770.8	657.9	569.4	476.7
Organic revenue growth	11.3%	14.8%	13.4%	14.5%	19.5%
Operating profit (EBIT)	61.3	46.5	33.7	31.7	28.0
Operating profit (EBIT) margin	6.1%	5.5%	5.0%	5.5%	5.6%
Net profit	27.3	24.7	24.2	19.6	10.0
Net profit margin	2.7%	2.9%	3.6%	3.4%	2.0%
EPS, EUR	0.182	0.168	0.167	0.152	0.084
Diluted EPS, EUR	0.182	0.168	0.167	0.152	0.082
EBITDA	157.5	120.7	90.7	81.5	77.2
EBITDA margin	15.8%	14.3%	13.5%	14.0%	15.5%
Adjusted EBITDA	164.1	125.0	94.1	84.2	79.4
Adjusted EBITDA margin	16.4%	14.8%	14.0%	14.5%	16.0%
EBITDAaL	108.5	80.6	58.5	52.9	50.0
EBITDAaL margin	10.9%	9.5%	8.7%	9.1%	10.1%
Adjusted EBITDAaL	115.1	84.9	61.9	55.6	52.2
Adjusted EBITDAaL margin	11.5%	10.1%	9.2%	9.6%	10.5%
EBITA	76.9	53.7	37.0	34.3	34.0
EBITA margin	7.7%	6.4%	5.5%	5.9%	6.8%
Adjusted EBITA	83.5	58.0	40.4	37.0	36.2
Adjusted EBITA margin	8.4%	6.9%	6.0%	6.4%	7.3%
Diagnostic Services					
Revenue	473.4	408.7	336.7	304.4	260.5
Organic revenue	482.2	382.7	340.6	303.5	249.7
Organic revenue growth	18.0%	13.6%	11.9%	16.5%	22.2%
EBITDA	89.8	75.7	58.8	54.4	43.7
EBITDA margin	19.0%	18.5%	17.5%	17.9%	16.8%
Adjusted EBITDA	91.1	76.2	59.4	54.7	43.9
Adjusted EBITDA margin	19.2%	18.7%	17.6%	18.0%	16.9%
EBITDAaL	67.8	56.0	43.3	40.8	32.4
EBITDAaL margin	14.3%	13.7%	12.9%	13.4%	12.4%
Adjusted EBITDAaL	69.1	56.5	43.9	41.1	32.6
Adjusted EBITDAaL margin	14.6%	13.9%	13.0%	13.5%	12.5%
EBITA	55.4	45.1	33.6	32.3	24.1
EBITA margin	11.7%	11.0%	10.0%	10.6%	9.3%
Lab tests (period end volume), million	103.9	106.7	98.1	91.4	85.2
Healthcare Services					
Revenue	539.7	449.3	346.1	285.8	244.7
Organic revenue	472.8	401.7	328.6	275.8	234.9
Organic revenue growth	5.2%	16.1%	14.9%	12.7%	15.2%
EBITDA	84.1	61.0	45.8	40.1	42.2
EBITDA margin	15.6%	13.6%	13.3%	14.0%	17.2%
Adjusted EBITDA	85.4	61.6	46.6	40.5	43.3
Adjusted EBITDA margin	15.8%	13.7%	13.5%	14.2%	17.7%
EBITDAaL	57.5	41.0	29.3	25.3	26.5
EBITDAaL margin	10.6%	9.1%	8.5%	8.9%	10.8%
Adjusted EBITDAaL	58.8	41.6	30.1	25.7	27.6
Adjusted EBITDAaL margin	10.9%	9.2%	8.7%	9.0%	11.3%
EBITA	39.8	25.5	17.8	15.4	19.0
EBITA margin	7.4%	5.7%	5.2%	5.4%	7.8%
Members (period end), 000's	1,353	1,300	1,209	1,024	889

As from 2019 margins (including margins of comparative figures 2018) and growth rates have been calculated based on EUR whole figures instead of figures rounded in millions.

Definitions

Acquired revenue

Revenue recognised from acquired businesses in the first twelve months from the acquisition. This represents non-organic growth. If there is significant expansion of the acquired business post-acquisition due to investments made subsequent to acquisition or arising due to synergies with existing businesses and such revenue can be readily and reliably identified then this additional revenue is excluded from acquired revenue.

Organic revenue

Organic revenue combines real internally generated growth and also comprises price changes. The revenue of an acquired business is generally excluded for the twelve months following the business combination, but revenue generated by post acquisition expansion of the business due to investments made subsequent to acquisition or revenue arising from synergies with existing businesses post acquisition, if significant, are included. Revenue of disposed businesses are removed from the comparatives for the twelve months prior to the disposal. The effect of changes in foreign exchange rates is calculated as current year's revenue less current year's revenue converted at prior year's exchange rates.

Organic revenue growth

Organic revenue growth is the comparison of organic revenue for the current year to the comparable prior year revenue, expressed as a percentage or absolute figure.

Operating profit (EBIT)

Earnings before interest and tax.

EBITA

Earnings before interest, other financial income/ (expense), tax, amortisation on assets relating to business combinations and impairment, other income/(costs) and share of profit/(loss) of associates.

EBITA margin

EBITA as a percentage of revenue.

EBITDA

Earnings before interest, other financial income/ (expense), tax, amortisation, depreciation and impairment, other income/(costs) and share of profit/(loss) of associates.

EBITDA margin

EBITDA as a percentage of revenue.

EBITAaL

EBITA, as defined above, reduced by interest on lease liabilities.

EBITAaL margin

EBITAaL as a percentage of revenue.

EBITDAaL

EBITDA, as defined above, reduced by depreciation/impairment on right-of-use assets and interest on lease liabilities.

EBITDAaL margin

EBITDAaL as a percentage of revenue.

Adjusted EBITA

EBITA, as defined above, adjusted for non-cash equity settled share-based payments as well as merger and acquisition related expenses.

Adjusted EBITA margin

Adjusted EBITA as a percentage of revenue.

Adjusted EBITDA

EBITDA, as defined above, adjusted for non-cash equity settled share-based payments as well as merger and acquisition related expenses.

Adjusted EBITDA margin

Adjusted EBITDA as a percentage of revenue.

Adjusted EBITAaL

Adjusted EBITA, as defined above, reduced by interest on lease liabilities.

Adjusted EBITAaL margin

Adjusted EBITAaL as a percentage of revenue.

Adjusted EBITDAaL

Adjusted EBITDA, as defined above, reduced by depreciation/impairment on right-of-use assets and interest on lease liabilities.

Adjusted EBITDAaL margin

Adjusted EBITDAaL as a percentage of revenue.

Operating profit (EBIT) margin

Operating profit as a percentage of revenue.

Net profit margin

Net profit as a percentage of revenue.

Net financial debt

Net financial debt represents financial debt contracted by the Group with external parties (banks, bonds) upon which interest is charged and lease liabilities, net of cash and cash equivalents and short-term investments.

Members

Number of individuals covered under a prepaid subscription or insurance healthcare plan within the Healthcare Services segment at the end of the relevant period.

Laboratory tests

Number of laboratory tests performed within the Diagnostic Services segment for the period referenced.

Headcount

The number of people being co-workers at Medicover including employees and/or contractors with an active contract determined at the end of each month. Excludes seasonal workers.

FTE (Full time equivalent)

FTE is a metric used to translate co-workers into full time employment equivalent as per local legislation (excluding seasonal and including leased labour). 1.0 FTE corresponds to one full time employment. A significant part of Medicover's contractors cooperate based on a 'pay-for-procedure' principle. FTE resulting from the medical procedures is calculated by a conversion metric into 'time' based on predefined dictionaries which may include approximations for practical 'procedure grouping' purposes.

Co-workers

Co-workers include every person who works for or provides services to any Medicover company, under an employment contract or as contracted by Medicover on a self-employed basis or similar.

Average FTE for the year

The sum of FTE at the end of each reported month during the financial year divided by 12 months.

Glossary

Allergology The study of allergic diseases.

BDP Blood-drawing point.

CEE Central and Eastern Europe.

EMAS The EU Eco-Management and Audit-Scheme.

Endocrinology The medical study of the hormone secreting glands (the endocrine system) and related functions, diseases and treatments.

FFS Fee-For-Services including other services, a payment model where customers pay for healthcare services as used.

GDP Gross Domestic Product.

GDPR General Data Protection Regulation.

Histopathology The microscopic study of solid tissue.

Immunology The study of the immune system.

ISO International Organisation for Standardisation.

IVF In Vitro Fertilisation. A technique used for assisted reproduction.

KV Kassenärztliche Vereinigungen, the German system for compensation of healthcare services.

Molecular diagnostics A collection of techniques used to analyse genetic codes by applying molecular biology to medical testing.

MZ The Polish Ministry of Health.

NFZ The Polish National Health Fund.

NIPT Non-invasive prenatal testing.

PHI The Private Health Insurance funds.

PPP Purchasing power parity.

SDG Sustainable Development Goals.

SHI The Statutory Health Insurance.

Information to shareholders

Financial calendar

Interim report January–March	29 April 2021
Annual general meeting	29 April 2021
Interim report April–June	23 July 2021
Interim report July–September	3 November 2021

Information about the 2021 annual general meeting (AGM)

The annual general meeting of Medicover AB (publ) will be held on Thursday 29 April. Due to the current pandemic, the board of directors have decided that the AGM shall be conducted without physical presence of shareholders, proxies and third parties and that voting can only be carried out through advance voting (postal voting) prior to the meeting. More information can be found in the notice to the AGM.

Participation

Shareholders who wish to participate the AGM must be recorded in the share register maintained by Euroclear Sweden AB (Euroclear) on the record date Wednesday 21 April 2021 and must give notice of their attendance by casting their postal vote, in accordance with instructions under the heading Postal voting, so that the postal vote is available to Euroclear no later than Wednesday 28 April 2021. Please note that notification of attendance to the AGM can only be made through postal voting.

Postal voting

The board of directors have decided that shareholders shall only be able to exercise their voting rights by postal voting in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the conduct of general meetings. For postal voting, a special form must be used. The postal voting form is available on Medicover AB's website www.medicover.com/financial-information/corporate-governance/annual-general-meeting.

Completed and signed postal voting forms may be submitted via e-mail to GeneralMeetingService@euroclear.com or by post to Medicover AB, "AGM", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden. The completed form must be available to Euroclear no later than Wednesday 28 April 2021. Shareholders who are physical persons may also on or before Wednesday 28 April 2021, cast a postal vote electronically via verification with BankID on Euroclear's website <https://anmalan.vpc.se/EuroclearProxy>.

Proxies

Shareholders who are casting postal votes via proxy should submit a power of attorney, dated and signed by the shareholder together with the postal vote. If the shareholder is a legal person, certificate of registration or other documents of authority shall be attached to the form.



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IS ALL WE DO**



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