SISTEMUL MEDICAL MedLife

Annual Report

2023

CONTENT

CUPRINS

MEDLIFE GROUP IN FIGURES

Consolidated Statement of Financial Position

	31 December	
	2023	**2022**
Non-Current Assets	2,102,828,820	1,686,590,024
Current Assets	533,508,611	465,386,305
TOTAL ASSETS	**2,636,337,431**	**2,151,976,329**
Non-Current Liabilities	1,442,471,375	1,094,356,436
Current Liabilities	699,674,033	575,581,648
TOTAL LIABILITIES	**2,142,145,408**	**1,669,938,084**
Equity attributable to owners of the Group	415,291,298	416,780,834
Non-controlling interests	78,900,725	65,257,411
TOTAL EQUITY	**494,192,023**	**482,038,245**
TOTAL LIABILITIES AND EQUITY	**2,636,337,431**	**2,151,976,328**

Consolidated Statement of Profit and Loss

	12 months ended December 31,	
	2023	**2022**
Revenue from contracts with customers	2,210,435,349	1,795,432,748
Other operating income	11,300,635	14,118,061
Operating Income	**2,221,735,984**	**1,809,550,809**
Operating Expenses	**(2,130,218,620)**	**(1,715,321,136)**
Operating Profit	**91,517,364**	**94,229,673**
Finance cost	(82,170,695)	(42,489,150)
Interest income	3,423,077	-
Other financial income	1,221,841	-
Other financial expenses	(9,692,103)	(2,183,221)
Financial result	**(87,217,880)**	**(44,672,371)**
Profit Before Tax	**4,299,484**	**49,557,301**
Income tax expense	(8,464,341)	(12,124,746)
Profit After Tax	**(4,164,857)**	**37,432,555**

Operational data

	12 months ended December 31,	
	2023	**2022**
Clinics – Number of Visits	3,834,062	3,205,637
Dentistry – Number of Visits	185,829	176,437
Hospitals – Number of Patients	139,234	116,447
Laboratories – Number of Tests	7,424,270	6,278,105
Corporate – Number of Subscriptions	873,036	834,434
Pharmacies – Number of Transactions	468,896	575,323

MESSAGE FROM THE CEO

Dear partners,

In a year marked by global and economic challenges, the key words at MedLife Group level were "consolidation and "optimization", being essential in building a robust structure that would allow the company to evolve in a dynamic environment and remain competitive in the long term.

With a presence of 30 years on the Romanian market and 8 years on the stock exchange, we are proud to have managed to strengthen the value of our brand and remain leaders in the private medical sector in the country.

The 2023 financial year results, which show a consolidated pro-forma turnover of RON 2.24 billion, maintaining the growth trend of 25% annually since listing until now, simultaneously with a gradual increase in EBITDA margins compared to 2022 and an important organic growth of 12%, directly reflect that the strategy of optimizing and consolidating the companies within the Group has had a significant impact in strengthening our position in the market and in ensuring sustainable development in a constantly changing economic environment.

Hospitals, clinics, corporate and laboratories business lines saw solid increases of 27%, 35%, 17% and 15% respectively. Behind these numbers are over 10,000 employees and collaborators, good doctors and auxiliary medical staff, healthcare professionals, who masterfully outline our story of excellence in delivering medical services. Supporting their efforts are unprecedented investments in cutting-edge technology and medical innovation, such as the introduction of drones for the transport of biological samples and the acquisition of the third da Vinci robot, which highlight our continued progress in delivering services of excellence and shaping the future of medicine. MedLife stands out as a leading service provider that offers its patients access to leading technology, including high-performance diagnostics, robotic surgery and exceptional medical services. Through these significant investments, MedLife secured its leading position in medical technology, not only in Romania, but probably in the entire region.

With a special focus on the development of cutting-edge services and technologies, in 2023, we set out to become the main destination for complex neurosurgery, cardiovascular surgery and oncological surgery, ensuring conditions comparable to those in the great capitals of the world. In this sense, we have strengthened our expertise in integrated and niche medical services, focusing on consolidating a strong oncology and radiotherapy platform in Romania through significant investments in infrastructure expansion and state-of-the-art equipment. In addition, we have become the operator with the greatest expertise in the field of genetic sequencing, especially in the field of oncological pathologies.

In everything we do, our core values remain **Responsibility**, **Professionalism**, **Innovation**, **Care** and **Respect**. We always consider the impact on our patients and strive to offer them not only quality medical services, but also a humane and empathetic experience within our private medical system.

We remain steadfast in our commitment to sustainability, which is reflected in a number of initiatives designed to bring lasting benefits to our community. We contribute to the medical education of Romanians, permanently providing correct informative materials through online platforms. We support events in the medical sector so that our doctors and professionals are up to date with the latest developments in the field. We make **Romania green**, organizing annual greening actions that encourage employees and partners to act responsibly towards nature and environment. And last but not least, we offer an additional chance at life to children recently diagnosed with cancer through a complex genetic testing program. Together with our community, we aim to build a better future for Romania, where health care and environmental responsibility converge in a sustainable direction. "**Together Make Romania Good**" is thus for us more than a simple slogan, it is a concrete commitment to the collective good and the healthy future of our community.

Looking ahead, we want 2024 to be a year of evolution and excellence of the medical act through continued investments in technology and digitization, but also a year of optimizing and consolidating margins, as well as gradually reducing the level of indebtedness. The management team, as the main architect of our success, continues to prepare the ground for sustainable and solid growth with a constant focus on the satisfaction and well-being of our patients. With an outstanding team, determined to improve patient health, we will continue to strengthen MedLife Group's position as undisputed leader in the private healthcare industry.

Thank you for your solid partnership and constant trust! We are convinced that 2024 will bring new achievements and that together we will contribute to the improvement of the medical system and the welfare of our community.

MIHAIL MARCU

President of the Board of Directors and
CEO of MedLife Group

SIGNIFICANT EVENTS IN THE PAST 12 MONTHS

Acquisitions

In 2023, MedLife Group completed two large M&A transactions, 3 smaller M&A transactions – two under the umbrella of its second brand, Sfanta Maria, and one under the umbrella of Medici`s in Timisoara and increased its stake in certain subsidiaries:

- Completion of the acquisition of 99.76% shares in Muntenia Medical Competences, transaction announced in 2022;
- Completion of the acquisition of 51% shares in Nord Group;
- Acquisition of 100% shares in Policlinica Sfantul Ilie (under Sfanta Maria)
- Acquisition of 51% shares in Clinica Union (under Sfanta Maria);
- Acquisition of 70% shares in Brol Medical Center (under Medici`s);
- Acquisition of an additional package of 11.5% shares in Sanopass;
- Acquisition of an additional package of 5% shares in Dent Estet Group;
- Acquisition of an additional package of 21% shares in Oncoteam Diagnostic;
- Acquisition of an additional package of 6.25% shares in RMC Group.

Completion of the Muntenia Hospital acquisition

In January 2023, MedLife Group completed the acquisition of 99.76% shares in Muntenia Medical Competences S.R.L., the largest hospital in Arges County, after its approval by the Competition Council. Thus, MedLife Group is consolidating its medical expertise in the hospital area.

Completion of the Group Nord (ex Provita) acquisition

In March 2023, MedLife Group completed the acquisition of 51% shares in Group Nord, after its approval by the Competition Council.

In the 11 years of activity on the market of private medical services, Group Nord has stood out especially in Bucharest, where it is present through a multidisciplinary hospital, 5 clinics, 2 imaging centers equipped with high-performance and ultra-modern equipment, a laboratory for the processing of a wide range of medical analisys and tests, but also through the only pain therapy training center in Central and Eastern Europe. At the end of 2022, Group Nord also expanded outside the Capital, opening a multidisciplinary clinic worth EUR 2.5 million investment in Suceava, where an integrated Pain Therapy center and an integrated breast center operate.

Acquisition of Policlinica Sfantul Ilie (through Sfanta Maria Group)

In February 2023, MedLife Group completed the acquisition of the entire share package of Policlinica Sfantul Ilie in Craiova, this being integrated into the Sfanta Maria network, part of MedLife Group.

Present on the local market since 2000, Policlinica Sfantul Ilie is one of the first private clinics in Craiova. With 12 medical specialties, the clinic offers comprehensive medical services and paraclinical investigations to meet the needs of all patients, thus becoming a point of reference in medical activity at county level.

Among the medical specialties that can be accessed within the polyclinic are internal medicine, cardiology, dermatology, endocrinology, physiotherapy, occupational medicine, neurology, obstetrics-gynecology, ophthalmology, ENT, psychiatry and psychology.

Acquisition of Clinica Union (through Sfanta Maria Group)

In June 2023, MedLife Group completed the acquisition of the 51% majority stake of Clinica Union Medical in Cluj. This clinic was integrated into the Sfanta Maria network.

Clinica Union Medical has over 10 years of experience on the Cluj market and offers a wide range of high-quality services, covering 21 medical specialties: cardiology, dermatovenerology, diabetes and nutrition, endocrinology, family medicine, neurology, obstetrics-gynecology, ophthalmology, orthopedics, psychiatry, psychology and urology. Being in a continuous process of evolution, the clinic integrates the latest techniques and medical devices to ensure treatment for patients at European standards.

Acquisition of Clinica Brol Medical Center (through Medici's)

In September 2023, MedLife, through Medici's, completed the transaction to acquire 70% shares in Brol Medical Center. The Brol Medical Center clinic started its activity in 1996 and has over 25 years of experience in aesthetic surgery. The clinic offers plastic, reconstructive and aesthetic surgery services, dermatological consultations and treatments, as well as nutrition consultations.

Organic growth

MedLife Deva Hyperclinic

In January 2023, MedLife inaugurated the largest medical clinic in Deva. The unit is distinguished by an elite medical team, but also by an imaging division equipped with top medical equipment. The Deva Hyperclinic completes the network of MedLife units, providing patients with a complete circuit of medical services, from clinical and paraclinical investigations to diagnosis and treatment.

Neolife Valcea Clinic

In September 2023, Neolife Medical Center inaugurated the Radiotherapy and Imaging Center in Ramnicu Valcea. Located in the courtyard of the Obstetrics and Gynecology Hospital, the new clinic brings an innovative contribution to the fight against cancer and represents a significant addition to the treatment and diagnosis of oncological conditions. Equipped with state-of-the-art technology and state-of-the-art equipment, this unit offers complex medical services for diagnosis, monitoring and treatment for cancer patients, with services also under the contract with NHIH.

Neolife Braila Clinic

In September 2023, Neolife Medical Center inaugurated in Braila, the sixth Neolife private medical center in Romania, located in the courtyard of Braila County Hospital. The new center is equipped with state-of-the-art devices and equipment, the medical team being made up of professionals in the field of oncology medicine. Neolife Braila offers diagnostic and treatment services also under contract with the National Health Insurance House.

Nord (Provita) Hospital

In December 2023, Group Nord opened in Bucharest a new multidisciplinary hospital dedicated to health and life, with a modern infrastructure and the latest technology in the field. With an extensive area of 25,000 square meters, the new hospital has 8 ultra-modern operating rooms, 49 reserves and 107 beds. The hospital also has an Integrated Pain Therapy Center and an integrated Imaging Center with Pet-CT, Scintigraph, Mammogram, X-ray, MRI 3T, CT, as well as 2 conference rooms, designed to facilitate the exchange of medical knowledge, and to organize health education events.

Corporate events in 2023

Share capital increase

On August 3, 2023, MedLife's Extraordinary General Shareholders Meeting approved the Company's share capital increase by an amount of RON 99,652,869, from a value of RON 33,217,623 to a value of RON 132,870,492, by issuing a number of 398,611,476 new shares with a nominal value of 0.25 RON/share.

The share capital increase was executed by incorporating share premium and retained earnings, and the newly issued shares were allocated, free of charge, to the Company's shareholders registered in the shareholders' register held by Depozitarul Central S.A. on September 5, 2023 ("Record Date"). Each shareholder registered in the shareholders' register on the Registration Date received 3 (three) newly issued shares, free of charge, for each share held on the Registration Date. The newly issued shares are registered shares, dematerialized, admitted to trading on the Main segment, Premium category of the Bucharest Stock Exchange.

The share capital increase was made to support the Company's current activity, in line with its growth strategy.

Increase of the syndicated loan

On December 22, 2023, MedLife's Extraordinary General Shareholders Meeting approved a new increase in the credit limit based on the Syndicated Credit Facility Agreement concluded on October 31, 2018 (as it was later amended by additional documents), with 50 million Euros.

MEDLIFE GROUP COMMITMENT

MedLife is a group of companies that dedicates all its resources to provide each client with professional healthcare services at the highest standards, based on state-of-the-art technological support, in impeccable conditions of safety and comfort.

We have continuously developed from the desire to satisfy the most demanding and complex requests in the medical field. Healthcare is our profession and our passion, and our goal is to improve the quality of life of every patient that comes through our doors. Access to our services is facilitated by the integrated system we apply: healthcare prevention packages, outpatient units, hospitals, laboratories, pharmacies and distribution of pharmaceutical products, imaging, dentistry, stem cell bank and fitness centers.

For your benefit, we bring the experience of 30 years of activity (considering the consolidated companies within the Group) on the private healthcare service market in Romania. We are committed to providing unique services through the professionalism, care and responsibility of our medical staff, through the ultra-modern equipment and facilities that we make available to everyone, on a daily basis.

GROUP PRESENTATION

Med Life S.A. ("Med Life", "Parent Company", or "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania, with its headquarters in Bucharest, 365, Calea Grivitei, with a share capital of RON 132,870,492, with a nominal share value of RON 0.25.

The Company's activity resides in the performance of healthcare services activities through medical centres with national coverage.

Founded in 1996, MedLife (together with its subsidiaries ("MedLife Group" or "the Group") is the largest private healthcare provider in Romania. The Group holds leadership position in key metrics, including sales, number of outpatient units, number of hospitals, number of hospital beds and number of healthcare prevention packages ("HPP").

The Company developed its Dentistry business line, by opening an independent clinic in 2015 and acquiring in 2016 the majority stake in the Dent Estet group, the largest network of dental clinics in Romania.

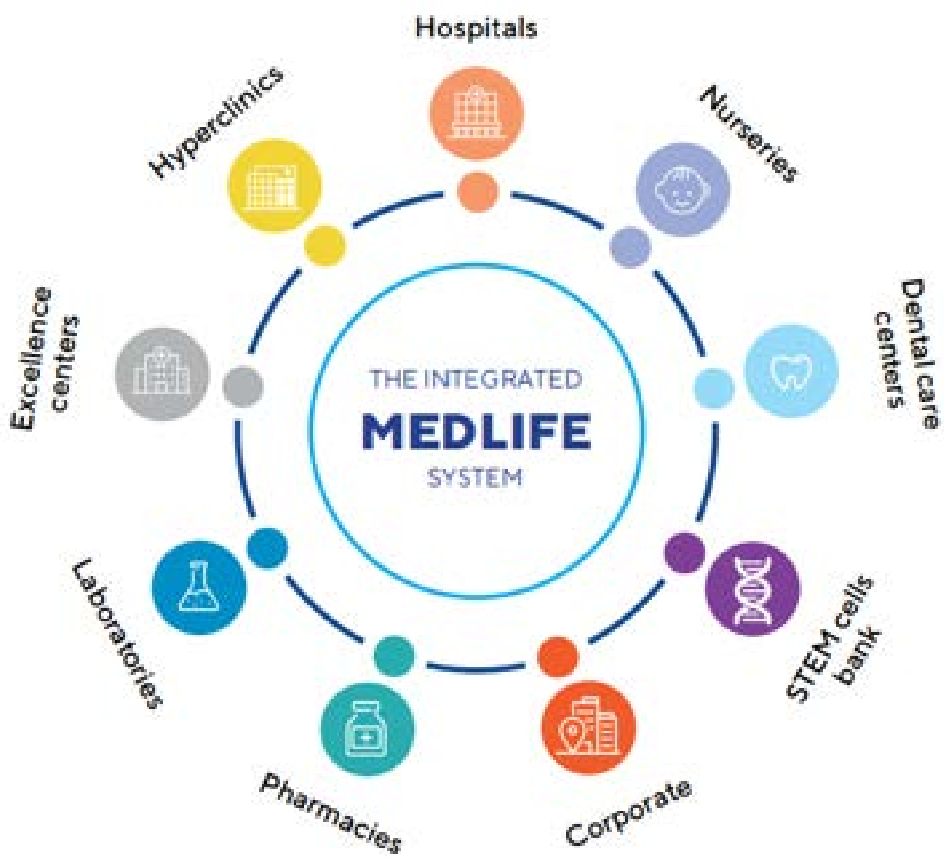
The Group is also present in the Pharmacies business line, operating a number of 21 pharmacies in or near own outpatient units, but also next to state owned medical units.

MedLife's presence in all these core healthcare service areas underpins the Group's revenue capture model, offering patients a full range of services from prevention to diagnosis and treatment.

The Group has the largest number of medical facilities in Romania. These include 71 medical units (including pharmacies) in Bucharest, making it the largest private healthcare network in the city, as well as 125 medical units in the rest of the country, in cities such as Arad, Craiova, Ploiesti, Cluj Napoca, Brasov, Galati, Iasi, Bacau, Timisoara, Sibiu, Constanta, Targoviste, Braila, Pitesti, Sibiu, Oradea, Targu Mures, Neamt, and Suceava, but also 2 units in Budapest, Hungary. The Group owns the real estate underlying its most significant hospital facilities in Bucharest as well as its hospitals in Arad, Brasov and Sibiu. Other medical facilities are used under long-term leases.

The Group offers its services through the largest team of doctors and nurses in the private sector in Romania, counting as at December 31, 2023 approximately 4,800 doctors and 2,800 nurses. The Group employs full-time specialists for the vast majority of the specialties offered, but also part-time for specific specialties or functions, or works with medical staff under collaboration contracts. In addition, given its commitment to provide quality medical services, the Group has constantly invested in medical infrastructure, state-of-the-art medical equipment, having dedicated annual budgets for equipment and re-engineering.

During the 30 years of the Group's activity on the Romanian market, over 6 million unique patients have benefited from services within the Group's medical facilities, which means approximately 1 in 3 Romanians, according to demographic data.



35 hyperclinics | **68** clinics| **15** hospitals | **39** laboratories | **18** dental clinics | **21** pharmacies

Business Model

MedLife Group's business model is focused on providing medical services to clients, both individuals and legal entities. The Group captures the private health expenditure of these clients at all stages of the medical act: prevention, diagnosis and treatment, by offering a wide range of medical services provided in modern, high-quality facilities, by professional teams of doctors, nurses and support staff.

The Group's activities are divided into six main lines of activity:

Corporate: the Corporate business line offers health prevention packages HPPs (HPPs) to corporate clients as part of their employee benefit packages. These programmes, which focus on prevention through regular check-ups and access to diagnostic services, complement the legally required occupational health services that corporate clients also contract from the Group as Standard HPP.
The Group has a portfolio of over 870,000 HPPs patients. The HPPs offered by the Group consist of:

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

Clinics: the Clinics business line includes the Group's ambulatory clinics and diagnostic imaging services. The Clinics offer general practitioner and specialist consultations, diagnostic imaging services, and some of the clinics also offer day-inpatient services. The Group's clinics provide a wide range of services delivered mainly in two formats:

- **Hyperclinics**, a format pioneered by the Group in Romania, consisting of large facilities with surface areas of over 1,000 sqm and more than 20 medical offices. It is a one-stop-shop for clinical examinations and imaging. This format is designed for larger urban areas, with a population over 175,000 inhabitants. The Hyperclinics include, usually, a broad range of imaging services such as: radiology, bone density – DEXA, CT, MRI, 2D-4D ultrasounds and mammography. In the case of new openings, such services may be included, gradually, in the hyperclinics' offering. The hyperclinic locations also host the services of other business lines, such as collection points for laboratories, or pharmacies.
- **Clinics**, which offer a wide range of services, from general medicine to specialist medical consultations, and aim to serve the basic needs of the Group's PPM patients, but also pay-per-service patients and those who opt for services settled by the National Health Insurance House ("NHIH"). The Group's clinics typically have between 5 to 12 doctor's offices, on average, but there are also smaller satellite clinics in operation, which aim to address the specific situations of the local market. The Clinics are designed for smaller cities, or to serve certain concentrations of patients. The Clinics, with limited capacity and generally limited imaging services, act as referral networks for more specialized services located in hyperclinics.

Laboratories: the Laboratories business line provides a wide range of services: biochemistry, pathological anatomy (cytology and histology), molecular biology and genetics, haematology, immunology, microbiology and toxicology. The collection points are medical facilities where the Group collects blood and other samples from patients. The Laboratories business line derives most of its revenue from fee-for-service ("FFS") patients.

Hospitals: the Hospitals business line covers the Group's inpatient activities, which consist of a wide range of medical and surgical specialties. The Group's 15 hospitals are located in Arad, Bucharest, Brasov, Cluj, Sibiu, Pitesti and Ploiesti. The group holds 12 hospital licenses, which comprise the activities of the Hospitals business line. One of the licenses was issued for a hospital unit and 3 other outpatient departments. In addition to these, the Group was granted licenses for 4 day hospitalization units that operate in Clinics' locations in Bucharest, Iasi, Craiova and Timisoara and offer only day hospitalization services. The financial results of these 4 units are recognized in the Clinics business line, the Group considering these units as functional parts of the Hyperclinics.

The Group's 4 maternity hospitals, located in Bucharest, Sibiu, Brasov and Arad, provide patients with interdisciplinary teams of specialists prepared to intervene at any moment of the birth ensuring careful monitoring of the mother and the newborn, high-performance equipment and devices in the labor rooms / operations, in the departments of obstetrics-gynecology, neonatology and ICU, or dedicated advisors.

MedLife also has a STEM cell bank, which offers state-of-the-art biotechnology in stem cell processing.

The Hospitals business line derives its revenue primarily from fee-for-service patients. The treatment of patients settled by the Health Insurance House generally refers to maternity, gynecology, surgery, cardiology and oncology departments.

Pharmacies: the Pharmacies business line offers prescription and non-prescription pharmaceutical products, laboratory-prepared products, as well as other related medical products, in the 21 pharmacies units situated, mainly, in the Group's hyperclinics and hospitals or in their vicinity. This business line also has its own laboratory, where customers can benefit from specific products according to their needs and medical recommendations.

Dentistry: the Dentistry business line offers a wide range of dental services, from simple check-ups to complex surgical interventions. The Dentistry business line is not subject to settlements through the Health Insurance House, all revenues coming from patients through payment per service.

In addition to the 6 main business lines, the MedLife Group, through the acquisitions made, include:

Pharmaceutical distribution:

Pharmachem is one of the leading pharmaceutical distribution companies in Romania. With a strong focus on providing high quality healthcare products and services, the company plays a key role in the country's pharmaceutical supply chain. By working with a diverse range of suppliers, Pharmachem Distributie ensures that pharmacies and other healthcare providers have access to a diverse range of medicines and medical supplies to meet the needs of their patients.

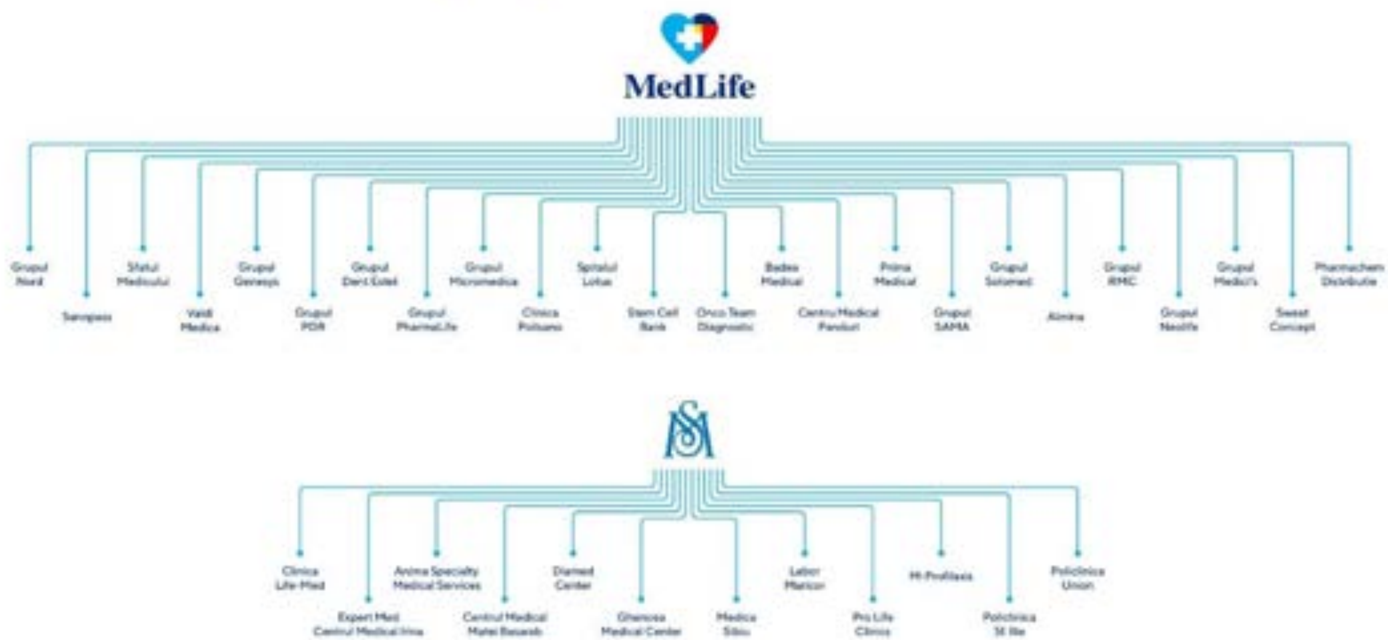
As a pharmaceutical distribution company, Pharmachem Distributie S.A. is responsible for the storage, handling and transportation of pharmaceutical products from manufacturers to end users. This involves following strict regulations and maintaining a high level of quality control to guarantee the safety and efficacy of the products it distributes.

Wellness: the chain of Sweat gyms, through which MedLife Group strengthens its service portfolio, the patients having the widest range of medical services: from consultations, investigations and surgical treatments, to wellness, nutrition and sports services. The gyms feature state-of-the-art premium fitness equipment based on movement mechanics and advanced functionality.

Group Structure as at 31 December 2023

The chart below shows the Group's simplified corporate structure, including the Group's material subsidiaries:

Organizational chart MedLife Group



				31 December	
No.	**Entity**	**Main activity**	**Location**	**2023**	**2022**
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83%	83%
2	Medapt SRL (indirect)*	Medical Services	Brasov, Romania	83%	83%
3	Histo SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66.4%	66.4%
5	Bahtco Invest SRL**	Development of building projects	Bucharest, Romania	100%	100%
6	Med Life Ocupational SRL	Medical Services	Bucharest, Romania	100%	100%
7	Pharmalife-Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
8	Med Life Broker de Asigurare si Reasigurare SRL	Insurance broker	Bucharest, Romania	99%	99%
9	Accipiens SA	Rental activities	Arad, Romania	83%	83%
10	Genesys Medical Clinic SRL (indirect)*	Medical Services	Arad, Romania	83%	83%
11	Bactro SRL (indirect)*	Medical Services	Deva, Romania	83%	83%
12	Transilvania Imagistica SA (indirect)*	Medical Services	Oradea, Romania	83%	83%
13	Biofarm Farmec SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Arad, Romania	100%	100%
14	RUR Medical SRL (indirect)**	Medical Services	Brasov, Romania	83%	83%
15	Biotest Med SRL	Medical Services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical Services	Iasi, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	90%
18	Ultratest SA (direct si indirect)*	Medical Services	Craiova, Romania	92.2%	92.2%
19	Diamed Center SRL	Medical Services	Bucharest, Romania	100%	100%
20	Prima Medical SRL	Medical Services	Craiova, Romania	100%	100%
21	Stem Cells Bank SA	Medical Services	Timisoara, Romania	100%	100%
22	Dent Estet Clinic SA	Dental healthcare	Bucharest, Romania	65%	60%
23	Green Dental Clinic SRL (indirect)*	Dental healthcare	Bucharest, Romania	33.2%	31%
24	Dentist 4 Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	65%	60%
25	Dent A Porter SRL (indirect)*	Dental healthcare	Bucharest, Romania	33.5%	31%
26	Dentestet Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	34.4%	32%
27	Aspen Laborator Dentar SRL (indirect)*	Dental healthcare	Bucharest, Romania	48.8%	45%
28	Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	100%	100%
29	Almina Trading SA	Medical Services	Targoviste, Romania	90%	90%

30	Anima Specialty Medical Services SRL	Medical Services	Bucharest, Romania	100%	100%
31	Anima Promovare si Vanzari SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
32	Valdi Medica SA	Medical Services	Cluj, Romania	55%	55%
33	Clinica Polisano SRL	Medical Services	Sibiu, Romania	100%	100%
34	Solomed Clinic SA	Medical Services	Pitesti, Romania	80%	80%
35	Solomed Plus SRL (indirect)*	Medical Services	Pitesti, Romania	80%	80%
36	Ghencea Medical Center SA	Medical Services	Bucharest, Romania	100%	100%
37	Sfatul medicului SRL	Medical Platform	Bucharest, Romania	100%	100%
38	RMC Dentart (indirect)*	Dental healthcare	Budapesta, Ungaria	87.6%	81.3%
39	RMC Medical (indirect)*	Medical Services	Budapesta, Ungaria	87.6%	81.3%
40	RMC Medlife	Holding	Budapesta, Ungaria	87.6%	81.3%
41	Badea Medical SRL	Medical Services	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SRL**	Medical Services	Bucharest, Romania	100%	79%
43	Centrul medical Micromedica SRL	Medical Services	Piatra Neamt, Romania	100%	100%
44	Micromedica Targu Neamt SRL (indirect)*	Medical Services	Targu Neamt, Romania	100%	100%
45	Micromedica Bacau SRL (indirect)*	Medical Services	Bacau, Romania	100%	100%
46	Micromedica Roman SRL (indirect)*	Medical Services	Roman, Romania	100%	100%
47	Medrix Center SRL (indirect)*	Medical Services	Roznov, Romania	100%	100%
48	Spitalul Lotus SRL	Medical Services	Ploiesti, Romania	100%	100%
49	Labor Maricor SRL (indirect)*	Medical Services	Bacau, Romania	100%	100%
50	Centrul Medical Matei Basarab SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
51	Pharmachem Distributie SRL	Distribution of Pharmaceutical Products	Bucharest, Romania	75%	75%
52	CED Pharma SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
53	Leti Pharm 2000 SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
54	Monix Pharm SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
55	KronDent SRL (indirect)*	Dental healthcare	Brasov, Romania	39%	36%
56	Medica SA	Medical Services	Sibiu, Romania	60%	60%
57	Dent Estet Ploiesti SRL (indirect)*	Dental healthcare	Ploiesti, Romania	33.2%	30.6%
58	The Lab Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
59	Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
60	Stomestet Plus SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%

61	Costea Digital Dental SRL (indirect)*	Dental healthcare	Oradea, Romania	38.4%	36%
62	Expert Med Centrul Medical Irina (indirect)*	Medical Services	Galati, Romania	76%	76%
63	MNT Healthcare Europe SRL	Medical Services	Ilfov, Romania	50%	50%
64	MNT Asset Management SRL (indirect)*	Holding	Bucharest, Romania	50%	50%
65	Clinica Life-Med SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
66	Pro Life Clinics SRL (indirect)*	Medical Services	Iasi, Romania	60%	60%
67	Onco Card SRL (indirect)*	Medical Services	Brasov, Romania	83%	83%
68	Onco Card Invest SRL (indirect)*	Holding	Brasov, Romania	83%	83%
69	Tomorad Expert SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66.4%	66.4%
70	IT Repair SRL (indirect)*	Medical Services	Targu Mures, Romania	49.8%	49.8%
71	Medici's SRL	Medical Services	Timisoara, Romania	80%	80%
72	Micro-Medic SRL (indirect)*	Medical Services	Timisoara, Romania	80%	80%
73	Sweat Concept One SRL	Wellness	Bucharest, Romania	60%	60%
74	OptiCristal Consult SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
75	Alinora Optimex SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
76	Medicris SRL (indirect)*	Medical Services	Oradea, Romania	83%	83%
77	Triamed SRL (indirect)*	Medical Services	Oradea, Romania	83%	83%
78	SC M-Profilaxis SRL (indirect)*	Medical Services	Timisoara, Romania	80%	80%
79	VitaCare Flav SRL (indirect)*	Medical Services	Pitesti, Romania	51%	80%
80	Dent Estet Genesys SRL (indirect)*	Medical Services	Arad, Romania	73.8%	71.3%
81	Aspire Dental SRL (indirect)*	Dental healthcare	Bucharest, Romania	65%	60%
82	Sanopass SA	Medical Platform	Targoviste, Romania	62.5%	51%
83	Muntenia Medical Competences S.A. (indirect)*	Medical Services	Pitesti, Romania	51%	0%
84	Bios Diagnostic Medical Services SRL (indirect)*	Medical Services	Bucharest, Romania	51%	0%
85	Centrul de Diagnostic si Tratament Provita S.A.	Medical Services	Bucharest, Romania	51%	0%
86	Medical City Blue SRL (indirect)*	Medical Services	Bucharest, Romania	51%	0%
87	Laborator Cuza Voda SRL (indirect)*	Medical Services	Bucharest, Romania	51%	0%
88	Provita Pain Clinic SA (indirect)*	Medical Services	Suceava, Romania	35.7%	0%
89	Policlinica Sf. Ilie SRL (indirect)*	Medical Services	Craiova, Romania	100%	0%
90	Policlinica Union SRL (indirect)*	Medical Services	Cluj, Romania	51%	0%
91	Brol Medical Center S.A. (indirect)*	Medical Services	Timisoara, Romania	56%	0%

** These companies are subsidiaries in other subsidiaries in the Group and are included in the consolidation as they are controlled by the entities which are subsidiaries of the parent company.*

*** Starting January 2024, these companies have changed their legal form from S.A. in S.R.L.*
**** Starting January 2024, Ghencea Medical Center SA, Clinica Life-Med SRL, Laborator Maricor SRL, Policlinica SF. Ilie SRL, Diamed Center SRL and Centrul Medical Matei Basarab SRL were merged under Anima Specialty Medical Services SRL; Accipiens SA, Transilvania Imagistica SA, Bactro SRL and Triamed SRL were merged under Genesys Medical Clinic SRL. ; Biofarm Farmec SRL, CED Pharma SRL, Leti Pharm 2000 SRL and Monix Pharm SRL were merged under Pharmalife-Med SRL.*

Strategic objectives and directions

MedLife's strategy focuses on maintaining its leadership position, with an emphasis on medical excellence and improving patient satisfaction. The Group seeks to expand its portfolio of facilities and services, ensuring profitable national coverage to meet the needs of the Group's existing and new customers.

MedLife is pursuing opportunities to capture additional revenue and achieve synergies within its existing units and services. The Group will continue to achieve this goal through organic growth and the purchase of smaller private medical service providers operating both on the local market in Romania and abroad. At the same time, the Company maintains its commitment to provide all patients with safe and quality medical treatments, ensuring a balance between medical risks and opportunities and the Group's commercial objectives.

Competitive strenghts

- Leader in the private medical services sector in Romania and one of the largest providers of private medical services in Central and Eastern Europe;
- A balanced and robust business model that includes all key business lines of the private medical services sector;
- An business model that generates significant revenue capture opportunities;
- Sales generated predominantly by cash payment for the service provided and prevention packages, with a low level of dependence on NHIH funds;
- The largest number of clients who benefit from medical prevention packages in Romania;
- Experienced management, capable of generating and managing business growth through both organic development and acquisitions;
- Strong financials and asset-rich balance sheet;
- Access to the necessary financing for expansion.

Development directions

Strategy

MedLife Group aims to expand its portfolio of facilities and services, ensuring a profitable national coverage, to meet the needs of the Group's existing and new customers. At the same time, the Group remains committed to providing patients with safe and quality medical treatments, ensuring a balance between medical risks and opportunities and the Group's commercial objectives. Thus, at the end of 2023, the MedLife network included 35 hyperclinics, 68 clinics, 15 hospitals, 39 laboratories, 18 dental clinics and 21 pharmacies, the Group being the only medical service provider present with large clinics in all cities with over 150,000 residents.

The Group is looking for opportunities to capture additional revenue and realize synergies within its current network and services. MedLife aims to achieve this goal through both organic growth and acquisition of smaller healthcare providers in the market. As a result of this strategy, over the past seven years, MedLife Group has been characterized by significant sales increases from one reporting period to another, of 25% on a yearly basis, since its listing on the stock exchange, up until now.

Organic growth

The Group's strategy aims to consolidate its presence in large cities with over 150,000 inhabitants through the MedLife brand network, but also in medium and small cities through the Sfanta Maria brand, considering the large number of acquisitions in recent years.

We are also continuing the development plan of the Group's important business lines: clinics, laboratories, hospitals, dental clinics and medical subscriptions.

At the same time, MedLife's priorities continue to focus on research, oncology and radiotherapy, the amplification of the digitization process, as well as the consolidation and optimization of the companies within the Group.

The Group has opened a series of clinics and centers of excellence, as well as collection units for the Laboratories business line. Many of these facilities have the capacity to serve a larger number of patients, which would allow their revenue and profit contribution to increase as higher capacity utilization is achieved.

At the same time, the Group continues to optimize the mix of services offered within its facilities according to the specific conditions of the local market, trying to improve the income and profit margin for each medical facility. Therefore, a steady, accelerated development of these medical facilities is anticipated to improve profit margins and drive further sales growth. The Company often leverages the bases of acquired medical facilities to organically develop the activities of the acquired company.

Selective acquisitions and integration of other market players

The Group intends to further expand its service offering and geographical presence through strategic acquisitions.

The Group's acquisition strategy consists in pursuing regional companies or other companies with a geographical position or a range of services complementary to the Group's existing portfolio or that offer the opportunity to access new medical specialties, which could generate synergies and revenue capture potential to the Group's existing activities. Post-acquisition, the Group generally introduces new specialties and services or upgrades the services offered by the acquired company to meet the Group's standards. In many cases, the Group reinvests the cash flow of the acquired company, as well as the additional resources, in order to expand the activity of the new subsidiary.

The Group's acquisition strategy is based on encouraging the founding shareholders of the acquired company to remain involved in the integrated activity, post-acquisition, and to hold a minority stake in that company. Although the Group has also made acquisitions of 100% of the share capital of the acquired companies, the Group's management believes that this approach generally corresponds to the objectives of the sellers, and extends the negotiations beyond price topics, providing the Group an advantage over strategies focused on the 100% buy-out of targets. Minority shareholder rights are carefully negotiated to ensure compliance with the Group's overall governance framework.

The Group's acquisition strategy envisages the full integration of acquired units into the MedLife system, ensuring uniformity of service, branding and other standards across the business. The Group's support functions such as human resource management, finance, marketing, public relations and procurement are centralized, thus reducing costs and increasing efficiency within these functions. The Group pays particular attention to IT solutions, a critical element for improving customer service, and seeks to transfer its accumulated know-how to the acquired companies.

By acquiring clinics and laboratories, the Group can directly respond to the needs of patients with prevention packages. The margins formerly flowing to NetLife partners servicing the Group's HPP patients in the acquisition target’s service area are now captured by the Group directly. NetLife is a network of partner medical units outside the MedLife Group, with which the Group has negotiated tariffs for the servicing of its HPP clients.

To fulfill this strategy and horizontal integration, in 2023, the Company completed 5 M&A transactions and 4 organic development projects, thus consolidating its expertise in integrated medical services and niche services.

The Group's track record of organic and acquisition growth is largely due to the Group's strong management team. MedLife has developed screening systems for potential acquisitions, performing detailed analysis, making timely decisions and implementing a fast and efficient integration process post-transaction. The Company has a reputation in the market as a "friendly acquirer", mainly because the founders of the acquired companies are often given the opportunity to stay in the business, as minority shareholders and managers of the subsidiaries. Through this approach, MedLife retains its accumulated experience and market knowledge while being able to fully integrate the acquisition into its own systems and increase its revenue capture opportunities. Also, by implementing the share buyback programs with minority shareholders, the Group encourages the alignment of interests and the contribution of the subsidiaries founders' to the Group's integrated activity.

Since 2011, MedLife has made dozens of national and international acquisitions, successfully integrating no less than 73 companies, thus acquiring valuable expertise and knowledge for the Group, that allow finding the best methods for continuous and efficient expansion.

The Company maintains an active database of possible companies that could be acquired and reviews the market periodically for such opportunities. With a leading position and a strong brand, the Company is frequently approached by consultants and representatives of companies that could be targeted for acquisition.

Regarding the near-term outlook, the company continues to focus on strengthening profitability margins after heavy investments in organic projects. In terms of acquisitions, MedLife takes a more cautious approach but acts according to current market circumstances and trends.

Perspectives

2023 was focused on optimizing and consolidating the business at national level. The Group is therefore confident that it has laid the foundations for a solid growth platform for the coming years, above the market, especially in Bucharest where, together with the new Nord hospital, the Group believes it will be able to take over the position of main private provider of hospital services.

The Group will also continue to focus on strengthening and streamlining activities at Group level, with a strong focus on resilient medical services in less favorable economic times, as well as on strengthening profitability margins and gradually reducing the ratio of Net Debt / EBITDA for a balanced development of the business.

In terms of acquisitions, a more cautious approach has been adopted and the Group will act according to current market circumstances and trends.

2024 will be a year of evolution and excellence of the medical act, with the Group continuing its commitment to invest in technology and in strengthening the largest medical network, aiming to bring the medicine of the future closer to patients.

The strategic priorities from an operational point of view include the continuation of the development of the MedLife Medical Park project in Bucharest, the consolidation of the multidisciplinary hospital Provita Nord and the opening of new units in the country.

Principles for respecting human rights

The Group is committed to treating patients, competitors and suppliers fairly. All colleagues must always act with integrity and honesty, continuously protecting the Group's reputation when dealing with patients, competitors and suppliers.

The Group aims to create and maintain mutually beneficial relationships with its patients by promoting a climate of trust and transparency coupled with innovation and good medical practice.

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

The Group is committed to free and fair competition and has no relationships with its competitors. The Group complies with all laws and regulations in its field of activity, along with industry standards and internationally accepted practices.

Anti-Bribery and Anti-Corruption Principles

Payments made by the Group to public authorities, in the jurisdictions in which the Group operates, are in accordance with applicable legal provisions and are made solely for the purpose of ensuring the execution of routine governmental activities.

The Group has a zero tolerance policy on bribery and corruption. Group policy prohibits promising, offering, or paying bribes, or soliciting, accepting, or receiving bribes.

The Group also prohibits colleagues from accepting gifts, hospitality or gifts intended to influence business decisions.

Protection of Public Interest Whistleblowers

According to the Group's internal policies and Law no. 361/2022 on the protection of whistleblowers in the public interest, the management of the Group ensures that the activity is carried out with honesty and integrity and ensures that whistleblowers who provide information or cause information to be disclosed, or who participate in the investigation of reports, are protected against retaliation.

In this regard, MedLife's Board of Directors approved the Whistleblower Protection Policy which entered into force on 14.11.2023. The purpose of this policy, as well as the integrity warning, is to protect MedLife from ethical misconduct, fraud and any other non-compliance issues that would cause reputational, commercial or legal sanctions, affecting MedLife's prestige and image.

The policy describes the internal general principles and rules regarding the addressing of warnings or notifications, of potential deviations or violations within MedLife, as well as the protection measures for persons who warn/report or complain of irregularities, thus having the quality of a whistleblower. It applies to the entire MedLife Group, i.e. to all companies controlled or in which MedLife holds a majority stake, regardless of whether or not, at the time of receiving a notification, the respective entity in the MedLife Group has implemented an internal policy similar to MedLife's policy.

Main objectives of the Policy:

- to encourage any employee, customer, supplier, contractor, subcontractor or any other party dealing with MedLife's business to report any violation of the law as quickly as possible, with the confidence that the warning will be taken seriously, investigated correctly and with the assurance of the whistleblower's confidentiality;
- to provide the whistleblower with guidance on how to present these warnings/complaints;
- to assure the whistleblower of the absence of any retaliations if he exposed the problems in good faith;
- to ensure the respect of the rights of the persons concerned.

The principles governing whistleblower protection are as follows:

- the principle of legality, according to which MedLife respects fundamental rights and freedoms, by ensuring full respect, among others, of freedom of expression and information, the right to the protection of personal data, the right to a high level of consumer protection, the right to a high level of human health protection, the right to a high level of environmental protection, the right to an effective remedy and the right to defence;
- the principle of responsibility, according to which the whistleblower is obliged to support the reporting with relevant and pertinent data or information;
- the principle of impartiality, according to which the examination and resolution of reports are done without subjectivity, regardless of one's own beliefs and interests;
- the principle of balance, according to which no person can prevail from the provisions of this Policy to reduce the disciplinary sanction for a more serious act;
- the principle of good faith, according to which the person who had reasonable grounds to believe that the information regarding the reported violations was true at the time of reporting, is protected.

Corporate social responsibility

MedLife Group **Values**:

- **Responsibility:** MedLife Group guides its actions according to what is important for people's lives and health;
- **Professionalism:** MedLife Group brings together more than 4,800 doctors, professors, lecturers, doctors in medicine who fulfill their jobs with dedication and professionalism every day;
- **Innovation:** MedLife Group has a constant concern for methods, technology and organization that lead to better and more effective medical solutions;
- **Care and respect:** Every patient is important and respected, and everyone's needs are treated with care and attention.

Several technological advances have allowed medicine to evolve towards minimally invasive techniques that expose patients to low risks and allow for a faster recovery period. In developed countries, it is a common practice, for many years, for patients to be able to go home without requiring overnight hospitalization. In 2005, MedLife was the first to introduce this concept on the Romanian market. The Group thus created wards within the hospitals and hyperclinics, where patients can benefit from minimally invasive techniques.

MedLife's concept „**Together We Make Romania Better**" started with the desire to bring good in Romania in as many forms as possible, not only in health, but also in the medical system. Thus, MedLife Group has developed and supported a series of projects, events and ideas for the benefit of employees or medical personnel at the beginning of the journey. Also, the company constantly organized or participated to medical events where doctors from the country and abroad had the opportunity to share knowledge, technologies or procedures.

Hope Doesn't Die of Cancer

MedLife pays more attention to the country profile in terms of health and strives to act where it is most needed, building day by day, on the assumed commitment of making Romania well. In the pediatric oncology segment, the statistics are worrying. Every day, a child in Romania is diagnosed with cancer, entering the battle with a disease that can be defeated if it is detected in time and if a personalized treatment, ajusted to each patient, is applied. The average survival rate for children diagnosed with cancer in our country is 69.1%, 10% lower than the Western Europe average.

To support children diagnosed with cancer, MedLife established the **#Hope Doesn't Die of Cancer** program, offering access to one of the world's most complex sequencing tests for oncological conditions, free of charge. Based on the results of genetic tests, doctors can choose a personalized treatment, targeted therapy or immunotherapy for each child, which can increase the chance of cure or the survival rate. Further, it also depends on the involvement of the authorities so that the necessary treatments for each individual patient are available in our country and accessible regardless of income.

Approximately 300 sick children have benefited from the MedLife program, representing approximately 50% of the estimated number of those diagnosed with cancer annually.

Approximately 65% of those enrolled practically benefited from the program, enabling them to obtain an accurate prognosis, identify mutations relevant to treatment, or predict resistance to certain therapies. The percentage is determined by the type of cancer and the status of current knowledge about cancer types. Thus, as far as leukemias are concerned, a successful interpretation can be reached in over 90% of cases.

MedLife’s social program will continue in 2024 as it can bring a change not only at system level, but especially, at patient level, offering hope in the lives of the most vulnerable among us.

Blood donation campaign

MedLife launched a national blood donation program to support blood transfusion centers and promote this behavior in the Romanian society. The program is held every year in the largest cities in the country.

Pro bono cases

The Group's commitment remains the treatement and help of patients who need medical interventions, regardless of their background or their financial situation. Whether mild or serious, the Group's doctors deal with cases brought by humanitarian foundations or cases identified by the Group's employees.

Medical consultations for children from disadvantaged backgrounds

Doing good is part of our employees’ nature, a defining attitude for the organizations we choose to support as well. In 2023, MedLife's general medical staff provided free consultations to several children from disadvantaged backgrounds to ensure that they start healthy in the camps organized by our partners.

Backpacks donation campaigns

As part of the ” **Together we color more than 100 dreams**” campaign, MedLife employees prepared 121 backpacks full of supplies for children facing serious illnesses or living in disadvantaged environments. The action was carried out through an association that provides support in their fight for education and health.

24/7 medical hotline

With the MedLife subscription, each subscriber benefits from medical advice, after which it is determined whether a physical consultation is needed. The hotline is available to subscribers 24/7, offering unlimited access to medical information and advice. In 2023, the medical hotline remained a basic service for MedLife's subscribers.

Online consultation platform

"SfatulMedicului" (Doctor's advice) is one of the main medical information platforms in Romania, ranking among the top dedicated websites dedicated to the health segment in Romania. The platform attracts more than 3.2 million monthly unique users and records more than 9.6 million impressions.

By providing verified medical information and collaborating with doctors to validate and update data, the platform provides visitors with access to self-assessment and medical analysis interpretation tools. It also facilitates direct communication with doctors by offering the possibility to schedule consultations with over 5,000 doctors in 700 medical units.

Doctor's advice

Doctor's Advice is a newsletter dedicated to our patients. Through it, we provide the correct information regarding various conditions or symptoms. Thus, by e-mail, MedLife's clients regularly receive informative materials drafted with the support of our medical staff.

Mobile caravans for information

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

InfoLife

InfoLife magazine is a traditional project, launched 14 years ago, with the aim of supporting our patients with medical articles of interest, information about the latest techniques and technologies, interviews with doctors and other Romanians with whom **We Make Romania Good Together**.

We Make Romania Green

The Green Project, together with every action undertaken by the Group, is the essence of the brand. In addition to honoring the promise of a quality medical act and excellence proven to each patient, the campaign represents the Group's desire to get even more involved in the future of new generations. Over the past 5 years, MedLife volunteers have planted tens of thousands of trees, thus contributing to the reforestation of hard-to-reach areas affected by deforestation. In addition, we supported an environmental education campaign for children to teach them to maintain cleaning and collect waste selectively.

Responsible energy consumption

Within the MedLife units, we monitor the energy consumption related to the area and the type of activity carried out. We consume natural gas, electricity and fuel, and the main sources of consumption are: the air conditioning system, MRI machines and other large imaging machines (radiology, angiograph, CT).

Over time we have implemented LED technology that we use in 99% of the time. Operating theaters within hospitals and beyond have been equipped with devices that enable LED lighting, and energy-efficient settings for heating, ventilation and air conditioning have been implemented, reducing energy use. LED lighting is also used in elevators and patient waiting areas.

Currently, we are implementing a set of measures for the intelligent control of consumers of various types of energy (thermal, electric, etc.), and also the renewal of chillers. We are considering and analyzing the possibility of using photovoltaic panels in our units, having already implemented the first project of this kind in Cluj.

Waste management

Waste management is an important concern at Group level, being one of the most significant environmental impacts. The activities we carry out generate both non-hazardous and hazardous waste. To manage this effectively, waste disposal is an outsourced activity, with specific contracts for the collection of all types of waste.

To carry out our activities, we also consume water, which we capture exclusively from the public network. We monitor water consumption monthly and through internal work procedures we ensure that we eliminate any risk of biological contamination of discharged water.

At the same time, in our activities we also use a number of substances that fall into the category of dangerous ones, such as medicines and certain substances considered drug precursors (for example toluene), for which we also have very strict working procedures.

Quality Standards

MedLife has implemented the following standards for Quality, Environment and Occupational Health & Safety management systems:

- ISO 9001:2015 (Quality Management System) through which the organization demonstrates that it has identified the risks and acts to eliminate or limit their effects, which may have a negative impact on the ability of the quality management system to achieve the desired results, as well as a negative impact on customer satisfaction.
- ISO 14001:2015 (Environmental Management System) The implementation of this standard ensures the management of the company and its employees, as well as the external parties involved (shareholders, investors, institutions, authorities) that the organization's impact on the environment is measured and constantly improved.
- ISO 45001:2018 (Operational Health and Safety Management System) is a working model for organizations that want better control over occupational risks.

Health, Safety, Security and Environment

The Group obeys and respects Romanian laws and regulations related to health, safety, security and environmental issues. These laws and regulations relate to, among other things, the management and disposal of hazardous substances and medical waste, exposure to hazardous materials, and the protection of employee health and safety. The Group is required to obtain permits, licenses and environmental authorizations and to inform local authorities before opening new administrative and medical facilities.

Equipment and technology

The Group purchases medical equipment to provide each patient with professionally qualified medical services at the highest standards. These devices include, but are not limited to: optical coherence tomography systems, magnetic resonance imaging equipment, computerized tomography equipment, bone density measuring instruments, imaging and identification systems used in dermoscopy, measurement equipment hepatic rigidity, laser, vacuum systems for reducing fat deposits by cryolysis (LipoCryo), video-capsule endoscopy systems.

The Group's laboratories have state-of-the-art equipment such as the Abbot Accelerator A3600 automatic line in the MedLife Grivița laboratory, the first in Romania and Eastern Europe, which significantly contributes to increasing the accuracy of analyzes, reducing execution time and ensuring better traceability and tracking of samples each patient.

In 2023, the MedLife Group invested in technology at an unprecedented level, strengthening its expertise in integrated and niche medical services by strengthening the areas of oncology and radiotherapy. The Group is also the operator with the greatest expertise in the field of genetic sequencing, especially in the field of oncological pathologies. Consistent investments in innovation, digitization and technology illustrate MedLife's progress in providing the highest quality healthcare by facilitating advanced diagnostics and personalizing treatments for patients.

Thus, in 2023, we opened in Brașov, the first mobile hybrid room in the center of the country and one of the few in the whole country. The mobile hybrid theater is a complete operating room that has the most advanced equipment and technology available today, to which is added a mobile 2D and 3D radiology equipment and a state-of-the-art image fusion system that allows, for the same patient, simultaneous open and minimally invasive surgical gestures of vascular surgery and cardiology under radiological control, avoiding the need to submit the patient to several consecutive surgical interventions. The mobile hybrid theater is composed of:

- hybrid C-arm (C-arm) that provides high-resolution radiological images of the condition of arteries and veins in the human body;
- mobile radio-transparent operating table with the possibility of sterile intra-operative control;

- endovascular navigation system, which allows the fusion of the images obtained with the help of a CT with contrast substance and the intra-operative images obtained with the C-arm, thus forming 3D images of the patient's organs.

We also continued our investments in the field of robotic surgery by acquiring the third da Vinci robot within the Group, which operates in the MedLife Polisano Sibiu Hospital. The da Vinci X robotic system is a fusion between conventional laparoscopic technique and high-precision robotic technology. This complex system is an extension of the surgeon, which, thanks to the four multi-articulated arms and a special technology, allows the translation, in real time, of the doctor's indications into movements of great finesse and precision, far superior to human movements.

Beyond the opportunities from the doctors' perspective, robotic surgery offers many more advantages to patients, especially compared to conventional surgical approaches. Interventions performed with the da Vinci X robot involve making very small incisions, with minimal aesthetic effects, but also reducing the risk of intra-operative complications, bleeding or infections.

In 2023, we marked a series of championships on the Romanian health sector. One of these refers to bringing the newest neurosurgical robotic technology currently available on the international medical market, to the MedLife Humanitas Hospital in Cluj, thus becoming the only center in Romania and one of the few in Europe equipped with the Brainlab system. It is a suite consisting of a Loop-X three-dimensional intraoperative robotic imaging system, the Curve neuronavigation system and the Cirq robotic arm, systems that can be used to perform minimally invasive surgeries of high complexity, both for spinal conditions vertebral, as well as for cerebral pathologies.

Another premiere registered in 2023, was the introduction of the system of transportation of biological samples through drones, MedLife thus becoming the first private medical operator in Romania and Central and Eastern Europe to use drones for the transport of laboratory samples and one of the few medical operators in Europe that currently transports biological samples over medium and long distances. With a length of 120 km, the route initiated by MedLife between Oradea and Arad becomes the longest drone flight route for medical samples in Europe. With the implementation of the new drone transport platform, the delivery time of biological samples is reduced by more than 50% compared to land transportation. Thus, MedLife Group manages to provide patients with faster results, shortening the response time for 76% of the range of laboratory tests. The new transport system introduced by MedLife is based on 3 Swoop Aero Kite drones, equipped with state-of-the-art technology and high-performance software, which allow samples to be transported in complete safety. The aircrafts are completely autonomous, a single pilot being able to monitor several drones simultaneously, the human factor intervening only for loading and unloading samples. In the future, we are considering expanding the number of locations, by including on the routes the collection points from the counties of Arad, Hunedoara, Mehedinti, Gorj, Timis and Caras-Severin. Drones will cover transport from collection points located outside the city in a proportion of almost 100%, thus replacing the transport by cars, which is commonly used.

IT

The Group relies on international suppliers for IT hardware infrastructure. Regarding the communication between the different Group locations', it uses a Managed VPN network with SDWAN, with firewall-type security equipment with active anti-malware, antivirus, traffic inspection IPS, Proxy, NAT, URL filtering services.

The Group has also implemented a robust IT infrastructure across all its hospitals, covering admissions and appointments, surgeries, medical procedures, patient check-in and check-out, medical supplies management, customer-level billing and generating various reports.

The Laboratories business line has been equipped with software to manage laboratory testing processes, including sample management, patient records, barcode labeling and automated procedures for final results.

We also have an integrated workflow between medical and financial-accounting operations. This integrated system is a software solution that takes into account all the needs of the company and its way of organization, that leads to the achievement of the proposed goals and unite all functions. The application of this system allows:

- facilitation of the realization of a unique information system, for all company functions;
- tracking of all activities and improving the image of the organization;
- organization and optimization of data acquisition methodologies;
- introduction of the latest technologies specific to the type of activity;
- elimination of the redundancy of the data used;
- optimal organization of the database..

CORPORATE GOVERNANCE

The Corporate Governance in Med Life S.A. operates according to the provisions of the Companies Law no. 31/1990, republished, with the subsequent modifications and complements, of the Law no. 24/2017 on issuers of financial instruments and market operations concerning the capital market, republished and of the secondary legislation adopted by the Financial Supervisory Authority ("FSA") for the application of the Law no. 24/2017, of the Code of Bucharest Stock Exchange ("BVB") and of the Bucharest Stock Exchange ("BSE") Code of Corporate Governance ("Applicable Law"), as well as in accordance with the provisions of the Articles of Association in force of MedLife and of the internal regulations applicable. The Statute of Corporate Governance was adopted by MedLife's Board of Directors in March 2017.

MedLife aligns with the requirements of the capital market and the best practices in the field of corporate governance by constantly developing and adapting its corporate governance model, in order to create opportunities and increase competitiveness. All holders of financial instruments benefit from equal treatment, the Company ensuring effective, active, and transparent communication with its shareholders through regulated communication channels (BSE platform, FSA platform), as well as by publishing all relevant documents on the company's website: https://www.medlifeinternational.com/investor-relations.

Furthermore, the Company has implemented procedures that regulate the company's governance, which are constantly updated in accordance with the provisions of the BSE Code of Corporate Governance. These documents can be consulted on the MedLife website, in the *Investor Relations section - Corporate Governance - Corporate Governance Documents*, respectively:

- The procedure for the organization and development of the General Meetings of Shareholders (GMS), which:
  - facilitates the participation of shareholders in the GMS and the exercise of their rights in connection with the GMS, including participation by representation or correspondence;

– indicates the set of documents that will be made available to shareholders by MedLife for each GMS, including but not limited to informative materials regarding each item on the GMS agenda;
– presents exhaustively the shareholders' rights related to the GMS;
– presents the voting procedure within the GMS.

- Code of Ethics and Conduct
- Code of Social Responsibility
- Policy on Forecast
- The Statute of Corporate Governance
- Audit Committee Operating Regulation
- Dividend Policy
- Remuneration Policy,

documents referred to in the Statement of Corporate Governance Code Compliance.

The Group monitors environmental, social and human resources policies through existing corporate governance procedures. The responsibility was delegated by the Board of Directors to the management team specific to each existing department.

General Shareholders Meeting

The supreme governing body of MedLife is the General of Shareholders ("GMS"). The ordinary and extraordinary assignments of the GMS are provided in the Articles of Association and the Applicable Law. The GMS is organized and conducted in accordance with the relevant provisions of the Applicable Law, the Articles of Association, and the Procedure for the organization and development of the General Meetings of Shareholders of MedLife.

The Ordinary General Meeting of Shareholders (OGMS) meets at least once a year, within a maximum of four months from the end of the financial year. Except this case, the Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders meet whenever necessary, convened by the Company's Board of Directors. Additionally, the GMS may be convened by shareholders who individually or jointly hold at least 5% of the share capital. In this case, the Board of Directors shall convene the GMS within a maximum of 30 days and it shall meet within a maximum of 60 days from the date of receipt of the request.

Shareholders' Rights

The rights of all MedLife shareholders are protected in accordance with applicable laws. Shareholders also have the right to obtain information regarding the Company's activities, the exercise of voting rights, and the results of voting at the GSM.

The rights of shareholders related to the GSM are:

- **The right to a minimum notification period.** The Company publishes information in the Official Gazette of Romania and a national circulation newspaper regarding an upcoming GSM through the GSM Convening Notice, at least 30 days before the GSM date. The convening is also transmitted to the Financial Supervisory Authority and the Bucharest Stock Exchange in the form of a current report, in accordance with applicable regulations, and is published on the Company's website in the "Investor Relations" section.

- **The right of access to information.** MedLife publishes the necessary documents and information on its website to ensure that all shareholders are treated equally, in order to exercise their rights in a fair manner.
- **The right to introduce items on the agenda.** MedLife shareholders who individually or together with other shareholders represent at least 5% of the share capital may request to include additional items on the agenda within the limits and in accordance with applicable legal provisions.
- **The right to participate in GSM meetings.** Shareholders registered in the shareholders' register on the registration date provided in the Convening Notice have the right to participate in person or by representative at the General Shareholders Meetings of the Company.
- **Voting rights.** The share capital of the Company is represented by ordinary shares, which confer one voting right for each share registered in the name of the shareholder at the registration date, with the exception of treasury shares held by MedLife at the registration date as a result of buybacks made under the buyback program. Therefore, there are no shares that confer the right to more than one vote.
- **The right to address questions.** Any shareholder of the Company may addreess written questions regarding the items on the agenda of the GSM and has the right to receive answers from MedLife. Shareholders have the right to participate effectively and to vote within the GSM and to be informed of the rules, including voting procedures, that govern the GSM.

Governing Bodies

MedLife is managed in a unitary system by the Board of Directors ("BoD"), consisting of 7 members appointed within the General Meeting of Shareholders ("GMS") for a 4 years duration, with the possibility of being re-elected. The BoD is responsible for the management of MedLife, acting in the interest of the company and protecting the general interests of its shareholders by ensuring sustainable development of the company. According to the Articles of Association, the BoD is responsible for all useful and necessary acts in order to fulfill the purpose of MedLife's activity, including the administration of its subsidiaries or investments, except for the duties assigned to the GMS by law or the Company's Articles of Association.

The Board of Directors meets whenever necessary, but at least once every 3 months. In 2023, the BoD held 8 meetings.

Board of Directors

As of 31 December 2023, the Board of Directors consists of the following members:

Name	Position	Appointment Date	Termination Date
Mihail Marcu	Chairman of the Board of Directors, CEO	01.08.2006	21.12.2024
Ana Maria Mihaescu	Independent Member of the Board of Directors	01.09.2017	21.12.2024
Dimitrie Pelinescu-Onciul	Member of the Board of Directors	01.05.2017	21.12.2024
Dorin Preda	Member of the Board of Directors, Executive Director	02.05.2017	21.12.2024
Nicolae Marcu	Member of the Board of Directors, Executive Director	01.05.2017	21.12.2024
Voicu Cheța	Independent Member of the Board of Directors	21.12.2020	20.12.2024
Ovidiu Fer	Independent Member of the Board of Directors	21.12.2020	20.12.2024

As of 31 December 2023, the status of the Board members, who own shares in MedLife, was as follows:

Name	Position	Number of shares held	% Stake held
Mihail Marcu	Chairman of the Board of Directors, CEO	78,484,828	14.77%
Nicolae Marcu	Independent Member of the Board of Directors	55,341,600	10.41%
Dimitrie Pelinescu-Onciul	Member of the Board of Directors	71,380	0.01%

According to the available information, there is no agreement, understanding, or family relationship between the company's administrators and any other person who may have contributed to their appointment as administrators.

According to the information available, the members of the Board of Directors have not been involved in any litigation or administrative proceedings regarding their activity within the company in the last five years, nor regarding their ability to fulfill their duties within the company in the last five years.

Mihail Marcu (1970) - Member and Chairman of the Board of Directors, Chief Executive Officer

Mihail Marcu is the Chairman of MedLife's Board of Directors since August 2006 and CEO since December 2016. He graduated from the University of Bucharest, Faculty of Mathematics and Informatics (1995) and a series of postgraduate studies and specialization courses at the Romanian Banking Institute , the Open University, DC Gardner training or Codecs, both in Romania and abroad. Between January 2004 and August 2006, he was MedLife's General Director, and previously he held the position of Vice President of RoBank S.A. (currently, OTP Bank Romania S.A.), being authorized in this capacity by the National Bank of Romania. Previously, Mr. Marcu held various positions at Credit Bank România S.A., respectively RoBank S.A., including credit inspector, head of credit service, director of the credit department and director of the corporate department. Mihail Marcu is also the founder of the Romanian Business Leaders Foundation, a community of Romanian entrepreneurs, managers and professionals from various fields. Between 2028 and 2023, Mr. Marcu was a member of the Board of Directors of Prutul SA.

Nicolae Marcu (1968) – Member of the Board of Directors, Chief Healthcare and Operations Officer

Nicolae Marcu is a member of MedLife's Board of Directors and MedLife's Health and Operations Director since December 2016. He is a graduate of the Carol Davila University of Medicine and Pharmacy in Bucharest, Faculty of Medicine (1996), and since 2000 he has a PhD in psychiatry. He also completed a series of post-graduate studies in the field of psychiatry in the country and abroad. Between August 2006 and December 2016, Nicolae was the General Director of MedLife, and before joining the MedLife team, he was a specialist in psychiatry at the "Dr. Al Obregia" Clinical Psychiatry Hospital.

Dorin Preda (1976) – Member of the Board of Directors; Chief Finance and Treasury

Dorin Preda is a member of MedLife's Board of Directors since 2008. He is a graduate of the Academy of Economic Studies, Bucharest, Faculty of Finance, Insurance, Banks and Stock Exchanges (1998). Prior to joining the MedLife team, Dorin Preda held the position of CEO at Asilife Insurance Broker S.R.L. (2007-2008), branch manager within HVB – Tiriac Bank S.A. (2006-2007), HVB Bank S.A. (2005-2006), of the Ion Tiriac Commercial Bank (2004-2005) and of the RoBank S.A. Commercial Bank. (2003-2004). He also held the position of director of the Loans and Marketing Department at RoBank S.A. Commercial Bank. (2001-2002), credit analyst at the same bank (2000-2001) and director of the Loans Department at Dacia Felix S.A. Bank. (1999-2000).

Dimitrie Pelinescu-Onciul (1947) - Member of the Board of Directors

Dimitrie Pelinescu-Onciul is a member of MedLife's Board of Directors since 2008. He is a graduate of the Carol Davila University of Medicine and Pharmacy in Bucharest, Faculty of Medicine (1972), specializing in obstetrics and gynecology (resident 1978-1981), Doctor of Medical Sciences since 1994 and University Professor since 2007. Dimitrie Pelinescu-Onciul is a member of 11 scientific societies in Romania and 7 scientific societies abroad, holding, among others, the position of president of the Romanian Perinatal Medicine Association (2006-2008) and founding president of the Romanian Society of Ultrasound in Obstetrics and Gynecology from 2011 until now. Before joining the MedLife team in 2004, he worked at Filantropia Clinical Hospital, Bucharest (1994-2004), Titan Clinical Hospital, Bucharest (1986-1991), Brâncovenesc Clinical Hospital (1978-1986) and Sinești rural hospital, Vâlcea county (1972-1978), holding the position of primary obstetrician-gynecology doctor, head of clinic or hospital director.

Ana Maria Mihaescu (1955) - Independent Member of the Board of Directors

Ana Maria Mihaescu is a member of the Board of Directors of MedLife since September 2017. In the last 20 years, Ana Maria Mihaescu has led the mission of the International Finance Corporation in Romania, a World Bank's Division and the largest private sector lender in emerging countries. Between 2011 and 2016, Ana Maria Mihaescu had a decision-making role regarding the IFC projects in several European countries, including Romania. Previously, she held top management positions in the banking sector. Since 2016 to 2023 she was part of the Supervisory Board of Raiffeisen Bank as an independent member.

Voicu Cheta (1981) – Independent Member of the Board of Directors

Mr. Cheța has been a member of MedLife's Board of Directors since December 2020. He is a lawyer at the Bucharest Bar with over 16 years of legal experience. His specialist practice covers diverse areas such as high value commercial litigation, commercial arbitration, insolvency and restructuring, employment relations, public procurement, administrative litigation, debt recovery and corporate law. In the activity of legal consultancy and representation before courts and arbitration courts, he acquired an overall vision and proven skills in approaching commercial legal relations in a way that ensures their correlation with the needs of economic activity.

Ovidiu Fer (1983) - Independent Member of the Board of Directors

Mr. Fer is a member of the Board of Directors of MedLife since December 2020. He is a graduate of the Academy of Economic Studies in Bucharest, Faculty of Finance, Insurance, Banks and Stock Exchanges (2006) and holds an MBA from INSEAD (2014). In 2016, Ovidiu Fer founded the Alpha Quest Regional Investment Fund, as a founding member and is also a member of the Advisory Council of GapMinder VC Fund (since 2018). Previously, he was a member of the Investment Committee of IJC Funds (2014-2016) and held the position of external advisor to Elliott Advisors (2013-2014). He also held, alternately, the position of capital analyst, frontier markets expert and country manager at Wood & Company between 2007-2013 and was a financial analyst for KTD Invest (2005-2007).

Consultative Committees

According to the Articles of Association, the Board of Directors can establish advisory committees of at least 2 members of the Board of Directors, to formulate recommendations to the Board of Directors in various areas.

Comitetul de Audit

The audit Committee is composed of 3 non-executive members of the Board of Directors having, mainly, the following main duties:

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

The composition of the Audit Committee as at 31 December 2023:

Name	Position
Ana Maria Mihaescu	Independent Member of the Board of Directors – Chair of the Audit Committee
Voicu Cheta	Independent Member of the Board of Directors
Ovidiu Fer	Independent Member of the Board of Directors

In 2023, 7 meetings of the Audit Committee were held.

Remuneration Committee

The audit Committee is composed of 3 non-executive members of the Board of Directors having, mainly, the following duties:

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

The composition of the Remuneration Committee as at 31 December 2023:

Name	Position
Voicu Cheta	Independent Member of the Board of Directors – Chair of the Audit Committee
Ana Maria Mihaescu	Independent Member of the Board of Directors
Dimitrie Pelinescu-Onciul	Member of the Board of Directors

Executive Committee

The Executive Committee is led by Mr. Mihail Marcu, President of the Board of Directors and CEO, Mr. Nicolae Marcu, member of the Board of Directors and Director of Health and Operations and Mr. Dorin Preda, member of the Board of Directors and Chief Finance and Treasury. Under the guidance of the key managers mentioned above is a group of executive managers with solid experience within the Group who manage the functions, business lines and central units. These professionals have a significant degree of independence and freedom in implementing budgets established for units and lines of business.

The composition of the Executive Committee as at 31 December 2023:

Name	Position	Appointment Date	Termination Date
Mihail Marcu	CEO	01.04.2017	21.10.2024
Nicolae Marcu	Chief Healthcare and Operations Officer	03.04.2017	21.10.2024
Dorin Preda	Chief Finance and Treasury	03.04.2017	21.10.2024
Alina Irinoiu	CFO	20.09.2022	21.10.2024
Radu Petrescu	Human Resources Director	13.09.2017	21.10.2024
Marius Petrilăa	IT Director	12.04.2021	21.10.2024
Mariana Brates	Procurement Director	03.04.2017	21.10.2024
Larisa Chirirac	Medical Director	02.05.2018	21.10.2024
Vera Firu	Accounting and Tax Director	03.04.2017	21.10.2024
Mirela Dogaru	Comercial Director	03.04.2017	21.10.2024

Mihail Marcu (1970) – CEO

Nicolae Marcu (1968) – Chief Healthcare and Operations Officer

Dorin Preda (1976) – Chief Finance and Treasury

Alina-Oana Irinoiu (1993) – Chief Financial Officer
Alina Irinoiu is MedLife Group's CFO and member of the Executive Committee since October 2022. She graduated from the Academy of Economic Studies in Bucharest, Faculty of International Economic Relations. Alina started working within the Company in 2018, holding the position of Investor Relations Manager for four years. At the same time, she coordinated the M&A department for small and medium-sized transactions, holding for a short period the position of Deputy Chief Financial Officer. Before joining MedLife team, she worked in the field of financial auditing for financial institutions at PricewaterhouseCoopers (PWC).

Vera Firu (1959) – Accounting and Tax Director

Vera Firu has been the Accounting and Tax Director of MedLife since 2005. She graduated in 1985 from the Academy of Economic Studies, Faculty of Industry, Construction and Transport Economics. Before joining MedLife team, she held the position of economic director of Unicom Holding S.A. (1996-2005), and previously she was chief accountant within Romquartz S.A. She was appointed as member of MedLife's Executive Committee starting with December 16, 2016. By the decision of MedLife's Board of Directors dated October 20, 2020, her mandate was extended for a period of 4 years (October 21, 2020 – October 21, 2024).

Larisa Chiriac (1969) – Medical Director

Larisa Chiriac is the Medical Director of MedLife since January 16, 2017. She graduated from Titu Maiorescu University Bucharest, Faculty of Medicine and Pharmacy, being licensed as a doctor in 1998. Larisa worked in the Emergency Clinical Center for Cardiovascular Diseases of the Army in Bucharest. Her professional experience includes: specialist in family medicine, with medical services management and general ultrasonography management capabilities, head of the triage office at the Emergency Clinical Center for Cardiovascular Diseases of the Army in Bucharest, between May 2003 and June 2016. She was appointed as member of MedLife's Executive Committee starting on May 1, 2018. By the decision of the MedLife's Board of Directors dated October 20, 2020, her mandate was extended for a period of 4 years (October 21, 2020 – October 21, 2024).

Mariana Ilea-Brates (1967) – Procurement Director

Mariana is Director of MedLife's Procurement department since November 2004. Mariana graduated in 1992 from the Bucharest Polytechnic Institute, Faculty of Chemical - Inorganic Technology. She is also a graduate of several training courses in fields such as: sales, management and accounting. During her university studies, she worked as a chemical laboratory technician at the National Wood Institute (1986-1992), and after graduating, she was a chemical engineer at the same institution (1992-2000). Before joining MedLife team in 2004, she held the position of procurement and management administrator at Medicover S.R.L. (2000 – 2004). She was appointed as member of MedLife's Executive Committee starting on December 16, 2016. By the decision of MedLife's Board of Directors dated October 20, 2020, her mandate was extended for a period of 4 years (October 21, 2020 – October 21, 2024).

Mirela Dogaru (1977) – Corporate Director

Mirela is Comercial Director and coordinator of the Corporate department at the level of MedLife Group since 2005. She is a graduate of the Polytechnic University of Bucharest, Faculty of Biochemistry (2003) and of the Executive Master of Business Administration (EMBA)/ASEBUSS program of Kenesaw University in Atlanta, Georgia, US. Mirela joined MedLife team in 2005 as Coordinator of the Corporate Sales team, a position she held until 2011 when she was appointed Sales Director for the Business Development division. Before joining MedLife team, Mirela held the position of sales director at Petchim S.A. (2004 – 2005) and was Key Account Manager within Freshtex Textile Finishing S.R.L. (2003 – 2004). She was appointed as member of MedLife's Executive Committee starting on December 16, 2016. By the decision of MedLife's Board of Directors dated October 20, 2020, her mandate was extended for a period of 4 years (October 21, 2020 – October 21, 2024).

Radu Petrescu (1980) – Human Resources Director

Radu Petrescu is the Director of the Human Resources department of MedLife since September 2017 and member of the Executive Committee of MedLife since September 13, 2017. By the decision of MedLife's Board of Directors dated October 20, 2020, his mandate was extended for a period of 4 years (October 21, 2020 – October 21, 2024). Radu has extensive experience in the area of human resources, coordinating complex organizational development projects, performance management or talent management. He previously worked in FMCG, and in the pharmaceutical sector where he held the position of HR Operations Manager Europe at Pfizer where, for a while, he worked at the Berlin headquarter. In the field of financial services, Radu Petrescu worked in the consulting team of PricewaterhouseCoopers (PWC). Graduate of the Faculty of Sociology at the University of Bucharest, Radu also followed a master's program at the same institution.

Marius Petrila (1980) – IT Director

Marius Petrilă has been the IT Director of MedLife since 2004. Marius graduated in 2002 from the Faculty of Internal and International Commercial and Financial Relations-Banking, in 2004 a Master in Marketing, and in 2010 a Master in Information Systems. Marius holds the following international certifications: PRINCE2, ITIL, AgilePM. He was appointed as member of MedLife's Executive Committee effective April 12, 2021.

The Board of Directors has delegated the management of MedLife to its directors, and the delineation of responsibilities between the Board and the company's directors, including the threshold values of competence for legal acts concluded by the company, is included in the Board's internal regulations.

The Board appoints a maximum of 10 directors for a period of 4 years and decides on the competencies and responsibilities of the directors through regulations or decisions. The directors are generally responsible for the day-to-day operations of MedLife within the limits established by the Board, the Articles of Association, and the Applicable Law.

The decisions that require a resolution of the Executive Committee, the decisions that can be made by a director, and the organization and functioning of the Executive Committee are established by the regulations of the Executive Committee approved by the Board.

According to the available information, there is no agreement, understanding, or family relationship between the company's administrators and any other person who may have contributed to their appointment as administrators.

According to the information available, the members of the Board of Directors have not been involved in any litigation or administrative proceedings regarding their activity within the company in the last five years, nor regarding their ability to fulfill their duties within the company in the last five years.

Operational Management

The Company's management is structured on two pillars. Operational management is provided by a senior managers team who work under the leadership of the Group's executive directors.

This body includes the functional managers of the support departments, the various categories of hierarchical superiors and managers of other wider units. The group of managers meets weekly in the form of a management committee with the objective of identifying and managing the risks that may arise, as well as the opportunities within the commercial activity carried out, as well as the review of the current performance vs. the budgeted one. Members outside Bucharest usually participate in these meetings via video conference.

The Group manages its activity according to an annual budget, initially approved together with the managers, based on a bottom-up approach and which is subsequently confirmed by the Group's Executive Committee and the Board of Directors. The budget includes the main operational performance indicators as well as the financial objectives, presents the operational and financial plan of the Company for the current financial year and establishes the operational and financial objectives at unit level.

The remuneration of the members of the operational management group is largely related to the achievement of the objectives in the budget. Within their units, managers benefit from sufficient autonomy to carry out their activity in accordance with the objectives established in the budget.

In addition to operational management, the Group implements a medical management system with the main objective of quality assurance and medical risk management. The medical management at Group level is ensured by the medical director of the Group. Medical managers or unit-level coordinators meet periodically to review patient cases, identify current and future medical issues, and plan medical resources. Each medical unit has a medical coordinator and, within complex hospital structures, the medical management structure includes a Medical Director, a Medical Council and an Ethics Council. Carrying out new medical procedures or changing existing protocols is usually subject to the approval of medical management groups.

HUMAN RESOURCES AND OTHER RESOURCES

The Group serves patients through the largest private team of doctors and nurses in Romania. As of December 31, 2023, the Group collaborates with a number of more than 4,800 doctors and 2,800 qualified nurses in its lines of activity, both employees who work exclusively for the Group and collaborators, providing services as independent professionals. Additionally, as of December 31, 2023, more than 2,700 full-time employees were working in administrative and support roles.

The Group's objective is for the medical staff to consist mostly of full-time employees, even if certain specialties and functions are very difficult to fill in the current market conditions. In these circumstances, the Group concludes part-time employment or collaboration agreements with the respective staff. The type of contractual arrangement between the Group and its medical staff depends on various criteria, such as the professional context or the time that the medical staff can allocate to the services provided in the Group. The medical personnel in the service contracts are regarded by the Group as a commercial partner, providing services to the Group as an independent contractor, in accordance with the applicable legislation.

The Group seeks to provide appropriate compensation and incentives to physicians and medical staff in exchange for quality healthcare and commitments to promote the MedLife Group business model. The usual compensation package offered by the Group to its employees includes a fixed remuneration, to which is added a variable remuneration, determined on the basis of a revenue sharing mechanism, related to the deployed medical activity. Associates are compensated based on the number of appointments and medical services provided to patients. The Group does not operate pension plans or long-term benefit plans.

The Group invests in human resources programs such as Life Academy and Good Practice - Nurses School. These training programs are designed to ensure the continued professional development of its employees, both support and administrative staff, as well as medical staff.

In relation to colleagues, the Group ensures a safe working environment where employees are treated fairly and with respect, and differences between employees are accepted. The Group is committed to providing colleagues with the opportunity to excel and reach their full potential and to reward them on merit.

The Group does not tolerate any discrimination, intimidation or harassment of or between colleagues. The Group encourages clear and open communication with and among colleagues. They can and should promptly raise any concerns about any unethical or illegal behavior by bringing these concerns to the Group's human resources department. The Group undertakes to investigate such concerns raised in good faith, maintaining the confidentiality of such proceedings.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk exposure and risk management

The Group's Board of Directors has overall responsibility for establishing and overseeing the risk management framework within the Group. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to establish appropriate risk limits and controls, and to monitor risks and adherence to limits. The Audit Committee is responsible for monitoring and addressing issues regarding 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 currency risk. The Group's objectives, policies and processes for managing these risks and the methods used to measure the risks are set out below. The central treasury function has an important role in managing the Group's financial risks, with the aim of controlling and managing the Group's financial exposure and financial costs, with a balance between risk and cost.

Credit risk

Financial assets that potentially give rise to concentrations of credit risk consist principally of cash, short-term deposits, trade receivables, long-term receivables from stem cells processing and advances for acquisitions of subsidiaries (in the prior year).

The Group’s cash equivalents and short-term deposits are placed with reputable financial institutions with a high credit rating.

Trade receivables are represented net of the allowance for expected credit losses. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base, which consists mainly of both individuals and companies. Around 60% of the total sales are cash-based with remaining being based on issuance of invoices. The financial condition of these customers in relation to their credit standing is evaluated on an ongoing basis.

The Group has also developed certain procedures to assess legal entities as customers prior to signing contracts, aimed at providing health care packages (PPMs), and monitoring their ability to meet the payments during the course of contracts. Also, the Group has established an internal Collection department which actively monitors encashments received from customers.

Other long-term receivables for stem cells processing are presented net of the allowance for expected credit losses. Receivables were individually assessed taking into account specific information available in individual cases in order to measure credit risks. A provision for bad debts was established for certain customers for which management assessed high credit risk.

Advances for acquisition of subsidiaries are short-term in nature and might occur in certain business combinations between signing and closing, in line with Share Purchase Agreement terms and conditions. Muntenia Medical Competences acquisition was completed in January 2023, while Provita transaction was approved by the Competition Council in March 2023.

The gross carrying amounts of financial assets (before allowances for credit losses) included in the statement of financial position represent the Group's maximum exposure to credit risk in relation to these assets. The Group has only 27% of its sales during 2023 deriving from the treatment of NHIH insured patients (concentration of credit risk) - reliance on major customers, but in the management's view, the associated credit risk with the receivable balance is considered to be low, based on historical practice and specifics of the contracts.

At 31 December 2023 and 31 December 2022, the Group did not consider that there was a significant concentration of credit risk.

Interest rate risk

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

The Group is exposed to interest rate risk because it borrows funds at variable interest rates. The higher risk is represented by funds borrowed in the national currency, as interest rates are periodically revised according to the variation of the index.

Leases concluded in national currency are also at risk due to the above revaluation process, as the discount rate in this case is linked to domestic lending rates for funds withdrawn in national currency.

Interest rate sensitivity analysis is performed by management using a 10% increase / 10% decrease in interest rates and monitored periodically. This assumption has not changed from previous years and represents management's assessment of the reasonably possible change in interest rates.

Liquidity risk

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

Foreign currency risk

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

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

Internal Control – Internal Audit function

MedLife has implemented an internal control system applicable to the entire Group. Internal control is an objective and independent assessment activity, with a consultative purpose, carried out in order to supplement the added value and improve the activity within the Group.

Internal control supports the Group in achieving its objectives through a systematic and disciplined approach, the aim of which is to assess and improve the effectiveness of risk management, control systems and general management.

The objectives of the internal control and audit are:
- assessment and evaluation of the accuracy of the tasks performed;
- evaluation of the company's compliance with internal procedures;
- detection of cases of lack of economic spirit, cases of waste, abuses and other irregularities, with the indication of the persons/positions responsible for them;
- presentation to the Board of Directors of objective information from the scope covered by the control, and submission of proposals in order to eliminate the irregularities found and follow up on their realization;
- providing analyses, evaluations and recommendations for the Board of Directors.

The internal control within the Group checks:

- compliance with legislation in force;
- inforcement of the decisions taken by the company's management;
- good functioning of the internal activity;
- efficient use of resources;
- prevention and control of risks that may prevent the achievement of the set objectives;
- ensuring accounting management and financial monitoring of the Group's activities.

Internal control is applicable:

- prior to carrying out the operations, during the preparation of the budget, which allows, after the operations have been carried out, budgetary control;
- during the operations, but also after their completion, in which case the profitability of the operations is analyzed, and the compliance or possible anomalies that must be corrected is ascertained.

Litigations

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

Off-balance sheet arrangements

As at 31 December 2023, the Group is not part to any off-balance sheet obligations or arrangements.

Changes in Accounting Policies

To the best of the Company's knowledge, there are no material accounting standards applicable to the Group that will require a prospective change in any of the Group's accounting policies.

Material accounting policies

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

MEDLIFE ON THE CAPITAL MARKET

Share Capital

Subscribed and paid in share capital

In nominal terms, the issued share capital consists of 531,481,968 ordinary shares as at December 31, 2023 (December 31, 2022: 132,870,492) with a nominal value of 0.25 RON per share. Holders of ordinary shares are entitled to one vote per share in the shareholders' meetings of the MedLife, except for treasury shares repurchased as part of the share repurchase program. All shares rank at par and confer equal rights to the net assets of the Company, except for repurchased treasury shares.

In accordance with the Decision of the Extraordinary General Meeting of the Company's Shareholders dated August 3, 2023, the Company's share capital was increased by 99,652,869 RON, from 33,217,623 RON to 132,870,492 RON, by issuing a number of 398,611,476 new shares with a nominal value of 0.25 RON per share, by incorporating incorporating share premium and retained earnings, and the newly issued shares were allocated free of charge to the Company's shareholders registered in the shareholders' register held by Depozitarul Central S.A. on September 5, 2023 ("Registration Date"). Each shareholder registered in the shareholders' register on the Registration Date received 3 (three) newly issued shares free of charge for each share held on the Registration Date. The newly issued shares are registered shares, dematerialized, admitted to trading on the Main segment, Premium category of the Bucharest Stock Exchange. The total number of issued ordinary shares of the Company after the share capital increase was 531,481,968.

History of the share capital of the Company

In the period 2013-2016 there were no changes in the share capital of the Company.

On 11 November 2016, the split of the nominal value of shares issued by the Company from 10 RON/share to 0.25 RON/share was recorded in the trade register, based on the decision of the Extraordinary General Meeting of Shareholders adopted on 1 November 2016. Following the division of the nominal value, the number of shares issued by the Company changed from 502,300 shares to 20,092,000 shares. The Company's share capital became 5,023,000 RON, divided into 20,092,000 shares, each share having a nominal value of 0.25 RON.

On December 19, 2017, the process of raising capital by issuing additional shares was completed. Thus new 753,082 shares were subscribed as a result of exercising the preference right of the shareholders registered in the shareholders' register on October 27, 2017. There were also additional 1.3 million shares set in private placement. The date of the newly issued shares was January 11, 2018. Thus the share capital of the Company became 5,536,270.5 RON, divided into 22,145,082 shares, each share having a nominal value of 0.25 RON.

In accordance with the Decision of the Extraordinary General Meeting of Shareholders of the Company dated 15 December 2020, the share capital of the Company was increased with RON 27,681,352.50, from RON 5,536,270.5 to RON 33,217,623, by issuance of a number of 110,725,410 new shares with a nominal value of RON 0.25 per share. The Share Capital Increase was made with the incorporation of share premium reserves, and the newly issued shares (5 – for – 1) were allocated without a monetary compensation to all shareholders registered in the shareholders' register of the Company as at 4 of January 2021 (Registration Date). The effects of the share capital increase were processed on 15 of February 2021 and the newly issued shares were allocated to shareholders. The total number of issued ordinary shares of the Company after the share capital increase was 132,870,492.

Buy-back programs

During 2023, two own share buy-back programs were carried out. The buy-back programs were carried out in accordance with the regulations applicable to the share buy-back programs, namely Article 5 of EU Regulation 596/2014 on market abuse and Delegated Regulation (EU) 2016/1052.

Buy-back program approved through EGSM Decision no. 2 from 29 September 2021

On May 2, 2023, MedLife informed investors and shareholders about the completion of the share buy-back program which expired on April 18, 2023 and which was carried out in accordance with EGSM Decision no. 2 of September 29, 2021, which approved the buy-back from the market of a maximum number of 5,470,671 own shares, for a maximum period of 18 months from the date of publication of the decision in the Official Gazette of Romania, at a purchase price between 10 and 30 RON/share.

The buy-back program was started on January 7, 2022, thorugh the Decision of the Board of Directors of January 7, 2022, and unfolded between January 7, 2022 and April 18, 2023, with BT Capital Partners S.A. acting as the Intermediary of the program.

The buy-back program had the following results:

	2023	**2022**
Number of shares bought-back	23.592	382.134
Average buy-back price (RON/share)	16,9951	20,4961
Total price paid for the repurchased shares (excluding brokerage fees and other acquisition costs)	8.233.188,14 RON	

The purpose of the program was for the buy-back own shares to be offered to former or current members of management, or to former or current employees of some of Med Life S.A.'s subsidiaries, in exchange for the shares held by them in the respective subsidiaries of Med Life S.A..

Buy-back program approved through EGSM Decision no. 1 from 3 August 2023

On 28 September 2023, following the Decision of the Board of Directors from 27 September 2023, MedLife started a buyback program aimed at acquiring a number of its own shares whose total nominal value is equal to a maximum of 10 % of the subscribed share capital of the Company from the date of buyback, for a maximum period of 18 months from the date of publication of the EGSM decision in the Official Gazette of Romania, at a price per share (i) at least equal to the market price of a share on BVB from the moment of making the purchase and (ii) maximum equal to the highest value between the share price of the last independent transaction and the highest share price at that time of the purchase offer on the BVB.

The shares acquired under this buyback program will be offered to employees and members of the Company's management, former or current members of management, or former or current employees of some of the Company's subsidiaries and/or will be offered in exchange for shares held in the Company's subsidiaries by former or current members of management, or former or current employees of some of the Company's subsidiaries.

As of December 31, 2023, the number of shares repurchased under this buyback program was 20,000 shares at an average average buy-back price (RON/share) of 4.3283 (buy-backs performed after bonus issue).

This buyback program is ongoing at the date of this report, with the Company informing investors and shareholders weekly, through BVB and its own website, of its evolution.

Treasury shares, which are repurchased equity instruments, are recognized at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium. During 2023, the Group reacquired its own equity instruments (treasury shares) in a total amount of RON 448,718 and issued shares in a total amount of RON 3,026,045, net of commissions. The difference between the fair value and the cost of own shares at the time of the change is in the total amount of RON 308,155 and was included as an increase in the issue premium account.

Shareholders structure of Med Life S.A. as at 31 December 2023

As at December 31, 2023, the synthetic structure of Med Life S.A.'s shareholding, according to the data received from the Central Depository, was as follows:

	Number of shares	% share capital
Legal persons	289,227,475	54.42%
Marcu Mihail	78,484,828	14.77%
Cristescu Mihaela Gabriela	74,642,760	14.04%
Marcu Nicolae	55,341,600	10.41%
Others	33,785,305	6.36%
Total	**531,481,968**	**100.00%**

The evolution of shares on the Bucharest Stock Exchange

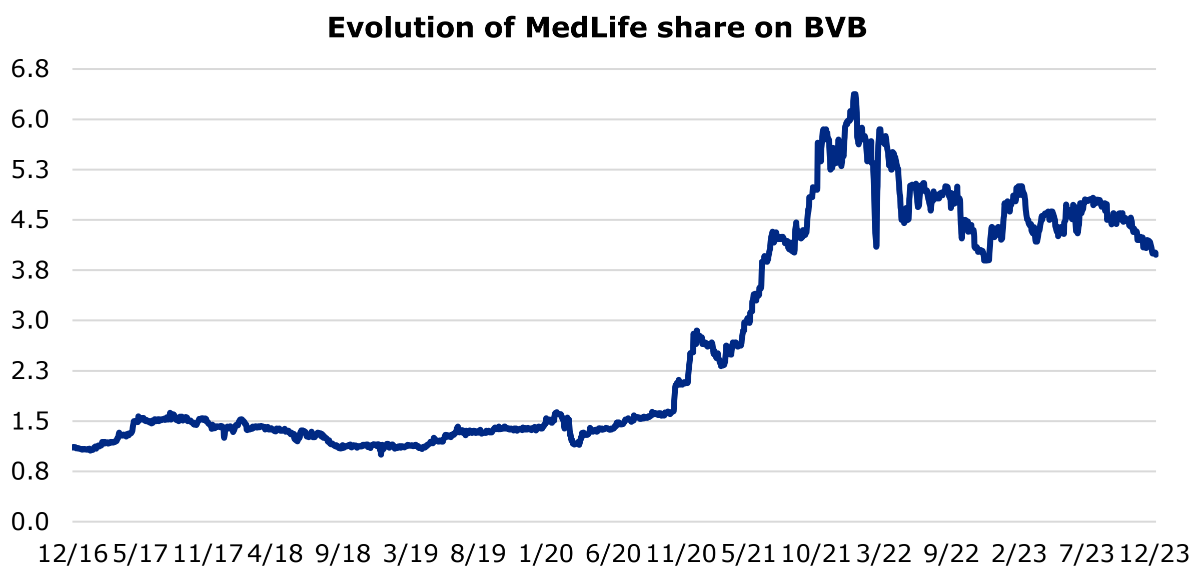
In December 2016, following the approval by the Financial Supervisory Authority ("FSA") of the prospectus of the initial public offer for the sale of shares (IPO), MedLife was admitted to trading on the main segment, the Premium category, at a final offer price of 26 RON.

MedLife shares' are included in several BVB indices, including the BET index - the reference index of the capital market in Romania, which reflects the evolution of the most traded companies on the BVB regulated market. MedLife shares are also included in indices dedicated to emerging and frontier markets of global index providers FTSE Russell and MSCI, respectively FTSE Global All Cap, MSCI Frontier IMI and MSCI Romania IMI.

Between January 1 and December 31, 2023, MedLife shares' traded between a minimum price* of 3.98 RON/share and a maximum price* of 5.00 RON/share.
** Prices adjusted as a result of the share capital increase approved during the EGSM of August 3, 2023*.

The total volume traded in 2023 was 38,368,922 shares, with a total value of 174,965,621 RON, representing an average daily turnover of 154,713 shares, respectively 705,507 RON.

As at December 31, 2023, MedLife's capitalization was 2,115,298,233 RON.



MedLife's activity from the Investor Relations perspective

The Investor Relations Department and the Company's management team constantly participate in a series of events dedicated to Romanian and foreign investors and financial analysts - national and international conferences, individual and group meetings, online or physical format, conference calls, to present the MedLife Group, its operational and financial results, strategy and perspectives.

Each year, MedLife organizes four conference calls to present the Group's financial results: annual, quarterly and half-yearly. The organization of these conference calls is announced through current reports issued and disseminated both through the company's website and at the Bucharest Stock Exchange, and participation can be done by requesting access information. Subsequently, the transcript of these conference calls is available on MedLife's website, in the Investor Relations page, Periodic / Annual Reports section.

During 2023, MedLife's representatives participated in the following conferences organized in physical format, addressed to financial analysts and foreign and Romanian institutional investors:

- Wood Romania Investor Day, London (3 March)
- Wood Frontier Investor Days Conference, Bucharest (7 - 8 September)
- Wood's Winter Wonderland EMEA Conference, Prague (5 December)

Evaluation according to the VEKTOR indicator - Romanian Investor Relations Association ("ARIR")

VEKTOR by ARIR is an indicator that evaluates the efficiency of communication with investors of companies listed on the BVB, an indicator calculated by ARIR according to a methodology developed in collaboration with a number of capital markets professionals, as well as stock market investors. In 2023, for the second year in a row, MedLife obtained the maximum score in this evaluation, i.e. grade 10.

Thus, MedLife ranks among the top companies listed on the BVB that respect the best practices regarding transparency, corporate governance and communication with investors, indicating a constant concern for attracting and retaining shareholders.

DIVIDENDS POLICY

Shares owned by the Company's shareholders other than the Company bear equal and full rights to dividends.

The Company's financial year begins on January 1 and ends on December 31st. Under the Company Law, dividends may be distributed only if the Company records profit, optionally quarterly on the basis of interim financial statements, and annually, after the settlement adjustment is made in the annual financial statements approved by the General Shareholders' Meeting, as under the Romanian law, interim dividends may be distributed. The Company's profit after the profit tax payment will be distributed according to the decision of the general meeting of shareholders. The Company has the obligation to set up reserves and other funds required by the applicable laws.

The Company's general meeting of shareholders is free to decide the distribution of dividends based on the proposal of the Board of Directors. If the Board of Directors do not make such proposal, shareholders holding individually or collectively at least 5% of the voting rights may also request to add to the agenda of the shareholders' meeting an item on the distribution of dividends, including the distribution quota. Dividends may be distributed only out of profits determined by law, pro rata with the contribution to the paid-in share capital, optionally quarterly based on interim financial statements and annually, after the settlement adjustment is made in the annual financial statements.

The General Meetings of Shareholders approving the annual financial statements generally establishes also the amount of the gross dividend per share, as well as the payment process. According to Law no. 24/2017 on issuers of financial instruments and market operations, the General Meeting of Shareholders approving the distribution of dividends must also set the period during which the dividends will be paid to the entitled shareholders. The beginning of the payment period shall not occur later than 6 months from the date of the meeting. If the General Meeting of Shareholders does not decide on a dividend payment period, the dividends shall be payable within 30 days from the date of publication of the resolution approving the payment of dividends in the Official Gazette of Romania, Part IV. Upon expiry of such period, the Company would be deemed to be in payment default by operation of law.

Dividends may be paid on an optional quarterly basis within the time limit set by the general meeting of shareholders, by adjusting the differences resulting from the distribution of dividends during the year in the annual financial statements. Payment of settlement adjustments is made within 60 days of the date of approval by the General Meeting of Shareholders of the annual financial statements for the financial year ended. Otherwise, the Company or its shareholders, depending on the outcome of the settlement, owes after this term a penalty interest calculated according to the applicable legal provisions, if the decision of the general meeting of the shareholders approving the financial statements of the concluded financial year did not set a higher interest rate. In the case of partial dividends being distributed among shareholders during a financial year, the annual financial statements will highlight dividends that are partially attributable and will properly adjust the resulting settlement differences.

Payment of dividends is made only to shareholders registered on the registration date set by the General Meeting of Shareholders approving the distribution of dividends. The registration date must be set on a date that occurs at least 10 business days after the date of the General Meeting of Shareholders. Romanian law also requires that the payment date set by the General Meeting of Shareholders must not occur later than 15 business days after the registration statements results, entails the criminal liability of directors, the members of the board of directors, members of the executive board or the supervisory board or the legal representatives of the Company and shall be punished by imprisonment from one year to five years. Furthermore, if the Company registers a loss of its net assets, the share capital must be replenished or reduced before any dividend distribution is made. In addition, if the Company has accumulated losses, it may not pay dividends until the losses are offset.

The Board of Directors is focused on creating value for the Company's shareholders. To sustain the Group's current pace of growth in terms of profitability, the Group needs both internal and external resources. Thus, the Board of Directors, committed to further expand the Group's profitability to the benefit of the shareholders, intends to date, but must occur within the six months period from the date of the General Meeting of Shareholders approving the dividend distribution.

According to the applicable regulations, the Company must publish, before the dividend payment date, a press release which will also be sent to FSA and market operator, specifying at least (i) the value of the dividend per share, (ii) the ex-dividend date, (iii) the date of registration, and (iv) the date of payment of the dividends, as approved by the General Meeting of Shareholders, as well as (i) the method of payment of the dividends and (ii) the identification information of the paying agent.

Any dividends that are not claimed within three years from the date on which their payment becomes due may be retained by the Company.

According to the Company Law, the distribution of dividends from fictitious profits or from sources that cannot be distributed during the financial year on the basis of the interim and annual financial statements, or contrary to the financial

propose not to distribute dividends to the shareholders for as long as the growth of the Group is comparable to that recorded historically.

In case the Board of Directors will propose the distribution of dividends in the future, certain matters will need to be considered, such as: general business conditions, the Group's financial results, investment requirements as well as contractual and legal restrictions on the payment of dividends or any other factors as the Board of Directors may deem relevant. Profits not required for the Company's growth plans or not encumbered by contractual, legal or other restrictions is expected to be paid to the shareholders as dividends, unless it is needed for any other corporate purpose including investments in value creating opportunities.

FINANCIAL ANALYSIS

The following analysis of the Group's financial condition and results of operations as of and for the years ended 31 December 2022 and 2023 should be read in conjunction with the Financial Statements and the information related to the Group's business included elsewhere in this Annual Report. Selected financial information presented in this section has been derived from the Consolidated Audited Financial Statements, in each case without material adjustment, unless otherwise stated. Investors should read the Annual Report together with the Financial Statements and other reports issued by the Group and should not rely upon summarized information only.

The following table sets out the Group's consolidated statement of profit and loss and other comprehensive income for the periods ended 31 December 2023 and respectively, 2022:

	12 months ended December 31,		**Variation**
	2023	**2022**	
Revenue from contracts with customers	2,210,435,349	1,795,432,748	23.1%
Other operating income	11,300,635	14,118,061	20.0%
OPERATING INCOME	**2,221,735,984**	**1,809,550,809**	**22.8%**
Consumable materials and repair materials	(389,887,326)	(311,233,127)	25.3%
Third party expenses	(625,309,108)	(468,196,458)	33.6%
Salary and related expenses	(543,024,486)	(442,897,905)	22.6%
Social contributions	(19,480,725)	(15,852,088)	22.9%
Depreciation, amortization and impairment of fixed assets	(197,390,915)	(152,410,751)	29.5%
Impairment losses and gains (including reversals of impairment losses)	(2,688,649)	(4,851,599)	-44.6%
Commodities expenses	(208,134,799)	(209,975,320)	-0.9%
Other operating expenses	(144,302,612)	(109,903,888)	31.3%
OPERATING EXPENSES	**(2,130,218,620)**	**(1,715,321,136)**	**24.2%**
OPERATING PROFIT	**91,517,364**	**94,229,673**	**-2.9%**
Finance cost	(82,170,695)	(42,489,150)	93.4%
Interest income	3,423,077	-	100.0%
Other financial income	1,221,841	-	100.0%
Other financial expenses	(9,692,103)	(2,183,221)	343.9%
FINANCIAL RESULT	**(87,217,880)**	**(44,672,371)**	**95.2%**
PROFIT BEFORE TAX	**4,299,484**	**49,557,301**	**-91.3%**
Income tax expense	(8,464,341)	(12,124,746)	-30.2%
PROFIT AFTER TAX	**(4,164,857)**	**37,432,555**	**-111.1%**
Owners of the Group	3,684,292	32,173,072	-88.5%
Non-controlling interests	(7,849,149)	5,259,483	-249.2%
Earnings per share			
Basic earnings per share	0.007	0.061	
Diluted earnings per share	0.007	0.061	
OTHER COMPREHENSIVE INCOME ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Revaluation of land and buildings	-	66,292,412	0.0%
Deferred tax on other comprehensive income components	-	(10,606,786)	0.0%
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**55,685,626**	**0.0%**

Total other comprehensive income attributable to			
Owners of the Group	-	54,012,309	0.0%
Non-controlling interests	-	1,673,317	0.0%
TOTAL COMPREHENSIVE INCOME	**(4,164,857)**	**93,118,181**	**-104.5%**
Total comprehensive income attributable to:			
Owners of the Group	3,684,292	86,185,381	-95.7%
Non-controlling interests	(7,849,149)	6,932,800	-213.2%

Overview of the Group's sales streams

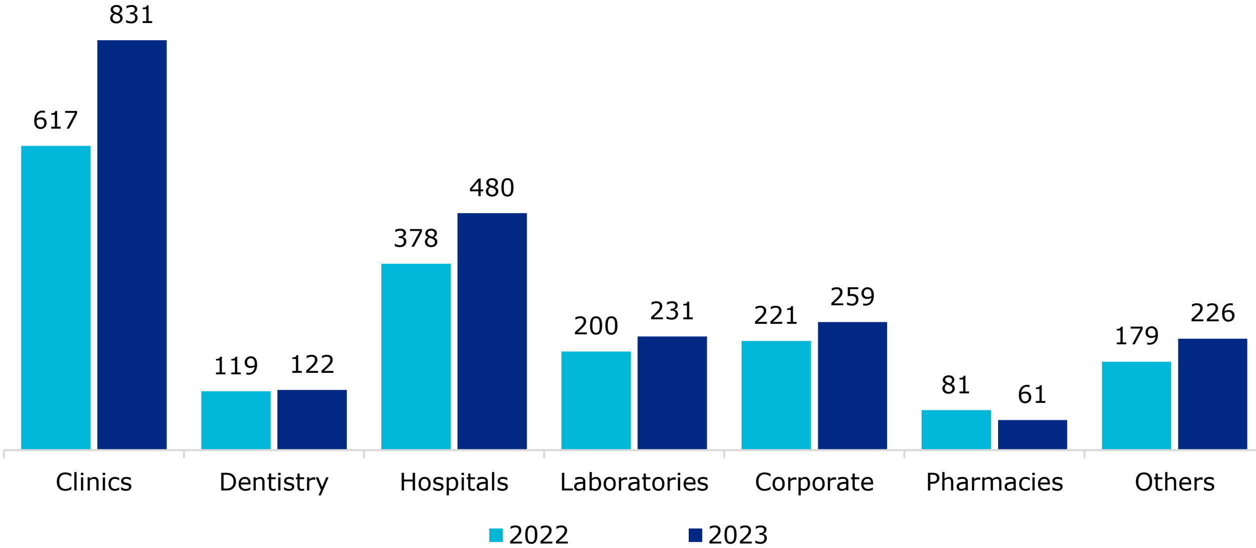
The main activities of the Group are carried out through six business lines, which offer a balanced portfolio of activities, covering all key segments of the private medical services market.

The turnover of the 2023 financial year amounted to RON 2,210,435,349, increasing compared to the turnover obtained in the 2022 financial year by RON 415,002,601, respectively 23.1%. The increase was mainly due to growth across all of the Group's business lines, as well as the acquisitions completed by the Group in 2022 and 2023.

The following table shows the turnover for 2023 compared to the turnover recorded in 2022 for each of the Group's business line:

Business Line	12 months 2023 Sales	% of Total Sales	12 months 2022 Sales	% of Total Sales	Variation 2023/2022
Clinics	831,236,066	37.6%	616,685,378	34.1%	34.8%
Dentistry	121,778,348	5.5%	119,068,495	6.6%	2.3%
Hospitals	480,454,826	21.7%	377,991,740	20.9%	27.1%
Laboratories	230,656,316	10.4%	199,919,067	11.1%	15.4%
Corporate	259,493,546	11.7%	221,374,274	12.2%	17.2%
Pharmacies	60,709,968	2.7%	80,941,362	4.5%	-25.0%
Others	226,106,278	10.2%	179,452,431	10.5%	26%
Total	**2,210,435,349**	**100.0%**	**1,795,432,748**	**100.0%**	**23.1%**

Turnover evolution

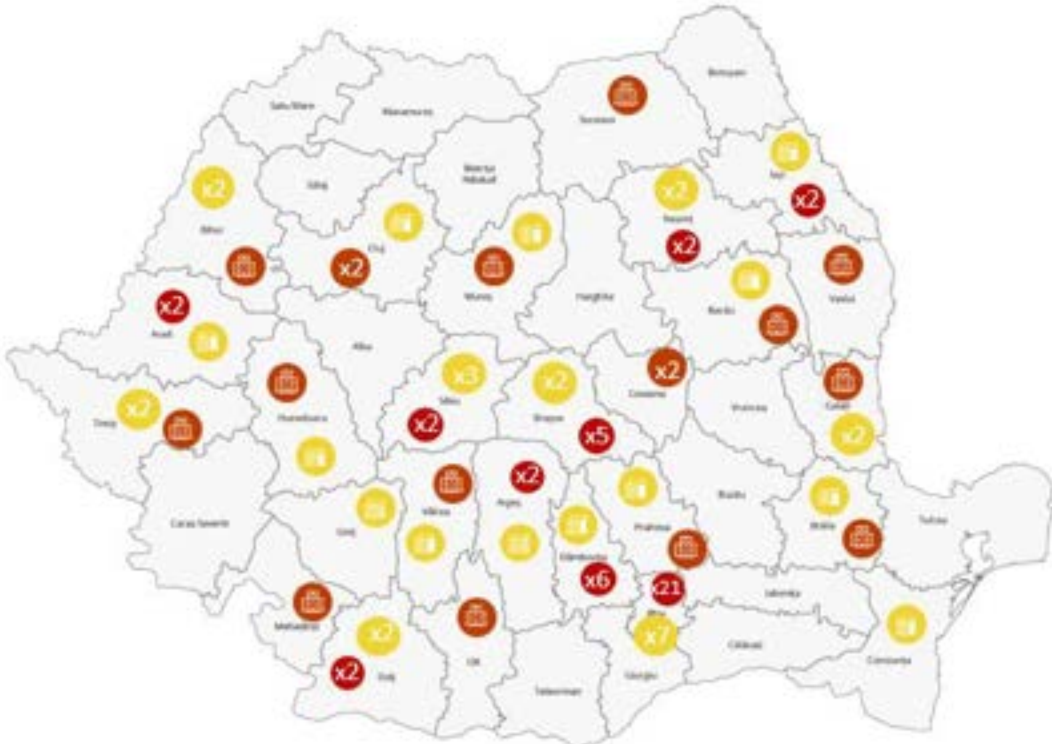


Business model independent of NHIH funding

The Group's business and revenue model focuses on the purchasing power of companies and individuals regarding medical services, while the state contribution through NHIH is a supplement, and not the core revenue of MedLife's activities. In 2023, 60% of the Group's revenues came from private individuals ("PPS") and 13% from legal persons. In the same period, 27% of the Group's sales came from the treatment of patients insured by NHIH, the Group having the ability to independently determine its policies and priorities.

Clinics

Clinics network national distribution



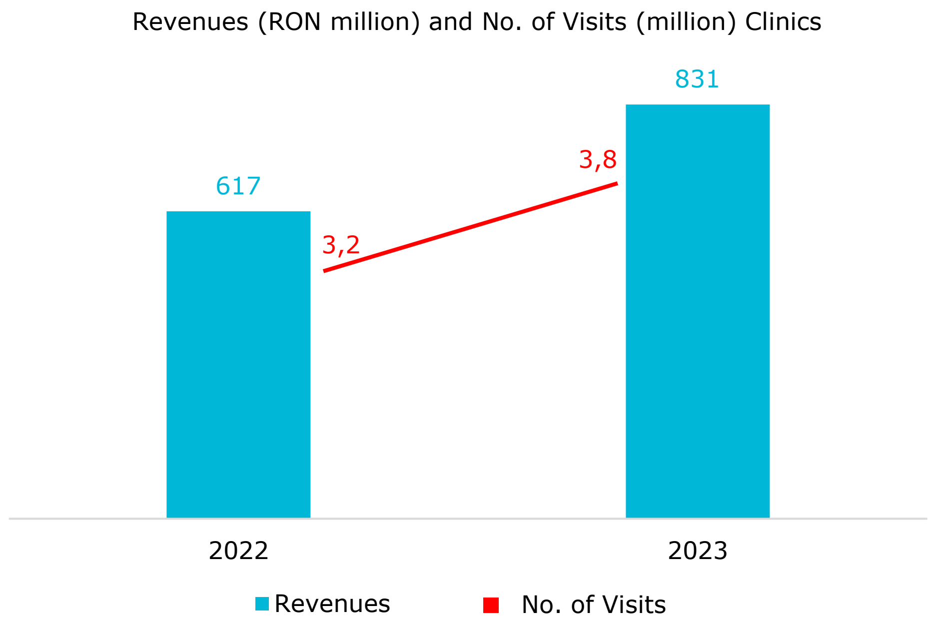
The core element of the Group's operations is the network of outpatient clinics throughout Romania. The business line consists of a network of 103 units, which offer an extensive range of outpatient services covering a wide range of medical specialties. The Group's imaging services provided to customers other than inpatients are also part of the Group's business line.

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

- **Hyperclinics**, a format pioneered by the Group in Romania, consisting of large facilities with surface areas of over 1,000 sqm and more than 20 medical offices. It is a one-stop-shop for clinical examinations and imaging. This format is designed for larger urban areas, with a population over 175,000 inhabitants. The Hyperclinics include, usually, a broad range of imaging services such as: radiology, bone density – DEXA, CT, MRI, 2D-4D ultrasounds and mammography. In the case of new openings, such services may be included, gradually, in the hyperclinics' offering. The hyperclinic locations also host the services of other business lines, such as collection points for laboratories, or pharmacies.

- **Clinics**, which offer a wide range of services, from general medicine to specialist medical consultations, and aim to serve the basic needs of the Group's PPM patients, but also pay-per-service patients and those who opt for services settled by the National Health Insurance House ("NHIH"). The Group's clinics typically have between 5 to 12 doctor's offices, but there are also smaller satellite clinics in operation, which aim to address the specific situations of the local market. The Clinics are designed for smaller cities, or to serve certain concentrations of patients. The Clinics, with limited capacity and generally limited imaging services, act as referral networks for more specialized services located in hyperclinics.

Analysis of the evolution of the Clinics business line in 2023



Revenues from Clinics increased in 2023 by RON 214,550,688, respectively 34.8%, from RON 616,685,378 in 2022 to RON 831,236,066 in 2023. The increase was determined by the sustained demand for outpatient medical services and the new acquisitions made in 2022 and 2023, as well as by prices increases. The average price per visit increased by 12.7%, from RON 192.4/visit in 2022 to RON 216.8/visit in 2023. Regarding the number of visits, there was an increase of 19.6% compared with the previous year, from 3,205,637 visits in 2022 to 3,834,062 visits in 2023.

Clinics sales do not reflect sales of services provided to PPM patients as part of PPM packages (these are recorded on the Corporate Sales business line), but include sales paid in clinics, on a fee-for-service (PPS) basis by the Group's PPM patients.

The Clinics business line derives revenue predominantly from PPS customers. The treatment of patients insured by the state through NHIH, mainly with reference to diagnostic imaging radiotherapy and chemotherapy services (the Neolife group being consolidated in the Clinics business line), represented 40.5% in 2022, respectively 39.7% in 2023 of the business line sales'.

Corporate

The Corporate business line offers prevention medical packages ("PPM") on a subscription basis, in general, to corporate clients, as part of the benefit packages granted by them by their employees. These programs, which focus on prevention, such as periodic medical examinations and access to diagnostic services, complement the statutory occupational health services that corporate customers contract from MedLife as "Standard" PPM.

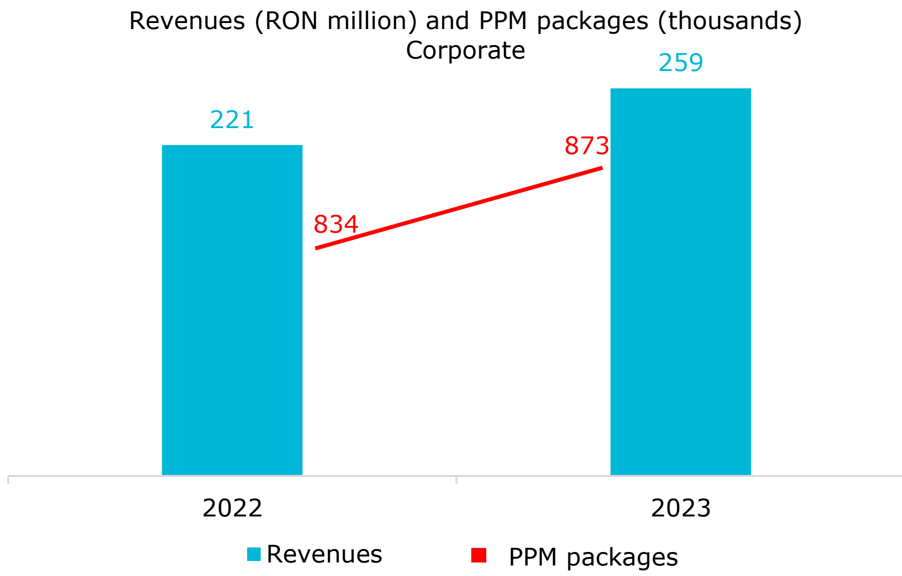
MedLife has a portfolio of 870,000 PPM packages. The Group has the largest base of PPM beneficiaries in Romania, according to available public information.

The HPPs offered by the Group consist of:

- Mandatory occupational health services, which mainly include the provision of annual employee check-ups and more specific services depending on the client's industry. Many companies begin by purchasing occupational health services as Standard HPP and then add benefits under broader HPPs from the same provider for certain or all of their employees, providing an upselling opportunity for the occupational health provider.

- More general, prevention oriented health plans, providing expanded access to general practitioners and specialists in the Group's clinics and as well as specific laboratory tests and diagnostic imaging for higher end packages. The specific services vary depending on the type of package.

Analysis of the evolution of the Corporate business line in 2023



In the 2023 financial year, MedLife saw its Corporate revenue increase by 17.2% compared to the previous financial year. This growth was achieved by sustainably increasing the number of corporate customers and, implicitly, the number of subscriptions, while also focusing on loyalty and making additional sales to existing customers, as well as constant adjustments to subscription prices. MedLife has also developed programs dedicated to the corporate segment as employers become increasingly concerned about the health of their employees.

The expansion of the Group's coverage area outside of Bucharest allowed access to potential new customers, as the Group's Clinics, carrying its own brand and other units of its own, offer a local solution directly under the MedLife brand. The Group has, over time, expanded its regional sales teams to cater to this market.

Dentistry

Dentistry centers national distribution

In 2015, the Group inaugurated its first independent dentistry clinic under the DentaLife brand in Bucharest, with the intention to expand the network further both in Bucharest and across the country.

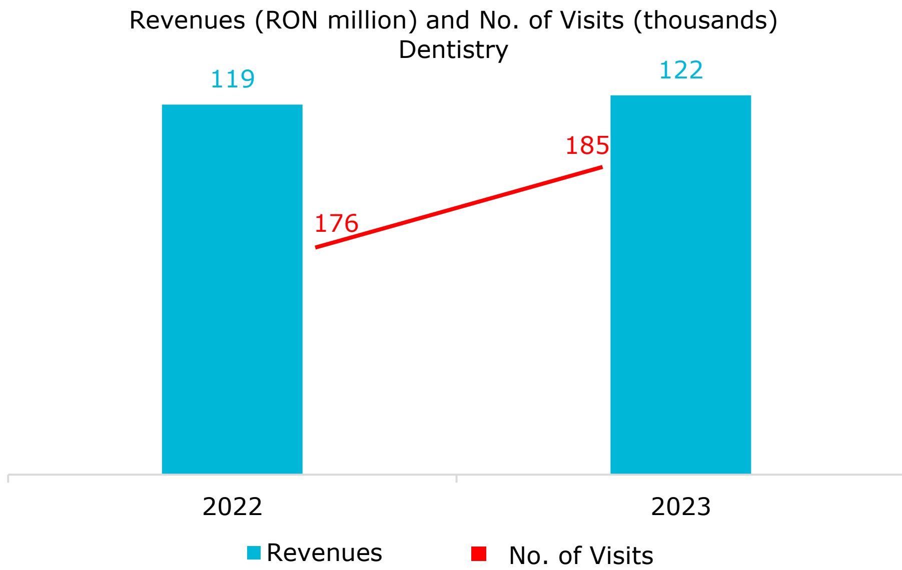
In 2016, the Group completed the acquisition of Dent Estet, the most important player on the dental services market in Romania. The acquisition of Dent Estet has propelled the Group into a leading position in the dental services market, which continues to be a highly fragmented market.

Subsequently, the Group continued to expand this segment under the Dent Estet brand, consolidating its already well-defined position in the market.

The Dentistry business line within the Group offers a full range of services, from medical examinations to surgical interventions, implants or orthodontic services.

On December 31, 2023, the MedLife Group included 18 dental clinics, including the RMC DentArt dental clinic in Budapest.

Analysis of the evolution of the Dentistry business line in 2023



Revenues from Dentistry increased in 2023 by RON 2,709,853, respectively 2.3%, from RON 119,068,495 in 2022 to RON 121,778,348 in 2023, mainly as a result of a contraction in 2023 of the number of specialized procedures that were postponed by patients. Thus, the number of visits increased by 5.3%, from 176,437 visits in 2022 to 185,829 visits in 2023, while the average rate decreased by 2.9%, from RON 674.9 /visit in 2022 , to RON 655.3/ visit in 2023.

The Dentistry business line is not the subject to NHIH allocations, all sales are fee for service ("FFS") based.

Laboratories

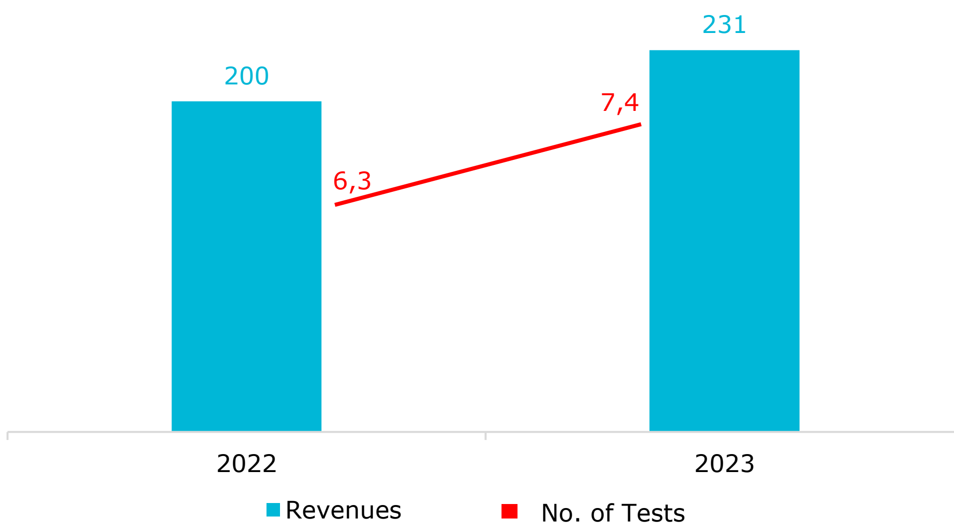
Laboratories and Sampling Points national distribution

The Group is currently one of the leading laboratory chains focused on the private market in Romania. The Laboratories business line offers the following range of services: biochemistry, pathological anatomy (cytology and histology), molecular biology and genetics, hematology, immunology, microbiology and toxicology. The Group operates a number of 39 laboratories both under the MedLife and Sfanta Maria brands, which include both larger units with state-of-the-art equipment, such as the Grivița lab, as well as smaller regional units.

On December 31, 2023, the Group operated a number of over 180 collection points throughout the country, under both brands of the group. Collection points are facilities where the Group collects blood and other samples from patients.

Analysis of the evolution of the Laboratories business line in 2023

Revenues (RON million) and No. of Tests (million) Laboratories



Revenues from Laboratories increased in 2023 by RON 30,737,249, respectively 15.4%, from RON 199,919,067 in 2022 to RON 230,656,316 in 2023, due to the 18.3% increase in the volume of tests carried out, while the average tariff registered a slight decrease of 2%, from RON 31.7 in 2022, to RON 31.8 in 2023, as a result of the change in the mix of analyzes carried out.

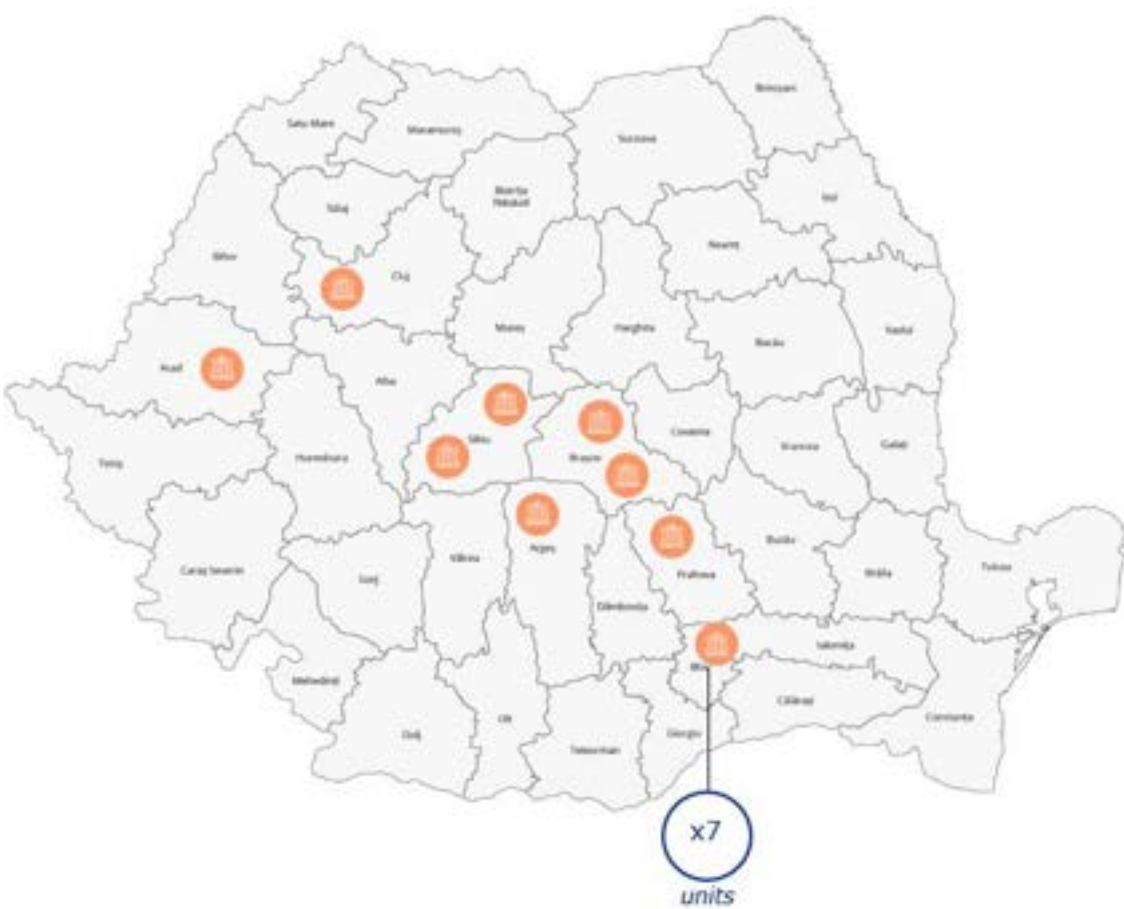
The Laboratories business line derives its largest share of revenue from FFS customers. The analyzes carried out for patients insured by the state through NHIH, constituted 13.4% in 2022, respectively 14.1% in 2023 of the sales of the business line.

Hospitals

Hospitals national distribution

15

Hospitals



MedLife created the Hospitals business line to complement its clinic and laboratory activities, creating a full-service offering. The Group's first hospital, Life Memorial Hospital ("LMH"), opened in 2007, was one of the first and is still among the largest private hospitals in Romania.

Subsequent growth has resulted in the Group becoming the largest private operator of inpatient facilities in Romania, measured by licensed number of beds, as well as operating theatres.

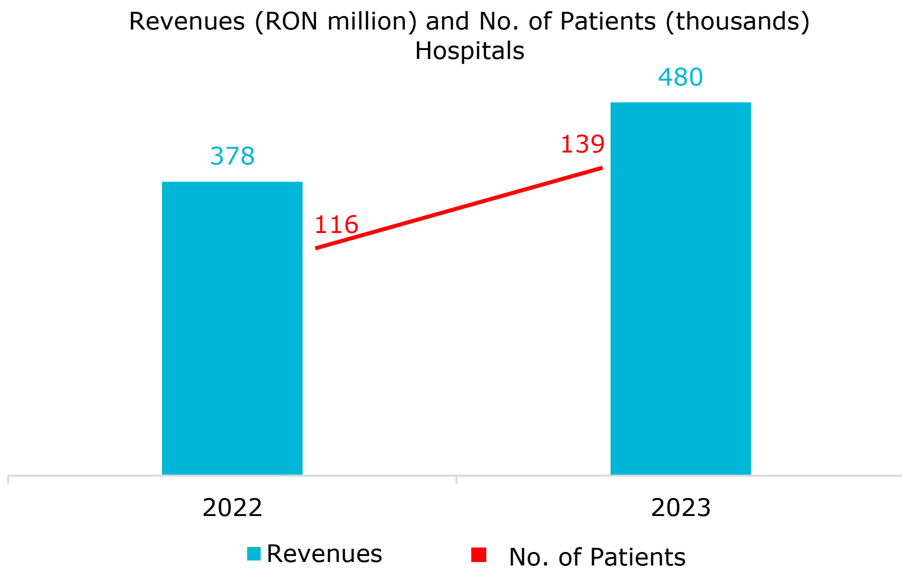
Between 2010 – 2023, the Group developed 6 new hospitals and bought and integrated 9 existing hospitals:

- **Life Memorial Hospital in Bucharest**, which has a modern operating block consisting of 7 operating theaters with state-of-the-art equipment and which operates 24 h/ 24 h, 7 days/ 7. The hospital offers patients an extensive range of medical specialties.
- **MedLife Pediatric Hospital in Bucharest**, opened in 2011. The hospital is dedicated to inpatient care and surgery for pediatric patients and hosts a specialized clinic, a pharmacy and a laboratory (operating according to their fields of activity).
- **Genesys Arad** was bought in 2011 and operates as a general hospital in Arad, in the western part of Romania.
- **PDR Hospital in Brasov** was developed and expanded by the Group following the acquisition of PDR in 2010, which included the land and building in which the hospital operates.
- **Orthopedics Obor Hospital**, located in central Bucharest in leased facilities, opened in 2012. It is licensed as an external section of LMH and it is specialized in orthopedic surgery.
- **Titan Hospital** was established in 2015 in rented facilities above the existing MedLife Titan outpatient unit. It is licensed as an external section of LMH.
- **Interventional Cardiology Centre Angiolife** was established as an external section of LMH next to the LMH site. Opened in 2015, the Centre has 12 beds and one operating theatre with one operating room, focusing on the treatment of heart disease through laparoscopic procedures. The development of the Interventional Cardiology Center reflects the Group's ongoing focus on niche opportunities where specialist medical teams can be recruited to serve the Group's patient base.
- **Humanitas Hospital** was acquired in 2017 and functions as a generalist hospital in Cluj.
- **Polisano in Sibiu**, a company that was bought in 2018 and includes the MedLife Polisano Hospital in the Constituții location, which was the first private hospital in Romania, as well as the MedLife Polisano Hospital in the Izvorului location, recognized as one of the most modern and performing hospital units in Romania.
- **Lotus Hospital** in Ploiesti was bought in 2019, and is one of the most important providers of private medical services in Prahova County, with integrated outpatient, imaging, continuous and day hospitalization services.
- **Oncocard Hospital in Brasov**, inaugurated in 2012, through an investment of over 24 million euros and fully acquired by the MedLife Group in 2022, it is based on an innovative concept of integrative medicine that starts from the diagnostic phase and covers the entire range of specific active therapies.
- **Muntenia Hospital**, the largest hospital in Arges county. With 12 years of experience in the medical services market, Muntenia Hospital joined MedLife's mission in 2023 to offer patients medical excellence services for investigations, medical treatments and surgical interventions, in day hospitalization and continuous hospitalization. The Pitesti hospital is distinguished by a medical team made up of over 70 specialists covering almost all medical and surgical specialties and an operating theater with 4 operating rooms, a high-performance radiology and imaging center and its own medical analysis laboratory.
- **Nord Hospital** (foormer Provita) in Bucharest, inaugurated in December 2023 and which is a multidisciplinary hospital dedicated to health and life, with a modern infrastructure and the latest technology in the field. With an extensive area of 25,000 square meters, the hospital has 8 ultra-modern operating rooms, 49 reserves and 107 beds. The hospital also has an Integrated Pain Therapy Center and an integrated Imaging Center and offers over 28 medical specialties, both for adults and children. The medical teams are focused on complex interventions, covering several areas of the surgical area.

The following table includes a distribution of beds by hospital and specialty.

	ATI	Neonatology	Continuous hospitalization	1 day Hospitalization	TOTAL
Spitalul de Pediatrie MedLife	10	-	96	26	**132**
MedLife Medical Park	18	43	151	8	**220**
Angiolife	3	-	6	-	**9**
Spitalul de ortopedie	11	-	25	-	**36**
Spitalul Titan	4	-	6	19	**29**
Spitalul Turnului	15	18	72	27	**132**
Spitalul Genesys	4	10	45	4	**63**
Iași spitalizare de zi	1	-	-	6	**7**
Timisoara spitalizare de zi	2	-	-	8	**10**
Craiova spitalizare de zi	1	-	-	39	**40**
Grivita spitalizare de zi	2	-	-	14	**16**
Spitalul Humanitas	6	-	42	9	**57**
Spitalele Polisano	21	18	144	12	**195**
Spitalul Lotus	3	-	12	10	**25**
Spitalul Oncocard	4	-	80	10	**94**
Spitalul Muntenia	6	-	19	23	**48**
Spitalul Nord Agricultori	8	-	18	16	**42**
Spitalul Nord Pipera	16	-	65	26	**107**
Total	**135**	**89**	**781**	**257**	**1,262**

Analysis of the evolution of the Hospitals business line in 2023



Revenues from the Hospitals business line increased in 2023 by RON 102,463,086, respectively 27%, from RON 377,991,740 in 2022 to RON 480,454,826 in 2023. The increase was supported by the increase in the number of patients, as well as by the increase of the medical teams and the complexity of the medical act and consolidation of Oncocard, Muntenia and Nord hospitals acquired during the years 2022 and 2023. The number of patients increased by 19.6%, from 116,447 patients in 2022, to 139,234 patients in 2023, in while the average price per patient increased by 6.3%, from 3,246.0 RON/ patient in 2022, to 3,450.7 RON/ patient in 2023. The increase in the number of patients is also due to the acquisitions completed by the Group in 2022 and 2023 .

The Hospitals business line derives revenue predominantly from PPS patients. The treatment of patients insured by the state through CNAS, generally in the maternity, gynecology, surgery, cardiology and oncology sectors, represented 35.7% and 39.3% of the sales of the business line in the years 2022 and 2023, respectively.

Pharmacies

Pharmacies national distribution

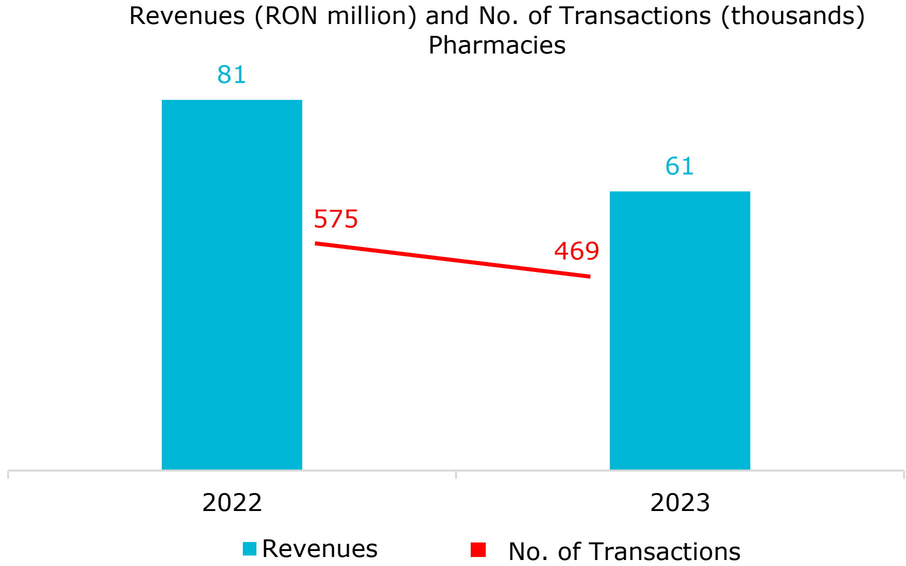
21

Pharmacies

In 2010, the Group launched its PharmaLife pharmacy brand with the aim of capturing additional revenue from the existing patient traffic in the Group's clinics. PharmaLife operates pharmacies in the Group's own facilities, where space, authorization and sales potential allow it, and also in the proximity of the facilities.

As of 31 December 2023, there were 21 operational pharmacies offering both prescription and non-prescription products to patients, including Doctor Life own brand products.

Analysis of the evolution of the Pharmacies business line in 2023



The revenues of the Pharmacies business line decreased in 2023 by RON 20,231,394, respectively 25%, from RON 80,941,362 in 2022 to RON 60,709,968 in 2023, mainly as a result of the adjustment of the portfolio of products sold.

In 2023, 55% of PharmaLife sales were cash-based sales, the difference being represented by sales subsidized by NHIH.

Other revenues

Other revenues include sales brokerage commissions related to insurances intermediated by the Group's insurance broker, revenues from the Stem Cells Bank's stem cell collection and storage services, revenues from the wholesale company – Pharmachem Distributie, as well as revenues generated by the SanoPass online platform and the wellness division, Sweat Concept.

Other revenues increased in 2023 by RON 46,653,847, respectively 26.0%, from RON 179,452,431 in 2022 to RON 226,106,278 in 2023, mainly as a result of the Pharmachem Distribution activity.

Analysis of the other items of the profit and loss account

Other operating revenues

Other operating revenues of the Group for the 12-month period ended on December 31, 2023 were RON 11,300,635, registering a decrease of 20.0% compared to the previous year. This category mainly includes revenues from operating subsidies in the amount of 2,637,466 RON, as well as other operational revenues in the amount of 8,663,169 RON, which increased in 2023 as a result of the sale of two pharmaceutical licenses.

Operating expenses

Operating expenses include fixed and variable expenses, as well as expenses for goods and materials used by the Group to provide services. Operating expenses as a percentage of operating income represented 95% in 2022 and 96% in 2023. The main categories of operating expenses are described below.

	12 months 2023	12 months 2022	Variation 2023/2022
Consumable materials and repair materials	389,887,326	311,233,127	25.3%
Commodities expenses	208,134,799	209,975,320	-0.9%
Utilities	34,016,431	25,955,216	31.1%
Repairs maintenance	19,369,183	13,361,182	45.0%
Rent	12,823,124	8,432,798	52.1%
Insurance premiums	5,962,658	4,711,548	26.6%
Promotion expense	37,019,353	26,664,612	38.8%
Communications	6,030,747	5,211,175	15.7%
Third party expenses (including contracts with doctors)	625,309,108	468,196,458	38.8%
Salary and related expenses	543,024,486	442,897,905	22.6%
Social contributions	19,480,725	15,852,088	22.9%
Depreciation, amortization and impairment of fixed assets	197,390,915	152,410,751	29.5%
Impairment losses and gains (including reversals of impairment losses)	2,688,649	4,851,599	-44.6%
Other administration and operating expenses	29,081,116	25,567,358	13.7%
TOTAL	**2,130,218,620**	**1,715,321,136**	**24.2%**

Consumable materials and repair materials

These expenses include various medical supplies and other assets used by the Group's business lines, including laboratory reagents, chemotherapy drugs, sterile surgical and consultation supplies, and cleaning supplies. The Group's expenses for consumables and repair materials increased in 2023 by RON 78,654,199, respectively 25.3%, from RON 311,233,127 in 2022 to RON 389,887,326 in 2023. The increase was mainly due to the activity of Neolife and Oncocard, respectively to consumables for chemotherapy drugs related to them.

This category of expenses as share of the Group's turnover represented 17.3% in 2022 and 17.6% in 2023.

Salary and related expenses and social contributions

These expenses include gross salary expenses and related contributions for the Group's own staff, including doctors, nurses, laboratory staff, pharmacists and administrative staff at headquarters and operating units. Expenses with doctors who provide services for the Group on an independent basis are included in the category Expenses with third parties (including contracts with doctors), described below.

The Group's expenses with salaries and social contributions increased in 2023 by RON 103,755,218, respectively 22.6%, from RON 458,749,993 in 2022 to RON 562,505,211 in 2023, mainly as a result of the integration of the acquired companies and organically developed units during 2023.

This category of expenses, as share of the Group's turnover, represented 25.6% in 2022 and 25.4% in 2023.

Third party expenses (including doctors' agreements)

Third party expenses mainly include expenses with doctors contracted by the Group as independent service providers. Third-party expenses also include other types of expenses engaged with third parties, such as cleaning and laundry, waste collection and sanitation, guarding and security, IT services, consulting services, legal services, logistics and telecommunications services, accreditations and authorizations , and the costs of the "NetLife" network, which serves the Group's PPM subscribers in areas where the Group does not have a presence.

The Group's expenses with third parties increased in 2023 by RON 157,112,650, respectively 33.6%, from RON 468,196,458 in 2022 to RON 625,309,108 in 2023. This category of expenses as a share of the Group's turnover accounted for 26.1% in 2022 and 28.3% in 2023. This growth was mainly due to medical teams being brought in consistently throughout the year for organically developed projects at the beginning of the investment cycle.

Amortization and depreciation

Amortization and depreciation expenses increased in 2023 by RON 44,980,164, respectively 29.5%, from RON 152,410,751 in 2022 to RON 197,390,915 in 2023. The increase is due to the increase in the Group's assets, as well as to the effects of IFRS 16. This category of expenses as share of Group sales represented 8.5% in 2022 and 8.9% in 2023.

Commodities expenses

These expenses mainly include the cost of pharmaceutical products sold by the Group's pharmacies, as well as pharmaceutical products sold by Pharmachem Distributie. Expenditures on goods decreased in 2023 by RON 1,840,521, respectively 0.9%, from RON 209,975,320 in 2022 to RON 208,134,799 in 2023.

This category of expenses as a share of the Group's turnover represented 11.7% in 2022 and 9.4% in 2023, in line with the adjustment of the mix of products sold in pharmacies, but also the decrease in pharmaceutical and distribution activity as a share in total revenue driven by more accelerated growth in the main business lines.

Other operating expenses

Other operating expenses include advertising expenses, maintenance and repair expenses, utilities, rents, insurance premiums, communications and other administrative and operating expenses. Other operating expenses increased in 2023 by RON 34,398,724, respectively 31.3%, from RON 109,903,888 in 2022 to RON 144,302,612 in 2023.

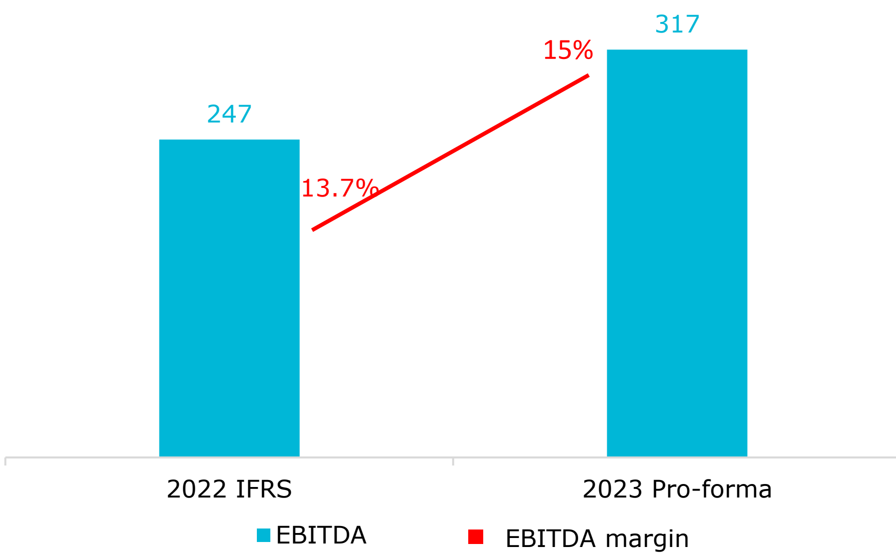
This category of expenses as a percentage of Group sales represented 6.1% in 2022 and 6.5% in 2023.

EBITDA PRO-FORMA

Adjusted EBITDA, presented in the statement regarding the Pro-Forma Financial Information for the year ended December 31, 2023, registered an increase of 28.5%, or RON 70,402,770, compared to EBITDA for the year ended December 31, 2022, from RON 246,640.423 in 2022, to RON 317,043,193 in 2023.

More details regarding the pro-forma financial information can be found in the appendix "Pro-forma financial information for the 12-month period ended December 31, 2023".

Evolution of EBITDA (RON million) and EBITDA margin (%)



Operating Profit

Operating profit decreased by 2.9% in 2023 compared to 2022, from RON 94,229,673 in 2022, to RON 91,517,364 in 2023, as a result of the increase in operating expenses presented previously and the consolidation of the structure of the MedLife Group through acquisitions and organic developments.

Despite economic turbulence and the visible impact of high inflation on the business environment, MedLife Group continued its growth and expansion plan in 2023, completing two large M&A transactions and 3 smaller M&A transactions (2 under the umbrella of the second brand, Sfanta Maria and one under the Medici's umbrella in Timisoara) as well as 4 organic development projects, including Nord Pipera Hospital, an intensive CAPEX project, thus consolidating its expertise in integrated medical services and niche services. The Group thus currently comprises companies with high growth potential and the ability to generate margins, and we expect to see clear trends in consolidating margins in the coming period.

Financial result

The financial result increased by 95.2% in 2023 compared to 2022, from a loss of RON 44,672,371 in 2022, to a loss of RON 87,217,880 in 2023. The increase was mainly due to the increase in financing costs as a result of the increase in interest-bearing debts from one period to another, in order to support the Group's development strategy, as well as as a result of the change in market interest rates, the EURIBOR level reaching 4.004% on December 31, 2023.

Result before taxes

As a result of the factors presented above, the pre-tax result decreased by RON 45,257,817 in 2023, respectively 91.3% from RON 49,557,301 in 2022, to RON 4,299,484 in 2023.

Income tax expense

The profit tax decreased in 2023 by RON 3,660,405, respectively 30.2%, from RON 12,124,746 in 2022, to RON 8,464,341 in 2023.

Net result

The net result recorded in 2023 decreased by 111.1%, from a profit of RON 37,432,555 in 2022 to a net loss of RON 4,164,857 in 2023.

In 2022, Total other comprehensive income of RON 55,685,626 was recorded due to the revaluation process of the Land and Buildings owned.

Consolidated statement of financial position

The following table sets out the Group's consolidated statement of financial position for the periods ended 31 December 2023 and, respectively, 2022.

	31 December 2023	31 December 2022	Variation
ASSETS			
Non-current Assets			
Goodwill	445,395,617	368,672,606	20.8%
Intangible assets	118,906,011	100,192,265	18.7%
Property, plant and equipment	1,101,015,115	828,501,060	32.9%
Right-of-use asset	396,569,537	306,413,389	29.4%
Other financial assets	40,942,540	82,810,704	-50.6%
Total Non-Current Assets	**2,102,828,820**	**1,686,590,024**	**24.7%**
Current Assets			
Inventories	109,657,497	98,770,370	11.0%
Trade Receivables	261,664,410	221,358,860	18.2%
Other assets	50,216,242	44,362,334	13.2%
Cash and cash equivalents	100,271,093	89,068,154	12.6%
Prepayments	11,699,369	11,826,587	-1.1%
Total Current Assets	**533,508,611**	**465,386,305**	**14.6%**
TOTAL ASSETS	**2,636,337,431**	**2,151,976,329**	**22.5%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Non-Current Liabilities			
Lease liability	309,158,946	225,175,340	37.3%
Other long term debt	47,775,013	21,657,277	120.6%
Interest-bearing loans and borrowings	1,040,639,641	803,273,659	29.5%
Deferred tax liability	44,897,775	44,250,160	1.5%
Total Non-Current Liabilities	**1,442,471,375**	**1,094,356,436**	**31.8%**
Current Liabilities			
Trade and other payables	404,553,771	335,356,742	20.6%

Overdraft	29,835,472	27,801,016	7.3%
Current portion of lease liability	99,589,187	77,141,698	29.1%
Current portion of interest-bearing loans and borrowings	82,297,342	55,695,054	47.8%
Current tax liabilities	321,242	814,508	-60.6%
Provisions	11,116,544	9,783,326	13.6%
Other liabilities	71,960,475	68,989,304	4.3%
Total Current Liabilities	**699,674,033**	**575,581,648**	**21.6%**
TOTAL LIABILITIES	**2,142,145,408**	**1,669,938,084**	**28.3%**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	132,562,338	83,812,556	58.2%
Treasury shares	(681,892)	(3,219,219)	-78.8%
Reserves	212,560,216	204,591,243	3.9%
Retained earnings	70,850,636	131,596,254	-46.2%
Equity attributable to owners of the Group	**415,291,298**	**416,780,834**	**-0.4%**
Non-controlling interests	78,900,725	65,257,411	20.9%
TOTAL EQUITY	**494,192,023**	**482,038,245**	**2.5%**
TOTAL LIABILITIES AND EQUITY	**2,636,337,431**	**2,151,976,329**	**22.5%**

Analysis of the main elements of the consolidated statement of financial position

Non-current assets

Property, plant, and equipment amounted to RON 2,102,828,820 on December 31, 2023, registering an increase of 24.7% compared to December 31, 2022. The increase is mainly due to the acquisitions completed in 2023, generating an additional increase of RON 76,723,011 in the registered goodwill, but also the increase in property, plant, and equipment by RON 272 million, both as a result of the consolidation of the acquired companies and organic development projects.

The Group's property, plant, and equipment include buildings and land, which are used for the benefit of the private health service network. The Group companies own part of these assets.

Also, the Group uses a large number of properties based on lease agreements, and some properties are used under loan agreements or concession agreements, which are renewed periodically.

Most of the properties owned by the Group are are subject to mortgages that guarantee the repayment of loans granted to the Group by creditors.

As at 31 December 2023, the Group had the following structure of tangible and intangible assets:

	Intangible assets		*Property, plant and equipment*						
	Intangible assets	**Intangible assets in progres**	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total fixed assets***	**TOTAL**
31 December 2022	**185,325,033**	**-**	**118,558,183**	**297,358,837**	**140,603,584**	**659,366,725**	**59,949,392**	***1,275,836,721***	**1,461,161,754**
Additions	18,639,571	-	-	-	10,759,331	129,837,499	103,252,841	*243,849,672*	262,489,243
Transfers	1,144,614	-	-	-	17,034,835	34,417,288	(52,596,737)	*(1,144,614)*	0
Disposals	(4,239,996)	-	-	-	(430,409)	(13,171,354)	(10,561,684)	*(24,163,447)*	(28,403,443)
Additions from business combinations	21,313,560	-	2,294,403	-	32,101,647	76,527,357	25,217,219	*136,140,626*	157,454,186
31 December 2023	**222,182,781**	**-**	**120,852,586**	**297,358,837**	**200,068,988**	**886,977,515**	**125,261,031**	***1,630,518,958***	**1,852,701,739**
Depreciation	**Intangible assets**	**Intangible assets in progres**	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total fixed assets***	**TOTAL**
31 December 2022	**85,132,768**	**-**	**-**	**(0)**	**73,773,177**	**373,562,484**	**-**	**447,335,661**	**532,468,429**
Charge of the year	16,787,666	-	-	7,891,882	11,907,689	77,576,266	-	97,375,836	114,163,503
Disposals	(1,287,418)	-	-	-	(297,360)	(14,910,294)	-	(15,207,654)	(16,495,072)
Impairment of Trademarks	2,643,753	-	-	-	-	-	-	-	2,643,753
31 December 2023	**103,276,769**	**-**	**-**	**7,891,882**	**85,383,505**	**436,228,456**	**-**	**529,503,844**	**632,780,613**
Net Book Value									
31 December 2022	**100,192,265**	**-**	**118,558,183**	**297,358,837**	**66,830,407**	**285,804,241**	**59,949,392**	**828,501,060**	**928,693,325**
31 December 2023	**118,906,012**	**-**	**120,852,586**	**289,466,955**	**114,685,483**	**450,749,059**	**125,261,031**	**1,101,015,115**	**1,219,921,126**

Current Assets

Current assets increased by 14.6% from RON 465,386,305 on December 31, 2022 to RON 533,508,611 on December 31, 2023. The increase was in line with the development of the Group.

Inventories

Inventories are recorded at the lower of cost and net realizable value. Inventory cost includes all costs incurred to bring inventory to its current condition and location and is valued using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price for inventories less the estimated costs for completion and estimated costs necessary to make the sale.

	31 decembrie 2023	**31 decembrie 2022**
Consumables	60,386,702	50,500,617
Materials in the form of inventory items	1,267,448	1,153,623
Merchandise	48,002,728	47,115,210
Inventory in transit	619	920
TOTAL	**109,657,497**	**98,770,370**

Receivables

Receivables are measured in the balance sheet at the estimated amount to be realized. The Group's receivables cover a wide range of clients. The main client to the state budget is the National Health Insurance House.

The average receivables collection period for the services provided is 95 days. No interest is charged on trade receivables for the first 95 days from the invoice date.

	31 December 2023	31 December 2022
Clients	301,363,147	258,302,033
Allowance for bad debt	(39,698,737)	(36,943,173)
TOTAL	**261,664,410**	**221,358,860**

Current Liabilities

Current liabilities (excluding interest-bearing liabilities) increased by 17.6%, from RON 414,943,880 on December 31, 2022 to RON 487,952,032 on December 31, 2023.

Suppliers of the Group

The Group purchases materials of a medical or other nature from top suppliers in the market, including international firms and prestigious local companies. The Group has entered into purchase agreements with its main suppliers of medical supplies, substances used in laboratory activities, pharmaceuticals, medical equipment and other non-medical purchases. These contracts are negotiated at Group level in order to obtain more advantageous conditions at Group level. The procurement department is an essential element for generating cost synergies, especially for new companies integrated into the MedLife Group. The Group selects its suppliers based on criteria of quality, price and their ability to deliver and aims to establish solid long-term relationships with its suppliers.

Financial Debt

Interest-bearing debt increased by 31.3%, from RON 1,189,086,767 on December 31, 2022 to RON 1,561,520,588 on December 31, 2023. The increase is mainly due to the financing of acquisitions completed during the year, as well as organic projects developed in 2023. On December 31, 2023, the companies within the Group were parties to a number of financing contracts, the funds being used to finance the Group's investment expenses, as well as to finance working capital.

The table below summarizes the Group's debts from loan and leasing contracts as at 31 December 2022 and 2023:

Loan agreements	**31 December 2023**	**31 December 2022**
Current portion of interest-bearing loans and borrowings (incl. overdraft)	112,132,814	83,496,070
Non-current portion of Interest-bearing loans and borrowings	1,040,639,641	803,273,659
TOTAL	**1,152,772,455**	**886,769,729**

Leasing liabilities	**31 December 2023**	**31 December 2022**
Long term portion – Leasing	309,158,946	225,175,340

Current portion – Leasing	99,589,187	77,141,698
TOTAL	**408,748,133**	**302,317,038**

Increase of the credit facility

On 13 December 2022, following the approval of the General Meeting of Shareholders from 21 November 2022, MedLife together with co-borrowers Bahtco Invest S.A., Accipiens S.A., Policlinica De Diagnostic Rapid S.A., Clinica Polisano S.R.L., Dent Estet Clinic S.A., Genesys Medical Clinic S.R.L., Centrul Medical Sama S.A., Valdi Medica S.R.L., Pharmalife Med S.R.L., Prima Medical S.R.L., Anima Specialty Medical Services S.R.L., CED Pharma S.R.L., Badea Medical S.A., Centrul Medical Micromedica S.R.L., Solomed Clinic S.A., Vita Care Flav S.R.L., Pharmachem Distribuție S.A., Sano Pass S.A., MNT Asset Management S.R.L., MNT Healthcare Europe S.R.L., Sweat Concept One S.A., Onco Card S.R.L., Oncocard Invest S.R.L., Diamed Center S.R.L., Stem Cells Bank S.A., Sfatul Medicului.RO S.A. and Medici's S.A., signed with Banca Comerciala Romana, as lead arranger, a syndicated credit facility of a total value of EUR 228 million for the refinancing and increase of the existing credit line with EUR 50.7 million. The bank syndicate that signed the new credit granted to MedLife Group is comprised of Banca Comerciala Romana, as coordinator, mandated lead arranger, documentation agent, facility & security agent and lender, Raiffeisen Bank, BRD Groupe Societe Generale, Banca Transilvania, ING Bank N.V. Amsterdam Branch Bucharest, and Erste Group Bank AG, as mandated lead arrangers and lenders.

The syndicated credit agreement involved a financing agreement for existing facilities, extending the financing period, rearranging terms and conditions, as well as an additional increase of 50.7 million euros, which is in the form of a term facility, used by MedLife, along with other liquidity of the Group, for acquisition opportunities on the market and organic development projects.

As at 31 December 2023, the balance of the syndicated loan was RON 1,009,658,454.

The Group's drawn and undrawn financing facilities as at 31 December 2023, included the following:

- a loan agreement and an overdraft facility agreement secured by CEC Bank S.A. and Clinica Polisano S.R.L., with an outstanding balance as at 31 December 2023 of RON 29,616,443;
- a loan agreement secured by Banca Transilvania S.A. and Ghencea Medical Center, with an outstanding balance as at 31 December 2023 of RON 433,641;
- a loan agreement secured by Banca Transilvania S.A. and Micromedica Roman S.R.L., with an outstanding balance as at 31 December 2023 of RON 630,789;
- loan agreements secured by Banca Transilvania S.A. and Centrul Medical Micromedica S.R.L., with an outstanding balance as at 31 December 2023 of RON 476,628;
- a loan agreement secured by Banca Transilvania S.A. and Dent Estet Ploiesti S.R.L., with an outstanding balance as at 31 December 2023 of RON 1,908,305;
- a loan agreement secured by Banca Comerciala Romana and Life Med S.R.L., with an outstanding balance as at 31 December 2023 of RON 420,292;
- a loan agreement secured by BRD Groupe Societe Generale S.A. and Pro Life Clinics S.R.L., with an outstanding balance as at 31 December 2023 of RON 37,500 and a loan agreement secured by ING Bank N.V. Amsterdam Branch Bucharest and Pro Life Clinics S.R.L., with an outstanding balance as at 31 December 2023 of RON 35,247;
- a loan agreement secured by Banca Transilvania S.A. and Medical City Blue S.R.L., with an outstanding balance as at 31 December 2023 of RON 337,833;
- a loan agreement secured by Banca Transilvania S.A. and Centrul de Diagnostic și Tratament Provita S.R.L., with an outstanding balance as at 31 December 2023 of RON 83,981,514;

- a loan agreement secured by Banca Comerciala Romana and Provita Pain Clinic S.A., with an outstanding balance as at 31 December 2023 of RON 536,307;
- a loan agreement secured by Libra Bank and Policlinica Union S.R.L., with an outstanding balance as at 31 December 2023 of RON 98,759;
- a loan agreement secured by Banca Transilvania S.A. and Onco Team Diagnostic S.R.L., with an outstanding balance as at 31 December 2023 of RON 152,778;
- an overdraft facility agreement secured by Garanti Bank S.A. and Med Life S.A., the amount drawn as of 31 December 2023 being RON 9,949,200;
- an overdraft facility agreement secured by UniCredit Tiriac Bank and Prima Medical S.R.L., with a maximum credit limit of RON 800,000, fully drawn as of 31 December 2023;
- an overdraft facility agreement secured by Banca Transilvania S.A. and Pharmachem Distributie S.R.L., with an outstanding balance as at 31 December 2023 of RON 1,306,367;
- an overdraft facility agreement secured by Banca Transilvania S.A. and Medical City Blue S.R.L., with an outstanding balance as at 31 December 2023 of RON 293,797;
- an overdraft facility agreement secured by Banca Transilvania S.A. and Centrul de Diagnostic și Tratament Provita S.R.L., with an outstanding balance as at 31 December 2023 of RON 2,901,572.

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

As at December 31, 2023, no entity within the Group violated the contractual terms of the financing contracts.

Liquidity and Capital Resources

The following table sets out the Group's summary cash flow information for the periods ended 31 December 2022 and 2023:

	12 months ended December 31, 2023	2022
Profit before tax	**4,299,484**	**49,557,301**
Adjustments for:		
Operating cash flow before working capital changes	**292,438,116**	**245,502,736**
Cash generated from working capital changes	**(36,519,238)**	**(16,939,126)**
Cash generated from operations	**255,918,878**	**228,563,610**
Interest Paid	(61,662,770)	(32,377,399)
Interest received	3,423,077	1,261,843
Income Tax Paid	(14,171,759)	(12,832,118)
Net cash from operating activities	**183,507,426**	**184,615,936**
Net cash used in investing activities	**(286,501,614)**	**(485,906,186)**
Net cash from/(used in) financing activities	**114,197,127**	**254,499,516**
Net change in cash and cash equivalents	**11,202,939**	**(46,790,734)**
Cash and cash equivalents beginning of the period	89,068,154	135,858,888
Cash and cash equivalents end of the period	**100,271,093**	**89,068,154**

Net cash generated from operating activities

The net cash generated from the operating activity slightly decreased in 2023 by RON 1,108,510, respectively 0.6%, from RON 184,615,936 in 2022 to RON 183,507,426 in 2023. The decrease was determined by the changes in the working capital, increasing from RON 16,939,126 in 2022, to RON 36,519,238 in 2023, but also by the increase in the interest paid, from RON 32,377,399 in 2022, to RON 61,662,770 in 2023.

Net cash used in investing activities

The net cash used in investment activity decreased by RON 199,404,572, respectively 41.0%, from RON 485,906,186 in 2022, to RON 286,501,614 in 2023, as a result of the Group's focus in 2023 on consolidating and integrating the companies already acquired, versus the intense acquisition activity from 2022. Therefore, investments in business combinations decreased by RON 250,010,084 in 2023 vs 2022, from RON 316,554,749 in 2022, to RON 66,544,664 in 2023. As regards the acquisition of tangible assets, in 2023 the Group made investments of RON 201,317,379, the most important being the Neolife radiotherapy and oncology centers and the new Nord Pipera Hospital.

Net cash (used in)/ generated from financing activities

The net cash generated from the financing activity decreased by RON 140,302,389 compared to the previous period, from the net cash generated from the financing activity of RON 254,499,516 in 2022 to the net cash generated from the financing activity of RON 114,197,127 in 2023. The decrease is in line with the decline in investment activity.

SUBSEQUENT EVENTS

On 14 March 2024, the Group increased the existing facilities by EUR 50 million, upon signing an addendum to the existing loan agreement. The syndicate of banks which signed the increase in the syndicated loan consists of Banca Comercială Română, as Coordinating Mandated Lead Arranger, Documentation Agent, Facility Agent, Security Agent and Bookrunner, Raiffeisen Bank, BRD Groupe Société Générale, Banca Transilvania and ING Bank, as Original Lenders. The new funds will be dedicated to consolidating and expanding the Group at national level, through the development of regional hospitals, where the patient will benefit from a 360-degree approach both in terms of the complexity of the medical act and the quality of complementary services. The expansion of the medical infrastructure and the M&A program are also a priority, and moreover, the Group will continue intensely its research efforts, aiming to intensify them through new investments during the year.

Corporate events

Convening of the Annual OGSM

On 27 March 2024 the Convening Notice for the 29/30 April 2024 Annual OGSM was published. The following main items were subject to MedLife shareholders' approval:

- The audited annual financial statements for the year 2023, at both individual and consolidated levels
- Discharge of liability of the Board of Directors' members

- Budget of revenues and expenses for the year 2024, at both individual and consolidated levels
- Remuneration Report, subject to the consultative vote of shareholders

There were no other significant events after 31 December 2023.

ANNEXES

SISTEMUL MEDICAL MedLife

MED LIFE GROUP

PRO FORMA FINANCIAL INFORMATION FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2023

CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2023 ("CONSOLIDATED PRO-FORMA PROFIT & LOSS")

Introduction

The following Consolidated Pro Forma Profit & Loss of the Consolidated Profit & Loss is based on the Group's Audited Consolidated FS for the 12 months period ended December 31, 2023, adjusted with the historical financial results of the companies acquired by the Group during the period from January 1, 2023 up to December 31, 2023 (the "**Acquired Companies**"). Details of the Acquired Companies are set out below.

The Consolidated Pro Forma Profit & Loss for the 12 months period ended December 31, 2023 transposes:

(i) the acquisition of the Acquired Companies as if the acquisition had occurred on 1 January 2023 by combining the financial results for the period of the Acquired Companies with those of the Group and

(ii) the elimination of certain expenses included in the Consolidated Profit & Loss of the Group which the Group considers to be non-operational and/or non-recurring by nature.

The Consolidated Pro Forma Profit & Loss provides a hypothetical illustration of the impact of the transactions on the Company's earnings. The Consolidated Pro Forma Profit & Loss has been prepared for the Group as at and for the 12 months period ended December 31, 2023.

The Consolidated Pro Forma Profit & Loss should be read in conjunction with the Audited Consolidated FS for the 12 months period ended December 31, 2023.

Purpose of the Consolidated Pro Forma Profit & Loss

The Consolidated Pro Forma Profit & Loss set out below has been prepared to

(i) illustrate the effect on the Group of the acquisitions completed in 2023 and

(ii) the elimination of certain non-operational and/or non-recurring expenses to provide an estimate of the Group's recurring EBITDA.

The Group's consolidated pro forma EBITDA is also useful when analyzing the Group's current debt compared to its earnings capacity.

Although the Consolidated Balance Sheet in the Consolidated FS include the full amount of debt incurred to finance the acquisitions completed as of December 31, 2023, the Consolidated Profit & Loss includes only a part of the annual revenues of the Acquired Companies.

Using the consolidated pro forma EBITDA for such comparison allows inclusion of a measure of the full period earnings that will contribute to the servicing of the debt incurred in relation to the acquisitions.

The Consolidated Pro Forma Profit & Loss has been prepared for illustrative purposes only and, because of its nature, to address a hypothetical situation and therefore, does not represent the Group's actual financial results.

The Consolidated Pro Forma Profit & Loss does not necessarily reflect what the combined Group's financial condition or results of operations would have been, had the acquisitions occurred on the dates indicated in the pro-forma calculations. They also may not be useful in predicting the future financial condition and results of operations of the Group with the acquired companies.

The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

In the 12 months period ended 31 December 2023 the Company made the following acquisitions in pursuit of a consolidation strategy aimed at complementing the Group's service offering, expanding its national footprint and consolidating its market position (as detailed in 2023 Annual Report):

- Completion of the acquisition of 99.76% shares in Muntenia Medical Competences, transaction

- announced in 2022;
- Completion of the acquisition of 51% shares in Nord Group;
- Acquisition of 100% shares in Policlinica Sfantul Ilie (under Sfanta Maria)
- Acquisition of 51% shares in Clinica Union (under Sfanta Maria);
- Acquisition of 70% shares in Brol Medical Center (under Medici`s);
- Acquisition of an additional package of 11.5% shares in Sanopass;
- Acquisition of an additional package of 5% shares in Dent Estet Group;
- Acquisition of an additional package of 21% shares in Oncoteam Diagnostic;
- Acquisition of an additional package of 6.25% shares in RMC Group.

Consolidated Pro-Forma Profit & Loss

	12 months ended December 31, 2023			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro-forma PL**
GROSS SALES	**2,210,435,349**	32,323,239	**-**	**2,242,758,588**
NET SALES*	2,210,435,349	(102,685,672)	-	2,107,749,676
Other operating revenues	**11,300,635**	974,988	**-**	**12,275,623**
OPERATING INCOME	**2,221,735,984**	**(101,710,684)**	**-**	**2,120,025,300**
OPERATING EXPENSES	**(2,130,218,620)**	**103,738,011**	**23,353,677**	**(2,003,126,932)**
OPERATING PROFIT	**91,517,364**	**2,027,326**	**23,353,677**	**116,898,367**
Finance cost	(82,170,695)	(1,088,189)	-	(83,258,884)
Interest income	3,423,077	-	-	3,423,077
Other financial income	1,221,841	-	-	1,221,841
Other financial expenses	(9,692,103)	198,279	-	(9,493,824)
FINANCIAL RESULT	**(87,217,880)**	**(889,910)**	**-**	**(88,107,790)**
RESULT BEFORE TAXES	**4,299,484**	**1,137,416**	**23,353,677**	**28,790,577**
Income tax expense	(8,464,341)	(88,377)	(3,736,588)	(12,289,306)
NET RESULT	**(4,164,857)**	**1,049,039**	**19,617,089**	**16,501,271**

***** *Net turnover presents the Group's turnover without the National Health Program - Oncology.*

From Net Result to Pro-forma EBITDA

	12 months ended December 31, 2023			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro-forma PL**
Net result	**(4,164,857)**	**1,049,039**	**19,617,089**	**16,501,271**
Add back:				
Taxes on income	**8,464,341**	**88,377**	**3,736,588**	**12,289,306**
Out of which:				
Base tax expense	8,464,341	88,377	-	8,552,718
One off impact	-	-	3,736,588	3,736,588
Net financial result	87,217,880	889,910	-	88,107,790
Depreciation, amortisation and impairment, including write-ups	197,390,915	2,753,911	-	200,144,826
Pro-forma EBITDA	**288,908,279**	**4,781,237**	**23,353,677**	**317,043,193**

Sales split by Business Line

	12 months ended December 31, 2023			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro-forma PL**
Clinics	831,236,066	(38,338,062)	-	792,898,004
Stomatology	121,778,348	-	-	121,778,348
Laboratories	230,656,316	3,845,531	-	234,501,847
Corporate	259,493,546	560,788	-	260,054,334
Hospitals	480,454,826	(68,770,109)	-	411,684,717
Pharmacies	60,709,968	-	-	60,709,968
Other	226,106,278	16,180	-	226,122,457
Total Sales	**2,210,435,349**	**(102,685,672)**	**-**	**2,107,749,676**

**Negative amounts are the due to the elimination of the amounts from National Healthcare Program for Oncology in total amount of 135 million RON, following increase in chemotherapy business, for comparative purposes.*

Basis for the Consolidated Pro Forma Profit & Loss

The Consolidated Pro Forma Profit & Loss for the 12-month period ended December 31, 2023 has been prepared starting from the Consolidated Profit & Loss of the Group as of December 31, 2023.

The Consolidated Pro Forma Profit & Loss was prepared in a manner consistent with the accounting policies adopted by the Group in the Consolidated FS as of December 31, 2023.

The Consolidated Pro Forma Profit & Loss for the 12 months ended December 31, 2023 gives effect to the acquisitions of the Acquired Companies as if the acquisitions had occurred on January 1st, 2023.

Also, certain expense items incurred by the Group in the relevant period which are considered to be non-operational and/or non-recurring by nature as detailed in the notes to the tables, are reflected in the Consolidated Pro Forma Profit & Loss as one-off adjustments, based on management judgment for the Group, without taking into account the Acquired Companies.

Consolidated Pro Forma Profit & Loss adjustments

- **Normalization adjustments**

Normalization adjustments are made to include the financial results of the Acquired Companies in the Group results for the relevant period.

The adjustments represent the unaudited Income Statement items for the portion of the relevant period prior to and including the month of acquisition of the companies.

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

Entity	**Date of obtaining control**	**Months included in Normalization (inclusive) 1 January – 31 December 2023**
Nord Group	April 2023	January – March 2023
Muntenia Hospital	February 2023	January 2023
Policlinica Sf. Ilie SRL	March 2023	January – February 2023
Policlinica Union SRL	July 2023	January – June 2023
Brol Medical Center SA	October 2023	January – September 2023

- **One off adjustment**

One-off adjustments represent expenses which have been included in the Group's Consolidated Profit & Loss but which, in the Group's opinion, represent non-recurring and/or non-operational expenses by nature.

These expenses relate mostly to loss incurred by early- stage of development units for the period before opening of these units. In addition, costs incurred with the acquisition of companies which were expensed rather than capitalized as part of the acquisition cost of the company are also included in one-off adjustments, as well as other one-off expenses which are not recurrent for the Group.

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

Type of Expense	**Amount for 12 months 2023**	**Note**
Cost of Acquisitions	2,029,980	*Note A*
Other costs	18,554,700	*Note B*
Consultancy costs	2,768,998	*Note C*
Total	**23,353,678**	

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

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

Note B
Expenses related mostly to early-stage investments that are loss making, for the period before their opening (Neolife Braila, Neolife Valcea and Nord Hospital).

Note C
Includes consultancy costs related to one-off projects.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Med Life SA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Med Life SA (the Company) and its subsidiaries (together referred to as "the Group") with official head office in Calea Grivitei no.365, district 1, Bucharest, identified by sole fiscal registration number 8422035, which comprise the consolidated statement of financial position as at December 31, 2023, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Description of each key audit matter and our procedures performed to address the matter

Key audit matter	How our audit addressed the key audit matter
Impairment testing of goodwill The carrying value of goodwill as of 31 December 2023 is of 445 million RON. Under the International Financial Reporting Standards, an entity is required to test at least annually the goodwill for impairment or whenever there is an indication of impairment. Impairment testing of goodwill is performed at the level of 47 cash-generating units ("CGU"), using a discounted cash flow model. Management estimates the cash flows for the cash-generating units to which goodwill is allocated, in order to determine the recoverable amount of each GCU. As disclosed in Note 4 to the consolidated financial statements, in calculating the recoverable amount, the management makes judgements and significant estimates in determining revenue and operating margin growth assumptions and the discount rate to be applied to the expected cash flows. In light of the judgements and estimates used by the management in the determination of future cash flow projections which are based on assumptions that are affected by expected future market conditions in Romania, uncertainties regarding current economic environment and significance of the carrying value of goodwill this matter is considered a key audit matter. The Group's disclosures about goodwill and the related impairment testing are included in Note 3.6 (Significant judgements, estimates and assumptions) and in Note 4 (Goodwill) to the consolidated financial statements.	We analysed the management's assessment of the recoverability of the carrying value of goodwill with a focus on the key assumptions made by management. Specifically, our work included, but was not limited to, the following procedures: • Performed a detailed understanding of the Group's internal process and related documentation flow and key controls associated with the goodwill impairment testing process; • Assessed the determination of CGUs; • For a sample of CGUs with significant goodwill: ○ reconciled the assumptions used within the future cash flow models to approved business plans; ○ involved our internal valuation specialists to assist us in evaluating the appropriateness of the methodology used to estimate the recoverable amount of CGUs and its conformity with the requirements of the International Financial Reporting Standards; and in testing the mathematical accuracy of the discounted cash flow model as well as evaluating for reasonableness the discount rates used for discounting future cash flows for each CGU and key macroeconomic assumptions; ○ Assessed the assumptions used in the estimated future cashflows against historic performance to determine the reasonability of the management's estimates. ○ Assessed the management's sensitivity analysis over key assumptions and performed additional independent sensitivity analysis in order to assess the impact of possible changes of assumptions on the impairment testing; • Assessed the competence of management's external specialists and their objectivity and independence, to consider whether they were appropriately qualified to carry out the impairment assessments. • Assessed the relevant disclosures included in the consolidated financial statements.

Other information

The other information comprises the Consolidated Administrators' Report, the Annual Remuneration Report, the Annual Report and the Sustainability Report, but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Consolidated Administrator's Report and the Annual Remuneration report, prior to the date of our auditor's report, and we expect to obtain the Annual report and the Sustainability Report, as part of separate reports, after the date of our auditor's report. Management is responsible for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Consolidated Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Consolidated Administrators' Report and the Annual Remuneration Report, we have read these reports and report that:

a) in the Consolidated Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying consolidated financial statements as at December 31, 2023;
b) the Consolidated Administrators' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 articles 15 – 19 and 26-27;
c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of consolidated financial statements as at December 31, 2023, we have not identified information included in the Consolidated Administrators' Report that contains a material misstatement of fact.
d) The Annual Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Group by the General Meeting of Shareholders on 27 April 2023 to audit the consolidated financial statements for the financial year end December 31, 2023. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 3 years, covering the financial years ended 31 December 2021, 2022 and 2023.

Consistency with Additional Report to the Audit Committee

Our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 26 March 2024 and updated on 29 March 2024.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Group and we remain independent from the Group in conducting the audit.
In addition to statutory audit services and services disclosed in the consolidated financial statements, no other services which were provided by us to the Company, and its controlled undertakings.

Report on the compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation

We have performed a reasonable assurance engagement on the compliance of the electronic format of the consolidated financial statements of Med Life SA (the Company) and its subsidiaries (together referred to as "the Group") for the year ended 31 December 2023, included in the attached electronic file „254900RJWPQ4SLGCPI85-2023-12-31-en.zip"(identified with the key (6108e1e9d845ca0aceda1a1b3e328a8317898c01c4a61d7bcda37109fc92b879)) with the requirements of the Commission Delegated Regulation (EU) 2019 /815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation). Our opinion is expressed only in relation to the electronic format of the consolidated financial statements.

Description of the subject matter and the applicable criteria

The Management has prepared electronic format of consolidated financial statements of the Group for the year ended 31 December 2023 in accordance and to comply with ESEF Regulation requirements. The requirements for the preparation of the consolidated financial statements in ESEF format are specified in the ESEF Regulation and represent, in our opinion, applicable criteria for us to express an opinion providing reasonable assurance.

Responsibilities of the Management and Those Charged with Governance

The Management of the Group is responsible for the compliance with the requirements of the ESEF Regulation in the preparation of the electronic format of the consolidated financial statements in XHTML format. Such responsibility includes the selection and application of appropriate iXBRL tags using the taxonomy specified in the ESEF Regulation, ensuring consistency between the human-readable layer of electronic format of the consolidated financial statements and the audited consolidated financial statements. The responsibility of Group's Management also includes the design, implementation and maintenance of such internal control as determined is necessary to enable the preparation of the consolidated financial statements in ESEF format that are free from any material non-compliance with the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process for the preparation of consolidated financial statements of the Group, including the application of the ESEF Regulation.

Auditor's Responsibility

Our responsibility is to express an opinion providing reasonable assurance on the compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation.
We have performed a reasonable assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform our engagement to obtain reasonable assurance about whether the electronic format of the consolidated financial statements of the Group is prepared, in all material respects, in accordance with the applicable criteria, specified above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but it is not guaranteed that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect material non-compliance with the requirements when it exists.

Our Independence and Quality Management

We apply International Standard on Quality Management 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, which requires that we design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
We have maintained our independence and confirm that we have met the ethical and independence requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

Summary of procedures performed

The objective of the procedures that we have planned and performed was to obtain reasonable assurance that the electronic format of the consolidated financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF Regulation of the electronic (XHTML) reporting format of the consolidated financial statements of the Group, we have maintained professional skepticism and applied professional judgement. We have also:

- obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the consolidated financial statements of the Group, including the preparation of the consolidated financial statements of the Group in XHTML format and its tagging in machine readable language (iXBR);
- tested the validity of the applied XHTML format;
- checked whether the human-readable layer of electronic format of the consolidated financial statements (XHTML) corresponds to the audited consolidated financial statements;
- assessed the completeness of the tagging of information in the consolidated financial statements while using the machine-readable language (iXBRL) under the requirements of the ESEF Regulation;
- assessed the appropriateness of the applied iXBRL tags selected from the core taxonomy and the creation of extensions to the elements in the extended taxonomy specified in the ESEF Regulation when there were no suitable elements in the core taxonomy;
- evaluated the anchoring of the taxonomy extensions to the elements in the extended taxonomy specified by the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation

Based on the procedures performed, in our opinion, the electronic format of the consolidated financial statements of the Group for the year ended 31 December 2023 is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77

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

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: Ivanovici Alice Andreea
Registrul Public Electronic: AF3617

Name of the Auditor/ Partner: Alice Andreea Ivanovici
Registered in the electronic Public Register under No. AF3617

Bucharest, Romania
29 March 2024

MED LIFE GROUP

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Name of the issuing company: MED LIFE S.A.
Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania
Fax no.: 0040 374 180 470
Unique Registration Code at the National Office of Trade Registry: 8422035
Order number on the Trade Registry: J40/3709/1996
Subscribed and paid-in share capital: RON 132.870.492
Regulated market on which the issued securities are traded: Bucharest Stock Exchange

CONTENTS:	**PAGE:**

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

	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current Assets			
Goodwill	**4**	445,395,617	368,672,606
Intangible assets	**5**	118,906,011	100,192,265
Property, plant and equipment	**5**	1,101,015,115	828,501,060
Right-of-use asset	**13**	396,569,537	306,413,389
Other financial assets	**5.4**	40,942,540	82,810,704
Total Non-Current Assets		**2,102,828,820**	**1,686,590,024**
Current Assets			
Inventories	**6**	109,657,497	98,770,370
Trade Receivables	**7.1.**	261,664,410	221,358,860
Other assets	**7.2.**	50,216,242	44,362,334
Cash and cash equivalents	**8**	100,271,093	89,068,154
Prepayments	**9**	11,699,369	11,826,587
Total Current Assets		**533,508,611**	**465,386,305**
TOTAL ASSETS		**2,636,337,431**	**2,151,976,329**
LIABILITIES & SHAREHOLDER'S EQUITY			
Non-Current Liabilities			
Lease liability	**13,14**	309,158,946	225,175,340
Other long term debt	**11**	47,775,013	21,657,277
Interest-bearing loans and borrowings	**14**	1,040,639,641	803,273,659
Deferred tax liability	**26**	44,897,775	44,250,160
Total Non-Current Liabilities		**1,442,471,375**	**1,094,356,436**
Current Liabilities			
Trade and other payables	**10**	404,553,771	335,356,742
Overdraft	**14**	29,835,472	27,801,016
Current portion of lease liability	**13,14**	99,589,187	77,141,698
Current portion of interest-bearing loans and borrowings	**14**	82,297,342	55,695,054
Current tax liabilities	**26**	321,242	814,508
Provisions	**12**	11,116,544	9,783,326
Other liabilities	**11**	71,960,475	68,989,304
Total Current Liabilities		**699,674,033**	**575,581,648**
TOTAL LIABILITIES		**2,142,145,408**	**1,669,938,084**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	**15**	132,562,338	83,812,556
Treasury shares		(681,892)	(3,219,219)
Reserves	**17**	212,560,216	204,591,243
Retained earnings		70,850,636	131,596,254
Equity attributable to owners of the Group		**415,291,298**	**416,780,834**
Non-controlling interests	**18**	78,900,725	65,257,411
TOTAL EQUITY		**494,192,023**	**482,038,245**
TOTAL LIABILITIES AND EQUITY		**2,636,337,431**	**2,151,976,329**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Note	12 months ended December 31, 2023	2022
Revenue from contracts with customers	**19**	2,210,435,349	1,795,432,748
Other operating income	**20**	11,300,635	14,118,061
Operating Income		**2,221,735,984**	**1,809,550,809**
Consumable materials and repair materials		(389,887,326)	(311,233,127)
Third party expenses	**21**	(625,309,108)	(468,196,458)
Salary and related expenses	**23**	(543,024,486)	(442,897,905)
Social contributions	**23**	(19,480,725)	(15,852,088)
Depreciation, amortization and impairment of fixed assets	**5,13**	(197,390,915)	(152,410,751)
Impairment losses and gains (including reversals of impairment losses)	**7**	(2,688,649)	(4,851,599)
Commodities expenses		(208,134,799)	(209,975,320)
Other operating expenses	**22**	(144,302,612)	(109,903,888)
Operating expenses		**(2,130,218,620)**	**(1,715,321,136)**
Operating Profit		**91,517,364**	**94,229,673**
Finance cost	**24**	(82,170,695)	(42,489,150)
Interest income	**24**	3,423,077	-
Other financial income	**24**	1,221,841	-
Other financial expenses	**24**	(9,692,103)	(2,183,221)
Financial result	**24**	**(87,217,880)**	**(44,672,371)**
Profit Before Tax		**4,299,484**	**49,557,301**
Income tax expense	**26**	(8,464,341)	(12,124,746)
Profit After Tax		**(4,164,857)**	**37,432,555**
Owners of the Group		3,684,292	32,173,072
Non-controlling interests	**18**	(7,849,149)	5,259,483
Earnings per share			
Basic earnings per share	**16**	0.007	0.061
Diluted earnings per share	**16**	0.007	0.061
Other comprehensive income items that will not be reclassified to profit or loss			
Revaluation of land and buildings		-	66,292,412
Deferred tax on other comprehensive income components		-	(10,606,786)
TOTAL OTHER COMPREHENSIVE INCOME		**-**	**55,685,626**
Total other comprehensive income attributable			
Owners of the Group		-	54,012,309
Non-controlling interests		-	1,673,317
TOTAL COMPREHENSIVE INCOME		**(4,164,857)**	**93,118,181**
Total comprehensive income attributable to:			
Owners of the Group		3,684,292	86,185,381
Non-controlling interests	**18**	(7,849,149)	6,932,800

**The amounts for 2022 on Basic and diluted earnings per share were properly restated to reflect the bonus issue that took place in 2023, while for the weighted average number of shares for 2023, the bonus issue is reflected as if the shares were outstanding from the beginning of the year (1st of January 2022) – please also refer to Note 16.*

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Note	12 months ended December 31, 2023	2022
Profit before tax	**26**	**4,299,484**	**49,557,301**
Adjustments for			
Depreciation, amortization and impairment of fixed assets	**5,13**	197,390,915	152,410,751
Provisions for liabilities and charges		838,338	625,545
Interest revenue	**24**	(3,423,077)	(1,261,843)
Interest expense	**24**	82,170,695	42,489,150
Allowance for expected credit losses and receivables written-off	**7**	2,688,649	4,851,599
Financial Discounts		2,850	-
Other non-monetary gains	**20**	-	(6,671,334)
Unrealized exchange loss	**24**	9,692,103	3,501,567
Other income	**24**	(1,221,841)	-
Operating cash flow before working capital changes		**292,438,116**	**245,502,736**
(Increase) in accounts receivable		(61,538,538)	(36,113,768)
(Increase) in inventories		(5,962,324)	(12,198,174)
Decrease in prepayments		855,343	156,186
Increase in accounts payable		30,126,281	31,216,630
Cash generated from working capital changes		(36,519,238)	(16,939,126)
Cash generated from operations		**255,918,878**	**228,563,610**
Interest Paid	**14**	(61,662,770)	(32,377,399)
Interest received		3,423,077	1,261,843
Income Tax Paid	**26**	(14,171,759)	(12,832,118)
Net cash from operating activities		**183,507,426**	**184,615,936**
Acquisition of subsidiary net of cash acquired and advances for acquisition of subsidiaries	**4,27**	(66,544,664)	(316,554,749)
Purchase of intangible assets	**5**	(18,639,571)	(20,243,591)
Purchase of property, plant and equipment	**5**	(201,317,379)	(149,107,846)
Net cash used in investing activities		**(286,501,614)**	**(485,906,186)**
Proceeds from loans	**14**	284,583,155	411,844,392
Payment of loans	**14**	(77,658,667)	(73,446,528)
Payment of principal portion of lease liabilities	**14**	(83,856,889)	(69,381,986)
Dividends paid to NCI	**18**	(1,397,470)	(136,861)
Payments for purchase of treasury shares		(488,718)	(7,851,825)
Additional participation interest acquired	**4,27**	(6,984,284)	(6,527,676)
Net cash from/(used in) financing activities		**114,197,127**	**254,499,516**
Net change in cash and cash equivalents		**11,202,939**	**(46,790,734)**
Cash and cash equivalents beginning of the period		89,068,154	135,858,888
Cash and cash equivalents end of the period		**100,271,093**	**89,068,154**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Share Capital	Treasury shares	Share premium	Legal reserves and other reserves	Revaluation Reserve	Accumulated Results	Attributable to owners of the Group	Non-controlling interests	Total Equity
Balance as at December 31, 2022	**33,217,623**	**(3,219,219)**	**50,594,933**	**55,094,194**	**149,497,049**	**131,596,254**	**416,780,834**	**65,257,411**	**482,038,245**
Profit of the year	-	-	-	-	-	3,684,292	*3,684,292*	(7,849,149)	*(4,164,857)*
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**3,684,292**	***3,684,292***	**(7,849,149)**	***(4,164,857)***
Recognition of other reserves for fiscal purposes (legal reserves) (Note 17)	-	-	-	821,321	-	(821,321)	-	-	-
Recognition of other reserves (Note 17)	-	-	-	7,147,652	-	(7,147,652)	-	-	-
Increase in share capital through incorporation of reserves (Note 15)	99,652,869	-	(50,594,933)	-	-	(49,057,937)	-	-	-
Additional non-controlling interest arising as of result of business combinations (Note 18)	-	-	-	-	-	-	-	27,511,565	*27,511,565*
Subsequent acquisition of NCI (Note 18)	-	-	-	-	-	(7,403,000)	*(7,403,000)*	(4,118,681)	*(11,521,681)*
Distribution of dividends (Note 18)	-	-	-	-	-	-	-	(1,900,421)	*(1,900,421)*
Increase from own shares acquisition (Note 15)	-	(488,718)	-	-	-	-	*(488,718)*	-	*(488,718)*
Net release of own shares used for acquiring additional NCI (Note 15)	-	3,026,045	-	-	-	-	*3,026,045*	-	*3,026,045*
Increase in premiums due to difference btw FV and cost of own shares when the change was made (Note 15)	-	-	(308,155)	-	-	-	*(308,155)*	-	*(308,155)*
Balance as at December 31, 2023	**132,870,492**	**(681,892)**	**(308,155)**	**63,063,167**	**149,497,049**	**70,850,636**	***415,291,298***	**78,900,725**	***494,192,023***

Please refer to Note 18 for transactions during 2023 with Non-controlling interest.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Share Capital	Treasury shares	Share premium	Legal reserves and other reserves	Revaluation Reserve	Accumulated Results	Attributable to owners of the Group	Non-controlling interests	Total Equity
Balance as at December 31, 2021	**33,217,623**	**(4,015,977)**	**49,177,468**	**41,850,760**	**95,484,740**	**122,394,796**	**338,109,410**	**43,295,149**	**381,404,558**
Profit of the year	-	-	-	-	-	32,173,072	32,173,072	5,259,483	37,432,555
Revaluation of Land and Buildings (Note 5, 17)	-	-	-	-	64,300,368	-	64,300,368	1,992,044	66,292,412
Deferred tax related to other elements of the overall result (Note 26)	-	-	-	-	(10,288,059)	-	(10,288,059)	(318,727)	(10,606,786)
Total comprehensive income	**-**	**-**	**-**	**-**	**54,012,309**	**32,173,072**	**86,185,381**	**6,932,800**	**93,118,181**
Recognition of other reserves for fiscal purposes (legal reserves) (Note 17)	-	-	-	885,378	-	(885,378)	-	-	-
Recognition of other reserves (Note 17)	-	-	-	12,358,056	-	(12,358,056)	-	-	-
Additional non-controlling interest arising as of result of business combinations (Note 18)	-	-	-	-	-	-	-	21,895,097	21,895,097
Subsequent acquisition of NCI (Note 18)	-	-	-	-	-	(9,728,180)	(9,728,180)	(6,865,635)	(16,593,814)
Increase from own shares acquisition (Note 15)	-	(7,851,825)	-	-	-	-	(7,851,825)	-	(7,851,825)
Net release of own shares used for acquiring additional NCI (Note 15)	-	8,648,583	-	-	-	-	8,648,583	-	8,648,583
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made (Note 15)	-	-	1,417,465	-	-	-	1,417,465	-	1,417,465
Balance as at December 31, 2022	**33,217,623**	**(3,219,219)**	**50,594,933**	**55,094,194**	**149,497,049**	**131,596,254**	**416,780,834**	**65,257,411**	**482,038,245**

During 2022, the Group performed the revaluation of Land and Buildings owned – please refer to Note 5 and Note 26 for relevant disclosures and overall impact.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

1. DESCRIPTION OF THE BUSINESS

Med Life S.A. ("MedLife" or the "Parent Company" or the "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania, with headquarters in 365 Calea Grivitei, Bucharest, with a share capital of RON 132,870,492, having a nominal share value of 0.25 RON.
The Company's activity resides in conducting healthcare services through medical centres with national coverage.

MedLife, together with its subsidiaries ("MedLife Group" or the "Group"), is offering a large range of medical services, through a network of 35 hyperclinics, 68 clinics, 15 hospitals – located in Bucharest, Arad, Sibiu, Brasov, Cluj, Ploiesti and Pitesti, 39 laboratories, 21 pharmacies and 18 dental clinics. The Group has also over 170 private clinic partners around Romania.

Medlife is the leading private health care services provider in Romania in terms of sales, having a significant market share at a national level.

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

The Marcu family:
1. Mr. Mihail Marcu, considering his quality of shareholder of the Company, which holds a percentage of 14.7672% of its share capital;
2. Mr. Nicolae Marcu, considering his quality of shareholder of the Company, which holds a percentage of 10.4127% of its share capital;
3. Mrs. Mihaela Gabriela Cristescu, considering her quality of shareholder of the Company, which holds a percentage of 14.0443% of its share capital.

Considering the family relations between the persons mentioned above, namely the fact that Mr. Mihail Marcu and Mr. Nicolae Marcu are the sons of Mrs. Mihaela Gabriela Cristescu, and the fact that together they own more than 25% of the total share capital of the company, for to pursue the purpose of the law, even if the law refers to the natural person, this expression of the law does not exclude the hypothesis of natural persons acting together, to the extent that it is established that they control the company together and are the final beneficiaries of its activity.

The entities part of MedLife Group as at December 31, 2023 and December 31, 2022 are as follows (ownership percentage):

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

No.	Entity	Main activity	Location	31December 2023	31 December 2022
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83%	83%
2	Medapt SRL (indirect)*	Medical Services	Brasov, Romania	83%	83%
3	Histo SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66.4%	66.4%
5	Bahtco Invest SRL**	Development of building projects	Bucharest, Romania	100%	100%
6	Med Life Ocupational SRL	Medical Services	Bucharest, Romania	100%	100%
7	Pharmalife-Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
8	Med Life Broker de Asigurare si Reasigurare SRL	Insurance broker	Bucharest, Romania	99%	99%
9	Accipiens SA	Rental activities	Arad, Romania	83%	83%
10	Genesys Medical Clinic SRL (indirect)*	Medical Services	Arad, Romania	83%	83%
11	Bactro SRL (indirect)*	Medical Services	Deva, Romania	83%	83%
12	Transilvania Imagistica SA (indirect)*	Medical Services	Oradea, Romania	83%	83%
13	Biofarm Farmec SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Arad, Romania	100%	100%
14	RUR Medical SRL (indirect)**	Medical Services	Brasov, Romania	83%	83%
15	Biotest Med SRL	Medical Services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical Services	Iasi, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	90%
18	Ultratest SA (direct and indirect)*	Medical Services	Craiova, Romania	92.2%	92.2%
19	Diamed Center SRL	Medical Services	Bucharest, Romania	100%	100%
20	Prima Medical SRL	Medical Services	Craiova, Romania	100%	100%
21	Stem Cells Bank SA	Medical Services	Timisoara, Romania	100%	100%
22	Dent Estet Clinic SA	Dental healthcare	Bucharest, Romania	65%	60%
23	Green Dental Clinic SRL (indirect)*	Dental healthcare	Bucharest, Romania	33.2%	31%
24	Dentist 4 Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	65%	60%
25	Dent A Porter SRL (indirect)*	Dental healthcare	Bucharest, Romania	33.5%	31%
26	Dentestet Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	34.4%	32%
27	Aspen Laborator Dentar SRL (indirect)*	Dental healthcare	Bucharest, Romania	48.8%	45%
28	Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	100%	100%
29	Almina Trading SA	Medical Services	Targoviste, Romania	90%	90%
30	Anima Specialty Medical Services SRL	Medical Services	Bucharest, Romania	100%	100%
31	Anima Promovare si Vanzari SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
32	Valdi Medica SA	Medical Services	Cluj, Romania	55%	55%
33	Clinica Polisano SRL	Medical Services	Sibiu, Romania	100%	100%
34	Solomed Clinic SA	Medical Services	Pitesti, Romania	80%	80%
35	Solomed Plus SRL (indirect)*	Medical Services	Pitesti, Romania	80%	80%

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

No.	Entity	Main activity	Location	31December 2023	31 December 2022
36	Ghencea Medical Center SA	Medical Services	Bucharest, Romania	100%	100%
37	Sfatul medicului SRL	Medical Platform	Bucharest, Romania	100%	100%
38	RMC Dentart (indirect)*	Dental healthcare	Budapesta, Ungaria	87.6%	81.3%
39	RMC Medical (indirect)*	Medical Services	Budapesta, Ungaria	87.6%	81.3%
40	RMC Medlife	Holding	Budapesta, Ungaria	87.6%	81.3%
41	Badea Medical SRL	Medical Services	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SRL**	Medical Services	Bucharest, Romania	100%	79%
43	Centrul medical Micromedica SRL	Medical Services	Piatra Neamt, Romania	100%	100%
44	Micromedica Targu Neamt SRL (indirect)*	Medical Services	Targu Neamt, Romania	100%	100%
45	Micromedica Bacau SRL (indirect)*	Medical Services	Bacau, Romania	100%	100%
46	Micromedica Roman SRL (indirect)*	Medical Services	Roman, Romania	100%	100%
47	Medrix Center SRL (indirect)*	Medical Services	Roznov, Romania	100%	100%
48	Spitalul Lotus SRL	Medical Services	Ploiesti, Romania	100%	100%
49	Labor Maricor SRL (indirect)*	Medical Services	Bacau, Romania	100%	100%
50	Centrul Medical Matei Basarab SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
51	Pharmachem Distributie SRL	Distribution of Pharmaceutical Products	Bucharest, Romania	75%	75%
52	CED Pharma SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
53	Leti Pharm 2000 SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
54	Monix Pharm SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
55	KronDent SRL (indirect)*	Dental healthcare	Brasov, Romania	39%	36%
56	Medica SA	Medical Services	Sibiu, Romania	60%	60%
57	Dent Estet Ploiesti SRL (indirect)*	Dental healthcare	Ploiesti, Romania	33.2%	30.6%
58	The Lab Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
59	Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
60	Stomestet Plus SRL (indirect)*	Dental healthcare	Cluj, Romania	39%	36%
61	Costea Digital Dental SRL (indirect)*	Dental healthcare	Oradea, Romania	38.4%	36%
62	Expert Med Centrul Medical Irina (indirect)*	Medical Services	Galati, Romania	76%	76%
63	MNT Healthcare Europe SRL	Medical Services	Ilfov, Romania	50%	50%
64	MNT Asset Management SRL (indirect)*	Holding	Bucharest, Romania	50%	50%
65	Clinica Life-Med SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
66	Pro Life Clinics SRL (indirect)*	Medical Services	Iasi, Romania	60%	60%
67	Onco Card SRL (indirect)*	Medical Services	Brasov, Romania	83%	83%
68	Onco Card Invest SRL (indirect)*	Holding	Brasov, Romania	83%	83%
69	Tomorad Expert SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66.4%	66.4%
70	IT Repair SRL (indirect)*	Medical Services	Targu Mures, Romania	49.8%	49.8%

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

No.	Entity	Main activity	Location	31December 2023	31 December 2022
71	Medici's SRL	Medical Services	Timisoara, Romania	80%	80%
72	Micro-Medic SRL (indirect)*	Medical Services	Timisoara, Romania	80%	80%
73	Sweat Concept One SRL	Wellness	Bucharest, Romania	60%	60%
74	OptiCristal Consult SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
75	Alinora Optimex SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
76	Medicris SRL (indirect)*	Medical Services	Oradea, Romania	83%	83%
77	Triamed SRL (indirect)*	Medical Services	Oradea, Romania	83%	83%
78	SC M-Profilaxis SRL (indirect)*	Medical Services	Timisoara, Romania	80%	80%
79	VitaCare Flav SRL (indirect)*	Medical Services	Pitesti, Romania	51%	80%
80	Dent Estet Genesys SRL (indirect)*	Medical Services	Arad, Romania	73.8%	71.3%
81	Aspire Dental SRL (indirect)*	Dental healthcare	Bucharest, Romania	65%	60%
82	Sanopass SA	Medical Platform	Targoviste, Romania	62.5%	51%
83	Muntenia Medical Competences S.A. (indirect)*	Medical Services	Pitesti, Romania	51%	0%
84	Bios Diagnostic Medical Services SRL (indirect)*	Medical Services	Bucharest, Romania	51%	0%
85	Centrul de Diagnostic si Tratament Provita S.A.	Medical Services	Bucharest, Romania	51%	0%
86	Medical City Blue SRL (indirect)*	Medical Services	Bucharest, Romania	51%	0%
87	Laborator Cuza Voda SRL (indirect)*	Medical Services	Bucharest, Romania	51%	0%
88	Provita Pain Clinic SA (indirect)*	Medical Services	Suceava, Romania	35.7%	0%
89	Policlinica Sf. Ilie SRL (indirect)*	Medical Services	Craiova, Romania	100%	0%
90	Policlinica Union SRL (indirect)*	Medical Services	Cluj, Romania	51%	0%
91	Brol Medical Center S.A. (indirect)*	Medical Services	Timisoara, Romania	56%	0%

**These companies are subsidiaries of other subsidiaries in the Group and are included in the consolidation, as they are controlled by the entities which are subsidiaries of the ultimate parent.*
*** Starting January 2024, these companies have changed their legal form from S.A. to S.R.L..*
****Starting January 2024, Ghencea Medical Center SA, Clinica Life-Med SRL, Laborator Maricor SRL, Policlinica SF. Ilie SRL, Diamed Center SRL and Centrul Medical Matei Basarab SRL were merged under Anima Specialty Medical Services SRL. ;*
Accipiens SA, Transilvania Imagistica SA, Bactro SRL and Triamed SRL were merged under Genesys Medical Clinic SRL. ;
Biofarm Farmec SRL, CED Pharma SRL, Leti Pharm 2000 SRL and Monix Pharm SRL were merged under Pharmalife-Med SRL.

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

2.1 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS and amendments to IFRS which have been adopted by the Group as of 1 January 2023:

- IFRS 17 insurance contracts,
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments),
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments),
- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments),
- IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)

The newly adopted IFRS and amendments to IFRS did not have a material impact on the Group's accounting policies.

- **IFRS 17: Insurance Contracts**

The standard is effective for annual periods beginning on or after 1 January 2023. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts.

The Group does not issue contracts in scope of IFRS 17; therefore, its application does not have an impact on the group's financial performance, financial position or cash flows.

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

The Amendments are effective for annual periods beginning on or after January 1, 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Group assessed its accounting policies are already being disclosed using judgement and the financial statements accounting policies section has been disclosed by using qualitative and quantitative factors. There will be changes in wording, by replacing "significant" with "material" and if necessary, other wording or exclusion of certain paragraphs.
The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

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

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.
The new amendments had no material impact on the Group's financial position and performance.

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

The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The new amendments had no significant impact on the Group's financial position and performance, but had an impact on the deferred tax presentation in the Note 26 to the financial statements.

- **IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)**

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.
The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

2.2 Standards issued endorsed by the European Union but not yet effective and not early adopted

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required

for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.
The amendment will not have a material impact on the Group's financial statements.

- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16.
The amendment is not applicable for the group as it does not have transactions of sale and leaseback.

2.3 Standards that are not yet effective and they have not yet been endorsed by the European Union

- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements.

The amendments have not yet been endorsed by the European Union, however when and if there will be mandatory for application, management will prepare the Statement of Cash Flows accordingly. There will be no material impact on the financial statements.

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments have not yet been endorsed by the European Union, however management anticipates that there will not be a material impact, considering the group mainly uses in majority of transactions, the national currency RON and reports in this certain currency as well.

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

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

The amendments have not yet been endorsed by the European Union, however the Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

3. MATERIAL ACCOUNTING POLICIES

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

3.1 Statement of compliance

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

The accounting policies applied in these financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2022, except for the adoption of new standards effective as of January 1st 2023.
The financial year corresponds to the calendar year.

3.2 Basis of preparation

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

3.3 Going Concern

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

For the purposes of assessing liquidity and going concern, the Group has modelled scenarios reflecting suitable assumptions over the next 12–month period from signing date that serve to inform the decisions the Group takes regarding future cost savings, cash generation, debt covenants and levels of investment. The Group's financial performance to date in 2024 across all revenue streams has been in line with the modelled scenarios.

As a result of the recent signing on 14 March 2024 of the increase in facility of the syndicated loan contract, the Group has also an additional undrawn facility of an amount of EUR 50m, which along with other liquidity of the Group, will be used for possible new acquisition opportunities on the market as well as organic development projects.

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

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

3.4 Basis of consolidation

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

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

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

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

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

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

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

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

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

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

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

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

3.5 Business combinations

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

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

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

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

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

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

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

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

3.6 Significant judgements, estimates and assumptions

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

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

3.6.1. Judgements

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

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

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. When determining the lease term to be used for the measurement of the lease, the Group takes into account all the relevant facts and circumstances that create an economic incentive for exercising either the extension or termination option of the lease term.
For leases of buildings, cars and equipment, the following factors are normally the most relevant:
- If there are significant penalty payments to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.
- If the Group considers that some of the lease agreement shall be terminated earlier, then the assumption of the tenor shall be reassessed accordingly in order to fairly represent the management's view of the leased asset's impact to the financial statements.
- In case of lease term in relation to indefinite lease contracts the assumption applied was that the lease term will be similar to other contracts signed with the same provider or based on the relevant period beyond which the exercise of any option becomes uncertain.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.
Please see note 13.

Separate performance obligations for stem cells contracts
In case of revenues obtained from stem cells processing and storage, the Group considers whether there are two promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Therefore, the Group has identified two separate performance obligations of a multi-component business: the production or processing of stem cells and the storage of cell deposits and allocates the part of the total transaction price corresponding to the storage component on a cost plus basis, with the remaining consideration being allocated to the production and processing component.

Intangible assets with indefinite useful life
The Group's management normally uses judgement to assess whether its intangible assets have a definite or indefinite life and revises periodically this estimate. Please see note 5.2.

Capitalisation of major inspections or components replacement (including spare parts)
The Group exercises judgement in deciding whether or not there are items that should be capitalised as items of property, plant and equipment. In case of major inspections, the cost can be recognised in the carrying amount of the item of property, plant and equipment, as a replacement, if the recognition criteria are satisfied. Individual components of a significant amount in the total value of an equipment may be replaced, as well as spare parts which in aggregate can become of a significant value that satisfy the recognition criteria. Management performs an assessment whether the replacement increases the performance of the asset or increases its useful life and capitalises the costs incurred if the recognition criteria are met.

Fair value assets and liabilities acquired
The Group has applied the factors and disclosed the quantitative information under IFRS 13 Fair Value Measurement based on the classes of assets and liabilities determined as per IFRS 13.94. As judgement is required to determine the classes of properties, other criteria and aggregation levels for classes of assets may also be appropriate, provided they are based on the risk profile of the assets.

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

Contingencies
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.
Please see note 31.

Control over subsidiaries
The Group assesses whether or not it has control over the acquired companies based on whether it has the practical ability to direct the relevant activities of the targets, immediately after acquisition. Please see note 27.

In relation with the acquisition in 2022 of the MNT companies (or Group Neolife, consisting of MNT Healthcare and MNT Asset Management), where 50% of the voting rights were acquired, the Group has established to have control over them. Considering the 50:50 shareholding structure, the Board of Directors structure, where the Group nominates 3 members out of 5 while MNT nominates only 2 members out of 5 and that the ratio will be respected within each period, together with the responsibilities set for decision making process and execution of responsibilities, the Group has concluded that it has power over the investee.

In respect of exposure, or rights, to variable returns from its involvement with MNT, Group Medlife has a 50% share to the returns in the Subsidiary, in line with Articles of Incorporation.

In respect of the ability to use its power over the investee to affect the amount of the investor's returns, according to Articles of Incorporation, the Board of directors (which is controlled by MedLife given the 3-2 ratio) is in charge with the preparation and approval of the budget and business plan, including investment strategy. In 2022, investment in 3 centers was drafted and approved. Reinvestment of profit from the AS IS business together with Banks financing were also approved by the Board of Directors. During 2023, 2 new medical centers were opened in July, following the directions set out in the previous approved business plan.

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

Revaluation of Land and Buildings
The Group accounts for land and building using the revaluation model based on market comparative valuations performed by certified ANEVAR professional, as per revaluation reports concluded as at 31 December 2022. The valuations conform to International Valuation Standards. Please refer to Note 5 for further information.

IAS 16 requires valuations to be performed with sufficient regularity as to ensure that the fair value does not materially differ from the carrying amount. As of 31 December 2023, considering the evolution of the market prices for real estate properties and the recent revaluation which took place at the end of 2022, management has reached to the conclusion that the carrying amount at 31 December 2023 does not materially differ from the fair value for both Land and Buildings.

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

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

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

In determining adjustments for impairment of receivables, management incorporates forward-looking information, exercises professional judgement and uses estimates and assumptions. Estimation of expected credit risk losses involved forecasting future macroeconomic conditions for the next year, compared to the average for 2020-2022 period. More details on the provision matrix can be found in note 7 dedicated to receivables.

In the case of long-term receivables for stem cells processing, the Group recognises an allowance based on the loss rate assigned for the established buckets, which reflect the credit risk characteristics of the stem cells receivables, as the payments are usually due in several years. The allowance represents the Group's best estimate of the losses inherent in the receivables portfolio as of the reporting date. Please see note 3.13.1. and 5.4. for more details.

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

Financing component in contracts concluded with customers - Estimating the discount rate
In order to account for time value of money in contracts concluded with customers for a period longer than one year, where there is a significant financing component, the Group has determined the prevailing interest rate in the market used to discount the transaction price in the contract. This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Please also refer to Note 3.20. for more details on the determination of the discount rate.

Provision for untaken holidays
The Company recognizes a provision for untaken holidays equal to the number of unused leave multiplied by the relevant employee's gross salary at the reporting date.
Please see note 12.

3.7 Foreign currency and translation

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

The exchange rates as announced by the National Bank of Romania on 31 December 2023 were RON 4.9746 for EUR 1 (31 December 2022: RON 4.9474 for EUR 1), respectively RON 1.2995 for HUF 100 (31 December 2022: RON 1.2354 for 100 HUF).
The average exchange rates for the period of 12 months 2023 were RON 4.9465 for EUR 1 (12 months 2022: RON 4.9315 for EUR 1), respectively RON 1.2960 for HUF 100 (12 months 2022: RON 1.2648 for HUF 100).

Translation of foreign currencies
Transactions in foreign currencies are initially recorded at the respective functional currency exchange rate valid at the time of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at the rates of exchange valid at the reporting date. The foreign exchange differences arising from these conversions are recognised as other financial income/expense in the income statement.

Translation of foreign operations
For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at the exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Foreign exchange differences arising from the translation are recognised in comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

3.8 Property, plant and equipment

Property, plant and equipment under the revaluation model
Land and buildings held for use in the supply of services, or for administrative purposes, are stated in the statement of financial position at their fair value, being the revalued amount at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The value of land and buildings owned presented in these consolidated financial statements is based on the valuation reports which were prepared as of December 31, 2022 by independent valuators certified by ANEVAR, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The following steps were taken to estimate the market value of the assets: analysis of assets subject to valuation; the evaluation approaches and the valuation methods applied were based on the category of assets analysed, their location, their characteristics, specific market information; application of appropriate valuation methods for each asset category (i.e. land and buildings) subject to evaluation and estimation of the fair value of the assets analysed at the valuation date, 31 December 2022. The land is not depreciated.

Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.
Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

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

Property, plant and equipment using the cost model
Leasehold improvements fall in this category and are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful life. The estimated useful life for this type of asset is usually over the life of the lease, considering any potential contract prolongations.

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

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

An item of property, plant and equipment is initially recorded at cost. Cost includes all costs necessary to bring the asset to working condition for its intended use. This includes not only its original purchase price, but also costs of site preparation, delivery and handling, installation, related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site, if the case.
Proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management are not deducted from the cost of the item of property, plant and equipment, but recognised in profit or loss.

An entity evaluates under the recognition principle all its property, plant and equipment costs at the time they are incurred. These costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of it.

A condition of continuing to operate an item of property, plant and equipment may be performing regular major inspections for faults regardless of whether parts of the item are replaced.

Costs with capital repairs are included in the carrying amount of the asset when it is probable that future economic benefits above the initially evaluated standard of performance of the existing asset will be transferred to the Group. Capital repairs are depreciated over the remaining useful period of the respective asset.

When each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised. This occurs regardless of whether the cost of the previous inspection was identified in the transaction in which the item was acquired or constructed. If necessary, the estimated cost of a future similar inspection may be used as an indication of what the cost of the existing inspection component was when the item was acquired or constructed.

Expenses for repairs and maintenance are recognized in the profit or loss account when incurred.

In case of replacements, cost includes the cost of replacing part of the plant or equipment when that cost meets the recognition criteria. If an item of property, plant and equipment consists of several components with different estimated useful lives, the individual significant components are depreciated over their individual useful lives.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition, considering the aggregation and materiality criteria. Otherwise, such items are classified as inventory.

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

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

	Years
Buildings	10 – 50 years
Leasehold improvements	Term of the lease contract or useful life if shorter
Plant and equipment	3 – 15 years
Fixtures and fittings, including spare parts	3 – 15 years

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

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

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

The Group's intangible assets are represented by software licenses, concessions, patents and other intangibles which are amortized straight-line over a period of 3 years.
Additionally, the group has trademarks with indefinite useful lives and customer lists and customers advantages with finite useful lives acquired as part of business combinations that are further presented under Note 5.2.

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

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

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

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

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

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

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

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

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

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash held at call with banks mainly with maturities of three months or less. For deposits at banks held with a maturity higher than there months, the Group assimilates the amounts also as cash and cash equivalents, due to the nature of the deposits, which are intended to cover short term cash commitments and not investment purposes, being highly liquid and readily convertible in cash, with no significant penalty in the case of early withdrawal.

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

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

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

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

3.13 Financial instruments – initial recognition and subsequent measurement

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

3.13.1 Financial assets

Initial recognition and classification

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

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

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

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

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

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

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

Subsequent measurement

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

Amortised cost and effective interest method

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

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

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

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

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

Derecognition

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

- The contractual rights to receive cash flows from the asset have expired or

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

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

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

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

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

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

In the case of contracts containing a significant financing component, the Group assesses the Expected Credit Loss (ECL) on receivables arising from stem cell processing services in accordance with simplified approach of IFRS 9. The ECL model incorporates a range of financial and non-financial information, like the ageing of receivables and contract-specific historical cash inflows that reflects the credit risk associated with the receivables. To estimate the ECL, receivables are segmented into buckets based on the credit risk characteristics.

For each risk bucket, an assessed loss rate is applied. These loss rates are determined through an analysis of historical trends, adjusted for current conditions and reasonable and supportable forecasts of future economic conditions. The application of these rates reflects the Group's best estimate of the losses inherent in the receivables portfolio as of the reporting date.
The ECL is updated at each reporting period to reflect changes in the credit risk profile of the receivables.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Starting with 2023, the new amendments specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. These changes from the implementation of IAS 12 amendments did not result in a material impact in the profit and loss section. The impact is only in terms of presentation of Deferred tax asset and Deferred tax liability in the note, but the net impact is not material. A statement was made in this regard in the New Standards section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Clinics
The core of the Group's operations is the network of ambulatory clinics. The business line comprises a network of 103 facilities, which offer a wide range of outpatient services covering a broad range of medical specialties. The Group's diagnostic imaging services provided to clients other than hospital inpatients also form part of this business line. The Group's clinics provide a wide range of services delivered mainly in two formats:
- ***Hyper clinics***, a format pioneered by the Group in Romania, consisting of large facilities with at least 20 medical offices and surface areas in excess of 1,000 sqm. It is a one-stop-shop for clinical examinations and imaging. This format is designed for larger urban areas, with a population over 175,000. Hyper clinics would usually include a broad range of imaging services on site including radiology, bone density – DEXA, CT, MRI, 2D-4D ultrasounds and Mammography; in the case of new openings, such services may be included in the hyper clinics' offering gradually. Hyper clinic locations also host the services of other business lines, such as sampling points for laboratories.
- ***Clinics***, offering a range of treatments from general practitioner services to specialists, are aimed at servicing the core needs of the Group's HPP patients and FFS clients. The Group's clinics typically have between 5 and 12 medical offices, although smaller satellite clinics are in operation to address specific market situations. Clinics are designed for smaller cities or to serve specific concentrations of patients. Clinics, with limited capacity and generally limited imaging services, act as feeder networks for the more specialized services located in the hyper clinics.

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

Stomatology
The Group's Dentistry business line offers a full range of services, ranging from medical examinations to surgery, implants or orthodontic services.

Stomatology business line is not subject to NHIH allocations. All of the sales are fee for service ("FFS") based, and the revenue is recognised at a point in time, when the performance obligation is satisfied.

Laboratories
The Laboratories business line provides the following range of services: biochemistry, pathological anatomy (cytology and histology), molecular biology and genetics, hematology, immunology, microbiology and toxicology. Sampling points are locations where the Group collects blood and other samples from patients. The Laboratories business line sources the bulk of its revenue from FFS clients, and the revenue is recognised at a point in time, when the performance obligation is satisfied.

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

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

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

Pharmacies
This business line is continuously being developed in the Group in close relationship with the medical act, and refers to the delivery of goods (mainly generic medicines) to customers.

In 2010, the Group launched its Pharmalife brand of pharmacies in order to capture additional revenue from the existing patient traffic in the Group's clinics. Pharmalife operates pharmacies only in the Group's own units, where the space, authorization and sales option allow, but also in the proximity of the units.

As of December 31, 2023, there were 21 functional pharmacies, offering patients both prescription and over-the-counter products, including Doctor Life's own branded products.

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

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

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

Other revenue stream
On the "Other" business line, there are included revenues obtained as a result of distribution of generic medicine from large producers to a list of pharmacies, revenues obtained through wellness services, revenues obtained as a result of the production and storage of cell deposits and other types of revenues.

In the case of distribution, revenues are recognized when the goods are transferred to the customers, at a point in time.

For wellness services, revenues are recognized over time, closely related to how the consumption of the benefits for the services provided on a subscription basis takes place over time.

In the case of stem cells bank subsidiary of MedLife Group, Stem Cells Bank SA (SCB), its core business is the collection, preparation and storage of stem cells from umbilical cord blood and tissue.

SCB cooperates with numerous maternity facilities in Romania. The company regularly trains clinic staff in the professional collection of umbilical cord blood and tissue as well as related duties in accordance with the appropriate national regulations in order to ensure the greatest possible process quality.
After collection in one of the partner clinics, the stem cells are transported to the laboratory location in Timisoara. There, they are examined as well as cryopreserved and stored on the basis of the corresponding manufacturer's permit. The stem cells from umbilical cord blood and tissue are thus preserved for therapeutic use for many years. With the storage, parents invest in the participation in medical progress and thus in a preventive product by securing a unique chance for their child directly at birth.

Revenues from SCB activity represents the equivalent value of operating activities. Fees received for storage services to be provided over several periods are recognized over the period in which the corresponding storage is provided. The production and storage of cell deposits are separate performance obligations of a multi-component business. Revenue from the manufacture of cell deposits is recognized when the process of cell collection, preparation and storage is complete. Revenue from the storage of cell deposits is recognized over the contractually agreed storage period. Here, the input-based method is chosen to measure the progress of the service, since it is not possible to measure the flow of benefits to the customer (output-based method) in isolation for the service obligation "storage of a cell deposit". Price discounts granted at the level of individual contracts are allocated to the service obligation "production of cell deposits".

Presence of a financing component
In case of prepayment for several years, the Group receives one single prepayment for both the processing and cell deposit storage from the customer. In view of the nature of the service provided, the payment terms offered by the Group are determined for reasons other than the provision of financing to the customer. Therefore, the Group considers that these advance payments do not include a financing component.

The Group also offers annual payment contracts with a minimum contract term of several years. Transaction price for this contract is determined taking into account all payments to be made by the customer during the contract period. In these cases, the payment received from the customer at the beginning of the contract is below the production cost of the service obligations "processing and storage of a cell deposit". For this reason, the Group concludes that there is a financing component for these contracts. Therefore, for payments due in more than one year, an adjustment is made for the time value of money.

In order to derive the discount rate to be used for the receivables of MedLife Group linked to stem cells banks operating activities, we have obtained the relevant rates for loans granted by Romanian banks to Individuals in EUR (such loans are usually granted for housing purposes). However, we consider that the rates are not suitable to be used as a proxy for stem cells bank`s activity and substantiated the analysis considering the importance of stem cells to a family and the value of the contracts, which are substantially lower as compared with a standard EUR loan granted by a Bank.

Stem cell treatments and therapies are increasingly becoming recognized for their potential to treat and cure various life-threatening diseases and conditions. As a result, the importance of stem cells to a family cannot be understated. Families are highly motivated to make their contract repayments in a timely manner to ensure continued access to this critical resource. Consequently, the risk of default is lower for stem cell loans compared to housing loans, as families prioritize the health and wellbeing of their loved ones above other financial obligations.

In terms of value of the contract and corresponding installments, the overall cost of purchasing production and storage of stem cells is significantly lower than the cost of buying a house. As a result, the loan amount required for SCB services acquisition is also lower, leading to smaller monthly/yearly installments. This reduced financial burden makes it more manageable for families to meet their loan repayment obligations, thus decreasing the risk of non-payment. Moreover, lower loan values and installments can also reduce the risk of financial strain on the borrower, which can further minimize the likelihood of default. Since the repayment amounts are more manageable, borrowers may be less likely to encounter financial difficulties that could lead to missed payments or default on the loan.

In conclusion, given the analysis performed, the Group used as a proxy the relevant rates for loans granted by Romanian banks to companies in EUR. Moreover, considering that the loans to companies are usually done on lower maturities (1 year), we have performed a maturity adjustment based on the yield of the Euro area curves (for 2023, given the inverse shape of the curve, this leads to a reduced value of the interest rate).

Principal versus agent considerations
The Group has concluded that they are the principal in all of their revenue arrangements since they are the primary obligor in all the revenue arrangements, have pricing latitude and are also exposed to inventory, in the case of medicines sold.

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

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

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

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

3.21 Employee benefits

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

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

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

3.22 Fair value

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in the Note 5.1, Note 5.3, Note 5.4 and Note 4.

3.23 Segment information

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

The category "Other revenues" comprises also the integration of the Sweat gyms acquired in 2022, which mark Group Medlife's entry into a new business layer, that of wellness. This layer complements the medical diagnostic and treatment services offered at the national level through the contribution that it provides in reaching a healthier lifestyle for patients, on the long term.

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

An operating segment is a component of an entity:

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

The Group has identified six core business lines, which comprise the following major categories: clinics, stomatology, hospitals, laboratories, pharmacies and corporate.
The core purpose of the Group is to enhance the quality of life for individuals, the ultimate end users of healthcare services, therefore setting the patient as first priority in all activities performed.

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

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

Each reporting made to the Board of Directors includes the six business lines, represented by the six revenue streams. Group managements costs are fully distributed to the operative business lines. The monthly target-to-actual and actual-to-actual comparison in the report to the Board of Directors serves to control the targets published in the Group's annual forecast, in particular the total revenue figure and EBITDA margin (please see Note 34 for further details).

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

The following operating segments are aggregated to one reporting segment, being the provision of healthcare services, since they exhibit similar economic characteristics: clinics, stomatology, hospitals, laboratories and corporate. Other segments are presented as Other in these financial statements.
The wellness business line is assimilated to the Other segment category, which also includes the processing and storage services for stem cells.

As a result of the same structural framework conditions, the operations of the Group with the healthcare services provided are characterised by a similar risk and rewards profile whose economic environment is largely regulated by legislation. It is thus possible for the operations to achieve similar EBITDA margins on the long term. We thus continue to have only one reportable segment that aggregates the above mentioned operating segments.
The Group generates most of all revenues for all areas of activity in Romania, with only a small share of revenues (below 1%) being generated from operations held in Hungary. Although there are locations in different countries, the executive management assumes that the resulting differences in the billing logic do not entail any material different opportunities and risks and these therefore do not conflict with aggregating the healthcare services into a single segment.

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

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

In order to enable users of the financial statements to evaluate the nature and financial effects of the business, the Group decided to present the revenues split on the main business lines.

3.24 IFRS 16 - Leases

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

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

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

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

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

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

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

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

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

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

After initial recognition, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

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

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

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

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

3.25 Earnings per share
Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

3.26 Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

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

4. GOODWILL

The Group records goodwill resulting from business combinations. Please see below the goodwill recorded as of December 31, 2023 and December 31, 2022 (carrying amount):

	December 31, 2023	December 31, 2022
Group Policlinica de Diagnostic Rapid	11,281,899	11,281,899
Group Accipiens (including Bactro & Transilvania Imagistica)	10,930,535	10,930,535
Group Sama (including Ultratest)	1,502,344	1,502,344
Diamed Center SRL	2,646,208	2,646,208
Prima Medical SRL	1,422,493	1,422,493
Stem Cells Bank SA	1,217,669	1,217,669
Group Dent Estet Clinic	7,576,551	7,576,551
Centrul Medical Panduri SA	6,979,272	6,979,272
Almina Trading SRL	6,354,631	6,354,631
Group Anima (including Anima Promovare)	12,863,892	12,863,892
Valdi Medica SRL	2,824,203	2,824,203
Clinica Polisano SRL	4,070,023	4,070,023
Ghencea Medical Center SA	4,693,895	4,693,895
Group Solomed (including Solomed Plus)	6,066,602	6,066,602
Sfatul medicului SRL	1,503,438	1,503,438
Badea Medical SRL	1,881,349	1,881,349
Group RMC Ungaria	8,452,114	8,452,114
Onco Team Diagnostic SRL	1,366,312	1,366,312
Spital Lotus SRL	25,670,864	25,670,864
Group Micromedica	25,653,196	25,653,196
Pharmalife Med SRL	138,997	138,997
Biotest Med SRL	215,289	215,289
Laborator Maricor SRL	15,740	15,740
Krondent SA	9,642,317	9,642,317
Centrul Medical Matei Basarab SRL	600,271	600,271
Medica SA	1,961,763	1,961,763
Group CED Pharma (including Monix & Leti)	16,773,526	16,773,526
Pharmachem Distributie SRL	10,763,546	10,763,546
Group Stomestet	11,560,195	11,560,195
Costea Digital Dental SRL	1,121,170	1,121,170
Expert Med Centrul Medical Irina SRL	1,090,162	1,090,162
Group Neolife (MNT Healthcare Europe SRL & MNT Asset Management S.R.L.)	58,827,359	58,827,359
Life Med SRL	3,085,316	3,085,316
Pro Life Clinics SRL	2,242,012	2,242,012
Group Oncocard (Onco Card SRL & Onco Card Invest SRL)	32,027,708	32,027,708
Tomorad Expert SRL	515,443	515,443
IT Repair SRL	1,266,850	1,266,850
Vita Care Flav SRL	484,106	484,106
Medicris SRL	2,909,612	2,909,612
Triamed SRL	468,970	468,970
M-Profilaxis SRL	2,047,401	2,047,401
Group Opticristal (Opticristal Consult SRL & Alinora Optimex SRL)	8,947,709	8,947,709
Sweat Concept One SRL	11,778,458	11,778,458
Sanopass SA	10,826,150	10,826,150
Group Medici`s (Medici`s SRL & Micro-Medic SRL)	32,475,738	32,475,738
Muntenia Medical Competences SA	15,664,132	-
Policlinica Sf. Ilie SRL	1,391,332	-
Group Provita	56,050,343	-
Policlinica Union SRL	2,181,034	-
Brol Medical Center SA	1,436,171	-
Other	1,929,308	1,929,308
TOTAL	**445,395,617**	**368,672,606**

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

Movement in Goodwill

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	368,672,606	199,679,613
Goodwill recognized during the year	76,723,011	168,992,993
TOTAL	**445,395,617**	**368,672,606**

During the year ended December 31, 2023, the Group obtained control over various companies and recorded an additional goodwill of RON 76,723,011 (December 31, 2022: RON 168,992,993). For further details on business combinations acquired during the year ended December 31, 2023 and the year ended December 31, 2022, please see Note 27.

Accumulated impairment over Goodwill amounts to RON 313,506 as of 31 December 2023 (RON 313,506 as of 31 December 2022).

For the purpose of impairment testing, goodwill is allocated to the cash generating unit (CGU) which is expected to benefit from the synergies of the business combination. Intangible assets with indefinite useful lives are also allocated to CGUs and tested for impairment. Management conducts impairment tests on an annual basis or whenever there is an indication of impairment to assess the recoverability of the carrying value of goodwill and intangible assets with indefinite useful life, at each individual level. No impaired goodwill or intangible assets with indefinite useful life was identified in this context. For more details regarding intangible assets with indefinite useful life please see Notes 5.2 and 5.3.

The recoverable amount is based on fair value less cost of disposal (FVLCOD) of the underlying assets. There are 47 CGUs included in the valuation process, as the remaining ones have a carrying commercial fund amount that is not considered to be significant in comparison with the Group's total carrying amount of goodwill.

The discounted future Cash flows of the CGUs, using the DCF (discounted cash-flow) method, are determined on the basis of the approved business plans for 2024 that forecast financial position and results of operations and take into account historical values and estimated performance. Cash flows are estimated in RON, having a nominal value. The results are then extrapolated for 5 additional years using bottom-up, 5-year planning that reflects the future development of the CGUs under current conditions.

After the six-year time period, a perpetuity value is calculated using a conservative Group-wide growth rate. To determine the present value of future Cash flows, a discount rate based on the weighted average cost of capital (WACC) is applied.

The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.
There are a number of key sensitive judgements made in determining the inputs into these models which include:
- Revenue growth considered for the next years and also the perpetual growth rate
- Operating margins and
- The discount rates applied to the projected future cash flows.

The following data provides information on key assumptions used to compile corporate planning:
- Expected development of sales revenue (new customers, market development in general); Group's own estimates referring to past experiences and expected market trends, market potential analysis. External market studies are also used, if available.
- Application of current and historical organic growth rates for business units or business areas.
- Consideration of regulatory changes affecting the development of business units.
- Development of purchased services based on current circumstances (e.g., contractual basis, strategic business model) and the anticipated development of sales activities (expected revenue situation).
- Expected development of personnel expenses and other operating expenses, based on demand analyses, contractual framework and statistical procedures (e.g., inflation).

The estimated future Cash flows are derived from the business plans approved by the responsible bodies. The assumptions underlying the main planning parameters take into account not only past experience and aspects arising from the operating business.

The operating margin results from the application of the assumed planning assumptions. For the subsequent years, an average of the operating margins is assumed (continuation planning period), adding a slight increase.

Cash flows beyond the six-year period are extrapolated using an estimated growth rate, which is consistent with forecasts specific to the industry in which each CGU operates.

The discount rate is a after-tax rate that reflects current market assessments of the time value of money and the specific risks of every CGU. WACC (weighted average cost of capital) is used to estimate the rate. The discount rate is independent of the Group's capital structure and how the Group financed the purchase of the asset, because future cash flows expected to arise from an asset do not depend on how the Group financed the purchase of that asset.

In the case of CGUs subject to the impairment test, the discount rates considered are higher than the average industry-level data in emerging European countries to take into account country risk, currency risk, and CGU's size. On average, depending on the particularities of each CGU, the discount rate varies, for the most significant entities in the Group, between 8.7% and 18.9%, depending on the specific risks associated with each CGU.
Estimates of future cash flow management are based on the most recent 6-year forecasts (2024-2029).

The estimation of the terminal value was made based on the hypothesis of continuing the activity. The final value is given by the capitalization of the available cash flow with the capitalization rate which has in view a perpetual increase in close relation with the GDP growth and inflation forecast for Romania.

The analysis of the results shows that for the CGUs subject to the impairment test, the related recoverable amount is higher than their net book value and, therefore, there will be no impairment of goodwill recorded on the reporting date.

At an aggregated level for all 47 CGUs under analysis, the recoverable amount is RON 4.1 bn, while the net book value is RON 1.5 bn.

The sensitivity analysis that evaluates the sensitivity of the recoverable amount was performed according to the changes of the main factors: WACC discount rate plus 2 percent, operating margin decrease with 20 percent and perpetual growth rate decrease with 1 percent.

In performing the sensitivity analysis, except for Neolife and Provita cash generating units, an increase in WACC of 2 percent would give rise to a reduction in the Group-wide surplus with 22%, namely a decrease from RON 3.5 bn to RON 2.7 bn in the recoverable amount compared to a net book value of RON 984 mil.

Except for Neolife and Provita cash generating units, a decrease in the operating margin of 20 percent would give rise to a reduction in the Group-wide surplus with 25%, namely a decrease from RON 3.5 bn to RON 2.6 bn in the recoverable amount compared to a net book value of RON 984 mil.

Except for Neolife and Provita cash generating units, a decrease with 1 percentage point in the perpetual growth rate would give rise to a reduction in the Group-wide surplus with 9%, namely a decrease from RON 3.5 bn to RON 3.2 bn in the recoverable amount compared to a net book value of RON 984 mil.

For Neolife cash generating unit, an increase in WACC of 2 percent would give rise to a goodwill impairment of 17.0 mil RON (2022: 40 mil RON), a decrease in the operating margin of 20 percent would give rise to a goodwill impairment of 49.6 mil RON (2022: 58.8 mil RON, which represented a 100% impairment) and a decrease of 1 percentage point in the perpetual growth rate would not give rise to a goodwill impairment (2022: an impairment of 11 mil RON).

For Provita cash generating unit, an increase in WACC of 2 percent would not give rise to a goodwill impairment, a decrease in the operating margin of 20 percent would give rise to a goodwill impairment of 10.1 mil RON and a decrease of 1 percentage point in the perpetual growth rate would not give rise to a goodwill impairment.

Nevertheless, Neolife is an acquisition completed in 2022, while Provita is more recent, finalised in 2023. Management is confident that the business plan used in goodwill impairment testing followed a conservative approach, while negative developments in the analysed parameters are unlikely to materialize. Both business plans have incorporated an important CAPEX component, in line with the investment development plans and strategy of the Group, moving forward. No goodwill impairment is expected in the future.

Management has engaged external specialists to assist with the impairment analysis, the entire valuation process being performed by certified ANEVAR valuators. There were no changes in the valuation techniques compared to prior year.

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

5. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As of December 31, 2023 the Group's property, plant and equipment and intangible assets' structure was the following.
For details regarding additions from business combinations – please see further details in Note 27.

	Intangible assets				***Property, plant and equipment***				
	Intangible assets	**Intangible assets in progres**	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total fixed assets***	**TOTAL**
31 December 2022	**185,325,033**	**-**	**118,558,183**	**297,358,837**	**140,603,584**	**659,366,725**	**59,949,392**	***1,275,836,721***	**1,461,161,754**
Additions	18,639,571	-	-	-	10,759,331	129,837,499	103,252,841	*243,849,672*	262,489,243
Transfers	1,144,614	-	-	-	17,034,835	34,417,288	(52,596,737)	*(1,144,614)*	0
Disposals	(4,239,996)	-	-	-	(430,409)	(13,171,354)	(10,561,684)	*(24,163,447)*	(28,403,443)
Additions from business combinations	21,313,560	-	2,294,403	-	32,101,647	76,527,357	25,217,219	*136,140,626*	157,454,186
31 December 2023	**222,182,781**	**-**	**120,852,586**	**297,358,837**	**200,068,988**	**886,977,515**	**125,261,031**	***1,630,518,958***	**1,852,701,739**
Depreciation	**Intangible assets**	**Intangible assets in progres**	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total fixed assets***	**TOTAL**
31 December 2022	**85,132,768**	**-**	**-**	**(0)**	**73,773,177**	**373,562,484**	**-**	**447,335,661**	**532,468,429**
Charge of the year	16,787,666	-	-	7,891,882	11,907,689	77,576,266	-	97,375,836	114,163,503
Disposals	(1,287,418)	-	-	-	(297,360)	(14,910,294)	-	(15,207,654)	(16,495,072)
Impairment of Trademarks	2,643,753	-	-	-	-	-	-	-	2,643,753
31 December 2023	**103,276,769**	**-**	**-**	**7,891,882**	**85,383,505**	**436,228,456**	**-**	**529,503,844**	**632,780,613**
Net Book Value									
31 December 2022	**100,192,265**	**-**	**118,558,183**	**297,358,837**	**66,830,407**	**285,804,241**	**59,949,392**	**828,501,060**	**928,693,325**
31 December 2023	**118,906,012**	**-**	**120,852,586**	**289,466,955**	**114,685,483**	**450,749,059**	**125,261,031**	**1,101,015,115**	**1,219,921,126**

During 2023, the Group has capitalized borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset in the amount of Ron 1,292,016 (2022: 0 Ron).

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

As of December 31, 2022 the Group's property, plant and equipment and intangible assets' structure was the following:

	Intangible assets		***Property, plant and equipment***						
	Intangible assets	**Intangible assets in progres**	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total fixed assets***	**TOTAL**
31 December 2021	**131,145,798**	**-**	**31,842,685**	**315,018,421**	**96,585,107**	**507,344,820**	**35,060,845**	***985,851,878***	**1,116,997,676**
Additions	19,500,674	742,916	19,348,924	2,785,636	64,260	90,242,155	50,790,594	*163,231,568*	183,475,159
Transfers	1,172,635	(1,172,635)	36,293,649	(31,509,228)	22,468,329	2,115,136	(29,367,887)	-	-
Disposals	(32,547)	-	(148,542)	(390,535)	-	(7,599,380)	(10,267)	*(8,148,724)*	(8,181,271)
Additions from business combinations	33,538,473	429,719	193,271	31,339,897	20,682,035	67,263,995	3,476,106	*122,955,304*	156,923,496
Reclassifications during the year	-	-	(21,132)	(830,895)	803,853	-	-	*(48,173)*	(48,173)
Revaluation impact (accumulated depreciation and impairment eliminated against cost)	-	-	(1,866,599)	(54,297,543)	-	-	-	*(54,297,543)*	(54,297,543)
Revaluation impact recognised in OCI	-	-	32,915,927	33,376,484	-	-	-	*66,292,412*	66,292,412
Impairment arising from revaluation, impact recognised in the consolidated statement of profit and loss	-	-	(1,866,599)	-	-	-	-	*(1,866,599)*	(1,866,599)
Gain from revaluation recognized in profit or loss	-	-	-	1,866,599	-	-	-	1,866,599	1,866,599
31 December 2022	**185,325,033**	**-**	**118,558,183**	**297,358,837**	**140,603,584**	**659,366,725**	**59,949,392**	***1,275,836,721***	**1,461,161,755**

	Intangible assets	**Intangible assets in progres**	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total fixed assets***	**TOTAL**
Depreciation									
31 December 2021	**70,589,143**	**-**	**84,120**	**46,301,870**	**65,410,737**	**321,848,538**	**-**	***433,645,265***	**504,234,408**
Charge of the year	14,576,172	-	-	8,826,567	8,362,440	57,715,341	-	*74,904,349*	89,480,521
Disposals	(32,547)	-	-	-	-	(6,001,395)	-	*(6,001,395)*	(6,033,943)
Reclassifications during the year	-	-	(84,120)	(830,895)	-	-	-	*(915,015)*	(915,015)
Revaluation	-	-	-	(54,297,543)	-	-	-	*(54,297,543)*	(54,297,543)
31 December 2022	**85,132,768**	**-**	**-**	**-**	**73,773,177**	**373,562,484**	**-**	***447,335,661***	**532,468,429**
Net Book Value									
31 December 2021	**60,556,655**	**-**	**31,758,565**	**268,716,551**	**31,174,371**	**185,496,281**	**35,060,845**	***552,206,613***	**612,763,268**
31 December 2022	**100,192,265**	**(0)**	**118,558,183**	**297,358,838**	**66,830,407**	**285,804,241**	**59,949,392**	***828,501,061***	**928,693,326**

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

5.1. Land and buildings carried at fair value

The value of land and buildings of the Group are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The last revaluation on Land and Buildings took place at the end of 2022. The fair value measurements of the Group's freehold land and buildings as at 31 December 2022 were performed by independent valuator certified by ANEVAR and having appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

In 2022, the total revaluation difference was in amount of RON 66,292,412. The difference was recorded in the revaluation reserve in amount of RON 66,292,412 as a surplus. In the consolidated statement of profit or loss on a net basis the overall impact registered is null, as the Group has identified an expense in the amount of RON 1,866,599 in relation with Land and a corresponding gain of RON 1,866,599 on the Buildings side, as a result of the revaluation. Please also refer to Note 26 for impact recognised for Deferred Tax at the end of 2022.

Net book value ("NBV") 31 December 2022

	NBV before revaluation	NBV after revaluation	Revaluation differences
Land	87,508,855	118,558,183	31,049,328
Buildings	262,115,754	297,358,837	35,243,083
TOTAL	**349,624,609**	**415,917,021**	**66,292,412**

The fair value was determined by reference to market-based evidence, using the market comparable method, the cost and income approach. The valuation techniques are selected by the independent appraiser, in accordance with International Valuation Standards.
The fair value is overall determined to be Level 3 in the fair value measurement hierarchy. The inputs used in the valuation were:
- Level 2 inputs based on the IFRS 13 classification (e.g. current rents, prices per sqm, yields, occupancy rates, etc. publicly available on the market for similar assets and other market-corroborated inputs), or
- Level 3 (unobservable) inputs through which Group develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, rather than direct inputs from the market, with orderly adjustments performed by the appraiser in order to determine fair value.

The fair value of the land was determined based on the market price comparison method. This method was considered appropriate due to the nature of the assets valued, which have an active market. An active market is a market that simultaneously meets the following three conditions: goods traded on the market are homogeneous, buyers and sellers can be found at any time on the market and prices are available to the public.
In estimating the value, it was taken into account the physical condition indicated by the company's representatives and found at the time of the field valuation of the assets, as well as the information available in relation to the analysed assets and data extracted from the market analysis. Assets were compared with other similar assets and adjustments were made accordingly to indicate the current value.

The cost approach was chosen exclusively for properties that, although directly generating profit, have a unique nature, special destination and physical characteristics. The assets which were valued with cost approach refers mostly to hospital buildings. The lack of hospital facilities on the market makes the Income or Market approach very difficult to apply due to absence of market comparable or, if any exist, they are extremely limited and insignificant in terms of equipment or involved surface areas.
The cost method reflects the costs which a market participant would incur to construct or acquire assets of similar utility and age, adjusted for obsolescence and other relevant forms of depreciation.

The income approach is based on the idea that the real estate being appraised can be a revenue-generating investment. The rental value is obtained through direct comparisons from the appraiser's database or information obtained from real estate agencies, using the average rental values identified in the market, or, if the situation of the building requires it, the closest rental value can be selected by considering the similarity of comparable properties.
Direct capitalization is the method used to transform the estimated level of net income into a property valuation indicator. Considering the fact that certain buildings with clinical functionality can be converted into office spaces, the appraiser used the income approach. Thus, comparable rental and sale market data for relatively similar buildings were extracted to generate both an average rent and an average capitalization rate, which in turn led to a value for the analysed property. The reported rents are of a contractual nature, therefore, the facilities granted by the owner (such as free rent months or the owner's contribution to the space arrangement) are not taken into account.

For the sensitivity analysis two important elements of the income approach were analysed, namely:
- Losses due to vacancy
- Capitalization rate

Losses due to vacancy represent the loss of potential gross income in case the property that is intended to be rented cannot be rented, rent is not paid or the tenant is changed. It generally represents the ratio between demand and supply in the real estate market at a given time. + 2.1% percentages was used, which represent a period of one week that is added to the vacancy loss considered valid for each property, taking into account both the type of building and the size of the city. As a result the value of the properties appraised through income approach decreased overall with RON 1,737,256.
The capitalization rate (yield) expresses the ratio between the expected net operating income for one year and the total value of the property obtained from the transaction. This does not express the performance of the investment, but it can

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

be an indicator of the real estate market performance at a given time. The capitalization rate may fluctuate depending on the income forecast and the change in property value. For the sensitivity analysis was subtracted - 0.25% from the capitalization rate identified by the market, resulting in a potential negative variation of rental values. The overall effect resulted in a decrease of RON 2,280,490 in the fair value of the buildings.

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

Carrying amount without revaluation	**31 December 2023**	**31 December 2022**
Land	62,665,659	60,371,256
Buildings	166,743,002	171,289,000
TOTAL	**229,408,661**	**231,660,256**

During 2023, no indicators of impairment were identified and the Group concluded that the fair value of Land and Buildings does not differ significantly from their carrying amount. Part of the items related to Land and Buildings are included in the cash-generating units established for the Group and annually tested for impairment as part of the goodwill impairment testing, please refer to Note 4 for more details. For the carrying value of property, plant and equipment pledged to secure the borrowings please refer to Note 14.

5.2. Intangible assets

Carrying amount	**December 31, 2023**	**December 31, 2022**
Customer lists	11,668,958	13,132,836
Contract advantage	15,077,469	12,932,301
Trademark	58,127,347	42,497,347
Concessions, patents, licenses and similar rights and assets and other intangible assets	34,032,236	31,629,780
TOTAL	**118,906,011**	**100,192,265**

At initial recognition, trademarks resulted from business combinations, used to identify and distinguish the medical services, have an indefinite useful life. The Group allocates a definite useful life for both customer lists and contract advantages.

Trademarks

The Group intends to use these intangibles continuously and evidence supports its ability to do so. An analysis of market and competitive trends provides evidence that the services will generate net cash inflows for the group for an indefinite period. Therefore, the intangibles are carried at cost without amortisation, but are annually tested for impairment.

The following factors were considered in determining the indefinite useful life for the above intangible assets, including:
- the indefinite useful life of an asset means that the asset's usefulness to the business is not limited by age, legal or regulatory obligations, contracts, or any other factory;
- also, the useful life cannot be reasonably estimated as to determine a precise period over which the asset will generate benefits to the Group through the continuous use.

The useful life for trademarks cannot be reasonably estimated as they are intended to generate future benefits over the period which the company is expected to continue its activity.

Starting with January 2024, as a result of the recently decided merger projects on Anima Specialty Medical Services SRL, Genesys Medical Clinic SRL and Pharmalife-Med SRL, the Group considers that some of the trademarks will no longer be in use. Therefore, as of 31 December 2023, the Group recognised an impairment for these trademarks covering their entire value, in the amount of RON 2,643,753.

Customer lists and contracts advantages

The Group allocated the following useful lives for:

	Years
Customer lists	10 years
Contract advantages	5 years

These intangibles are depreciated on a straight-line basis.

Other intangibles

All the other intangibles are depreciated on a straight-line basis, over a period of 3 years. During 2023, the costs incurred with the website implementation that met the capitalization criteria of IAS 38 Intangible assets were capitalised as a new intangible asset, in the amount of RON 3,288,782, which is amortized over a period of 3 years.

The capitalized cost for other intangible assets, such as development of internal IT applications, was recognized during the year, in the amount of RON 6,944,633, and it is already included in the other intangible assets on the balance sheet – for further details please see Note 20.

5.3. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). The fair value of intangible assets was assessed by an independent appraiser at acquisition date and are further presented below.

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

Subsidiary	Customer List	Contract Advantage	Trademark	Total
Policlinica de Diagnostic Rapid (2010)	2,335,446	282,163	-	2,617,609
Med Life Ocupational (2010)	10,427	64,546	-	74,973
Genesys Clinic (2011)	631,221	-	-	631,221
Vital Test (2014)	-	8,462	-	8,462
Biotest (2014)	-	25,579	-	25,579
Diamed (2016)	-	839,438	605,153	1,444,591
Prima Medical (2016)	-	115,865	688,850	804,715
Stem Cells Bank (2016)	338,056	-	-	338,056
Dent Estet Clinic (2016)	930,189	-	9,654,592	10,584,781
Centrul Medical Panduri (2016)	-	318,179	-	318,179
Almina Trading SRL (2017)	-	632,000	321,000	953,000
Anima S (2017)	1,130,000	1,150,000	1,288,000	3,568,000
Anima P (2017)	-	870,567	-	870,567
Valdi Medica SRL (2017)	-	-	98,000	98,000
Clinica Polisano (2018)	-	-	2,076,000	2,076,000
Ghencea Medical Center (2018)	-	600,000	280,000	880,000
Grupul Solomed (2018)	-	170,000	157,000	327,000
Sfatul medicului (2018)	2,338,781	-	235,000	2,573,781
Transilvania Imagistica (2018)	-	134,000	49,000	183,000
Badea Medical (2019)	-	-	73,000	73,000
Oncoteam Diagnostic (2019)	-	-	541,000	541,000
Rozsakert Medical Center Ungaria (2019)	-	-	2,011,624	2,011,624
Spital Lotus SRL (2020)	-	-	2,387,000	2,387,000
Grupul Micromedica (2020)	-	-	1,243,000	1,243,000
Laborator Maricor SRL (2020)	-	-	7,600	7,600
Krondent SA (2021)	-	-	410,000	410,000
Centrul Medical Matei Basarab SRL (2021)	-	-	298,000	298,000
Medica SA (2021)	-	-	201,000	201,000
Grupul CED Pharma (inclusiv Monix si Leti) (2021)	-	-	536,000	536,000
Pharmachem Distributie SRL (2021)	6,278,000	-	5,820,000	12,098,000
Grupul Stomestet (2021)	-	-	871,000	871,000
Costea Digital Dental SRL (2021)	-	-	255,000	255,000
Expert Med Centrul Medical Irina SRL (2022)	-	300,000	239,000	539,000
Life Med SRL (2022)	-	780,000	662,000	1,442,000
Pro Life Clinics SRL (2022)	-	740,000	621,528	1,361,528
Onco Card SRL (2022)	-	4,540,000	6,330,000	10,870,000
Tomorad Expert SRL (2022)	-	65,000	92,000	157,000
IT Repair SRL (2022)	-	-	118,000	118,000
Medicris SRL (2022)	95,000	-	271,000	366,000
Triamed SRL (2022)	-	-	46,000	46,000
M-Profilaxis SRL (2022)	-	140,000	440,000	580,000
Grupul Opticristal (includes Opticristal Consult SRL and Alinora Optimex SRL) (2022)	-	160,236	680,000	840,236
Sweat Concept One SRL (2022)	-	-	910,000	910,000
Sanopass SA (2022)	-	-	1,380,000	1,380,000
Grupul Medici`s (includes Medici's SRL and Micro-Medic SRL) (2022)	3,610,000	4,330,000	601,000	8,541,000
Muntenia Medical Competences SA (2023)	-	-	2,470,000	2,470,000
Policlinica Sf. Ilie SRL (2023)	-	850,000	160,000	1,010,000
Group Provita (2023)	-	4,110,000	12,160,000	16,270,000
Policlinica Union SRL (2023)	-	240,000	620,000	860,000
Brol Medical Center SA (2023)	-	-	220,000	220,000
Total	**17,697,120**	**21,466,035**	**58,127,347**	**97,290,502**

The fair value of intangible assets at acquisition date was measured using level 3 fair value measurements.
In 2023, for trademarks measurement, the royalty relief valuation technique was used, with the following inputs: i) Royalty Rate between 0.8% and 1.0% (between 0.8% and 1.2% in 2022) and ii) Capitalization Rate between 11.7% and 16.0% (between 9.5% and 16.3% in 2022); for the contract advantages, returns on contributing assets ranging between

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

6.9% and 17.9% (between 5.1% and 17.4% in 2022) and a discount rate which reflects the specific risks of the intangible asset ranging between 13.6% and 17.9% (between 13.2% and 17.4% in 2022).

5.4. OTHER FINANCIAL ASSETS

Carrying amount	**December 31, 2023**	**December 31, 2022**
Long-term receivables for stem cells processing	44,858,657	36,518,106
Allowance for expected credit losses long-term receivables	(4,110,927)	(2,631,842)
Other receivables	194,810	48,924,440
TOTAL	**40,942,540**	**82,810,704**

Trade receivables of stem cells processing with payments due in more than one year are presented under Other financial assets.
An allowance for expected credit losses was determined for customers, based on the loss rate assigned for the established buckets, which reflect the credit risk characteristics of the stem cells receivables.

Advances for acquisition of subsidiaries were included under Other receivables at the end of 2022.

6. INVENTORIES

	December 31, 2023	**December 31, 2022**
Consumables	60,386,702	50,500,617
Materials in the form of inventory items	1,267,448	1,153,623
Merchandise	48,002,728	47,115,210
Inventory in transit	619	920
TOTAL	**109,657,497**	**98,770,370**

During 2023, no amount (2022: RON 900,203) was recognised as an expense for inventories carried at net realisable value. This is recognised in line Other operating expenses in the consolidated statement of comprehensive income.

7.1. TRADE RECEIVABLES

	December 31, 2023	**December 31, 2022**
Trade receivables	301,363,147	258,302,033
Allowance for expected credit losses on receivables	(39,698,737)	(36,943,173)
TOTAL	**261,664,410**	**221,358,860**

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

Certain customers, which are public or quasi-public institutions, or subsidiaries of MedLife, may have longer payment terms and services may continue to be delivered when amounts are overdue, based on management's assessment of a lower credit risk. The average maturity period for the services offered is 95 days. There is no interest on commercial receivables within the first 95 days from the date of issue of the invoice, which also represents the average contractual term.

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

Based on the assessed credit risk of the customers, Group`s trade receivables are split between individually assessed and collectively assessed.

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

December 31, 2023	Individually assessed	Collectively assessed	Total
Customers	156,034,194	145,328,953	301,363,147
Allowance for expected credit losses on receivables	(11,211,398)	(28,487,339)	(39,698,737)
Total	**144,822,796**	**116,841,614**	**261,664,410**

December 31, 2022	Individually assessed	Collectively assessed	Total
Customers	119,431,189	138,870,844	258,302,033
Allowance for expected credit losses on receivables	(11,330,452)	(25,612,720)	(36,943,173)
Total	**108,100,737**	**113,258,124**	**221,358,860**

Individually assessed trade receivables include mainly accrued income and trade receivables from National Health Insurance House for which due to management`s assessment of a lower credit risk, which resulted to no material allowance for expected credit losses, the Group did not recognise any in the financial statements. As an exception, as accrued income, it is included an amount of RON 7,365,835 which represents amounts receivable by MedLife from the Health Insurance House of the Municipality of Bucharest, not yet invoiced. The Group has booked this amount in the previous years. The company has also commenced court proceedings in the past against the Health Insurance House of Bucharest. The management of the Company is confident that the amount will be recovered in the end, but considering the unfavourable decisions of the courts in similar cases, the Company has decided to register a value adjustment for the entire amount in the previous years.

As of 31 December 2023 and 31 December 2022, the amounts, both the accrued income and the 100% allowance are still in closing balance. Remaining amounts recorded in accrued income represent services rendered, for which the invoices were not yet issued as at year end.

The allowance for expected credit losses for individually assessed trade receivables include the value adjustment aforementioned in relation to the Health Insurance House as well as an allowance for certain customers for which management has assessed as having a default rate of 100% and computed an allowance for expected credit losses for the entire amount.

The Group applies the simplified approach for providing for expected credit losses (ECL) prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables which are collectively analysed. A provision matrix was prepared based on historical observed default rates over the expected life of trade receivables resulting in an ECL reflecting the predictive risk by type of customer.

Changes in economic conditions were also considered as part of forward-looking information. Estimating adjustments for expected credit losses involves forecasting future macroeconomic conditions for 2024, compared to the average during 2020-2022.

The incorporation of forward-looking elements reflects the Groups expectations. GDP (Gross Domestic Product) was used as a macroeconomic factor considered statistically relevant for the analyzed trade receivables.

The allowance for expected credit losses collectively assessed based on the Group’s provision matrix was determined as follows:

December 31, 2023	Current	<30 days	< 90 days	< 180 days	< 365 days	> 365 days	Total
Expected credit loss rate	0.13%	0.61%	2.33%	5.80%	21.87%	68.97%	
Customers	89,032,989	7,077,045	3,251,238	2,762,108	3,621,584	39,583,990	145,328,953
Allowance for expected credit losses on receivables	(116,386)	(43,470)	(75,863)	(160,194)	(792,042)	(27,299,385)	(28,487,339)
TOTAL	**88,916,603**	**7,033,576**	**3,175,375**	**2,601,913**	**2,829,542**	**12,284,605**	**116,841,614**

December 31, 2022	Current	<30 days	< 90 days	<180 days	<365 days	>365 days	Total
Expected credit loss rate	0.26%	1.17%	5.02%	10.84%	37.18%	72.45%	
Customers	93,193,672	5,442,137	2,864,506	1,863,002	2,149,554	33,357,973	138,870,844
Allowance for expected credit losses on receivables	(238,013)	(63,495)	(143,727)	(201,946)	(799,221)	(24,166,318)	(25,612,720)
TOTAL	**92,955,659**	**5,378,642**	**2,720,779**	**1,661,056**	**1,350,333**	**9,191,654**	**113,258,124**

For Customers in ">365 days" category, the expected credit loss rate of 69.0% represents an average of expected credit loss rates, depending on the aging of the receivables. Expected credit loss rates range from 34.3% for receivables from 2022 gradually increasing to 100%. For all receivables from 2017 and older, allowance for doubtful receivables was computed for the entire amount as having a default rate of 100% and no longer analysed for collection%.

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

A reconciliation of the allowance for expected credit losses is presented as follows:

	2023	2022
As at 1 January	**36,943,173**	**33,288,919**
Business combinations	1,525,217	1,434,497
Recognised in income statement	1,230,347	2,219,757
As at 31 December	**39,698,737**	**36,943,173**

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

7.2. OTHER ASSETS

	December 31, 2023	December 31, 2022
Guarantees paid	9,733,862	7,415,600
Advances paid	19,322,089	24,181,412
Other subsidies received	7,922,222	4,750,309
Other sundry debtors	4,843,680	3,577,991
Other assets	8,394,389	4,437,022
TOTAL	**50,216,242**	**44,362,334**

8. CASH AND BANKS

	December 31, 2023	December 31, 2022
Cash in bank	96,423,004	85,385,761
Cash in hand	2,031,272	2,554,466
Cash equivalents	1,816,817	1,127,928
TOTAL	**100,271,093**	**89,068,154**

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

9. PREPAYMENTS

As of December 31, 2023 the Group has prepayments in amount of RON 11,699,369 (RON 11,826,587 as of December 31, 2022). The prepayments balance as of December 31, 2023 and December 31, 2022 consists mainly of deferred commissions for financing related to the Club loan for undrawn facilities and other amounts such as insurance policies for professionals and tangible assets.

10. TRADE AND OTHER PAYABLES

	December 31, 2023	December 31, 2022
Suppliers	308,881,426	281,384,001
Suppliers for property, plant and equipment	90,879,608	48,347,315
Advances paid by customers (contract liabilities)	4,792,738	5,625,426
TOTAL	**404,553,771**	**335,356,742**

The balance of the suppliers account consist of debts for the acquisition of consumables, materials and commodities. Fixed assets suppliers account consists mainly of debts for the acquisition of medical equipment.

11. OTHER SHORT TERM LIABILITIES

	December 31, 2023	December 31, 2022
Salary and related liabilities (including contributior	28,272,208	24,169,661
Government grants	3,732,024	2,378,369
Deferred revenue	27,185,939	28,827,508
Other sundry creditors	5,146,930	10,099,383
Other liabilities	7,623,374	3,514,383
TOTAL	**71,960,475**	**68,989,304**

Other short term liabilities include the current portion of government grants of RON 3,732,024 (RON 2,378,369 as of December 31, 2022), while the non-current portion is presented as Other long term debt. Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants. Also, other liabilities include a deferred revenue in the amount of RON 27,185,938 (RON 28,827,508 as of December 31, 2022), which refers mainly to future income in relation with National Health Programme, in which the Group is involved.

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

Also, Other liabilities include other sundry creditors in the amount of RON 5,146,930 (RON 10,099,383 as of December 31, 2022).

12. PROVISIONS

	December 31, 2023	December 31, 2022
Carrying amount at start of year	9,783,326	7,992,337
Acquired through business combination	462,682	1,165,445
Charged/(credited) to profit or loss		
- additional provisions recognised	2,423,638	2,153,470
Amounts used during the year	(1,553,102)	(1,527,926)
Carrying amount at end of year	**11,116,544**	**9,783,326**

Provisions booked as of 31 December 2023 and 31 December 2022 refer to provisions related to untaken holidays, which cover above 92% from total balance.

13. LEASES

Leasing facilities refer to buildings, vehicles and medical equipment.

Amounts recognised in the balance sheet

Right-of-use asset	**Buildings**	**Vehicles**	**Equipment**	**Total**
Cost				
At 31 December 2022	**351,790,125**	**25,202,895**	**103,302,774**	**480,295,794**
Additions	73,182,300	4,697,335	35,046,771	**112,926,407**
Business combinations	92,812,396	559,035	4,292,626	**97,664,058**
Decrease due to renegotiation of lease term	(45,660,789)	(1,253,024)	(15,009,417)	**(61,923,230)**
Value at 31 December 2023	**472,124,033**	**29,206,241**	**127,632,755**	**628,963,029**
Accumulated depreciation				
At 31 December 2022	**132,955,693**	**11,973,328**	**28,953,385**	**173,882,405**
Charge for the year	62,427,504	5,683,679	12,472,475	**80,583,659**
Decrease due to renegotiation of lease term	(17,113,865)	(1,015,053)	(3,943,654)	**(22,072,572)**
Value at 31 December 2023	**178,269,332**	**16,641,954**	**37,482,206**	**232,393,492**
Carrying amount				
At 31 December 2022	**218,834,432**	**13,229,567**	**74,349,389**	**306,413,389**
At 31 December 2023	**293,854,701**	**12,564,288**	**90,150,548**	**396,569,537**

	December 31, 2023	December 31, 2022
Non-current - Lease Liabilities	309,158,946	225,175,340
Current portion – Lease Liabilities	99,589,187	77,141,698
TOTAL	**408,748,133**	**302,317,038**

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

Amounts recognised in the statement of profit or loss	**12 months ended December 2023**	**2022**
Depreciation charge of right-of-use assets	80,583,659	62,930,229
Interest expense on lease liabilities for rent contracts that fall under IFRS 16 (included in finance cost)	16,309,869	8,299,604
PL (Gain) from contracts terminated earlier	1,049,203	565,862
Foreign exchange loss for rent contracts that fall under IFRS 16 in relation with Lease Liabilities	2,216,556	58,218
Expense relating to short-term leases (included in rent expenses)	1,853,985	595,003
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rent expenses)	2,070,174	1,177,428
Other categories	8,898,966	6,660,366

The total cash outflow for leases amount to RON 100,166,757 (2022: RON 77,681,591) for contracts that fall under IFRS 16 (which refer to rental of buildings, vehicles and equipment), out of which RON 83,856,888 (2022: RON 69,381,987) refer to payments of principal and RON 16,309,869 (2022: RON 8,299,604) refer to payments of interest.

Extension and termination options
Extension and termination options are only included in the lease term when the Group has the right to unilaterally extend/terminate and judges that this right is reasonably certain to be exercised. For some of the Group’s lease agreements with extension options, these criteria are considered met and the extension option is therefore included in the lease term.

Some of the real estate leases within the Group contain termination options with a purpose to achieve operational flexibility. For most of these agreements, the Group is reasonably certain that the termination option will be exercised. Consequently, the lease liability does not include future rental payments in the period after the earliest termination date.

During 2023, the Company has renegotiated some of its contracts on shorter periods, with options to extend that were not included in the lease term, reflecting the Group's current business strategy and plans.

14. NET FINANCIAL DEBT

	December 31, 2023	**December 31, 2022**
Current portion of interest-bearing loans and borrowings (incl. overdraft)	112,132,814	83,496,070
Non-current portion of Interest-bearing loans and borrowings	1,040,639,641	803,273,659
TOTAL	**1,152,772,455**	**886,769,729**

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

	December 31, 2023	December 31, 2022
Cash and cash equivalents	100,271,093	89,068,154
Borrowings (including overdraft)	(1,152,772,455)	(886,769,729)
Lease liabilities	(408,748,133)	(302,317,038)
Net debt	**(1,461,249,495)**	**(1,100,018,613)**
Current debt		
Overdraft	(29,835,472)	(27,801,016)
Current portion of lease liability	(99,589,187)	(77,141,698)
Current portion of long term debt	(82,297,342)	(55,695,054)
Long Term Debt		
Lease liability	(309,528,916)	(225,175,340)
Long term debt	(1,040,639,641)	(803,273,659)

Increases in credit facility during 2023

On 13 December 2022, following the approval of the General Meeting of Shareholders on 21 November 2022, MedLife, together with co-borrowers BAHTCO INVEST S.A., ACCIPIENS S.A., POLICLINICA DE DIAGNOSTIC RAPID S.A., CLINICA POLISANO S.R.L., DENT ESTET CLINIC S.A., GENESYS MEDICAL CLINIC S.R.L., CENTRUL MEDICAL SAMA S.A., VALDI MEDICA S.R.L., PHARMALIFE MED S.R.L., PRIMA MEDICAL S.R.L., ANIMA SPECIALTY MEDICAL SERVICES S.R.L., CED PHARMA S.R.L., BADEA MEDICAL S.A., CENTRUL MEDICAL MICROMEDICA S.R.L., SOLOMED CLINIC S.A., VITA CARE FLAV S.R.L., PHARMACHEM DISTRIBUTIE S.A., SANO PASS S.A., MNT ASSET MANAGEMENT S.R.L., MNT HEALTHCARE EUROPE S.R.L., SWEAT CONCEPT ONE S.A., ONCO CARD S.R.L., ONCOCARD INVEST S.R.L., DIAMED CENTER S.R.L., STEM CELLS BANK S.A., SFATUL MEDICULUI.RO S.A. and MEDICI'S S.A., signed with Banca Comercială Română, as lead arranger, a syndicated credit facility in the total amount of 228 million euros for the refinancing and increase of the existing credit of 50.7 million euros. The bank syndicate that signed the new credit granted to the MedLife Group is comprised of Banca Comerciala Romana, as coordinator, lead arranger, documentation agent, facility and guarantee agent, and financier, Raiffeisen Bank, BRD Groupe Societe Generale, Banca Transilvania, ING Bank N.V. Amsterdam Branch Bucharest, and Erste Group Bank AG, as lead arrangers and financiers.

The syndicated credit contract involved a refinancing agreement for existing facilities, extending the financing period, rearranging terms and conditions, as well as an additional increase of 50.7 million euros in 2022, which is in the form of a term facility, used by MedLife, along with other liquidity of the Group, for acquisition opportunities on the market and organic development projects.

The closing balance of the syndicated loan is 1,009,658,454 RON as of December 31th 2023.
As at December 31, 2023, the Group's drawn and undrawn financing facilities included the following:

- loan agreement and an overdraft facility agreement secured by CEC Bank S.A. and Clinica Polisano S.R.L., with an outstanding balance of RON 29,616,443 as of 31 December 2023;
- a loan agreement secured by Banca Transilvania S.A. and Ghencea Medical Center S.A., with an outstanding balance of RON 433,641 as of 31 December 2023;
- a loan agreement secured by Banca Transilvania S.A. and Micromedica Roman S.R.L., with an outstanding balance of RON 630,789 as of 31 December 2023;
- two loan agreements secured by Banca Transilvania S.A. and Centrul Medical Micromedica S.R.L., with an outstanding balance of RON 476,628 as of 31 December 2023;
- a loan agreement secured by Banca Transilvania S.A. and Dent Estet Ploiesti S.R.L., with an outstanding balance of RON 1,908,305 as of 31 December 2023;
- a loan agreement secured by Banca Comercială Română and Life Med S.R.L., with an outstanding balance of RON 420,292 as of 31 December 2023;

  a loan agreement secured by BRD GROUPE SOCIETE GENERALE S.A. and Pro Life Clinics S.R.L., with an outstanding balance of RON 37,500 as of 31 December 2023, and a loan agreement secured by ING BANK N.V.

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

AMSTERDAM SUCURSALA BUCURESTI and Pro Life Clinics S.R.L., with an outstanding balance of RON 35,247 as of 31 December 2023;

- a loan agreement secured by Banca Transilvania S.A. and Medical City Blue S.R.L., with an outstanding balance of RON 337,833 as of 31 December 2023;
- a loan agreement secured by Banca Transilvania S.A. and Centrul de Diagnostic și Tratament Provita S.R.L., with an outstanding balance of RON 83,981,514 as of 31 December 2023;
- a loan agreement secured by Banca Comercială Română and Provita Pain Clinic S.A., with an outstanding balance of RON 536,307 as of 31 December 2023;
- a loan agreement secured by Libra Bank and Policlinica Union S.R.L., with an outstanding balance of RON 98,759 as of 31 December 2023;
- a loan agreement secured by Banca Transilvania S.A. and Onco Team Diagnostic S.R.L., with an outstanding balance of RON 152,778 as of 31 December 2023;
- an overdraft facility agreement secured by Garanti Bank S.A. and Med Life S.A., with the amount drawn as of 31 December 2023 being RON 9,949,200;
- an overdraft facility agreement secured by Unicredit Tiriac Bank and Prima Medical S.R.L., with a maximum credit limit of RON 800,000, fully drawn as of 31 December 2023;
- an overdraft facility agreement secured by Banca Transilvania S.A. and Pharmachem Distributie S.R.L., with an outstanding balance of RON 1,306,367 as of 31 December 2023;
- an overdraft facility agreement concluded between Banca Transilvania S.A. and Medical City Blue S.R.L., with an outstanding balance of RON 293,797 as of 31 December 2023;
- an overdraft facility agreement concluded between Banca Transilvania S.A. and Centrul de Diagnostic și Tratament Provita S.R.L., with an outstanding balance of RON 2,901,572 as of 31 December 2023;

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

As at December 31, 2023 none of the Group members was in breach of any applicable term of the financing facilities.

Company	Bank	Currency	Maturity
Group Loan	Club**	EUR	15-Nov-29
Clinica Polisano SRL	CEC Bank	RON	29-Mar-33
Ghencea Medical Center SA	Banca Transilvania	RON	29-Jun-28
Micromedica Roman SRL	Banca Transilvania	RON	30-Jun-25
Centrul Medical Micromedica SRL	Banca Transilvania	RON	30-Jun-24
Centrul Medical Micromedica SRL	Banca Transilvania	RON	30-Jun-25
Dent Estet Ploiesti SRL	Banca Transilvania	RON	11-Oct-28
Life Med SRL	Banca Comerciala Romana	RON	02-Sep-26
Pro Life Clinics SRL	BRD - Groupe Société Générale	RON	19-Aug-24
Pro Life Clinics SRL	ING Bank N.V. Amsterdam Sucursala Bucuresti	RON	01-Jun-24
Provita Pain Clinic SA	Banca Comerciala Romana	EUR	05-Dec-28
Medical City Blue SRL	Banca Transilvania	EUR	17-Jul-29
Centrul de diagnostic si tratament Pro	Banca Transilvania	EUR	20-Jan-32
Onco Team Diagnostic SA	Banca Transilvania	RON	05-Aug-25
Policlinica Union SRL	Libra Bank	RON	15-Apr-26

** The companies that are part of the group loan are: MEDLIFE S.A., BAHTCO INVEST S.A., ACCIPIENS S.A., POLICLINICA DE DIAGNOSTIC RAPID S.A., CLINICA POLISANO S.R.L., DENT ESTET CLINIC S.A., GENESYS MEDICAL CLINIC S.R.L., CENTRUL MEDICAL SAMA S.A., VALDI MEDICA S.R.L., PHARMALIFE MED S.R.L., PRIMA MEDICAL S.R.L., ANIMA SPECIALTY MEDICAL SERVICES S.R.L., CED PHARMA S.R.L., BADEA MEDICAL S.A., CENTRUL MEDICAL MICROMEDICA S.R.L., SOLOMED CLINIC S.A., VITA CARE FLAV S.R.L., PHARMACHEM DISTRIBUTIE S.A., SANO PASS S.A., MNT ASSET MANAGEMENT S.R.L., MNT HEALTHCARE EUROPE S.R.L., SWEAT CONCEPT ONE S.A., ONCO CARD S.R.L., ONCOCARD INVEST S.R.L., DIAMED CENTER S.R.L., STEM CELLS BANK S.A, SFATUL MEDICULUI.RO S.A and MEDICI'S SA.*
*** The group of banks that signed the loan consists of: Banca Comerciala Română S.A, BRD Groupe Société Générale S.A, Banca Transilvania S.A, Raiffeisen Bank S.A and ING Bank N.V Amsterdam – Bucharest Branch*
As of 28th of December 2023, according to the transfer certificate signed, Erste Group Bank AG has left the club group of banks, transferring all the existing rights and obligations under the Facilities Agreement to Banca Comerciala Română.

As at 31 December 2023, in relation to the syndicated loan with balance of RON 1,009,658,454, the Group has pledged the property, plant and equipment with a carrying value of RON 390,654,321. The Group has also pledged cash in a total amount of RON 38,955,748 and pledged receivables of RON 21,319,316 at 31 December 2023.

As at 31 December 2023, in relation to the loans with balance of RON 133,958,130, the Group has pledged the property, plant and equipment with a carrying value of RON 24,674,328. The Group has also pledged cash in a total amount of

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

RON 3,389,634, inventories in total amount of RON 3,974,088 and receivables in total amount of RON 4,877,738 as at 31 December 2023.

The Company has pledged shares in relation with the companies acquired until December 31, 2023 and pledged assets in relation to the other loans presented in Note 14.

As at December 31, 2023 the Group was not in breach of any applicable term of the financing facilities.

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

	Liabilities from financing activities			
	Borrowings	**Leases**	**Overdraft**	**Total**
Financial Debt as at 31 December 2022	**(858,968,713)**	**(302,317,038)**	**(27,801,016)**	**(1,189,086,767)**
Cash movements				
Cash flows net related to principal	(207,577,817)	83,856,888	653,329	**(123,067,600)**
Payments of interest	44,944,711	16,309,869	408,191	**61,662,770**
Non-cash movements				
New leases	-	(67,273,290)	-	**(67,273,290)**
Foreign exchange adjustments	(6,288,638)	(2,216,556)	(54,400)	**(8,559,594)**
Business combinations	(38,657,131)	(120,884,820)	(2,616,150)	**(162,158,101)**
Other changes (non-cash movements)	(56,389,394)	(16,223,186)	(425,426)	**(73,038,005)**
Financial Debt as at 31 December 2023	**(1,122,936,983)**	**(408,748,133)**	**(29,835,472)**	**(1,561,520,588)**

*Other changes (non-cash movement) contains the accrued interest expense.

15. SHARE CAPITAL AND SHARE PREMIUM

The issued share capital in nominal terms consists of 531,481,968 ordinary shares as at 31 December 2023 (31 December 2022: 132,870,492) with a nominal value of RON 0.25 per share. The holders of ordinary shares are entitled to one vote per share in the shareholders' meetings of the Company, except for the treasury shares bought back by the Company as part of the share buy-back program. All shares rank equally and confer equal rights to the net assets of the Company, except for treasury shares.
In accordance with the Decision of the Extraordinary General Meeting of Shareholders of the Company dated 3 August 2023, the share capital of the Company was increased with the amount of RON 99,652,869, from RON 33,217,623 to RON 132,870,492, by issuance of a number of 398,611,476 new shares with a nominal value of RON 0.25 per share. The Share Capital increase was carried out through the incorporation of capital premiums and retained earnings, and the newly issued shares were allocated free of charge to the Company's shareholders registered in the register of shareholders kept by Depozitarul Central - S.A. as of 04.09.2023, established as record date ("Record Date"), based on their existing shareholdings and considering the allocation ratio of 3 new (issued) shares for 1 (previously) owned.
The effects of the share capital increase were processed on 5 September 2023 and the newly issued shares were allocated to shareholders. The total number of issued ordinary shares of the Company after the share capital increase is 531,481,968.

	December 31, 2023	**December 31, 2022**
Share capital	132,870,492	33,217,623
Share premium	(308,154)	50,594,933
TOTAL	**132,562,338**	**83,812,556**

During 2023 the Group reacquired own equity instruments (treasury shares) in a total amount of RON 488,718 and released shares in total value of RON 3,026,045, net of commissions. The difference between the fair value and cost of own shares when the change was made is in a total amount of RON 308,155 and was included as an increase on the share premium account.

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

16. EARNINGS PER SHARE

	December 31, 2023	December 31, 2022 (restated)
Total basic and diluted earnings per share attributable to the ordinary equity holders of the company	0.007	0.061

Earnings used in calculating earnings per share:

	December 31, 2023	December 31, 2022
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	3,684,292	32,173,072

Weighted average number of shares used as the denominator

	December 31, 2023	December 31, 2022
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	531,357,870	531,075,216

The amounts for 2022 on Basic and diluted earnings per share were properly restated to reflect the bonus issue that took place in 2023, while for the weighted average number of shares for 2023, the bonus issue is reflected as if the shares were outstanding from the beginning of the year (1st of January 2022).

17. RESERVES

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

	December 31, 2023	December 31, 2022
General reserves (i)	25,147,204	24,325,883
Other reserves (ii)	37,915,962	30,768,310
Revaluation reserves (iii)	149,497,049	149,497,049
TOTAL	**212,560,215**	**204,591,242**
(i), (ii) Legal reserves and other reserves		
Balance at beginning of the year	**55,094,193**	**41,850,759**
Movements	7,968,973	13,243,434
Balance at the end of the year	**63,063,166**	**55,094,193**
(iii) Revaluation reserves		
Balance at beginning of the year	**149,497,049**	**95,484,740**
Increase due to revaluation	-	64,300,368
Deferred tax related to revaluation	-	(10,288,059)
Balance at the end of the year	**149,497,049**	**149,497,049**

On the General reserves account there are legal reserves registered in the amount of RON 10,188,638 (2022: RON 9,367,317). The increase of RON 821,321 in legal reserves arised as a result of the national legislation.

Other reserves have increased with RON 7,147,653 in order to re-invest the profits earned during the year.

The properties revaluation reserve arises on the revaluation of land and buildings. During 2022, the Group engaged an independent appraiser to determine the fair value for land and buildings as of 31 December 2022. The total revaluation difference that was recorded as a revaluation surplus in the statement of changes in equity is in the amount of RON 54,012,309 (excluding NCI).
When revalued land or buildings are sold or otherwise disposed of, the portion of the properties revaluation reserve that relates to that asset, and that is effectively realized, is transferred directly to general reserves.

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

The effects of taxes on income, if any, resulting from the revaluation of property, plant and equipment are recognized and disclosed in accordance with IAS 12 Income Taxes (please see Note 26). Deferred tax recognised on other comprehensive income as a result of revaluation of Land and Buildings was in the amount of RON 10,288,059 at the end of 2022 (excluding NCI) (please refer to Note 26).

18. NON-CONTROLLING INTEREST

	December 31, 2023	December 31, 2022
Balance at beginning of year	**65,257,412**	**43,295,149**
Share of profit/(loss) for the year	(7,849,149)	5,259,484
Share of other comprehensive income	-	1,673,316
Non-controlling interests arising on the acquisition of subsidiaries	27,511,565	21,895,097
Subsequent acquisition of NCI	(4,118,682)	(6,865,634)
Distribution of dividends	(1,900,421)	-
TOTAL	**78,900,725**	**65,257,412**

During 2023, the Group acquired an additional 5% of the issued shares in Dent Estet Clinic, an additional 11.5% of the issued shares in Sanopass, acquired additional 6.25% in shares in RMC Hungary and had a 21% subsequent acquisition in Oncoteam Diagnostic for a total consideration of RON 11,521,683, out of which RON 6,984,284 was made in cash and RON 2,717,890 through own shares release used for acquiring additional NCI (which is already netted with the difference in fair value of the treasury shares between acquisition and transfer date, presented as a share premium movement in the Consolidated Statement of Changes in Equity, in the amount of RON 308,155), the remaining amount being recognised as a payable (consideration to be paid, please see below for further details).

Immediately prior to the purchase, the carrying amount of the existing non-controlling interest in Group was 4,118,682 RON. The Group recognised a decrease in non-controlling interests of 4,118,682 RON and a decrease in equity attributable to owners of the parent of 7,403,001 RON. The effect on the equity attributable to the owners of Group during the year is summarised as follows:

	December 31, 2023	December 31, 2022
Carrying amount of non-controlling interests acquired	4,118,682	6,865,634
Consideration paid to non-controlling interests	(6,984,284)	(6,527,765)
Consideration to be paid to non-controlling interests	(1,819,509)	-
Consideration as a result of release of own shares	(2,717,890)	(10,066,049)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(7,403,001)**	**(9,728,179)**

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

Business Line	12 months 2023 Sales	% of Total Sales	12 months 2022 Sales	% of Total Sales	Variation 2023/2022
Clinics	831,236,066	37.6%	616,685,378	34.3%	34.8%
Stomatology	121,778,348	5.5%	119,068,495	6.6%	2.3%
Hospitals	480,454,826	21.7%	377,991,740	21.1%	27.1%
Laboratories	230,656,316	10.4%	199,919,067	11.1%	15.4%
Corporate	259,493,546	11.7%	221,374,274	12.3%	17.2%
Pharmacies	60,709,968	2.7%	80,941,362	4.5%	-25.0%
Others	226,106,278	10.2%	179,452,431	10.0%	26.0%
TOTAL SALES	**2,210,435,349**	**100.0%**	**1,795,432,748**	**100%**	**23.1%**

The Group has around 27% of its sales during 2023 deriving from the treatment of NHIH insured patients. The Group has one reportable segment, healthcare services, that aggregates the operating segments clinics, stomatology, hospitals, laboratories and corporate in the total amount of RON 1,923,619,102 in 2023.

The Group obtains revenues from goods mainly from Pharmacies and Others business lines, while the other business lines generate revenues from services. In the Other category there are also included revenues from processing and storage of stem cells and, starting with 2022, the wellness services.
The revenues of the Group are generated on the Romanian market, below 1% being generated from other geographical locations (Hungary). The entire amount included in contract liabilities at the beginning of the year (as per Note 10) was recorded as revenue in 2023.

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

During 2023, the increase for the Others revenue stream is mainly due to the consolidated results of a 12 month period for wellness services as a result of the acquisition of Sweat Concept in September 2022, the increase of medical and wellness platform SanoPass, also aquired in September 2022 and also due to the intensified distribution of medicine through Pharmachem Distributie, acquired during 2021.

20. OTHER OPERATING INCOME

	12 months 2023	12 months 2022
Other operating income	8,663,169	4,955,689
Income from operating grants	2,637,466	2,491,038
Capitalized cost of intangible assets	(0)	6,671,334
TOTAL	**11,300,635**	**14,118,061**

Starting with 2023, the Company has reclassified the capitalised cost of intangible assets as a decrease on the Salary and related expenses account, as opposed to 2022, when they were presented under "Other operating income".
The Company considers that presenting the amount on a net basis on the account "Salary and related expenses" provides better information to the users of financial statements, as it is computed based on the total number of working hours in house for the development of the internal applications. The change in presentation has no effect on operating profit.

During 2023, the Other operating income has increased as a result of the sale of two pharmacy licenses.

21. THIRD PARTY EXPENSES

	12 months 2023	12 months 2022
Medical services	549,773,038	413,954,469
Consulting services	8,243,239	5,622,559
Cleaning and laundry	14,239,586	7,664,001
Legal services	5,811,609	2,057,326
Other services	3,582,027	2,011,783
Waste collection and sanitation	4,926,184	4,102,363
Security and safety	4,371,462	3,678,470
IT services	4,961,917	3,404,421
Logistics and telecommunications services	5,122,958	3,457,567
Accreditations and authorizations	2,812,640	1,873,126
Storage and archiving services	855,125	654,901
Others	20,609,323	19,715,474
TOTAL	**625,309,108**	**468,196,458**

Around 88% of total Third party expenses incurred during 2023 and 2022 refer to collaboration contracts concluded with doctors.
The amounts included in the "Others" category represent Third party expenses cummulated from all Group entities, that cannot be further itemised and they represent 3% out of the total Third party expenses (2022: around 4%).

22. OTHER OPERATING EXPENSES

	12 months 2023	12 months 2022
Utilities	34,016,431	25,955,216
Repairs maintenance	19,369,183	13,361,182
Rent	12,823,124	8,432,798
Insurance premiums	5,962,658	4,711,548
Promotion expense	37,019,353	26,664,612
Communications	6,030,747	5,211,175
Other administration and operating expenses	29,081,116	25,567,358
TOTAL	**144,302,612**	**109,903,888**

On the Other administration and operating expenses it is included an amount of RON 10,539,331 (2022: RON 8,136,124) related to other (fiscal) taxes for the state budget, an amount of RON 5,282,510 (2022: RON 3,673,407) related to transportation and travel expenses, the remaining amounts representing other operating expenses incurred by the Group.

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

23. KEY MANAGEMENT PERSONNEL EXPENSES

The structure of Med Life personnel is described below:

	December 31, 2023	December 31, 2022
Management	242	309
Staff	6,755	5,972
Total	**6,997**	**6,281**

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

	December 31, 2023	December 31, 2022
Management	62,758,533	52,298,790
Staff	499,746,678	406,451,203
Total	**562,505,211**	**458,749,993**

24. NET FINANCIAL RESULT

	12 months 2023	12 months 2022
Finance cost	(76,309,357)	(34,323,373)
Bank commissions	(5,861,338)	(8,165,777)
Interest income	3,423,077	1,261,843
Other income	1,221,841	637,298
(Loss)/Gain from foreign exchange rate impact	(9,692,103)	(4,082,362)
FINANCIAL NET PROFIT/(LOSS)	**(87,217,880)**	**(44,672,371)**

Starting with 2023, interest income and other financial income are presented on a separate line in the Consolidated Statement of comprehensive income, as opposed to 2022, when they were presented under "Other financial expenses". The Group considers that presenting such expenditure on a separate line provides better information to the users of financial statements. There was no change for the values presented in the previous year, due to materiality considerations. The change in presentation has no effect on operating profit.

25. RELATED PARTIES

(a) Main shareholders

As of December 31, 2023, the shareholders' structure of Med Life SA is as presented below:

	Number of shares	%	Value
Legal entities	289,227,475	54.42%	72,306,869
Marcu Mihail	78,484,828	14.77%	19,621,207
Cristescu Mihaela Gabriela	74,642,760	14.04%	18,660,690
Marcu Nicolae	55,341,600	10.41%	13,835,400
Others	33,785,305	6.36%	8,446,326
TOTAL	**531,481,968**	**100.00%**	**132,870,492**

As of December 31, 2022, the shareholders' structure of Med Life SA is as presented below:

	Number of shares	%	Value
Legal entities	72,263,633	54.39%	18,065,908
Marcu Mihail	19,932,307	15.00%	4,983,077
Cristescu Mihaela Gabriela	18,660,690	14.04%	4,665,173
Marcu Nicolae	13,835,400	10.41%	3,458,850
Others	8,178,462	6.16%	2,044,616
TOTAL	**132,870,492**	**100.00%**	**33,217,623**

Please refer to Note 15 and Note 16.

(b) Executive Committee and Board of Directors' compensation

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

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

	12 months 2023	12 months 2022
Executive Committee	7,709,531	7,953,552

Executive Committee compensation includes the payments toward members of the top management under their mandate contracts concluded with the Company for a period of 4 years.
As at December 31, 2023, the Company's Executive Committee consisted of ten managers remunerated based on mandate agreements.

During the year 2023 there have been no amendments to the composition of Medlife's Executive Commitee, their mandates ending October 21st, 2024.

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

	12 months 2023	12 months 2022
Board of Directors	3,840,591	3,828,027

Med Life SA Board of Directors consists of 7 members under administration agreements concluded with the Company, and approved by the General Shareholders Meeting.
The members' mandates are for a period of 4 years, 2020 and ending December 20th 2024. No loans were granted to managers and administrators in 2023 and 2022.

During the year 2023 there have been no amendments to the composition of Medlife's Board of Directors.

(c) Related parties
The related parties identified are as follows:

	Receivables from		Payables to	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
DR. CRISTESCU I. MIHAELA-GABRIELA	-	24,839	116,429	58,400
DIETLIFE FOOD SRL	278	206	206	-
BLACK SEA MAGIC SRL	9,500	10,290	10,290	-
MNT BULGARIA EOOD	-	-	4,137,971	9,026,947
MNT SAGLIK	11,939	-	94,468	-
ANDREI VASILE *	-	-	41,459	896,769
RADU GROSU *	-	-	7,461,999	7,462,000
Ada Palea *	-	-	8,537,662	10,000
Ovidiu Nicolae Palea *	-	-	1,489,960	20,000
Catalin Constantin Lulciuc *	-	-	1,211,166	76,000
Ovidiu Laurentiu Piros *	-	-	300,000	300,000
Adrian Gabriel Barbos *	-	-	1,400,000	-
Valentin Muntean *	-	-	1,570,000	-
Sabina Grigorescu *	-	-	637,256	637,256
Virgiliu Grigorescu *	-	-	574,510	574,510
Oana Roxana Taban *	-	-	30,900	30,900
Narcisa Adela Badescu *	-	-	7,000	-
Cristian Stefan Lamba *	-	-	16,124	16,124
Monica Hincu *	-	-	9,509	9,509
Marius Adrian Penciu *	-	-	3,867	3,867
Serban Rogoz *	-	-	5,383	5,383
Total	**21,717**	**35,335**	**27,656,158**	**19,127,665**

	Sales in 2023	Sales in 2022	Purchases in 2023	2022
DR. CRISTESCU I. MIHAELA-GABRIELA	**-**	**-**	700,800	700,800
LIFE RESORT SRL	-	-	80,115	-
DIETLIFE FOOD SRL	2,840	2,486	-	-
BLACK SEA MAGIC SRL	9,500	-	-	22,522
MNT SAGLIK	1,493	-	-	-
RADU GROSSU **	1,414		-	
Total	**15,247**	**2,486**	**780,915**	**723,322**

During 2022, the Group has acquired the MNT companies (Group Neolife). As of 28 February 2022, date of acquisition, the balance registered with the related party MNT Bulgaria was in the amount of RON 9,026,947.
*Minority shareholders for the subsidiaries in the Group.

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

26. TAXATION

	December 31, 2023	December 31, 2022
Current income tax expense	13,541,391	12,124,746
Deferred tax income	(5,077,050)	-
Total income tax expense	**8,464,341**	**12,124,746**
Profit before tax	**4,299,484**	**49,557,301**
Tax expense using the statutory rate of 16% (2022 16%)	687,917	7,929,168
Fiscal effect of non-deductible expenses	2,632,208	2,990,801
Fiscal effect of non-taxable income	(4,770,402)	(244,293)
Fiscal effect of deductible legal reserve	(54,602)	(55,608)
Sponsorship/other compensation	(953,559)	(1,687,089)
Reinvested profit and other fiscal facilities	(1,318,674)	(595,003)
Adjustments in respect of current income tax of previous years	(399,387)	-
Other elements (including different fiscal treatment)	12,640,840	3,786,770
Deferred tax expense	-	-
Income tax for the current year	**8,464,341**	**12,124,746**

	December 31, 2023	December 31, 2022
Income tax liabilities as at January 1	814,508	1,467,625
Income tax liabilities through acquisitions	137,102	54,255
Income tax paid in the current year	(14,171,759)	(12,832,118)
Income tax payable in the current year	13,541,391	12,124,746
Current tax liabilities as at 31 December	**321,242**	**814,508**

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

Components of deferred tax	**31 December 2023**	**Change in deferred tax**	**31 December 2022**
Deferred tax assets			
Impact of IAS 12 amendments, in relation to lease transactions	31,179,388	(31,179,388)	-
Amount related to untaken holidays provisions	1,778,648	(446,464)	1,332,184
Total deferred tax asset	**32,958,036**	**(31,625,852)**	**1,332,184**

Deferred tax liability	**31 December 2023**	**Change in deferred tax**	**31 December 2022**
Business combinations	20,992,822	3,943,981	17,048,841
Other elements	104,870	-	104,870
Impact of IAS 12 amendments, in relation to lease transactions	31,288,453	31,288,453	-
Land and buildings revaluation	25,469,666	(2,958,967)	28,428,633
Total deferred tax liability	**77,855,811**	**32,273,467**	**45,582,344**
Net deferred tax liability	**44,897,775**	**647,615**	**44,250,160**

Components of deferred tax	**31 December 2022**	**Change in deferred tax**	**31 December 2021**
Deferred tax assets			
Amount related to untaken holidays provisions	1,332,184	-	1,332,184
Total deferred tax asset	**1,332,184**	**-**	**1,332,184**

Deferred tax liability	**31 December 2022**	**Change in deferred tax**	**31 December 2021**
Business combinations	17,048,841	10,083,757	6,965,084
Other elements	104,870	-	104,870
Land and buildings revaluation	28,428,633	10,606,786	17,821,847
Total deferred tax liability	**45,582,344**	**20,690,543**	**24,891,801**
Net deferred tax liability	**44,250,160**	**20,690,543**	**23,559,617**

The Group accrues income taxes at the rate of 16% on profits computed in accordance with the Romanian tax legislation. The net effect of the change on deferred tax balances recognized as at December 31, 2023, except for the deferred tax related to the revaluation reserve which is recognized in equity, is reflected in the statement of comprehensive income for the year then ended.
During 2023, the Group has recognised a deferred tax liability from business combination in the amount of RON 5,724,666 (please refer to Note 27) and decreased the same account with RON 1,780,686.

27. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

27.1. Subsequent acquisition of non-controlling interest and acquisition of subsidiaries

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

- 5% subsequent acquisition of shares in Dent Estet Clinic in January 2023;
- Acquisition of 99.76% shares in Muntenia Medical Competences SRL, transaction being approved by the Competition Council and completed in January 2023);
- Acquisition of 100% shares in Policlinica Sf. Ilie, in February 2023;
- 11.5% subsequent acquisition of shares in Sanopass in March 2023;
- Acquisition of 51% shares in Provita Group, transaction being approved by the Competition Council and completed in March 2023;
- 6.25% increase in participation of shares in RMC Hungary in November 2023;
- Acquisition of 51% shares in Policlinica Union, in June 2023;
- 21% subsequent acquisition of shares in Oncoteam Diagnostic in August 2023.
- Acquisition of 70% shares in Brol Medical Center, in September 2023.

27.1.1. Subsequent acquisition of non-controlling interest

Increased participation in SC Dent Estet Clinic SA
In January 2023, MedLife SA completed the acquisition of additional 5% shares in SC Dent Estet Clinic SA company, reaching a 65% stake. In 2016, MedLife SA acquired a majority stake of 60% in SC Dent Estet Clinic SA, the largest operator of dental services in Romania, which brings together 7 clinics in Bucharest and in the country.

Increased participation in Sanopass SA
In March 2023, MedLife SA completed the acquisition of additional 11.5% shares in Sanopass SA company, reaching a 62.5% stake. In 2022, MedLife SA acquired a majority stake of 51% in Sanopass SA, one of the most active Romanian startups in the healthtech area, which offers medical, wellness and fitness services on a subscription and individual basis.

Increased participation in RMC Hungary
In November 2023, MedLife increased its participation with 6.25% shares in RMC Group, reaching a stake of 87.57%. RMC Group has been part of MedLife System since 2019, when representatives announced the acquisition of 51% of its shares.

Increased participation in Onco Team Diagnostic SA
In August 2023, MedLife SA completed the acquisition of additional 21% shares in Onco Team Diagnostic SA company, reaching a 100% stake. In 2019, MedLife SA acquired a majority stake of 79% in Onco Team Diagnostic SA, a laboratory with profile of pathological anatomy and molecular biology.

27.1.2. Acquisition of subsidiaries

Acquisition of Muntenia Hospital
On 10 January 2023, MedLife Group announced the completion of the transaction to take over 99.76% of Muntenia Hospital shares, the largest hospital in Arges county, after the approval from the Competition Council. Thus, the leader of the private medical services market in Romania consolidates its medical expertise in the hospital area.

Acquisition of Nord Group (formerly Provita)
On 30 March 2023, MedLife announced the completion of the acquisition of a 51% stake in Nord Group (formerly Provita) after receiving approval from the Competition Council.
In its 11 years of activity in the private medical services market, Nord Group has been particularly successful in Bucharest, where it is present through a multidisciplinary hospital, 5 clinics, two state-of-the-art imaging centers, a laboratory for processing a wide range of medical analyses and tests, as well as the only pain therapy training center in Central and Eastern Europe. At the end of 2022, Nord Group expanded outside of the capital by opening a multidisciplinary clinic in Suceava worth EUR 2.5 million, which houses an integrated Pain Therapy Center and a Breast Center.

Acquisition of Union Medical Clinic (through Sfanta Maria Group)
In July 2023, the MedLife Group completed the acquisition of the majority stake of 51% of the Union Medical Clinic in Cluj, a clinic that was integrated into the Sfânta Maria network.
The Union Medical Clinic has over 10 years of experience on the Cluj market and offers a diverse range of high-quality services, covering 21 medical specialties, including cardiology, dermatovenerology, diabetes and nutrition, endocrinology, family medicine, neurology, obstetrics- gynecology, ophthalmology, orthopedics, psychiatry, psychology and urology. Being in a continuous process of development, the clinic integrates the latest techniques and medical devices to ensure treatment to patients at European standards.

Acquisition of Sfântul Ilie Polyclinic (through Sfanta Maria Group)
In July 2023, the MedLife Group completed the acquisition of the entire share package of the Sfântul Ilie Polyclinic in Craiova, this being integrated into the Sfânta Maria network, part of the MedLife Group.
Present on the local market since 2000, Policlinica Sfântul Ilie is one of the first private clinics in Craiova. With 12 medical specialties, the clinic offers comprehensive medical services and paraclinical investigations to meet the needs of all patients, thus becoming a point of reference in medical activity at county level.

Acquisition of Brol Medical Center
In September 2023, Med Life S.A., through Medici's SRL, completed the acquisition of a 56% stake in Brol Medical Center. Brol Clinic started its activity in 1996 and has over 25 years of experience in cosmetic surgery. The clinic offers plastic, reconstructive and aesthetic surgery services, consultations and dermatological treatments, as well as nutrition consultations.

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

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

Assets acquired and liabilities recognized at the date of acquisition	**31 December 2023**	**31 December 2022**
Non-current assets	**255,118,244**	**260,502,085**
out of which		
- Intangible assets	*21,313,560*	*33,968,192*
- Property, plant and equipment	*136,140,627*	*122,955,304*
- Right-of-use assets	*97,664,058*	*100,382,819*
- Others	*-*	*3,195,770*
Current assets	**37,741,647**	**84,854,668**
out of which		
- Inventories, cash and prepayments	*30,106,969*	*28,483,576*
- Trade Receivables and other receivables	*7,634,678*	*56,371,093*
Current liabilities	**167,950,250**	**195,161,941**
out of which		
- Overdraft	*2,616,150*	*1,111,865*
- Current tax liabilities	*137,102*	*54,255*
- Trade and other liabilities	*38,124,829*	*90,435,201*
- Lease liabilities	*120,884,820*	*92,273,753*
- Current portion of long term debt	*-*	*37,667*
- Provisions	*462,682*	*1,165,445*
- Deferred tax arising at acquisition	*5,724,666*	*10,083,756*
Non-current liabilities (Borrowings on long term)	**38,657,131**	**23,320,240**
Net assets	**86,252,510**	**126,874,572**

Tangible and intangible assets fair value valuation methodology uses a mix between the cost approach and the income approach, which estimates the depreciation of the assets considering also the economic benefits that would be generated by that particular assets. For certain medical equipment and vehicles, for which publicly available information allows, fair value was measured using market approach.

27.3. Acquisition related costs

The Group incurred acquisition-related costs of RON 2,029,980 on legal fees and due diligence costs. These costs have been included in Other operating expenses.

27.4. Goodwill arising on acquisition

	31 December 2023	**31 December 2022**
Consideration transferred	135,463,957	273,972,468
Less: fair value of identifiable net assets acquired	(86,252,510)	(126,874,572)
Plus non-controlling interest	27,511,565	21,895,097
Goodwill arising on acquisition	**76,723,011**	**168,992,993**

The goodwill is attributable to the workforce and also to the know-how acquired and the high profitability of the acquired business. It will not be deductible for tax purposes.

In 2023, the difference between consideration transferred (as stated here in Note 27.4.) and consideration paid in cash (as stated in Note 27.5.) represents prepayment for business combination in 2022.

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

27.5. Net cash outflow on acquisition of subsidiaries

	31 December 2023	31 December 2022
Consideration paid in cash	90,998,706	328,743,653
Less: cash and cash equivalent balances acquired at acquisition date	(24,454,041)	(12,188,904)
Total	**66,544,664**	**316,554,749**

In 2022, the consideration paid in cash included also the prepayment for future business combination.

28. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 14, cash and cash equivalents disclosed in Note 8 and equity, comprising issued capital, reserves and retained earnings as disclosed in note 15, 16 and note 17.

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

The Group has grown in 2023 principally through acquisitions and less through organic development. In expanding organically, the Group is exposed to potential loss of capital if the expansion or new activities do not immediately meet their financial objectives.

The Group's objectives have been to balance the cash generation from established business units into higher risk investments in new activities. This has left the equity levels of the Group as a buffer to protect the Group in case of variations in performance that could impact the established activities. The Group has used debt funding for acquisitions of businesses due to the historically low cost of debt funding and availability of liquidity on the financial markets. When assessing the adequacy of the Group's equity for the activities and exposures the Group analyses the ratio of loans payable net of cash to total equity (including non-controlling interests), as presented in the following table:

	December 31, 2023	December 31, 2022
Interest-bearing loans and borrowings without overdraft	1,122,936,983	858,968,713
Cash and cash equivalents	100,271,093	89,068,154
Loans payable net of cash	1,022,665,890	769,900,559
Total Equity	494,192,023	482,038,245
Ratio total equity to loans payable (without overdraft) net of cash	**0.48**	**0.63**

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

29. RISK MANAGEMENT

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

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

(a) Credit risk

Financial assets that potentially give rise to concentrations of credit risk consist principally of cash, short-term deposits, trade receivables, long-term receivables from stem cells processing and advances for acquisitions of subsidiaries (in the prior year).

The Group's cash equivalents and short-term deposits are placed with reputable financial institutions with a high credit rating.
Trade receivables are represented net of the allowance for expected credit losses. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base, which consists mainly of both individuals and companies. Around 60% of the total sales are cash-based with remaining being based on issuance of invoices. The financial condition of these customers in relation to their credit standing is evaluated on an ongoing basis.

The Group has also developed certain procedures to assess legal entities as customers prior to signing contracts, aimed at providing health care packages (PPMs), and monitoring their ability to meet the payments during the course of contracts. Also, the Group has established an internal Collection department which actively monitors encashments received from customers.

Other long-term receivables for stem cells processing are represented net of the allowance for expected credit losses. Receivables were individually assessed taking into account specific information available in individual cases in order to measure credit risks. An allowance for expected credit losses was determined for certain customers for which management assessed high credit risk.

Advances for acquisition of subsidiaries are short-term in nature and might occur in certain business combinations between signing and closing, in line with Share Purchase Agreement terms and conditions. Muntenia Medical Competences acquisition was completed in January 2023, while Provita transaction was approved by the Competition Council in March 2023.

The gross carrying amounts of financial assets (before credit loss allowances) included in Note 5.4. and Note 7.1. represent the Group's maximum exposure to credit risk in relation to these assets.

The Group has only 27% of its sales during 2023 deriving from the treatment of NHIH insured patients (concentration of credit risk) – reliance on major customers, but in the management's view, the associated credit risk with the receivable balance is considered to be low, based on historical practice and specifics of the contracts (please also see Note 7 for further details).

At 31 December 2023 and 31 December 2022, the Group did not consider there to be a significant concentration of credit risk. Please see Note 7 Receivables, for further details regarding credit risks of trade receivables and expected credit loss allowance, Note 5.4 Other financial assets, for further details regarding credit risks of long-term receivables for stem cells processing and expected credit loss allowance and also 3.13.1 Financial assets, for further details of accounting policies used by the Group.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk because it borrows funds at floating interest rates. The higher risk is represented by funds borrowed in the national currency, because the interest rates are periodically repriced based on index variation.

Lease contracts concluded in the national currency are also exposed due to the above repricing process, as the discount rate in this case is linked to the internal borrowing rates for funds withdrawn in the national currency.

Interest rate sensitivity analysis

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

A 10% percent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The assumptions used have not changed from previous years.

Based on historical data, the management of the Group considers a 10% increase in the interest rate as appropriate to be included in the sensitivity analysis performed in relation with interest rate risk measurement. Taking into consideration the value of loans in total and the actual level of the interest rate (as of 31 December 2023), any change with more that 10% is not expected.
According to National Bank of Romania, the EURIBOR level is predicted to slowly decrease during 2024 (from 4.004% as of 31 December 2023 to a predicted 3.7% as of 31 December 2024). This decrease is already supported as of January

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

2024 when the EURIBOR reached the level of 3.861%. As a result, the management of the Group does not consider the need of a higher expected increase in interest rate in the sensitivity analysis.

If interest rates had been 10% higher and all other variables were held constant, the Group's profit for the year ended 31 December 2023 would decrease by RON 9,766,056 RON (2022: decrease with RON 3,983,637). This is mainly attributable to the Group's exposure to interest rates on its borrowings and leases.

LIABILITIES	Total	Out of which included in the sensitivity analysis		%	Interest expenses per year at the current interest rate for the selected portion	Interest expenses per year at the interest rate increased by 10% for the selected portion	Variation that affects the profit and loss account when the interest rate increases by 10%
2023							
Overdraft	29,835,472						
Short-Term and Long-Term portions of loans	1,122,936,983	Club loan	1,009,659,583	88%	51,570,638	56,727,702	5,157,064
Short-Term and Long-Term portions of leases	408,748,133	Contracts that refer to rent of buildings, equipment and which fall under IFRS 16	336,545,420	82%	14,089,369	18,658,325	4,568,957
2022							
Overdraft	27,801,016						
Short-Term and Long-Term portions of loans	858,968,713	Club loan	816,408,338	92%	21,580,386	23,738,425	2,158,039
Short-Term and Long-Term portions of leases	302,317,038	Contracts that refer to rent of buildings, equipment and which fall under IFRS 16	245,389,824	81%	7,661,018	9,486,616	1,825,598

	December 31, 2023	December 31, 2022
Profit or loss	9,726,020	3,983,637

(c) Liquidity risk

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

The following table details the Group's remaining contractual maturity for financial liabilities as of December 31, 2023 and December 31, 2022. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

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

2023	**Weighted average effective interest**	**Carrying amount**	**Total**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**> Year 5**
Non-interest bearing instruments									
Trade payables		**404,553,771**	**404,553,771**	404,553,771	-	-	-	-	-
Interest bearing instruments									
Overdraft		**29,835,472**	**29,835,472**	29,835,472	-	-	-	-	-
Borrowings	EURIBOR 6M / ROBOR 6M + margin	**1,122,936,983**	**1,391,452,581**	138,827,091	207,680,536	149,171,697	155,143,222	206,070,129	534,559,906
Lease contracts		**408,748,133**	**534,261,128**	99,993,360	83,179,560	63,873,360	50,389,472	35,413,806	201,411,571
Total		**1,966,074,359**	**2,360,102,952**	**673,209,694**	**290,860,097**	**213,045,057**	**205,532,694**	**241,483,935**	**735,971,476**

2022	**Weighted average effective interest rate**	**Carrying amount**	**Total**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**> Year 5**
Non-interest bearing instruments									
Trade payables		**335,356,742**	**335,356,742**	335,356,742	-	-	-	-	-
Interest bearing instruments									
Overdraft		**27,801,016**	**27,801,016**	27,801,016	-	-	-	-	-
Borrowings	EURIBOR 6M / ROBOR 6M + margin	**858,968,713**	**1,052,246,374**	86,859,183	93,128,054	117,760,871	93,542,301	102,508,136	558,447,830
Lease contracts		**302,317,038**	**332,431,917**	79,720,542	69,602,919	54,815,224	43,573,508	30,778,670	53,941,054
Total		**1,524,443,509**	**1,747,836,049**	**529,737,483**	**162,730,972**	**172,576,094**	**137,115,810**	**133,286,806**	**612,388,884**

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

(d) Foreign currency risk

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

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

2023	RON	1 EUR = 4.9746 RON	100 HUF = 1.2995 RON	Total
ASSETS				
Cash and cash equivalents	82,878,300	17,392,793	-	100,271,093
Trade receivables	260,178,448	-	1,485,962	261,664,410
Financial assets	194,810	40,747,730	103,960	40,942,540
LIABILITIES				
Trade payables	391,625,523	10,361,481	2,566,768	404,553,771
Overdraft	19,940,672	9,894,800	-	29,835,472
Other long term debt	47,775,013	-	-	47,775,013
Short-Term and Long-Term portions of loans	19,255,743	1,103,681,240	-	1,122,936,983
Short-Term and Long-Term portions of leases	4,005,481	403,960,440	782,212	408,748,133

2022	RON	1 EUR = 4.9474 RON	100 HUF = 1.2354 RON	Total
ASSETS				
Cash and cash equivalents	79,669,747	9,344,717	53,690	89,068,154
Trade receivables	220,266,093	-	1,092,767	221,358,860
Financial assets	48,924,440	33,886,264	98,832	82,810,704
LIABILITIES				
Trade payables	325,697,092	8,153,765	1,505,885	335,356,742
Overdraft	17,906,216	9,894,800	-	27,801,016
Other long term debt	6,771,077	-	-	6,771,077
Short-Term and Long-Term portions of loans	23,008,547	835,960,166	-	858,968,713
Short-Term and Long-Term portions of leases	4,355,210	297,173,479	788,349	302,317,038

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

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

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

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

	December 31, 2023	December 31, 2022
Profit or loss (and Equity)	146,975,744	110,795,123

(e) Sustainability

The Group is subject to transitional and physical risks related to climate change. Transitional risks include, for example, a disorderly global transition away from fossil fuels that may result in increased energy prices; customer preference for low or no-carbon providers of medical services; stakeholder pressure to decarbonize assets; or new legal or regulatory requirements that result in new or expanded carbon pricing, taxes, restrictions on greenhouse gas emissions, and increased greenhouse gas disclosure and transparency. These risks could increase operating costs, including the cost of the Group's electricity and energy use, or other compliance costs.

The Group monitors energy consumption relative to area and to the type of activity carried out in each location. The main consumption is in respect of natural gas, electricity and fuel, and the main sources of consumption are: air conditioning system, MRI machines and other large imaging machines (radiotherapy, radiology, angiography, CT and PET-CT).

Also, the Group is concerned with the reduction energy consumption through implementation energy efficiency measures. Over time Medlife Group has implemented technology LED used in 99% of the cases. Halls of surgery within hospitals and not only, were equipped with devices that allow LED lighting and effective point settings have been implemented from an energy point of view for heating, ventilation and air conditioning, thus reducing the energy used. LED lighting is also used in elevators and areas waiting for patients. Currently, a set of intelligent control measures are implemented at the level of consumers of various types of energy (thermal, electrical, etc.), renewal cooling aggregates (chillers), 2 installations being replaced so far. The possibility of using photovoltaic panels is also considered for the future.
In terms of GHG emissions, the Group has the legal obligation to report these emissions, the main source of generation being thermal power plants powered by gas, followed by emissions generated by the leased car fleet.
Physical risks to Group's operations include water stress; wildfires; extreme temperatures and storms, which could impact the pharmaceutical distribution, increase costs, or disrupt supply chains of medicines for patients on a global level, which also could further affect the pharmacy segment.

To carry out the activities Medlife Group consumes water that is captured exclusively from the public network. The Group monitors water consumption monthly, and through internal work procedures ensures that any risk of biological contamination of the water spilled is eliminated.
Our supply chain is likely subject to these same transitional and physical risks and would likely pass along any increased costs to us.
The improvement of the corporate governance framework is continued. At the basis of this improvement stands the materiality analysis performed by MedLife Group through a complex process consisting of several stages, as follows: identification and prioritization of stakeholders - which allowed us to better understand who we affect and who can influence our work, identify and analyze best practices in the global and national health sector, consult with the most significant internal and external stakeholders and prioritize sustainability issues in terms of the impact of our activities on the environment, stakeholder expectations about how we manage environment issues, as well as the sustainability risks that can affect our position and the development of our business.

As at 31 December 2023 the Group does not consider that these risks will have a material financial impact in the near term.

(f) Ongoing war

The crisis started in February 2022 and was generated by the invasion of Russia in Ukraine, which led to a sharp increase in energy prices, both in Romania and in other European countries. The invasion created a refugee crisis with the fastest growth in Europe and a global food crisis. At the same time, at the regional level, a resource crisis was created due to the imposition of a series of restrictions on the international level, Russia being an important player in the natural gas market in Europe. Continued and/or intensified disruptions in Russian commodity flows to Europe could result in further increases in European energy prices.

Medlife Group does not own subsidiaries and affiliated entities on the territory of Ukraine, nor does it have any other relevant exposures in the countries directly involved in this conflict. From an operational point of view, the purchases of energy and natural gas are mainly made from the domestic market; availability, provenance and delivery of resources could be influenced by the dynamics of the conflict from region.

The consequences of the ongoing conflict in Ukraine, the European energy crisis and resulting regulatory measures and other economic disruptions currently being observed, and further regulatory interventions, as well as the extent and duration of their economic impact cannot be reliably estimated at this stage. The Group is responding to the situation with targeted measures to safeguard its economic stability. Because events are ongoing, the long-term impact can affect cash flows and profitability. However, at the date of these financial statements, the geopolitical context driven by the ongoing conflict in Ukraine has no significant negative impact on the consolidated financial statements as of December 31, 2023.

(g) Macroeconomic environment

The economic context at national and international level that may negatively influence the Group's activity refer to factors such as: inflation, recession, changes in fiscal and monetary policy, tighter lending, higher interest rates, new or rising tariffs, currency fluctuations, raw material price (electricity, natural gas), etc.

GDP Growth: In 2023, Romania's economy displayed a moderate GDP growth rate of 2%, reflective of both the domestic and global economic conditions. Despite facing challenges such as geopolitical tensions and supply chain disruptions, the growth was supported by consumer demand and investments in sectors deemed essential, including healthcare.

Inflation: The inflation rate in Romania remained at a particularly high level of 10.4% in 2023; expectations are that it will return to a downward trend from the beginning of 2024. However, over the medium term, inflation is likely to remain significantly above the central bank's target level, which will continue to put pressure on the monetary policy.
Monetary Policy Rates: The National Bank of Romania's monetary policy throughout 2023 aimed at stabilizing the inflation rate while supporting economic growth. The key rate was increased in January 2023 from 6.25% to 7% and was maintained at this level through the year.

Unemployment: The unemployment rate in Romania remained relatively stable in 2023 as compared to 2022, with an unemployment rate of 5.4%, supporting that the labor market remains robust.
EUR/RON Exchange Rates: in 2023, the EUR/RON exchange rate experienced a slight increase of 1%, from 4.9474 as at 31 December 2022, to 4.9746 as at 31 December 2023.

The Group's income or the value of its holdings can be affected by the particular movements in the global financial markets. As a result of the higher interest rates resulting on the market during 2023, the discount rates used in the impairment tests have remained at the same levels, compared with the previous year (between 8.7% and 18.9% compared with the prior year, between 8.4% and 18%). However, as a result of the sensitivity analysis performed, the Group considers that it has sufficient headroom in case of a potential increase above these numbers, with no material impact on the financial statements.

Notably, the healthcare sector has demonstrated considerable resilience to market turbulences. This resilience is attributed to the constant demand for healthcare services, the sector's ability to adapt to changing environments, and strategic investments in technology and infrastructure. This resilience translates into a relatively stable operational and financial outlook, even in the face of economic uncertainties.

Also, the revaluation process held at the end of 2022 on all owned Land and Buildings, which generated an overall surplus at the Group level, brings sufficient confidence over the value of the assets held, being stated at their current fair value less accumulated depreciation in these consolidated financial statements.

The Group revises quarterly its sensitivities to interest rates and foreign currency fluctuations. At the date of these financial statements, the Group considers that the impact of these changes would not affect the ability as a going concern, with appropriate measures undertaken in order to reduce any potential risks.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short-term and long-term loans and trade and other payables. These are presented at amortised cost. The estimated fair values of these instruments approximate their carrying amounts, largely due to the short term maturities of these instruments, except for loans.

The carrying amount of loans approximate their fair value considering the refinancing of the syndicated loan signed in 2023, in which all the credit facilities were re-arranged in terms of both maturities and interest rates. The syndicated loan covers around 88% of the total Group debt position exposure.

Financial instruments that are not held at fair value
At level 1 of the fair value hierarchy, the Group classified cash and cash equivalents as assets that are not held at fair value.

At level 3 of the fair value hierarchy, the Group classified in the category of assets: trade and other receivables, other financial assets, and in the category of debt: loans from banks and other financial institutions, leasing debts, trade payables and other financial liabilities.

The following table shows the fair value and the fair value hierarchy for assets and liabilities that are not measured at fair value in the statement of financial position as at 31 December 2023:

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

ASSETS	**Classification under IFRS 9**	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	Amortized cost	100,271,093	100,271,093	100,271,093	-	-
Trade Receivables	Amortized cost	261,664,410	261,664,410	-	-	261,664,410
Other financial assets	Amortized cost	40,942,540	37,444,080	-	-	37,444,080
LIABILITIES						
Trade and other payables	Amortized cost	404,553,771	404,553,771	-	-	404,553,771
Overdraft	Amortized cost	29,835,472	29,835,472	-	-	29,835,472
Other long term debt	Amortized cost	47,775,013	47,775,013	-	-	47,775,013
Lease liability	Amortized cost	408,748,133	408,748,133	-	-	408,748,133
Long term debt	Amortized cost	1,122,936,983	1,122,936,983	-	-	1,122,936,983

Recognized fair value measurements

Fair value hierarchy
This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the international financial reporting standards. An explanation of each level is provided in note 3.28.
According to the Group's last valuation report prepared in 2022, please see below the fair value measured using level 3.

31 December 2022	**Note**	**Level 1**	**Level 2**	**Level 3**
Land and buildings	5	-	-	415,917,021

On 24 November 2023 was published the Convening Notice for the General Extraordinary Shareholders Meeting scheduled for 22/23 December 2023. The main item submitted for shareholders' approval was the increase of the syndicated credit line of EUR 50 million.

On 22nd of December 2023, following the approval of The Resolution of Extraordinary General Shareholders Meeting, MedLife, together with co-borrowers, negotiated with Banca Comercială Română S.A., as Arranger, Agent and Lender and with other credit institutions that are syndicate members acting as Lenders, the terms and conditions of extending the credit limit by an additional amount of up to EUR 50 million. According to the new terms negotiated between the parties, the financing period remains the same as for the original loan contract, as well as the interest rate margin. Therefore, the Group considers that the fair value of Long term debt is similar with the carrying amount. The new term facility will be used by Medlife and the co-borrowers for the acquisition opportunities on the market and organic development projects.

31. COMMITMENTS AND CONTINGENCIES

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Club loan related commitments
Med Life SA shall not enter into any agreement which will amend, novate, modify or vary the provisions of Med Life's Shareholders' Agreement without the prior written consent of the lenders.

Other commitments
As at December 31, 2023 and December 31, 2022, the Group holds insurance policies to cover possible liabilities towards doctors for malpractice as well as insurance contracts related to buildings and medical equipment.

In conformity with the concluded agreement with the National House of Health Insurance, the Group has to provide primary medical services to National House's insured citizens.

BCR issued letters of warranties in the favour of Med Life S.A. in total amount of RON 16,884,456, out of which, in foreign currency, EUR 61,309 as of December 31, 2023 (December 31, 2022: RON 9,554,521, out of which EUR 91,309).

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

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

In Romania the statute of limitation for tax controls (audits) is of 5 years. During 2021, the ultimate parent of the Group had a tax control which covered period from 2016 to 2020. The control was finalised during 2021 and the results were booked in accounting, the impact on the figures being RON 1,153,649. Management believes that the tax obligations included in these financial statements are adequate.

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

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

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

32. FEES TO AUDITORS

Starting with 2021, the auditor of the Group is Ernst & Young Assurance Services SRL.
The fee for the audit services of the consolidated financial statements as of December 31, 2023 of the Group prepared in accordance with IFRS as adopted by EU and the separate financial statements as of December 31, 2023 of Med Life SA prepared in accordance with IFRS in line with the provisions of Ministry of Finance Order no. 2844/2016, as well as the audit services of the other separate financial statements of subsidiaries prepared in accordance with the provisions of Ministry of Finance Order no. 1802/2014 was EUR 430,000 excluding VAT and other expenses.

The fee for other non-audit services performed in 2023 (in accordance with ISRS 4400) was EUR 18,525, excluding VAT.

33. EVENTS AFTER THE BALANCE SHEET DATE

On 14 March 2024, the Group increased the existing facilities by 50 million euros upon signing an addendum to the existing loan. The syndicate of banks which signed the increase in syndicated loan consists of Banca Comercială Română, as Coordinating Mandated Lead Arranger, Documentation Agent, Facility Agent, Security Agent and Bookrunner, Raiffeisen Bank, BRD Groupe Société Générale, Banca Transilvania and ING Bank, as Original lenders. The new funds will be dedicated to consolidating and expanding the Group at national level, through the development of regional hospitals, where the patient will benefit from a 360-degree approach both in terms of the complexity of the medical act and the quality of complementary services. The expansion of the medical infrastructure and the M&A program are also a priority, and moreover, the Group will continue intensely its research efforts, aiming to intensify them through new investments during the year.

34. ALTERNATIVE PERFORMANCE MEASURES (APMs)

The Group uses some alternative performance measures (APMs) not defined in IFRS to provide information 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:

	Period ended December 31, 2023	**Period ended December 31, 2022**
Revenue from contracts with customers (Note 11)	**2,210,435,349**	**1,795,432,748**
Net income/(loss) for the period	**(4,164,857)**	**37,432,555**
Add back		
Income tax expense (Note 26)	8,464,341	12,124,746
Net financial result (Note 24)	87,217,880	44,672,371
Depreciation (Note 5 and Note 13)	197,390,915	152,410,751
EBITDA	**288,908,279**	**246,640,423**
EBITDA MARGIN	13%	14%

APM	Definition	Reason for use
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.

These financial statements, comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes, were approved on March 29, 2024.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

MedLife

2023

CONSOLIDATED ADMINISTRATORS' REPORT

Table of contents

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

1 Presentation of the Group

Med Life S.A. ("Med Life", "Parent Company", or "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania, with its headquarters in Bucharest, 365, Calea Grivitei, with a share capital of RON 132,870,492, with a nominal share value of RON 0.25. The Company's activity resides in the performance of healthcare services activities through medical centres with national coverage.

MedLife Group is the leading private healthcare services provider in Romania in terms of Sales figures, having a significant market share at a national level.

The companies part of the MedLife Group as at 31 December 2023, and 31 December 2022 are presented below (ownership percentage):

No.	Entity	Main activity	Location	31 December 2023	31 December 2022
1	Policlinica de Diagnostic Rapid SA	Medical services	Brasov, Romania	83%	83%
2	Medapt SRL (indirect)*	Medical services	Brasov, Romania	83%	83%
3	Histo SRL (indirect)*	Medical services	Brasov, Romania	49.8%	49.8%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)*	Medical services	Sfantu Gheorghe, Romania	66.4%	66.4%
5	Bahtco Invest SRL**	Development of building projects	Bucuresti, Romania	100%	100%
6	Med Life Ocupațional SRL	Medical services	Bucuresti, Romania	100%	100%
7	Pharmalife-Med SRL	Distribution of pharmaceutical products in specialised stores	Bucuresti, Romania	100%	100%
8	Med Life Broker de Asigurare si Reasigurare SRL	Insurance broker	Bucuresti, Romania	99%	99%
9	Accipiens SA	Rental activities	Arad, Romania	83%	83%
10	Genesys Medical Clinic SRL (indirect)*	Medical services	Arad, Romania	83%	83%
11	Bactro SRL (indirect)*	Medical services	Deva, Romania	83%	83%
12	Transilvania Imagistica SA (indirect)*	Medical services	Oradea, Romania	83%	83%
13	Biofarm Farmec SRL (indirect)*	Distribution of Pharmaceutical products in specialised stores	Arad, Romania	100%	100%
14	RUR Medical SRL (indirect)**	Medical services	Brasov, Romania	83%	83%
15	Biotest Med SRL	Medical services	Bucuresti, Romania	100%	100%
16	Vital Test SRL	Medical services	Iasi, Romania	100%	100%
17	Centrul Medical Sama SA	Medical services	Craiova, Romania	90%	90%
18	Ultratest SA (direct si indirect)*	Medical services	Craiova, Romania	92.2%	92.2%
19	Diamed Center SRL	Medical services	Bucuresti, Romania	100%	100%
20	Prima Medical SRL	Medical services	Craiova, Romania	100%	100%
21	Stem Cells Bank SA	Medical services	Timisoara, Romania	100%	100%
22	Dent Estet Clinic SA	Dental care	Bucuresti, Romania	65%	60%
23	Green Dental Clinic SRL (indirect)*	Dental care	Bucuresti, Romania	33.2%	31%

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

No.	Entity	Main activity	Location	31 December 2023	31 December 2022
24	Dentist 4 Kids SRL (indirect)*	Dental care	Bucuresti, Romania	65%	60%
25	Dent A Porter SRL (indirect)*	Dental care	Bucuresti, Romania	33.5%	31%
26	Dentestet Kids SRL (indirect)*	Dental care	Bucuresti, Romania	34.4%	32%
27	Aspen Laborator Dentar SRL (indirect)*	Dental care	Bucuresti, Romania	48.8%	45%
28	Centrul Medical Panduri SA	Medical services	Bucuresti, Romania	100%	100%
29	Almina Trading SA	Medical services	Targoviste, Romania	90%	90%
30	Anima Specialty Medical Services SRL	Medical services	Bucuresti, Romania	100%	100%
31	Anima Promovare si Vânzări SRL (indirect)*	Medical services	Bucuresti, Romania	100%	100%
32	Valdi Medica SA	Medical services	Cluj, Romania	55%	55%
33	Clinica Polisano SRL	Medical services	Sibiu, Romania	100%	100%
34	Solomed Clinic SA	Medical services	Pitesti, Romania	80%	80%
35	Solomed Plus SRL (indirect)*	Medical services	Pitesti, Romania	80%	80%
36	Ghencea Medical Center SA	Medical services	Bucuresti, Romania	100%	100%
37	Sfatul medicului SRL	Medical platform	Bucuresti, Romania	100%	100%
38	RMC Dentart (indirect)*	Dental care	Budapesta, Ungaria	87.6%	81.3%
39	RMC Medical (indirect)*	Medical services	Budapesta, Ungaria	87.6%	81.3%
40	RMC Medlife	Holding	Budapesta, Ungaria	87.6%	81.3%
41	Badea Medical SRL	Medical services	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SRL**	Medical services	Bucuresti, Romania	100%	79%
43	Centrul medical Micromedica SRL	Medical services	Piatra Neamt, Romania	100%	100%
44	Micromedica Târgu Neamț SRL (indirect)*	Medical services	Targu Neamt, Romania	100%	100%
45	Micromedica Bacău SRL (indirect)*	Medical services	Bacau, Romania	100%	100%
46	Micromedica Roman SRL (indirect)*	Medical services	Roman, Romania	100%	100%
47	Medrix Center SRL (indirect)*	Medical services	Roznov, Romania	100%	100%
48	Spitalul Lotus SRL	Medical services	Ploiesti, Romania	100%	100%
49	Labor Maricor SRL (indirect)*	Medical services	Bacau, Romania	100%	100%
50	Centrul Medical Matei Basarab SRL (indirect)*	Medical services	Bucuresti, Romania	100%	100%
51	Pharmachem Distribuție SRL	Distribution of pharmaceutical products	Bucuresti, Romania	75%	75%
52	CED Pharma SRL (indirect)*	Distribution of pharmaceutical products in specialised stores	Bucuresti, Romania	100%	100%

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

No.	Entity	Main activity	Location	31 December 2023	31 December 2022
54	Monix Pharm SRL (indirect)*	Distribution of pharmaceutical products in specialised stores	Bucuresti, Romania	100%	100%
55	KronDent SRL (indirect)*	Dental care	Brasov, Romania	100%	100%
56	Medica SA	Medical services	Sibiu, Romania	39%	36%
57	Dent Estet Ploiești SRL (indirect)*	Dental care	Ploiesti, Romania	60%	60%
58	The Lab Stomestet SRL (indirect)*	Dental care	Cluj, Romania	33.2%	30.6%
59	Stomestet SRL (indirect)*	Dental care	Cluj, Romania	39%	36%
60	Stomestet Plus SRL (indirect)*	Dental care	Cluj, Romania	39%	36%
61	Costea Digital Dental SRL (indirect)*	Dental care	Oradea, Romania	39%	36%
62	Expert Med Centrul Medical Irina (indirect)*	Medical services	Galati, Romania	38.4%	36%
63	MNT Healthcare Europe SRL	Medical services	Ilfov, Romania	76%	76%
64	MNT Asset Management SRL (indirect)*	Holding	Bucuresti, Romania	50%	50%
65	Clinica Life-Med SRL (indirect)*	Medical services	Bucuresti, Romania	50%	50%
66	Pro Life Clinics SRL (indirect)*	Medical services	Iasi, Romania	100%	100%
67	Onco Card SRL (indirect)*	Medical services	Brasov, Romania	60%	60%
68	Onco Card Invest SRL (indirect)*	Holding	Brasov, Romania	83%	83%
69	Tomorad Expert SRL (indirect)*	Medical services	Sfantu Gheorghe, Romania	83%	83%
70	IT Repair SRL (indirect)*	Medical services	Targu Mures, România	66.4%	66.4%
71	Medici's SRL	Medical services	Timisoara, Romania	80%	80%
72	Micro-Medic SRL (indirect)*	Medical services	Timisoara, Romania	80%	80%
73	Sweat Concept One SRL	Wellness	Bucuresti, Romania	60%	60%
74	OptiCristal Consult SRL (indirect)*	Medical services	Brasov, Romania	49.8%	49.8%
75	Alinora Optimex SRL (indirect)*	Medical services	Brasov, Romania	49.8%	49.8%
76	Medicris SRL (indirect)*	Medical services	Oradea, Romania	83%	83%
77	Triamed SRL (indirect)*	Medical services	Oradea, Romania	83%	83%
78	SC M-Profilaxis SRL (indirect)*	Medical services	Timisoara, Romania	80%	80%
79	VitaCare Flav SRL (indirect)*	Medical services	Pitesti, Romania	51%	80%
80	Dent Estet Genesys SRL (indirect)*	Medical services	Arad, Romania	73.8%	71.3%
81	Aspire Dental SRL (indirect)*	Dental care	Bucuresti, Romania	65%	60%
82	Sanopass SA	Medical platform	Targoviste, Romania	62.5%	51%

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

No.	Entity	Main activity	Location	31 December	
				2023	2022
83	Muntenia Medical Competences S.A. (indirect)*	Medical services	Pitesti, Romania	51%	0%
84	Bios Diagnostic Medical Services SRL (indirect)*	Medical services	Bucuresti, Romania	51%	0%
85	Centrul de Diagnostic si Tratament Provita S.A.	Medical services	Bucuresti, Romania	51%	0%
86	Medical City Blue SRL (indirect)*	Medical services	Bucuresti, Romania	51%	0%
87	Laborator Cuza Voda SRL (indirect)*	Medical services	Bucuresti, Romania	51%	0%
88	Provita Pain Clinic SA (indirect)*	Medical services	Suceava, Romania	35.7%	0%
89	Policlinica Sf. Ilie SRL (indirect)*	Medical services	Craiova, Romania	100%	0%
90	Policlinica Union SRL (indirect)*	Medical services	Cluj, Romania	51%	0%
91	Brol Medical Center S.A. (indirect)*	Medical services	Timisoara, Romania	56%	0%

** These companies are subsidiaries in other subsidiaries in the Group and are included in the consolidation as they are controlled by the entities which are subsidiaries of the parent company.*
*** Starting January 2024, these companies have changed their legal form from S.A. in S.R.L.*
**** Starting January 2024, Ghencea Medical Center SA, Clinica Life-Med SRL, Laborator Maricor SRL, Policlinica SF. Ilie SRL, Diamed Center SRL and Centrul Medical Matei Basarab SRL were merged under Anima Specialty Medical Services SRL. ; Accipiens SA, Transilvania Imagistica SA, Bactro SRL and Triamed SRL were merged under Genesys Medical Clinic SRL. ; Biofarm Farmec SRL, CED Pharma SRL, Leti Pharm 2000 SRL and Monix Pharm SRL were merged under Pharmalife-Med SRL.*

Business model

MedLife Group business model is focused on providing medical services to clients, both individual as well as legal entities. The Group seeks to capture the private healthcare spending of these clients throughout all stages of the medical act: prevention, diagnosis and treatment, by offering a wide range of medical services delivered in modern, high-quality facilities, by professional teams of doctors, nurses and support staff. The Group places great emphasis on the quality of the services offered to its patients, operating an IT infrastructure and customer service and sales operations that have served over 6 million unique patients, representing over 1 in 3 Romanians.

The Group divides its operations into six main business lines:

- **Corporate:** the Corporate business line offers health prevention packages HPPs (HPPs) to corporate clients as part of their employee benefit packages. These programmes, which focus on prevention through regular check-ups and access to diagnostic services, complement the legally required occupational health services that corporate clients also contract from the Group as Standard HPP. The Group has a portfolio of over 870,000 HPPs patients.

The HPPs offered by the Group consist of:

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

diagnostic imaging for higher end packages. The specific services vary depending on the type of package.

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

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

- ***Hyperclinics***, a format pioneered by the Group in Romania, consisting of large facilities with surface areas of over 1,000 sqm and more than 20 medical offices. It is a one-stop-shop for clinical examinations and imaging. This format is designed for larger urban areas, with a population over 175,000 inhabitants. The Hyperclinics include, usually, a broad range of imaging services such as: radiology, bone density – DEXA, CT, MRI, 2D-4D ultrasounds and mammography. In the case of new openings, such services may be included, gradually, in the hyperclinics' offering. The hyperclinic locations also host the services of other business lines, such as collection points for laboratories, or pharmacies.

- ***Clinics***, which offer a wide range of services, from general medicine to specialist medical consultations, and aim to serve the basic needs of the Group's PPM patients, but also pay-per-service patients and those who opt for services settled by the National Health Insurance House ("NHIH"). The Group's clinics typically have between 5 to 12 doctor's offices, but there are also smaller satellite clinics in operation, which aim to address the specific situations of the local market. The Clinics are designed for smaller cities, or to serve certain concentrations of patients. The Clinics, with limited capacity and generally limited imaging services, act as referral networks for more specialized services located in hyperclinics.

- **Laboratories**: the Laboratories business line provides a wide range of services: biochemistry, pathological anatomy (cytology and histology), molecular biology and genetics, haematology, immunology, microbiology and toxicology. The collection points are medical facilities where the Group collects blood and other samples from patients. The Laboratories business line derives most of its revenue from fee-for-service patients.

- **Hospitals**: the Hospitals business line covers the Group's inpatient activities, which consist of a wide range of medical and surgical specialties. The Group's 15 hospitals are located in Arad, Bucharest, Brasov, Cluj, Sibiu, Pitesti and Ploiesti. The group holds 12 hospital licenses, which comprise the activities of the Hospitals business line. One of the licenses was issued for a hospital unit and 3 other outpatient departments. In addition to these, the Group was granted licenses for 4 day hospitalization units that operate in Clinics' locations in Bucharest, Iasi, Craiova and Timisoara and offer only day hospitalization services. The financial results of these 4 units are recognized in the Clinics business line, the Group considering these units as functional parts of the Hyperclinics.

  The Group's 4 maternity hospitals, located in Bucharest, Sibiu, Brasov and Arad, provide patients with interdisciplinary teams of specialists prepared to intervene at any moment of the birth ensuring careful monitoring of the mother and the newborn, high-performance equipment and devices in the labor rooms / operations, in the departments of obstetrics-gynecology, neonatology and ICU, or dedicated advisors. MedLife also has a STEM cell bank, which offers state-of-the-art biotechnology in stem cell processing and which introduced the Sepax 2 system in Romania, the best performing storage system at the moment. The activities of the maternity hospitals are recognized by the Group in the Hospitals business line.

The Hospitals business line derives its revenue primarily from fee-for-service patients. The treatment of patients settled by the Health Insurance House generally refers to maternity, gynecology, cardiology and oncology departments.

- **Pharmacies**: the Pharmacies business line offers prescription and non-prescription pharmaceutical products, laboratory-prepared products, as well as other related medical products, in the 21 pharmacies units situated, mainly, in the Group's hyperclinics and hospitals or in their vicinity. This business line also has its own laboratory, where customers can benefit from specific products according to their needs and medical recommendations.

- **Dentistry**: the Dentistry business line offers a wide range of dental services, from simple check-ups to complex surgical interventions. The Dentistry business line is not subject to settlements through the Health Insurance House, all revenues coming from patients through payment per service.

In addition to the 6 main business lines, the MedLife Group, through the acquisitions made, include:

- **Pharmaceutical distribution:** Pharmachem is one of the leading pharmaceutical distribution companies in Romania. With a strong focus on providing high quality healthcare products and services, the company plays a key role in the country's pharmaceutical supply chain. By working with a diverse range of suppliers, Pharmachem Distributie ensures that pharmacies and other healthcare providers have access to a diverse range of medicines and medical supplies to meet the needs of their patients.

  As a pharmaceutical distribution company, Pharmachem Distributie S.A. is responsible for the storage, handling and transportation of pharmaceutical products from manufacturers to end users. This involves following strict regulations and maintaining a high level of quality control to guarantee the safety and efficacy of the products it distributes.

- **Wellness:** the chain of Sweat gyms, through which MedLife Group strengthens its service portfolio, the patients having the widest range of medical services: from consultations, investigations and surgical treatments, to wellness, nutrition and sports services. The gyms feature state-of-the-art premium fitness equipment based on movement mechanics and advanced functionality.

2 2023 Developments

The 2023 results confirm MedLife Group's efforts to strengthen its services offered at national level, with a focus on medical excellence and improving patient satisfaction. Despite the unstable economic climate, inflation and rising costs, and after an intense period of acquisitions and organic development, in which 20 projects were ticked off in 2022 alone, the Group focused mainly, during 2023, on the consolidation and integration of the new companies under the MedLife umbrella, and managed to continue its turnover growth trend, simultaneously with a gradual increase in the EBITDA margin compared to the previous year. The investments in medical oncology, and top equipment, the launch of the transport of biological samples with drones and, last but not least, the equipping of three hospitals with state-of-the-art surgical robots, place MedLife at the forefront of medical technology not only in Romania, but also in the region.

2.1 Acquisitions

In 2023, MedLife Group completed two large M&A acquisitions, 3 smaller M&A transactions – two under the umbrella of its second brand, Sfanta Maria, and one under the umbrella of Medici`s in Timisoara and increased its stake in certain subsidiaries:

- Completion of the acquisition of 99.76% shares in Muntenia Medical Competences, transaction announced in 2022;
- Completion of the acquisition of 51% shares in Nord Group;
- Acquisition of 100% shares in Policlinica Sfantul Ilie (under Sfanta Maria)
- Acquisition of 51% shares in Clinica Union (under Sfanta Maria);
- Acquisition of 70% shares in Brol Medical Center (under Medici`s);
- Acquisition of an additional package of 11.5% shares in Sanopass;
- Acquisition of an additional package of 5% shares in Dent Estet Group;
- Acquisition of an additional package of 21% shares in Oncoteam Diagnostic;
- Acquisition of an additional package of 6.25% shares in RMC Group.

Completion of the Muntenia Hospital acquisition

In January 2023, MedLife Group completed the acquisition of 99.76% shares in Muntenia Medical Competences S.R.L., the largest hospital in Arges County, after its approval by the Competition Council. Thus, MedLife Group is consolidating its medical expertise in the hospital area.

Completion of the Group Nord (ex Provita) acquisition

In March 2023, MedLife Group completed the acquisition of 51% shares in Group Nord, after its approval by the Competition Council.

In the 11 years of activity on the market of private medical services, Group Nord has stood out especially in Bucharest, where it is present through a multidisciplinary hospital, 5 clinics, 2 imaging centers equipped with high-performance and ultra-modern equipment, a laboratory for the processing of a wide range of medical analisys and tests, but also through the only pain therapy training center in Central and Eastern Europe. At the end of 2022, Group Nord also expanded outside the Capital, opening a multidisciplinary clinic worth EUR 2.5 million investment in Suceava, where an integrated Pain Therapy center and an integrated breast center operate.

In December 2023, Group Nord opened in Bucharest a new multidisciplinary hospital dedicated to health and life, with a modern infrastructure and the latest technology in the field. With an extensive area of 25,000 square meters, the new hospital has 8 ultra-modern operating rooms, 49 reserves and 107 beds. The hospital also has an Integrated Pain Therapy Center and an integrated Imaging Center with Pet-CT, Scintigraph, Mammogram, X-ray, MRI 3T, CT, as well as 2 conference rooms, designed to facilitate the exchange of medical knowledge, and to organize health education events.

Acquisition of Policlinica Sfantul Ilie (*through Sfanta Maria Group*)

In February 2023, MedLife Group completed the acquisition of the entire share package of Policlinica Sfantul Ilie in Craiova, this being integrated into the Sfanta Maria network, part of MedLife Group.

Present on the local market since 2000, Policlinica Sfantul Ilie is one of the first private clinics in Craiova. With 12 medical specialties, the clinic offers comprehensive medical services and paraclinical investigations to meet the needs of all patients, thus becoming a point of reference in medical activity at county level.

Among the medical specialties that can be accessed within the polyclinic are internal medicine, cardiology, dermatology, endocrinology, physiotherapy, occupational medicine, neurology, obstetrics-gynecology, ophthalmology, ENT, psychiatry and psychology.

Acquisition of Clinica Union (*through Sfanta Maria Group*)

In June 2023, MedLife Group completed the acquisition of the 51% majority stake of Clinica Union Medical in Cluj. This clinic was integrated into the Sfanta Maria network.

Clinica Union Medical has over 10 years of experience on the Cluj market and offers a wide range of high-quality services, covering 21 medical specialties: cardiology, dermatovenerology, diabetes and nutrition, endocrinology, family medicine, neurology, obstetrics-gynecology, ophthalmology, orthopedics, psychiatry, psychology and urology. Being in a continuous process of evolution, the clinic integrates the latest techniques and medical devices to ensure treatment for patients at European standards.

Acquisition of Clinica Brol Medical Center (*through Medici's*)

In September 2023, MedLife, through Medici's, completed the transaction to acquire 70% shares in Brol Medical Center. The Brol Medical Center clinic started its activity in 1996 and has over 25 years of experience in aesthetic surgery. The clinic offers plastic, reconstructive and aesthetic surgery services, dermatological consultations and treatments, as well as nutrition consultations.

2.2 Organic growth

MedLife Deva Hyperclinic

In January 2023, MedLife inaugurated the largest medical clinic in Deva. The unit is distinguished by an elite medical team, but also by an imaging division equipped with top medical equipment. The Deva Hyperclinic completes the network of MedLife units, providing patients with a complete circuit of medical services, from clinical and paraclinical investigations to diagnosis and treatment.

Neolife Valcea Clinic

In September 2023, Neolife Medical Center inaugurated the Radiotherapy and Imaging Center in Ramnicu Valcea. Located in the courtyard of the Obstetrics and Gynecology Hospital, the new clinic brings an innovative contribution to the fight against cancer and represents a significant addition to the treatment and diagnosis of oncological conditions. Equipped with state-of-the-art technology and state-of-the-art equipment, this unit offers complex medical services for diagnosis, monitoring and treatment for cancer patients, with services also under the contract with NHIH.

Neolife Braila Clinic

In September 2023, Neolife Medical Center inaugurated in Braila, the sixth Neolife private medical center in Romania, located in the courtyard of Braila County Hospital. The new center is equipped with state-of-the-art devices and equipment, the medical team being made up of professionals in the field of oncology medicine. Neolife Braila offers diagnostic and treatment services also under contract with the National Health Insurance House.

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

Nord (Provita) Hospital

At the end of December 2023, Nord Group inaugurated a new multidisciplinary medical hospital dedicated to health and life, with a modern infrastructure and the latest technology in the field. With an extensive area of 25,000 square meters, the new hospital has 8 ultra-modern operating rooms, 49 reserves and 107 beds. The hospital also has an Integrated Pain Therapy Center and an integrated Imaging Center and offers over 28 medical specialties, both for adults and children. The medical teams will focus on complex interventions, covering several areas of the surgical area.

3 Credit facilities contracted by the Group

	31 December	
	2023	2022
Cash and cash equivalents	100,271,093	89,068,154
Borrowings (including overdraft)	(1,152,772,455)	(886,769,729)
Lease liabilities	(408,748,133)	(302,317,038)
Net debt	**(1,461,249,495)**	**(1,100,018,613)**

Current debt	31 December	
	2023	2022
Overdraft	(29,835,472)	(27,801,016)
Current portion of lease liability	(99,589,187)	(77,141,698)
Current portion of long term debt	(82,297,342)	(55,695,054)

Long term debt	31 December	
	2023	2022
Financial lease liability	(309,158,946)	(225,175,340)
Long term debt	(1,040,639,641)	(803,273,659)

Increase of the credit facility

On 13 December 2022, following the approval of the General Meeting of Shareholders from 21 November 2022, MedLife together with co-borrowers Bahtco Invest S.A., Accipiens S.A., Policlinica De Diagnostic Rapid S.A., Clinica Polisano S.R.L., Dent Estet Clinic S.A., Genesys Medical Clinic S.R.L., Centrul Medical Sama S.A., Valdi Medica S.R.L., Pharmalife Med S.R.L., Prima Medical S.R.L., Anima Specialty Medical Services S.R.L., CED Pharma S.R.L., Badea Medical S.A., Centrul Medical Micromedica S.R.L., Solomed Clinic S.A., Vita Care Flav S.R.L., Pharmachem Distribuție S.A., Sano Pass S.A., MNT Asset Management S.R.L., MNT Healthcare Europe S.R.L., Sweat Concept One S.A., Onco Card S.R.L., Oncocard Invest S.R.L., Diamed Center S.R.L., Stem Cells Bank S.A., Sfatul Medicului.RO S.A. and Medici's S.A., signed with Banca Comerciala Romana, as lead arranger, a syndicated credit facility of a total value of EUR 228 million for the refinancing and increase of the existing credit line with EUR 50.7 million. The bank syndicate that signed the new credit granted to MedLife Group is comprised of Banca Comerciala Romana, as coordinator, mandated lead arranger, documentation agent, facility & security agent and lender, Raiffeisen Bank, BRD Groupe Societe Generale, Banca Transilvania, ING Bank N.V. Amsterdam Branch Bucharest, and Erste Group Bank AG, as mandated lead arrangers and lenders.

The syndicated credit agreement involved a financing agreement for existing facilities, extending the financing period, rearranging terms and conditions, as well as an additional increase of 50.7 million euros in 2022, which is in the form of a term facility, used by MedLife, along with other liquidity of the Group, for acquisition opportunities on the market and organic development projects.

As at 31 December 2023, the balance of the syndicated loan was RON 1,009,658,454.

The Group's drawn and undrawn financing facilities as at 31 December 2023, included the following:

- a loan agreement and an overdraft facility agreement secured by CEC Bank S.A. and Clinica Polisano S.R.L., with an outstanding balance as at 31 December 2023 of RON 29,616,443;
- a loan agreement secured by Banca Transilvania S.A. and Ghencea Medical Center, with an outstanding balance as at 31 December 2023 of RON 433,641;
- a loan agreement secured by Banca Transilvania S.A. and Micromedica Roman S.R.L., with an outstanding balance as at 31 December 2023 of RON 630,789;
- loan agreements secured by Banca Transilvania S.A. and Centrul Medical Micromedica S.R.L., with an outstanding balance as at 31 December 2023 of RON 476,628;
- a loan agreement secured by Banca Transilvania S.A. and Dent Estet Ploiesti S.R.L., with an outstanding balance as at 31 December 2023 of RON 1,908,305;
- a loan agreement secured by Banca Comerciala Romana and Life Med S.R.L., with an outstanding balance as at 31 December 2023 of RON 420,292;
- a loan agreement secured by BRD Groupe Societe Generale S.A. and Pro Life Clinics S.R.L., with an outstanding balance as at 31 December 2023 of RON 37,500 and a loan agreement secured by ING Bank N.V. Amsterdam Branch Bucharest and Pro Life Clinics S.R.L., with an outstanding balance as at 31 December 2023 of RON 35,247;
- a loan agreement secured by Banca Transilvania S.A. and Medical City Blue S.R.L., with an outstanding balance as at 31 December 2023 of RON 337,833;
- a loan agreement secured by Banca Transilvania S.A. and Centrul de Diagnostic și Tratament Provita S.R.L., with an outstanding balance as at 31 December 2023 of RON 83,981,514;
- a loan agreement secured by Banca Comerciala Romana and Provita Pain Clinic S.A., with an outstanding balance as at 31 December 2023 of RON 536,307;
- a loan agreement secured by Libra Bank and Policlinica Union S.R.L., with an outstanding balance as at 31 December 2023 of RON 98,759;
- a loan agreement secured by Banca Transilvania S.A. and Onco Team Diagnostic S.R.L., with an outstanding balance as at 31 December 2023 of RON 152,778;
- an overdraft facility agreement secured by Garanti Bank S.A. and Med Life S.A., the amount drawn as of 31 December 2023 being RON 9,949,200;
- an overdraft facility agreement secured by UniCredit Tiriac Bank and Prima Medical S.R.L., with a maximum credit limit of RON 800,000, fully drawn as of 31 December 2023;
- an overdraft facility agreement secured by Banca Transilvania S.A. and Pharmachem Distributie S.R.L., with an outstanding balance as at 31 December 2023 of RON 1,306,367;
- an overdraft facility agreement secured by Banca Transilvania S.A. and Medical City Blue S.R.L., with an outstanding balance as at 31 December 2023 of RON 293,797;

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

- an overdraft facility agreement secured by Banca Transilvania S.A. and Centrul de Diagnostic și Tratament Provita S.R.L., with an outstanding balance as at 31 December 2023 of RON 2,901,572.

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

As at 31 December 2023, none of the Group members was in breach of any applicable term of the financing facilities.

4 Financial Analysis

Analysis of the Condensed Consolidated Profit and Loss

	12 months ended 31 December		Variation
	2023	2022	
Revenue from contracts with customers	2,210,435,349	1,795,432,748	23.1%
Other operating revenus	11,300,635	14,118,061	-20.0%
Operating Income	**2,221,735,984**	**1,809,550,809**	**22.8%**
Operating Expenses	**(2,130,218,620)**	**(1,715,321,136)**	**24.2%**
Operating Profit	**91,517,364**	**94,229,673**	**-2.9%**
Financial Result	**(87,217,880)**	**(44,672,371)**	**95.2%**
Profit Before Tax	**4,299,484**	**49,557,301**	**-91.3%**
Income tax expenses	(8,464,341)	(12,124,746)	-30.2.%
Profit After Tax	**(4,164,857)**	**37,432,555**	**-111.1%**

Sales as at 31 December 2023 amounted to RON 2,210,435,349, increasing compared to Sales achieved in the 12 months of 2022 by 23.1%. The increase was mainly due to growth across all of the Group's business lines, as well as acquisitions completed by the Group in 2022 and 2023.

Other operating revenues registered a decrease of 20.0% compared to 2022, reaching RON 11,300,635. The decrease was influenced by the reclassification of the capitalized cost of intangible assets to operating expenses.

Operating expenses include fixed and variable expenses, as well as expenses for goods and materials used by the Group to provide services. In 2023, the Group recorded operating expenses of RON 2,130,218,620, representing an increase of 24.2%, compared to the previous year. Operating expenses as a share of total operating revenues represented 95.9% in 2023, respectively 94.8% in 2022.

Operating profit recorded a decrease of 2.9% in 2023 compared to the previous year, from 94,229,673 RON to 91,517,364 RON.

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

The Financial loss increased by RON 42,545,509 in 2023, RON from 44,672,371 in 2022 to RON 87,217,880 in the 12-month period ending on 31 December 2023.

The Net Result recorded in 2023 decreased by RON 41,597,412 compared to 2022, from a profit of RON 37,432,555 in 2022, to a loss of RON 4,164,857 on 31 December 2023.

Sales breakdown by business line:

Business line	12 months 2023 Sales	% Total Sales	12 months 2022 Sales	% Total Sales	Variation 2023/ 2022
Clinics	831,236,066	37.6%	616,685,378	34.1%	34.8%
Dentistry	121,778,348	5.5%	119,068,495	6.6%	2.3%
Hospitals	480,454,826	21.7%	377,991,740	20.9%	27.1%
Laboratories	230,656,316	10.4%	199,919,067	11.1%	15.4%
Corporate	259,493,546	11.7%	221,374,274	12.2%	17.2%
Pharmacies	60,709,968	2.7%	80,941,362	4.5%	-25.0%
Others	226,106,278	10.2%	179,452,431	10.5%	26%
Total	**2,210,435,349**	**100.0%**	**1,795,432,748**	**100.0%**	**23.1%**

Key operational indicators of the Group:

Business line	Info	12 months ended 31 December	
		2023	2022
Clinics	**Revenue**	**831,236,066**	**616,685,378**
	Visits	3,834,062	3,205,637
	Average fee	216.8	192.4
Dentistry	**Revenue**	**121,778,348**	**119,068,495**
	Visits	185,829	176,437
	Average fee	655.3	674.9
Hospitals	**Revenue**	**480,454,826**	**377,991,740**
	Patients	139,234	116,447
	Average fee	3,450.7	3,246.0
Laboratories	**Revenue**	**230,656,316**	**199,919,067**
	Tests	7,424,270	6,278,105
	Average fee	31.1	31.8
Corporate	**Revenue**	**259,493,546**	**221,374,274**
	Subscriptions	873,036	834,434
	Average fee	297.2	265.3

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

Business line	Info	12 months ended 31 December	
		2023	2022
Pharmacies	**Revenue**	**60,709,968**	**80,941,362**
	Clients	468,896	575,323
	Average fee	129.5	140.7
Others	**Revenue**	**226,106,278**	**179,452,431**

Regarding the **business lines evolution**:

- **Clinics** remain the Group's main sales unit, with a 38% share of Total Sales in 2023. The 35% increase compared to 2022 is explained by the sustained demand for outpatient medical services and the new acquisitions made in 2022 and 2023, with an increase of 20% of the number of visits and 13% of the average rate;
- **Dentistry**, representing a 6% share of Total Group Sales, recorded a sales increase of only 2%, mainly due to a contraction in 2023 in the number of specialized procedures that were rather postponed by patients;
- **Hospitals**, representing a 22% weight in Total Group Sales, had in 2023 an increase of 27%, supported by the 20% increase in the number of patients compared to the previous year, simultaneously with the increase in the number of medical teams and the complexity of the medical act, the consolidation of the Oncocard, Muntenia and Nord hospitals during the 2022 and 2023. The average fee also increased by 6%;
- **Laboratories**, with a share of 10% in Total Group Sales, saw a 15% increase compared to 2022 and a 18% increase in the number of laboratory tests performed;
- **Corporate**, accounting for 12% of Total Group Sales had a 17% increase in revenue, supported by growth in subscriptions and constant price adjustments.

In terms of revenue split between FSS, NHIH and contracts, 60% comes from FFS, 27% from NHIH and 13% is invoiced.

Operating Expenses evolution:

	12 months		Variation
	2023	2022	
Consumable and repair materials	389,887,326	311,233,127	25.3%
Commodities expenses	208,134,799	209,975,320	-0.9%
Utilities	34,016,431	25,955,216	31.1%
Repairs maintenance	19,369,183	13,361,182	45.0%
Rent	12,823,124	8,432,798	52.1%
Insurance premiums	5,962,658	4,711,548	26.6%
Promotion expenses	37,019,353	26,664,612	38.8%
Communication	6,030,747	5,211,175	15.7%

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

	12 months		Variation
	2023	2022	
Third party expenses (incuding doctor agreements')	625,309,108	468,196,458	33.6%
Salary and related expenses	543,024,486	442,897,905	22.6%
Social contributions	19,480,725	15,852,088	22.9%
Depreciation	197,390,915	152,410,751	29.5%
Impairment losses and gains (including reversals of impairment losses)	2,688,649	4,851,599	-44.6%
Other administration and operating expenses	29,081,116	25,567,358	13.7%
Total	**2,130,218,620**	**1,715,321,136**	**24.2%**

5 Main Financial Indicators

	31 December		Variation
	2023	2022	
ASSETS			
Non-Current Assets			
Goodwill	445,395,617	368,672,606	20.8%
Intangible assets	118,906,011	100,192,265	18.7%
Property, plant and equipment	1,101,015,115	828,501,060	32.9%
Right-of-use assets	396,569,537	306,413,389	29.4%
Other financial assets	40,942,540	82,810,704	-50.6%
Total Non-Current Assets	**2,102,828,820**	**1,686,590,024**	**24.7%**
Current Assets			
Inventories	109,657,497	98,770,370	11.0%
Trade receivables	261,664,410	221,358,860	18.2%
Other assets	50,216,242	44,362,334	13.2%
Cash and Cash equivalents	100,271,093	89,068,154	12.6%
Prepayments	11,699,369	11,826,587	-1.1%
Total Current Assets	**533,508,611**	**465,386,305**	**14.6%**
TOTAL ASSETS	**2,636,337,431**	**2,151,976,329**	**22.5%**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Non-Current Liabilities			
Lease liability	309,158,946	225,175,340	37.3%

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

	31 December		Variation
	2023	2022	
Other long term debt	47,775,013	21,657,277	120.6%
Interest-bearing loans and borrowings	1,040,639,641	803,273,659	29.5%
Deferred tax liability	44,897,775	44,250,160	1.5%
Total Non-Current Liabilities	**1,442,471,375**	**1,094,356,436**	**31.8%**
Current Liabilities			
Trade and other payables	404,553,771	335,356,742	20.6%
Overdraft	29,835,472	27,801,016	7.3%
Current portion of lease liability	99,589,187	77,141,698	29.1%
Current portion of interest-bearing loans and borrowings	82,297,342	55,695,054	47.8%
Current tax liabilities	321,242	814,508	-60.6%
Provisions	11,116,544	9,783,326	13.6%
Other liabilities	71,960,475	68,989,304	4.3%
Total Current Liabilities	**699,674,033**	**575,581,648**	**21.6%**
TOTAL LIABILITIES	**2,142,145,408**	**1,669,938,084**	**28.3%**
SHAREHOLDERS' EQUITY			
Share capital and Share premium	132,562,338	83,812,556	58.2%
Treasury shares	(681,892)	(3,219,219)	-78.8%
Reserves	212,560,216	204,591,242	3.9%
Retained earnings	70,850,636	131,596,255	-46.2%
Equity attributable to owners of the Group	**415,291,298**	**416,780,834**	**-0.4%**
Non-controlling interests	78,900,725	65,257,411	20.9%
TOTAL EQUITY	**494,192,023**	**482,038,245**	**2.5%**
TOTAL LIABILITIES AND EQUITY	**2,636,337,431**	**2,151,976,328**	**22.5%**

Analysis of the Consolidated Statement of Financial Position

Non-current assets amounted to RON 2,102,828,820 as at 31 December 2023, registering an increase of RON 416,238,796, or 24.7% compared to 31 December 2022. The increase was mainly due to the increase in Property, plant and equipment, as a result of the consolidation of the new acquired companies, as well as of the organic growth projects, the most significant being the Nord Hospital and the Oncology Centers. The increase was also due to the increase in Goodwill as a result of the investments in the new acquired companies.

Current assets increased by RON 68,122,306, or 14.6%, from RON 465,386,305 as at 31 December 2022 to RON 533,508,611 as at 31 December 2023.

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

Current liabilities (excluding interest-bearing liabilities) increased by RON 73,008,152, or 17.6%, from RON 414,943,880 as at 31 December 2022, to RON 487,952,032 as at 31 December 2023.

Interest-bearing liabilities increased by RON 372,433,821, or 31.3%, from RON 1,189,086,767 as at 31 December 2022 to RON 1,561,520,588 as at 31 December 2023.

Financial Indicators

Current ratio			**Period ended 31 December 2023**
Current assets	533,508,611	=	0.76
Current liabilities	699,674,033		

Debt to equity ratio			**Period ended 31 December 2023**
Long term debt	1,397,573,600	=	283%
Equity	494,192,023		
Long term debt	1,397,573,600	=	74%
Capital Assets	1,891,765,623		

Trade receivables turnover (days)			**Period ended 31 December 2023**
Average receivables	241,511,635	=	39.33
Sales x 90/180/360	2,210,435,349		

Non-current assets turnover			**Period ended 31 December 2023**
Sales	2,210,435,349	=	1.05
Non-current assets	2,102,828,820		

6 2024 Outlook

As we announced at the beginning of the year, 2023 was a year in which we focused on optimizing and consolidating the business at national level.

2024 will be a year of evolution and excellence in the medical act, continuing our commitment to invest in technology and in strengthening the largest medical network, with the objective of bringing the medicine of the future closer to patients.

At the same time, we will focus on the process of consolidating and streamlining activities at Group level, with a strong orientation towards resilient medical services in less favorable economic periods, as well as the consolidation of profitability margins and the gradual reduction of the Net Debt / EBITDA ratio, for a balanced development of the business.

The strategic priorities from an operational point of view include the continuation of the development of the MedLife Medical Park project in Bucharest, the consolidation of the multidisciplinary hospital Provita Nord and the opening of new units in the country.

7 Non-Financial Information

7.1 General presentation of the Group's activity

MedLife Group dedicates all its resources to providing its patients with professional medical services of the highest standards, based on the latest technologies available, in conditions of safety and increased comfort. The Group has constantly developed based on the desire to offer the most fastidious and complex medical services. The purpose of the medical facilities is to improve the quality of life for each patient who benefits from MedLife's medical services. Access to the Group's services is facilitated by the existing integrated system consisting of: hospitals, outpatient units, laboratories, pharmacies, imaging and corporate subscriptions. Thus, MedLife has become the largest private provider of medical services at national level in terms of sales, and makes every effort to continue to meet the needs of patients and ensure the quality and safety of the medical act.

The Group offers medical services through the largest team of doctors and nurses working in the private sector in Romania. MedLife hires full-time specialists for the vast majority of specialties offered, but also on a limited-term basis for specific specialties or functions, or works with collaborator medical personnel. In addition, given its commitment to providing quality medical services, the Group has consistently invested in medical equipment, which has helped maintain its market leadership position in diagnostic imaging technology.

7.2 Business model

MedLife's concept of Hyperclinics - large ambulatory clinics, as well as the integration of various business lines in the Group, offers substantial potential for revenue capture. For example, a patiant covered by HPP who visits a Group clinic for a preventive check-up may be advised to carry out additional tests or request additional consultations that are not covered by his subscription. These additional services or consultations are often available within the same Hyperclinic, thus giving the customer the possibility to choose MedLife's services. The Group's ability to accompany patients from prevention, to diagnosis and treatment, offers them a continuity of treatment, and for the Group the possibility of capturing FFS revenues.

The Group's Pharmacies business line is another example of revenue capture. When a prescription is filled in one of the Group's consultation offices, patients will often use the most convenient location to pick it up: a pharmacy that is in the same building where the prescription was filled.

The Group's expansion into the Dentistry business line adds another step to this revenue capture strategy. Preventive dental check-ups may be included in some medical prevention and prophylaxis packages, which may lead patients to choose the Group for any follow-up treatment as an FFS client.

Sales mostly from cash and corporate payment, with low dependence on the National Health Insurance Funds

Many private providers of medical services in Romania remain dependent for a significant part of their sales on the contracts with NHIH to serve state-insured patients. This increases their exposure to changes in NHIH` priorities, prices and allocation systems for medical services. Considering that only 27% of the Group's sales during 2023 come from the treatment of patients insured by NHIH, the Group can independently determine its policies and priorities.

The largest number of corporate clients in Romania

With over 870,000 corporate subscribers as at 31 December 2023, the Group has access to a significant potential customer base for its FFS activities. This base is further expanded when corporate subscribers bring family members and refer others to the Group's FFS offering. The corporate client base also offers opportunities for up-selling, as many of the corporate clients start with basic medical service packages and gradually move to more comprehensive services.

The Group's continued investment in new medical facilities sets the stage for potential new corporate customers, as the Group's ability to serve corporate subscribers in its own medical facilities is often key to customers' purchasing decisions. The market outside Bucharest remains, in the Group's view, underdeveloped for corporates and, as such, represents an opportunity for further growth through the acquisition and integration of local and regional suppliers, thus expanding its footprint at national level and increasing its attractiveness to corporate customers.

Experienced management capable of generating and managing business development through both organic growth and acquisitions

The Group's track record of organic and acquisition growth is largely due to the Group's strong management team. MedLife has developed screening systems for potential acquisitions, performing detailed analysis, making timely decisions and implementing a fast and efficient integration process post-transaction. The company has a reputation in the market as a "friendly acquirer", mainly because the founders of the acquired companies are often given the opportunity to stay in the business as minority shareholders and managers of the subsidiaries. Through this approach, MedLife retains their accumulated experience and market knowledge while being able to fully integrate the acquisition into its own systems and increase its revenue capture opportunities. Also, by implementing the share buyback and exchange program with minority shareholders, the Group encourages the alignment of interests and the contribution of the founders of the subsidiaries to the Group's integrated activity.

From 2010 to the end of 2023, MedLife completed 68 acquisitions, thus acquiring valuable expertise and knowledge for the Group, which will allow finding the best methods for continuous and efficient expansion.

7.3 Strategy

The Group's strategy focuses on maintaining its leadership position. MedLife Group aims to expand its portfolio of facilities and services, ensuring a profitable national coverage, to meet the needs of the Group's existing and new customers. At the same time, the Group remains committed to providing patients with safe and quality medical treatments, ensuring a balance between medical risks and opportunities and the Group's commercial objectives. Thus, at the end of 2023, the MedLife network included 35 hyperclinics, 68 clinics, 15 hospitals, 39 laboratories, 18 dental clinics and 21 pharmacies, the Group being the only medical service provider present with large clinics in all cities with more than 150,000 residents.

The Group is looking for opportunities to capture additional revenue and realize synergies within its current network and services. MedLife aims to achieve this goal through both organic growth and the acquisition of smaller healthcare providers in the market. As a result of this strategy, over the past five years, the MedLife Group has been characterized by significant sales increases from one reporting period to another.

Organic growth

The Group's strategy aims to consolidate in large cities with over 150,000 inhabitants through the MedLife brand network, but also in medium and small cities through the Sfanta Maria brand, considering the large number of acquisitions in recent years.

We are also continuing the development plan of the Group's important business lines: clinics, laboratories, hospitals, dental clinics and medical subscriptions.

At the same time, MedLife's priorities continue to focus on the area of research, oncology and radiotherapy, the amplification of the digitization process, as well as the consolidation and optimization of the companies within the Group.

7.4 People and resources

The Group serves patients through the largest private team of doctors and nurses in Romania. As of 31 December 2023, the Group collaborates with a number of more than 4,800 doctors and 2,800 qualified nurses in its lines of activity, both employees who work exclusively for the Group, as well as collaborators, providing services as independent professionals. Additionally, as of 31 December 2023, over 2,700 full-time employees were working in administrative and support roles.

The Group's objective is for the medical staff to consist mostly of full-time employees, even if certain specialties and functions are very difficult to fill in the current market conditions. In these circumstances, the Group concludes part-time employment or collaboration agreements with the respective staff. The type of contractual arrangement between the Group and its medical staff depends on various criteria, such as the professional context, or the time that the medical staff can allocate to the services provided wirthin the Group. The medical personnel with service contracts are considered by the Group as a commercial partners providing services to the Group as an independent contractor, in accordance with the applicable legislation.

The Group seeks to provide appropriate compensation and incentives to physicians and medical staff in exchange for quality healthcare and commitments to promote the MedLife Group business model. The regular compensation package offered by the Group to its employees includes a fixed remuneration, to which is added a variable remuneration, determined on the basis of a revenue sharing mechanism, related to the programming and consultation activity. Associates are compensated based on the number of appointments and consultations provided. The Group does not operate pension plans or long-term benefit plans.

The group invests in human resources programs such as Life Academy and Good Practice - Nurses School. These training programs are designed to ensure the continued professional development of its employees, both support and administrative staff, as well as medical staff.

Regarding the relationship with colleagues, the Group ensures a safe working environment where employees are treated fairly and with respect, and differences between employees are accepted.

The Group is committed to providing colleagues with the opportunity to excel and reach their full potential and to reward them on merit.

The Group does not tolerate any discrimination, intimidation or harassment of, or between colleagues. The Group encourages clear and open communication with and among colleagues. They can and should promptly raise any concerns about any unethical or illegal behavior by bringing these concerns to the Group's human resources department. The Group undertakes to investigate such concerns raised in good faith, maintaining the confidentiality of such proceedings.

7.5 Quality standards

MedLife has implemented the following standards for Quality, Environmental Protection and Medicine and Occupational Safety management systems:

- ISO 9001:2015 (Quality Management System) through which the organization demonstrates that it has identified the risks and acts to eliminate or limit their effects, which may have a negative impact on the ability of the quality management system to achieve the desired results, as well as a negative impact on customer satisfaction.
- ISO 14001:2015 (Environmental Management System) The implementation of this standard ensures the management of the company and its employees, as well as the external parties involved (shareholders, investors, institutions, authorities) that the organization's impact on the environment is measured and constantly improved.
- ISO 45001:2018 (Operational Health and Safety Management System) is a working model for organizations that want better control over occupational risks.

Health, safety, security and environment

The Group obeys and respects Romanian laws and regulations related to health, safety, security and environmental issues. These laws and regulations relate to, among other things, the management and disposal of hazardous substances and medical waste, exposure to hazardous materials, and the protection of employee health and safety. The Group is required to obtain permits, licenses and environmental authorizations and to inform local authorities before opening new administrative and medical facilities.

Equipment and technology

The Group purchases medical equipment to provide each client with professionally qualified medical services at the highest standards. These devices include, but are not limited to: optical coherence tomography systems, magnetic resonance imaging equipment, computerized tomography equipment, bone density measuring instruments, imaging and identification systems used in dermoscopy, measurement equipment hepatic rigidity, laser, vacuum systems for reducing fat deposits by cryolysis (LipoCryo), video-capsule endoscopy systems.

The Group's laboratories have state-of-the-art equipment such as the Abbot Accelerator A3600 automatic line in the MedLife Grivița laboratory, the first in Romania and Eastern Europe, which significantly contributes to increasing the accuracy of analyzes, reducing execution time and ensuring better traceability and tracking of samples each patient.

In 2023, the MedLife Group invested in technology at an unprecedented level, strengthening its expertise in integrated and niche medical services by strengthening the areas of oncology and radiotherapy. The Group is also the operator with the greatest expertise in the field of genetic sequencing, especially in the field of oncological pathologies. Consistent investments in innovation, digitization and technology illustrate MedLife's progress in providing the highest quality healthcare by facilitating advanced diagnostics and personalizing treatments for patients.

Thus, in 2023, we opened in Brașov, the first mobile hybrid room in the center of the country and one of the few in the whole country. The mobile hybrid theater is a complete operating room that has the most advanced equipment and technology available today, to which is added a mobile 2D and 3D radiology equipment and a state-of-the-art image fusion system that allows, for the same patient, simultaneous open and minimally invasive surgical gestures of vascular surgery and cardiology under radiological control, avoiding the need to submit the patient to several consecutive surgical interventions. The mobile hybrid theater is composed of:

- hybrid C-arm (C-arm) that provides high-resolution radiological images of the condition of arteries and veins in the human body;
- mobile radio-transparent operating table with the possibility of sterile intra-operative control;
- endovascular navigation system, which allows the fusion of the images obtained with the help of a CT with contrast substance and the intra-operative images obtained with the C-arm, thus forming 3D images of the patient's organs.

We also continued our investments in the field of robotic surgery by acquiring the third da Vinci robot within the Group, which operates in the MedLife Polisano Sibiu Hospital. The da Vinci X robotic system is a fusion between conventional laparoscopic technique and high-precision robotic technology. This complex system is an extension of the surgeon, which, thanks to the four multi-articulated arms and a special technology, allows the translation, in real time, of the doctor's indications into movements of great finesse and precision, far superior to human movements.

Beyond the opportunities from the doctors' perspective, robotic surgery offers many more advantages to patients, especially compared to conventional surgical approaches. Interventions performed with the da Vinci X robot involve making very small incisions, with minimal aesthetic effects, but also reducing the risk of intra-operative complications, bleeding or infections.

In 2023, we marked a series of championships on the Romanian health sector. One of these refers to bringing the newest neurosurgical robotic technology currently available on the international medical market, to the MedLife Humanitas Hospital in Cluj, thus becoming the only center in Romania and one of the few in Europe equipped with the Brainlab system. It is a suite consisting of a Loop-X three-dimensional intraoperative robotic imaging system, the Curve neuronavigation system and the Cirq robotic arm, systems that can be used to perform minimally invasive surgeries of high complexity, both for spinal conditions vertebral, as well as for cerebral pathologies.

Another premiere registered in 2023, was the introduction of the system of transportation of biological samples through drones, MedLife thus becoming the first private medical operator in Romania and Central and Eastern Europe to use drones for the transport of laboratory samples and one of the few medical operators in Europe that currently transports biological samples over medium and long distances. With a length of 120 km, the route initiated by MedLife between Oradea and Arad becomes the longest drone flight route for medical samples in Europe. With the implementation of the new drone transport platform, the delivery time of biological samples is reduced by more than 50% compared to land transportation. Thus, MedLife Group manages to provide patients with faster results, shortening the response time for 76% of the range of laboratory tests. The new transport system introduced by MedLife is based on 3 Swoop Aero Kite drones, equipped with state-of-the-art technology and high-performance software, which allow samples to be transported in complete safety. The aircrafts are completely autonomous, a single pilot being able to monitor several drones simultaneously, the human factor intervening only for loading and unloading samples. In the future, we are considering expanding the number of locations, by including on the routes the collection points from the counties of Arad, Hunedoara, Mehedinti, Gorj, Timis and Caras-Severin. Drones will cover transport from collection points located outside the city in a proportion of almost 100%, thus replacing the transport by cars, which is commonly used.

IT

The Group relies on international suppliers for IT hardware infrastructure. Regarding the communication between the different Group locations', it uses a Managed VPN network with SDWAN, with firewall-type security equipment with active anti-malware, antivirus, traffic inspection IPS, Proxy, NAT, URL filtering services.

The Group has also implemented a robust IT infrastructure across all its hospitals, covering admissions and appointments, surgeries, medical procedures, patient check-in and check-out, medical supplies management, customer-level billing and generating various reports.

The Laboratories business line has been equipped with software to manage laboratory testing processes, including sample management, patient records, barcode labeling and automated procedures for final results.

We also have an integrated workflow between medical and financial-accounting operations. This integrated system is a software solution that takes into account all the needs of the company and its way of organization, that leads to the achievement of the proposed goals and unite all functions. The application of this system allows:

- facilitation of the realization of a unique information system, for all company functions;
- tracking of all activities and improving the image of the organization;
- organization and optimization of data acquisition methodologies;
- introduction of the latest technologies specific to the type of activity;
- elimination of the redundancy of the data used;
- optimal organization of the database.

7.6 Principles regarding respect for human rights

The Group is committed to treating patients, competitors and suppliers fairly. All colleagues must always act with integrity and honesty, continuously protecting the Group's reputation when dealing with patients, competitors and suppliers.

The Group aims to create and maintain mutually beneficial relationships with its patients by promoting a climate of trust and transparency coupled with innovation and good medical practice. The Group ensures that all suppliers are selected and contracted based on merit and objective business standards so as to avoid real or perceived favouritism.

The Group is committed to free and fair competition and has no relationships with its competitors. The Group complies with all laws and regulations in its field of activity, along with industry standards and internationally accepted practices.

7.7 Anti-Bribery and Anti-Corruption Principles

Pursuant to the Articles of Incorporation, all payments made by the Group to public authorities, in the jurisdictions in which the Group operates, are in accordance with all applicable legal provisions and are made solely for the purpose of ensuring the execution of routine governmental activities.

The Group has a zero tolerance policy on bribery and corruption. Group policy prohibits promising, offering, or paying bribes, or soliciting, accepting, or receiving bribes.

The Group also prohibits colleagues from accepting gifts, hospitality or gifts intended to influence business decisions.

7.8 Protection of Public Interest Whistleblowers

According to the Group's internal policies and Law no. 361/2022 on the protection of whistleblowers in the public interest, the management of the Group ensures that the activity is carried out with honesty and integrity and ensures that whistleblowers who provide information or cause information to be disclosed, or who participate in the investigation of reports, are protected against retaliation.

In this regard, MedLife's Board of Directors approved the Whistleblower Protection Policy which entered into force on 14.11.2023. The purpose of this policy, as well as the integrity warning, is to protect MedLife from ethical misconduct, fraud and any other non-compliance issues that would cause reputational, commercial or legal sanctions, affecting MedLife's prestige and image.

The policy describes the internal general principles and rules regarding the addressing of warnings or notifications, of potential deviations or violations within MedLife, as well as the protection measures for persons who warn/report or complain of irregularities, thus having the quality of a whistleblower. It applies to the entire MedLife Group, i.e. to all companies controlled or in which MedLife holds a majority stake, regardless of whether or not, at the time of receiving a notification, the respective entity in the MedLife Group has implemented an internal policy similar to MedLife's policy.

Main objectives of the Policy:

- to encourage any employee, customer, supplier, contractor, subcontractor or any other party dealing with MedLife's business to report any violation of the law as quickly as possible, with the confidence that the warning will be taken seriously, investigated correctly and with the assurance of the whistleblower's confidentiality;
- to provide the whistleblower with guidance on how to present these warnings/complaints;
- to assure the whistleblower of the absence of any retaliations if he exposed the problems in good faith;
- to ensure the respect of the rights of the persons concerned.

The principles governing whistleblower protection are as follows:

- the principle of legality, according to which MedLife respects fundamental rights and freedoms, by ensuring full respect, among others, of freedom of expression and information, the right to the protection of personal data, the right to a high level of consumer protection, the right to a high level of human health protection, the right to a high level of environmental protection, the right to an effective remedy and the right to defence;
- the principle of responsibility, according to which the whistleblower is obliged to support the reporting with relevant and pertinent data or information;
- the principle of impartiality, according to which the examination and resolution of reports are done without subjectivity, regardless of one's own beliefs and interests;
- the principle of balance, according to which no person can prevail from the provisions of this Policy to reduce the disciplinary sanction for a more serious act;

- the principle of good faith, according to which the person who had reasonable grounds to believe that the information regarding the reported violations was true at the time of reporting, is protected.

7.9 Corporate social responsibility

MedLife Group **Values**:

- **Responsibility:** MedLife Group guides its actions according to what is important for people's lives and health;
- **Professionalism:** MedLife Group brings together more than 4,500 doctors, professors, lecturers, doctors in medicine who fulfill their jobs with dedication and professionalism every day;
- **Innovation:** MedLife Group has a constant concern for methods, technology and organization that lead to better and more effective medical solutions;
- **Care and respect:** Every patient is important and respected, and everyone's needs are treated with care and attention.

Several technological advances have allowed medicine to evolve towards minimally invasive techniques that expose patients to low risks and allow for a faster recovery period. In developed countries, it is a common practice, for many years, for patients to be able to go home without requiring overnight hospitalization. In 2005, MedLife was the first to introduce this concept on the Romanian market. The Group thus created wards within the hospitals and hyperclinics, where patients can benefit from minimally invasive techniques.

MedLife's concept "**Together We Make Romania Better**" started with the desire to bring good in Romania in as many forms as possible, not only in health, but also in the medical system. Thus, MedLife Group has developed and supported a series of projects, events and ideas for the benefit of employees or medical personnel at the beginning of the journey. Also, the company constantly organized or participated to medical events where doctors from the country and abroad had the opportunity to share knowledge, technologies or procedures.

Hope Doesn't Die of Cancer

MedLife pays more attention to the country profile in terms of health and strives to act where it is most needed, building day by day, on the assumed commitment of making Romania well. In the pediatric oncology segment, the statistics are worrying. Every day, a child in Romania is diagnosed with cancer, entering the battle with a disease that can be defeated if it is detected in time and if a personalized treatment, ajusted to each patient, is applied. The average survival rate for children diagnosed with cancer in our country is 69.1%, 10% lower than the Western Europe average.

To support children diagnosed with cancer, MedLife established the **#Hope Doesn't Die of Cancer** program, offering access to one of the world's most complex sequencing tests for oncological conditions, free of charge. Based on the results of genetic tests, doctors can choose a personalized treatment, targeted therapy or immunotherapy for each child, which can increase the chance of cure or the survival rate. Further, it also depends on the involvement of the authorities so that the necessary treatments for each individual patient are available in our country and accessible regardless of income.

Approximately 300 sick children have benefited from the MedLife program, representing approximately 50% of the estimated number of those diagnosed with cancer annually.

Approximately 65% of those enrolled practically benefited from the program, enabling them to obtain an accurate prognosis, identify mutations relevant to treatment, or predict resistance to certain therapies. The percentage is determined by the type of cancer and the status of current knowledge about cancer types. Thus, as far as leukemias are concerned, a successful interpretation can be reached in over 90% of cases.

MedLife's social program will continue in 2024 as it can bring a change not only at system level, but especially, at patient level, offering hope in the lives of the most vulnerable among us.

Blood donation campaign

MedLife launched a national blood donation program to support blood transfusion centers and promote this behavior in the Romanian society. The program is held every year in the largest cities in the country.

Pro bono cases

The Group's commitment remains the treatement and help of patients who need medical interventions, regardless of their background or their financial situation. Whether mild or serious, the Group's doctors deal with cases brought by humanitarian foundations or cases identified by the Group's employees.

Medical consultations for children from disadvantaged backgrounds

Doing good is part of our employees' nature, a defining attitude for the organizations we choose to support as well. In 2023, MedLife's general medical staff provided free consultations to several children from disadvantaged backgrounds to ensure that they start healthy in the camps organized by our partners.

Backpacks donation campaigns

As part of the "**Together we color more than 100 dreams**" campaign, MedLife employees prepared 121 backpacks full of supplies for children facing serious illnesses or living in disadvantaged environments. The action was carried out through an association that provides support in their fight for education and health.

24/7 medical hotline

With the MedLife subscription, each subscriber benefits from medical advice, after which it is determined whether a physical consultation is needed. The hotline is available to subscribers 24/7, offering unlimited access to medical information and advice. In 2023, the medical hotline remained a basic service for MedLife's subscribers.

Online consultation platform

MedLife was the first private healthcare company to launch an online consultation platform. Thus, patients could contact the doctor via video conference and receive a diagnosis and treatment, where a physical consultation is not necessary.

Doctor's advice

Doctor's Advice is a newsletter dedicated to our patients. Through it, we provide the correct information regarding various conditions or symptoms. Thus, by e-mail, MedLife's clients regularly receive informative materials drafted with the support of our medical staff.

Mobile caravans for information

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

InfoLife

InfoLife magazine is a traditional project, launched 14 years ago, with the aim of supporting our patients with medical articles of interest, information about the latest techniques and technologies, interviews with doctors and other Romanians with whom **We Make Romania Good Together**.

We Make Romania Green

The Green Project, together with every action undertaken by the Group, is the essence of the brand. In addition to honoring the promise of a quality medical act and excellence proven to each patient, the campaign represents the Group's desire to get even more involved in the future of new generations. Over the past 5 years, MedLife volunteers have planted tens of thousands of trees, thus contributing to the reforestation of hard-to-reach areas affected by deforestation. In addition, we supported an environmental education campaign for children to teach them to maintain cleaning and collect waste selectively.

Responsible energy consumption

Within the MedLife units, we monitor the energy consumption related to the area and the type of activity carried out. We consume natural gas, electricity and fuel, and the main sources of consumption are: the air conditioning system, MRI machines and other large imaging machines (radiology, angiograph, CT).

Over time we have implemented LED technology that we use in 99% of the time. Operating theaters within hospitals and beyond have been equipped with devices that enable LED lighting, and energy-efficient settings for heating, ventilation and air conditioning have been implemented, reducing energy use. LED lighting is also used in elevators and patient waiting areas.

Currently, we are implementing a set of measures for the intelligent control of consumers of various types of energy (thermal, electric, etc.), the renewal of chillers, 2 installations being replaced so far. We consider and analyze the possibility of using photovoltaic panels.

Waste management

Waste management is an important concern at Group level, being one of the most significant environmental impacts. The activities we carry out generate both non-hazardous and hazardous waste. To manage this effectively, waste disposal is an outsourced activity, with specific contracts for the collection of all types of waste.

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

To carry out our activities, we also consume water, which we capture exclusively from the public network. We monitor water consumption monthly and through internal work procedures we ensure that we eliminate any risk of biological contamination of discharged water.

At the same time, in our activities we also use a number of substances that fall into the category of dangerous ones, such as medicines and certain substances considered drug precursors (for example toluene), for which we also have very strict working procedures.

8 Corporate governance

8.1 Corporate Governance Statement

MedLife and the members of the Board of Directors comply with the corporate governance regime established by the Companies Act.

Starting from January 4, 2016, the Corporate Governance Code of the Bucharest Stock Exchange ("BVB") entered into force, applicable to all issuers of securities traded on the regulated market of the Bucharest Stock Exchange. MedLife has adhered to the Corporate Governance Code of the Bucharest Stock Exchange considering its capacity as issuer on the capital market. The BVB Corporate Governance Code can be consulted on BVB's official website (www.bvb.ro).

All holders of financial instruments benefit from equal treatment, the Company ensuring effective, active and transparent communication with its shareholders. In this regard, on MedLife's website, in the Investor Relations – Corporate Governance – Corporate Governance Documents section, the following policies and procedures can be consulted: The procedure for organizing and holding General Shareholders' Meetings, the Code of Ethics and Conduct, the Code of social responsibility, the Policy regarding forecasts, the Corporate Governance Statute, the Audit Committee's operating regulations, the Dividend Policy and the Remuneration Policy, documents referred to in the Declaration on Compliance with the Corporate Governance Code.

The Group monitors environmental, social and human resources policies through existing corporate governance procedures. The responsibility was delegated by the Board of Directors to the management team specific to each existing department.

8.2 Shareholder structure

As at December 31, 2023, the synthetic structure of Med Life S.A.'s shareholding, according to the data received from the Central Depository, was as follows:

	Number of shares	% share capital
Legal persons	289,227,475	54.42%
Marcu Mihail	78,484,828	14.77%
Cristescu Mihaela Gabriela	74,642,760	14.04%
Marcu Nicolae	55,341,600	10.41%
Others	33,785,305	6.36%
Total	**531,481,968**	**100.00%**

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

Shareholder structure by type and country

	Number of shares	% share capital
Romanian Legal persons	227,430,766	42.79%
Foreign Legal persons	61,796,709	11.63%
Romanian Individuals	242,162,358	45.56%
Foreign Individuals	92,135	0.02%
Total	**531,481,968**	**100.00%**

Largest shareholders as at 31 December 2023*

	Număr acțiuni	% din Capitalul social
Marcu Mihail	78,484,828	14.77%
Cristescu Mihaela Gabriela	74,642,760	14.04%
NN Privately administered Pension Fund	70,356,940	13.24%
Marcu Nicolae	55,341,600	10.41%
AZT Viitorul Tău Privately administered Pension Fund	46,219,200	8.70%
Total	**325,045,328**	**61.16%**

** Shareholders holding more than 5% of the company's share capital.*

8.3 The management bodies of the Company

MedLife is administered in a unitary system by the Board of Directors, consisting of 7 members appointed by the Ordinary General Meeting of Shareholders for a 4-year term, with the possibility of being re-elected. Of the 7 members of MedLife's Board of Directors, 3 members are independent members. The Board of Directors is responsible for the management of MedLife, acting in the interest of the company and protecting the general interests of its shareholders by ensuring the sustainable development of the Company. According to the Constitutive Act, the Board of Directors is responsible for all useful and necessary acts in order to fulfill MedLife's object of activity, including the administration of MedLife's subsidiaries or investments, with the exception of the powers that are assigned by law to the General Meeting of Shareholders.

Board of Directors

On December 31, 2023, the composition of the Board of Directors was as follows:

Name	Position	Appointment Date	Termination Date
Mihail Marcu	Chairman of the Board of Directors, CEO	01.08.2006	20.12.2024
Ana Maria Mihaescu	Independent Member of the Board of Directors	01.09.2017	20.12.2024
Dimitrie Pelinescu-Onciul	Member of the Board of Directors	01.05.2017	20.12.2024
Dorin Preda	Member of the Board of Directors	02.05.2017	20.12.2024

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

Name	Position	Appointment Date	Termination Date
Nicolae Marcu	Member of the Board of Directors	01.05.2017	20.12.2024
Voicu Cheta	Independent Member of the Board of Directors	21.12.2020	20.12.2024
Ovidiu Fer	Independent Member of the Board of Directors	21.12.2020	20.12.2024

Mihail Marcu (1970) - Chairman of the Board of Directors, CEO

Mihail Marcu is the Chairman of MedLife's Board of Directors since August 2006 and MedLife's CEO since December 2016. Mihail Marcu is a graduate of the University of Bucharest, Faculty of Mathematics and Informatics (1995) and attended a series of postgraduate studies and courses specialization courses from the Romanian Banking Institute, The Open University, DC Gardner training or Codecs, both in Romania and abroad. Prior to holding the position of member of MedLife's Board of Directors, between January 2004 and August 2006, Mihail Marcu was General Director of MedLife, and previously held the position of Vice President within RoBank S.A. (currently, OTP Bank Romania S.A.), being authorized in this capacity by the National Bank of Romania. Previously, Mihail held various positions at Credit Bank Romania S.A., respectively RoBank S.A., including credit inspector, head of credit service, director of the credit department and director of the corporate department.

Ana Maria Mihaescu (1955) - Independent Member of the Board of Directors

Ana Maria Mihaescu has been a member of MedLife's Board of Directors since September 2017. For 20 years, Ana Maria Mihaescu led the mission of the International Finance Corporation ("IFC") in Romania, a division of the World Bank and the largest financier of the private sector in emerging countries. Between 2011 and 2016, Ana Maria Mihaescu had a decision-making role regarding IFC projects in several European countries, including Romania. She previously held top management positions in the banking sector. Since 2016 to 2023 she was part of the Supervisory Board of Raiffeisen Bank as an independent member.

Dimitrie Pelinescu-Onciul (1947) - Member of the Board of Directors

Dimitrie Pelinescu-Onciul has been a member of MedLife's Board of Directors since 2008. He is a graduate of the Carol Davila University of Medicine and Pharmacy in Bucharest, Faculty of Medicine (1972), specializing in obstetrics and gynecology (resident 1978-1981) and Doctor of Medical Sciences since 1994. Dimitrie Pelinescu-Onciul is a member of 11 scientific societies in Romania and 7 scientific societies abroad, holding, among others, the position of president of the Romanian Perinatal Medicine Association (2006-2008). Prior to joining the MedLife team in 2004, Dimitrie Pelinescu-Onciul worked at Filantropia Clinical Hospital, Bucharest (1994-2004), Titan Clinical Hospital, Bucharest (1986-1991), Brâncovenesc Clinical Hospital (1978-1981) and the rural Sinești hospital, Vâlcea county (1972-1978), holding the position of primary obstetrician-gynecology physician, head of clinic or hospital director.

Dorin Preda (1976) - Member of the Board of Directors; Chief Finance and Treasury

Dorin Preda has been a member of MedLife's Board of Directors since 2008. He is a graduate of the Academy of Economic Studies in Bucharest, Faculty of Finance, Insurance, Banks and Stock Exchanges (1998). Prior to joining the MedLife team, Dorin Preda held the position of Executive Director (CEO) within Asilife Insurance Broker S.R.L. (2007-2008), branch manager within HVB – Tiriac Bank S.A. (2006-2007), HVB Bank S.A. (2005-2006), Banca Comerciala Ion Tiriac (2004-2005) and Banca Comerciale RoBank S.A. (2003-2004). He also held the position of director of the

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

Loans and Marketing Department at RoBank S.A. Commercial Bank (2001-2002), credit analyst at the same bank (2000-2001) and director of the Loans Department at Dacia Felix S.A. Bank. (1999-2000).

Nicolae Marcu (1968) – Member of the Board of Directors, Chief Healthcare and Operations Officer

Nicolae Marcu is a member of MedLife's Board of Directors and Health and Operations Director of MedLife since December 2016. Nicolae Marcu is a graduate of the Carol Davila University of Medicine and Pharmacy in Bucharest, Faculty of Medicine (1996), and since 2000 he has a doctorate in psychiatry . Nicolae Marcu completed a series of postgraduate studies in the field of psychiatry in the country and abroad. Prior to holding the position of member of MedLife's Board of Directors, Nicolae Marcu was General Director of MedLife between August 2006 and December 2016, and before joining the MedLife team, Nicolae Marcu was a specialist in psychiatry at the Clinical Psychiatry Hospital" Dr. Al Obregia".

Voicu Cheta (1981) - Independent Member of the Board of Directors

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

Ovidiu Fer (1983) - Independent Member of the Board of Directors

Ovidiu Fer has been a member of MedLife's Board of Directors since December 2020. He is a graduate of the Academy of Economic Studies in Bucharest, Faculty of Finance, Insurance, Banks and Stock Exchanges (2006) and holds an MBA from INSEAD (2014). In 2016, Ovidiu Fer founded the Alpha Quest Regional Investment Fund, and since 2018 he is a member of the Advisory Board of the GapMinder VC Fund. Previously, he was a member of the Investment Committee of the IJC Funds (2014-2016) and an external advisor to Elliott Advisors (2013-2014). Also, in the period 2007-2013 he held the position of financial analyst, frontier market expert and manager of Wood & Company Romania, and in the period 2005-2007 he was a financial analyst at KTD Invest.

Audit Committee

The Audit Committee consists of three independent members, as follows:

Name	Position
Ana Maria Mihaescu	Independent Member of the Board of Directors – Chaiman of the Audit Committee
Voicu Cheta	Independent Member of the Board of Directors
Ovidiu Fer	Independent Member of the Board of Directors

The Audit Committee has, mainly, the following responsibilities:

- to examine and review the annual financial statements and the profit distribution proposal;
- to carry out annual evaluations of the internal control system;

- to evaluate the efficiency of the internal control system and the risk management system;
- to monitor the application of legal standards and generally accepted internal audit standards;
- to assess conflicts of interest in related party transactions;
- to analyze and review related party transactions that exceed or may be expected to exceed 5% of the company's net assets in the previous financial year;
- to make recommendations to the Bord of Directors.

Remuneration Committee

The Remuneration Committee consists of three independent members, as follows:

Name	Position
Voicu Chea	Independent Member of the Board of Directors – Chaiman of the Audit Committee
Ana Maria Mihaescu	Independent Member of the Board of Directors
Ovidiu Fer	Independent Member of the Board of Directors

The Remuneration Committee has the following main responsibilities:

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

The Company's Revised **Remuneration Policy** was approved during the General Meeting of Shareholders on April 27, 2023 and is available on the company's website, in the Investor Relations - Corporate Governance - Corporate Governance Documents section. Also, MedLife prepared the Remuneration Report for the year 2023, according to the provisions of the legislation on the capital markets, a report subject to the consultative vote of the shareholders in the Ordinary General Meeting of Shareholders on April 29, 2024.

Executive Committee

The Executive Committee is led by Mr. Mihail Marcu, President of the Board of Directors and CEO, Mr. Nicolae Marcu, member of the Board of Directors and Director of Health and Operations and Mr. Dorin Preda, member of the Board of Directors and Chief Finance and Treasury. Under the guidance of the key managers mentioned above is a group of executive managers with solid experience within the Group who manage the functions, business lines and central units. These professionals have a significant degree of independence and freedom in implementing budgets established for units and lines of business.

During 2023, the composition of the Executive Committee was as follows:

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

Name	Position	Appointment Date	Termination Date
Mihail Marcu	CEO	01.04.2017	21.10.2024
Nicolae Marcu	Chief Healthcare and Operations Officer	03.04.2017	21.10.2024
Dorin Preda	Chief Finance and Treasury	03.04.2017	21.10.2024
Alina Irinoiu	CFO	20.09.2022	21.10.2024
Radu Petrescu	Human Resources Director	13.09.2017	21.10.2024
Marius Petrila	IT Director	12.04.2021	21.10.2024
Mariana Brates	Procurement Director	03.04.2017	21.10.2024
Larisa Chirirac	Medical Director	02.05.2018	21.10.2024
Vera Firu	Accounting and Tax Director	03.04.2017	21.10.2024
Mirela Dogaru	Corporate Director	03.04.2017	21.10.2024

Internal Control – Internal Audit function

MedLife has implemented an internal control system applicable to the entire Group. Internal control is an objective and independent assessment activity, with a consultative purpose, carried out in order to supplement the added value and improve the activity within the Group.

Internal control supports the Group in achieving its objectives through a systematic and disciplined approach, the aim of which is to assess and improve the effectiveness of risk management, control systems and general management.

The objectives of the internal control and audit are:

- assessment and evaluation of the accuracy of the tasks performed;
- evaluation of the company's compliance with internal procedures;
- detection of cases of lack of economic spirit, cases of waste, abuses and other irregularities, with the indication of the persons/positions responsible for them;
- presentation to the Board of Directors of objective information from the scope covered by the control, and submission of proposals in order to eliminate the irregularities found and follow up on their realization;
- providing analyses, evaluations and recommendations for the Board of Directors.

The internal control within the Group checks:

- compliance with legislation in force;
- inforcement of the decisions taken by the company's management;
- good functioning of the internal activity;
- efficient use of resources;
- prevention and control of risks that may prevent the achievement of the set objectives;
- ensuring accounting management and financial monitoring of the Group's activities.

Internal control is applicable:

- prior to carrying out the operations, during the preparation of the budget, which allows, after the operations have been carried out, budgetary control;
- during the operations, but also after their completion, in which case the profitability of the operations is analyzed, and the compliance or possible anomalies that must be corrected is ascertained.

8.4 The evolution of shares on the Bucharest Stock Exchange

In December 2016, following the approval by the Financial Supervisory Authority ("FSA") of the prospectus of the initial public offer for the sale of shares (IPO), MedLife was admitted to trading on the main segment, the Premium category, at a final offer price of 26 RON, the company's shares trading under the symbol "M".

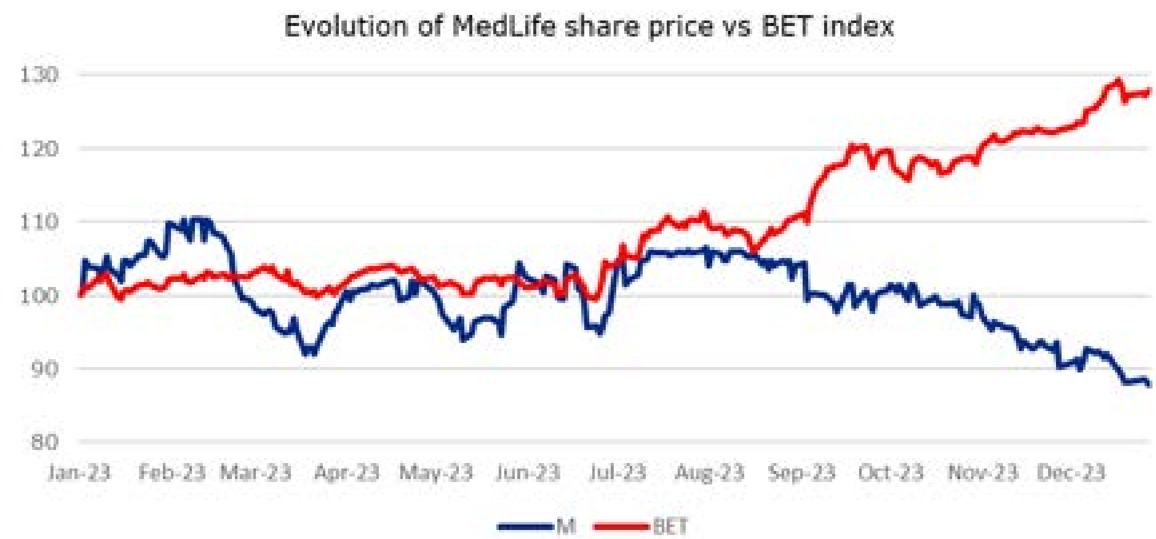
MedLife shares' are included in several BVB indices, including the BET index - the reference index of the capital market in Romania, which reflects the evolution of the most traded companies on the BVB regulated market. MedLife shares are also included in indices dedicated to emerging and frontier markets of global index providers FTSE Russell and MSCI, respectively FTSE Global All Cap, MSCI Frontier IMI and MSCI Romania IMI.

During MedLife's Extraordinary General Meeting of Shareholders from August 3, 2023, the increase of the Company's share capital by an amount of 99,652,869 RON was approved through the issuance of a number of 398,611,476 new shares with a nominal value of 0.25 RON/ share. The share capital increase was achieved by incorporating share premium and retained earnings and the newly issued shares were allocated free of charge to the Company's shareholders registered in the shareholders' register held by Depozitarul Central S.A. on September 5, 2023 ("Record Date"). Thus, each shareholder registered in the shareholders' register on the Registration Date received 3 newly issued shares, free of charge, for each share held on the Registration Date. The newly issued shares are dematerialized registered shares, admitted to trading on the Main segment, Premium category of the Bucharest Stock Exchange.

Between January 1 and December 31, 2023, MedLife shares' traded between a minimum price* of 3.98 RON/share and a maximum price* of 5.00 RON/share.
** Prices adjusted as a result of the share capital increase approved during the EGSM of August 3, 2023.*

The total volume traded in 2023 was 38,368,922 shares, with a total value of 174,965,621 RON, representing an average daily turnover of 154,713 shares, respectively 705,507 RON.

As at December 31, 2023, MedLife's capitalization was 2,115,298,233 RON.



In order to ensure an efficient level of liquidity for the shares traded on the BSE, starting from 2020, MedLife concluded with S.S.I.F. BRK Financial Group ("Intermediary" or "Market Maker"), a contract regarding the delivery by the Intermediary of Market Maker activity for the **M** shares, on the Regulated Spot Market administered by the BVB, in accordance with the provisions of BVB Regulations. MedLife thus became the first issuer in BET index's composition to conclude a Market Making contract with an intermediary.

The contract was in force throughout 2023, with the aim of maintaining the liquidity of MedLife's shares and ensuring trading at a fair and transparent price.

Buy-back programs

During 2023, two own share buy-back programs were carried out. The buy-back programs were carried out in accordance with the regulations applicable to the share buy-back programs, namely Article 5 of EU Regulation 596/2014 on market abuse and Delegated Regulation (EU) 2016/1052.

Buy-back program approved through EGSM Decision no. 2 from 29 September 2021

On May 2, 2023, MedLife informed investors and shareholders about the completion of the share buy-back program which expired on April 18, 2023 and which was carried out in accordance with EGSM Decision no. 2 of September 29, 2021, which approved the buy-back from the market of a maximum number of 5,470,671 own shares, for a maximum period of 18 months from the date of publication of the decision in the Official Gazette of Romania, at a purchase price between 10 and 30 RON/share.

The buy-back program was started on January 7, 2022, thorugh the Decision of the Board of Directors of January 7, 2022, and unfolded between January 7, 2022 and April 18, 2023, with BT Capital Partners S.A. acting as the Intermediary of the program.

The buy-back program had the following results:

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

	2023	2022
Number of shares bought-back	23,592	382,134
Average buy-back price (RON/share)	16.9951	20.4961
Total price paid for the repurchased shares (excluding brokerage fees and other acquisition costs)	RON 8,233.188.14	

The purpose of the program was for the buy-back own shares to be offered to former or current members of management, or to former or current employees of some of Med Life S.A.'s subsidiaries, in exchange for the shares held by them in the respective subsidiaries of Med Life S.A..

Buy-back program approved through EGSM Decision no. 1 from 3 August 2023

On 28 September 2023, following the Decision of the Board of Directors from 27 September 2023, MedLife started a buyback program aimed at acquiring a number of its own shares whose total nominal value is equal to a maximum of 10 % of the subscribed share capital of the Company from the date of buyback, for a maximum period of 18 months from the date of publication of the EGSM decision in the Official Gazette of Romania, at a price per share (i) at least equal to the market price of a share on BVB from the moment of making the purchase and (ii) maximum equal to the highest value between the share price of the last independent transaction and the highest share price at that time of the purchase offer on the BVB.

The shares acquired under this buyback program will be offered to employees and members of the Company's management, former or current members of management, or former or current employees of some of the Company's subsidiaries and/or will be offered in exchange for shares held in the Company's subsidiaries by former or current members of management, or former or current employees of some of the Company's subsidiaries.

As of December 31, 2023, the number of shares repurchased under this buyback program was 20,000 shares at an average average buy-back price (RON/share) of 4.3283 (buy-backs performed after bonus issue).

This buyback program is ongoing at the date of this report, with the Company informing investors and shareholders weekly, through BVB and its own website, of its evolution.

8.5 Investor Relations

The Investor Relations Department and the Company's management team constantly participate in a series of events dedicated to Romanian and foreign investors and financial analysts - national and international conferences, individual and group meetings, online or physical format, conference calls, to present the MedLife Group, its operational and financial results, strategy and perspectives.

Each year, MedLife organizes four conference calls to present the Group's financial results: annual, quarterly and half-yearly. The organization of these conference calls is announced through current reports issued and disseminated both through the company's website and at the Bucharest Stock Exchange, and participation can be done by requesting access information. Subsequently, the transcript of these conference calls is available on MedLife's website, in the Investor Relations page, Periodic / Annual Reports section.

During 2023, MedLife's representatives participated in the following conferences organized in physical format, addressed to financial analysts and foreign and Romanian institutional investors:

- Wood Romania Investor Day, London (3 March)
- Wood Frontier Investor Days Conference, Bucharest (7 - 8 September)
- Wood's Winter Wonderland EMEA Conference, Prague (5 December)

Evaluation according to the VEKTOR indicator - Romanian Investor Relations Association ("ARIR")

VEKTOR by ARIR is an indicator that evaluates the efficiency of communication with investors of companies listed on the BVB, an indicator calculated by ARIR according to a methodology developed in collaboration with a number of capital markets professionals, as well as stock market investors. In 2023, for the second year in a row, MedLife obtained the maximum score in this evaluation, i.e. grade 10.

Thus, MedLife ranks among the top companies listed on the BVB that respect the best practices regarding transparency, corporate governance and communication with investors, indicating a constant concern for attracting and retaining shareholders.

9 Risk exposure and Risk management

The Group's Board of Directors has overall responsibility for establishing and overseeing the risk management framework within the Group. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to establish appropriate risk limits and controls, and to monitor risks and compliance with limits. The Audit Committee is responsible for monitoring and addressing issues regarding 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 currency risk. The Group's objectives, policies and processes for managing these risks and the methods used to measure the risks are set out below. The central treasury function has an important role in managing the Group's financial risks, with the aim of controlling and managing the Group's financial exposure and financial costs, with a balance between risk and cost.

(a) Credit risk

Financial assets that potentially give rise to concentrations of credit risk consist principally of cash, short-term deposits, trade receivables, long-term receivables from stem cells processing and advances for acquisitions of subsidiaries (in the prior year).

The Group's cash equivalents and short-term deposits are placed with reputable financial institutions with a high credit rating.

Trade receivables are represented net of the allowance for expected credit losses. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base, which consists mainly of both individuals and companies. Around 60% of the total sales are cash-based with remaining being based on issuance of invoices. The financial condition of these customers in relation to their credit standing is evaluated on an ongoing basis.

The Group has also developed certain procedures to assess legal entities as customers prior to signing contracts, aimed at providing health care packages (PPMs), and monitoring their ability to meet the payments during the course of contracts. Also, the Group has established an internal Collection department which actively monitors encashments received from customers.

Other long-term receivables for stem cells processing are represented net of the allowance for expected credit losses. Receivables were individually assessed taking into account specific information available in individual cases in order to measure credit risks. An allowance for expected credit losses was determined for certain customers for which management assessed high credit risk.

Advances for acquisition of subsidiaries are short-term in nature and might occur in certain business combinations between signing and closing, in line with Share Purchase Agreement terms and conditions. Muntenia Medical Competences acquisition was completed in January 2023, while Provita transaction was approved by the Competition Council in March 2023.

The gross carrying amounts of financial assets (before allowances for credit losses) included in the statement of financial position represent the Group's maximum exposure to credit risk in relation to these assets.

The Group has only 27% of its sales during 2023 deriving from the treatment of NHIH insured patients (concentration of credit risk) - reliance on major customers, but in the management's view, the associated credit risk with the receivable balance is considered to be low, based on historical practice and specifics of the contracts.

At 31 December 2023 and 31 December 2022, the Group did not consider that there was a significant concentration of credit risk.

(b) Interest rate risk

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

The Group is exposed to interest rate risk because it borrows funds at variable interest rates. The higher risk is represented by funds borrowed in the national currency, as interest rates are periodically repriced based on index variation.

Lease contracts concluded in the national currency are also exposed due to the above repricing process, as the discount rate in this case is linked to the internal borrowing rates for funds withdrawn in the national currency.

Interest rate sensitivity analysis is performed by management using a 10% increase / 10% decrease in interest rates and monitored periodically. This assumption has not changed from previous years and represents management's assessment of the reasonably possible change in interest rates.

(c) Liquidity risk

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

(d) Foreign currency risk

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

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

Litigations

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

10 Corporate Events

10.1 Corporate events in 2023

27 April 2023 Annual General Shareholders Meeting

On March 24, 2023, the Annual General Shareholder Meeting scheduled for April 27/28, 2023 was conveyed. The following main items were submitted to the approval of MedLife shareholders:

- The audited annual financial statements for the year 2022, at individual and consolidated level;
- Discharge of liability for the members of the Board of Directors;
- The income and expenditure budget for the year 2023, at individual and consolidated level;
- Extending the mandate of the financial auditor, for a period of 2 years;
- The Remuneration Report, subject to the consultative vote of the shareholders;
- Remuneration policy of the Company.

All the items on the agenda were approved during the OGSM from April 27, 2023.

3 August 2023 Extraordinary General Shareholders Meeting

On July 3, 2023, the General Meeting of Shareholders for August 3/4, 2023 was conveyed. The following main items were submitted to the approval of MedLife shareholders:

- Increase of the Company's share capital by an amount of RON 99,652,869, from a value of RON 33,217,623 to a value of RON 132,870,492, by issuing a number of 398,611,476 new shares with a nominal value of 0.25 RON/share;
- Amendment of the Company's Articles of Incorporation to reflect the share capital increase.

All the items on the agenda were approved during the EGSM from August 3, 2023.

The share capital increase was executed by incorporating share premium and retained earnings, and the newly issued shares were allocated, free of charge, to the Company's shareholders registered in the shareholders' register held by Depozitarul Central S.A. on September 5, 2023 ("Record Date"). Each shareholder registered in the shareholders' register on the Registration Date received 3 (three) newly issued shares, free of charge, for each share held on the Registration Date. The newly issued shares are registered shares, dematerialized, admitted to trading on the Main segment, Premium category of the Bucharest Stock Exchange.

The share capital increase was made to support the Company's current activity, in line with its growth strategy.

22 December 2023 Extraordinary General Shareholders Meeting

On November 24, 2023, Extraordinary General Shareholders Meeting for December 22/23, 2024 was conveyed. The main item subject to the approval of MedLife shareholders was the increase of the syndicated credit limit by an additional amount of EURO 50 million.

All the items on the agenda were approved during the EGSM from December 22, 2023.

10.2 Subsequent events to the reporting period

On 14 March 2024, the Group increased the existing facilities by EUR 50 million, upon signing an addendum to the existing loan agreement. The syndicate of banks which signed the increase in the syndicated loan consists of Banca Comercială Română, as Coordinating Mandated Lead Arranger, Documentation Agent, Facility Agent, Security Agent and Bookrunner, Raiffeisen Bank, BRD Groupe Société Générale, Banca Transilvania and ING Bank, as Original Lenders. The new funds will be dedicated to consolidating and expanding the Group at national level, through the development of regional hospitals, where the patient will benefit from a 360-degree approach both in terms of the complexity of the medical act and the quality of complementary services. The expansion of the medical infrastructure and the M&A program are also a priority, and moreover, the Group will continue intensely its research efforts, aiming to intensify them through new investments during the year.

Chairman of the Board of Directors,
Mihail MARCU

Ernst & Young Assurance Services SRL
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Med Life SA

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Med Life SA (the Company) with official head office in Calea Grivitei no.365, district 1, Bucharest, identified by sole fiscal registration number 8422035, which comprise the statement of financial position as at December 31, 2023, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the separate financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate financial statements.

Description of each key audit matter and our procedures performed to address the matter

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Recoverability of investments in other entities
The carrying value of investments in other entities (being controlled entities) as of 31 December 2023 is of 488 million RON.
All entities with significant cost of investment in the separate financial statements also have significant goodwill allocated to them in the consolidated financial statements of the Med Life Group. Therefore, the annual impairment test performed for goodwill in the consolidated financial statements, at cash generating units ("CGUs") level, being individual entity, is also relevant for the assessment of the recoverability of the carrying value of investments in other entities in the separate financial statements.
The management performed annual impairment tests at the level of 47 cash generating units, using a discounted cash flow model. Management estimates the cash flows for the cash-generating units ("CGU"), in order to determine the recoverable amount of each GCU.
As disclosed in Note 4.1 to the separate financial statements, in calculating the recoverable amount, the management makes judgement and significant estimates in determining revenue and operating margin growth assumptions and the discount rate to be applied to the expected cash flows.
In light of the judgements and estimates used by the management in the determination of future cash flow projections which are based on assumptions that are affected by expected future market conditions in Romania, uncertainties regarding current economic environment and significance of the carrying value of cost of investment in other entities, this matter is considered a key audit matter.
The Company's disclosures about investments in other entities and the related impairment testing are included in Note 3.3.2 (Estimates and assumptions) and in Note 4.1 (Cost of investment) to the separate financial statements.</td><td>We analysed the management's assessment of the recoverability of the carrying value of cost of investment in other entities with a focus on the key assumptions made by management.
Specifically, our work included, but was not limited to, the following procedures:
• Performed a detailed understanding of the Company's internal process and related documentation flow and key controls associated with the impairment testing process;
• For a sample of impairment tests for significant investments in other entities we:
  o reconciled the assumptions used within the future cash flow models to approved business plans;
  o involved our internal valuation specialists to assist us in evaluating the appropriateness of the methodology used to estimate the recoverable amount of CGUs and its conformity with the requirements of the International Financial Reporting Standards; and in testing the mathematical accuracy of the discounted cash flow model as well as evaluating for reasonableness the discount rates used for discounting future cash flows for each CGU and key macroeconomic assumptions;
  o Assessed the assumptions used in the estimated future cashflows against historic performance to determine the reasonability of the management's estimates.
  o Assessed the management's sensitivity analysis over key assumptions and performed additional independent sensitivity analysis in order to assess the impact of possible changes of assumptions on the impairment testing;
• Assessed the competence of management's external specialists and their objectivity and independence, to consider whether they were appropriately qualified to carry out the impairment assessments.
• Assessed the relevant disclosures included in the financial statements.</td></tr>
</table>

Other information

The other information comprises the Consolidated Administrators' Report, the Annual Remuneration Report, the Annual Report and the Sustainability Report, but does not include the separate financial statements and our auditors' report thereon. We obtained the Consolidated Administrator's Report and the Annual Remuneration report, prior to the date of our auditor's report, and we expect to obtain the Annual report and the Sustainability Report, as part of separate reports, after the date of our auditor's report. Management is responsible for the other information.

Our audit opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Separate Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Administrators' Report and Remuneration Report, we have read these reports and report that:

a) in the Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying separate financial statements as at December 31, 2023;
b) the Administrators' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 articles 15 – 19;
c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the separate financial statements as at December 31, 2023, we have not identified information included in the Administrators' Report that contains a material misstatement of fact.
d) the Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Company by the General Meeting of Shareholders on 27 April 2023 to audit the separate financial statements for the financial year end December 31, 2023. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 3 years, covering the financial years ended 31 December 2021, 2022 and 2023.

Consistency with Additional Report to the Audit Committee

Our audit opinion on the separate financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on the 26 March 2024 and updated on 29 March 2024.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.
In addition to statutory audit services and services disclosed in the separate financial statements, no other services which were provided by us to the Company, and its controlled undertakings.

Report on the compliance of the electronic format of the separate financial statements, with the requirements of the ESEF Regulation

We have performed a reasonable assurance engagement on the compliance of the separate financial statements presented in XHTML format of ABC (the Company) for the year ended 31 December 2023, with the requirements of the Commission Delegated Regulation (EU) 2019 /815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation).
These procedures refer to testing the format and whether the electronic format of the separate financial statements (XHTML) corresponds to the audited separate financial statements and expressing an opinion on the compliance of the electronic format of the separate financial statements of the Company for the year ended 31 December 2023 with the requirements of the ESEF Regulation. In accordance with these requirements, the electronic format of the separate financial statements, included in the annual report should be presented in XHTML format.

Responsibilities of the Management and Those Charged with Governance

The Management of the Company is responsible for the compliance with the requirements of the ESEF Regulation in the preparation of the electronic format of the separate financial statements in XHTML format and for ensuring consistency between the electronic format of the separate financial statements (XHTML) and the audited separate financial statements.
The responsibility of the Management also includes the design, implementation and maintenance of such internal control as determined is necessary to enable the preparation of the separate financial statements in ESEF format that are free from any material non-compliance with the ESEF Regulation.
Those charged with governance are responsible for overseeing the financial reporting process for the preparation of separate financial statements, including the application of the ESEF Regulation.

Auditor's Responsibility

Our responsibility is to express an opinion providing reasonable assurance on the compliance of the electronic format of the separate financial statements with the requirements of the ESEF Regulation.
We have performed a reasonable assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform our engagement to obtain reasonable assurance about whether the electronic format of the separate financial statements of the Company is prepared, in all material respects, in accordance ESEF regulation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.
Reasonable assurance is a high level of assurance, but it is not guaranteed that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect material non-compliance with the requirements when it exists.

Our Independence and Quality Management

We apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, which requires that we design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have maintained our independence and confirm that we have met the ethical and independence requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

Summary of procedures performed

The objective of the procedures that we have planned and performed was to obtain reasonable assurance that the electronic format of the separate financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF Regulation of the electronic reporting format (XHTML) of the separate financial statements of the Company, we have maintained professional skepticism and applied professional judgement. We have also:

- obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the separate financial statements of the Company, including the preparation of the separate financial statements of the Company in XHTML format
- tested the validity of the applied XHTML format
- checked whether the electronic format of the separate financial statements (XHTML) corresponds to the audited separate financial statements

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the compliance of the electronic format of the separate financial statements with the requirements of the ESEF Regulation

Based on the procedures performed, our opinion is that the electronic format of the separate financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

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

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: Ivanovici Alice Andreea
Registrul Public Electronic: AF3617

Name of the Auditor/ Partner: Alice Andreea Ivanovici
Registered in the electronic Public Register under No. AF3617

Bucharest, Romania
29 March 2024

MED LIFE S.A.

AUDITED SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31st, 2023

PREPARED IN ACCORDANCE WITH ORDER OF THE MINISTRY OF PUBLIC FINANCE NO. 2844/2016 APPROVING THE ACCOUNTING REGULATIONS COMPLIANT WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The English version of the separate financial statements represents a translation of the original separate financial statements issued in Romanian language

Name of the issuing company: Med Life S.A.
Registered Office: Bucharest, 365 Calea Griviței, District 1, Romania
Fax no.: 0040 374 180 470
Unique Registration Code at the National Office of Trade Registry: 8422035
Order number on the Trade Registry: J40/3709/1996
Subscribed and paid-in share capital: RON 132,870,492
Regulated market on which the issued securities are traded: Bucharest Stock Exchange

CONTENTS:	**PAGE:**

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

ASSETS	Note	December 31, 2023	December 31, 2022
Non-current Assets			
Intangible assets	5	19,166,955	14,665,892
Property, plant and equipment	5	356,486,820	342,815,667
Right-of-use asset	13, 14	52,406,445	71,911,269
Investment in subsidiaries	4.1	488,124,810	398,886,091
Other financial assets	4.2	15,825,680	14,945,160
Total Non-Current Assets		**932,010,711**	**843,224,079**
Current Assets			
Inventories	6	14,382,019	12,513,597
Trade Receivables	7.1	87,202,024	66,525,981
Loans granted to related parties	23	161,747,816	162,430,816
Other assets	7.2	27,118,812	18,251,900
Cash and cash equivalents	8	10,201,516	15,141,431
Prepayments	9	1,228,014	2,674,932
Total Current Assets		**301,880,201**	**277,538,657**
TOTAL ASSETS		**1,233,890,912**	**1,120,762,736**
LIABILITIES & SHAREHOLDER'S EQUITY			
Non-Current Liabilities			
Lease liability	13, 14	30,921,580	50,184,177
Other long term debt	14	-	12,651,217
Interest-bearing loans and borrowings	14	593,857,396	508,264,032
Deferred tax liability	24	16,905,872	19,052,772
Total Non-Current Liabilities		**641,684,848**	**590,152,198**
Current Liabilities			
Trade and other payables	10	160,343,456	122,505,239
Overdraft	14	9,949,200	9,894,800
Current portion of lease liability	13	24,607,775	26,229,711
Current portion of interest-bearing loans and borrowings	14	45,140,930	31,933,045
Loans received from related parties	23	10,538,675	12,632,124
Current tax liabilities	24	97,549	980,993
Provisions	12	2,790,424	3,480,319
Other liabilities	11	14,497,795	17,677,023
Total Current Liabilities		**267,965,804**	**225,333,254**
TOTAL LIABILITIES		**909,650,652**	**815,485,452**
SHAREHOLDER'S EQUITY			
Share capital and Share premium	15	132,562,337	83,812,556
Treasury shares	15	(681,894)	(3,219,221)
Reserves	16	141,691,848	141,003,106
Retained earnings		50,667,968	83,680,844
TOTAL EQUITY		**324,240,259**	**305,277,285**
TOTAL LIABILITIES AND EQUITY		**1,233,890,911**	**1,120,762,736**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

		12 months ended December 31,	
	Note	**2023**	**2022**
Revenue from contracts with customers	17	636,435,030	586,566,266
Other operating income	18.1	8,166,567	6,826,511
Dividend income	18.2	24,503,878	-
Operating Income		**669,105,475**	**593,392,777**
Consumable materials and repair materials		(88,422,209)	(81,748,854)
Third party expenses	19	(236,076,062)	(205,746,479)
Salaries and related expenses	21	(184,464,871)	(173,443,751)
Social contributions	21	(7,097,321)	(6,090,747)
Depreciation and amortization	5, 13	(62,185,124)	(57,865,833)
Impairment losses and gains (including reversals of impairment losses)	7	(949,607)	(889,139)
Other operating expenses	20	(44,352,874)	(44,119,711)
Operating expenses		**(623,548,068)**	**(569,904,514)**
Operating Profit		**45,557,407**	**23,488,263**
Finance income	22	12,904,228	6,922,660
Finance cost	22	(39,774,586)	(21,855,297)
Other financial expenses	22	(4,100,145)	(2,752,063)
Financial result		**(30,970,503)**	**(17,684,700)**
Profit Before Tax		**14,586,903**	**5,803,563**
Income tax credit/(expense)	24	2,146,900	(2,196,569)
Profit After Tax		**16,733,803**	**3,606,994**
Other comprehensive income items that will not be reclassified to profit or loss			
Revaluation of land and buildings	16	-	47,470,993
Deferred tax on other comprehensive income components	24	-	(7,595,359)
TOTAL OTHER COMPREHENSIVE INCOME		**-**	**39,875,634**
TOTAL COMPREHENSIVE INCOME		**16,733,803**	**43,482,628**

MihailMarcu,
CEO

Alina Irinoiu,
CFO

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

	Note	12 months ended December 31, 2023	12 months ended December 31, 2022
Profit before tax		**14,586,903**	**5,803,563**
Adjustments for			
Depreciation and amortization	5, 13	62,185,124	57,865,833
Interest expense	22	39,774,586	21,855,297
Dividends	18.2	(24,503,878)	-
Net Gain on disposal of business and investments	18.1	6,193,794	-
Allowance for expected credit losses and receivables written-off	7	949,607	889,139
Reverse of provision for other current assets		(201,679)	-
Provisions for liabilities and charges	12	(689,895)	335,184
Other non-monetary gains	18	(4,909,682)	(3,612,057)
Unrealised exchange loss	22	4,100,145	2,752,063
Interest income	22	(12,904,228)	(6,922,660)
Operating cash flow before working capital changes		**84,580,797**	**78,966,362**
(Increase) in accounts receivable		(24,389,508)	(3,501,026)
(Increase) in inventories		(1,666,743)	(2,474,681)
Decrease in prepayments		1,446,918	(66,582)
Decrease in accounts payable		14,104,928	43,553,889
Cash generated from working capital changes		**(10,504,405)**	**37,511,600**
Cash generated from operations		**74,076,393**	**116,477,962**
Income tax paid	24	(883,444)	(1,337,691)
Dividends received from subsidiaries	18.2	23,784,034	-
Interest received		585,939	-
Interest paid	14	(30,796,601)	(17,016,867)
Net cash from operating activities		**66,766,320**	**98,123,404**
Purchase of investments	4	(84,701,318)	(149,251,414)
Payment of loans assigned from former shareholders		-	(16,746,241)
Purchase of intangible assets	5	(5,116,781)	(10,712,880)
Purchase of property, plant and equipment	5	(41,209,359)	(70,010,600)
Proceeds from the transfer of business under common control (sale of Stomatology Division)	7.2	741,285	-
Loans granted to intercompany	23	(298,922)	(20,271,938)
Net cash used in investing activities		**(131,138,166)**	**(266,993,073)**
Payment of loans	14	(31,952,047)	(32,704,054)
Lease payments (IFRS 16)	14	(28,814,599)	(27,431,784)
Proceeds from loans	14	123,249,867	204,845,867
Payments for purchase of treasury shares	15	(488,718)	(7,851,828)
Increase/ (Decrease) from loans obtained from Group Companies	23	(3,115,644)	8,523,000
Net cash from/(used in) financing activities		**58,878,859**	**145,381,201**
Net change in cash and cash equivalents		**(4,939,915)**	**(23,488,469)**
Cash and cash equivalents beginning of the period	8	15,141,431	38,629,900
Cash and cash equivalents end of the period		**10,201,516**	**15,141,431**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Share Capital	Treasury shares	Share premium	General reserves and other reserves	Revaluation Reserve	Accumulated Results	Total Equity
Balance at December 31, 2022	**33,217,623**	**(3,219,221)**	**50,594,933**	**34,538,597**	**106,464,509**	**83,680,844**	**305,277,284**
Profit of the year	**-**	**-**	**-**	**-**	**-**	**16,733,803**	**16,733,803**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**16,733,803**	**16,733,803**
Recognition of other reserves for fiscal purposes (legal reserves) (Note 16)	**-**	**-**	**-**	688,742	**-**	(688,742)	**-**
Increase of social capital through the issue of shares (Note 15)	99,652,869	-	(50,594,933)	-	-	(49,057,936)	**-**
Increase from own shares acquisition (Note 15)	-	(488,718)	-	-	-	-	**(488,718)**
Net release of own shares used for investing in subsidiaries (Note 15)	-	3,026,045	-	-	-	-	**3,026,045**
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made (Note 15)	-	-	(308,155)	-	-	-	**(308,155)**
Balance as at December 31, 2023	**132,870,492**	**(681,894)**	**(308,155)**	**35,227,339**	**106,464,509**	**50,667,969**	**324,240,260**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

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

	Share Capital	Treasury shares	Share premium	General reserves and other reserves	Revaluation Reserve	Accumulated Results	Total Equity
Balance at December 31, 2021	**33,217,623**	**(4,015,977)**	**49,177,468**	**34,538,597**	**66,588,874**	**80,073,849**	**259,580,434**
Profit of the year	**-**	**-**	**-**	**-**	**-**	**3,606,995**	**3,606,995**
Revaluation of land and buildings (Note 16)	-	-	-	-	47,470,993	-	47,470,993
Deferred tax related to other comprehensive income (Note 24)	-	-	-	-	(7,595,358)	-	(7,595,358)
Total comprehensive income	**-**	**-**	**-**	**-**	**39,875,635**	**3,606,995**	**43,482,630**
Increase from own shares acquisition (Note 15)	-	(7,851,828)	-	-	-	-	(7,851,828)
Net release of own shares used for investing in subsidiaries (Note 15)	-	8,648,583	-	-	-	-	8,648,583
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made (Note 15)	-	-	1,417,465	-	-	-	1,417,465
Balance as at December 31, 2022	**33,217,623**	**(3,219,221)**	**50,594,933**	**34,538,597**	**106,464,509**	**83,680,844**	**305,277,284**

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

1. DESCRIPTION OF THE BUSINESS

Med Life S.A. ("Med Life" or the "Company") is a joint-stock company incorporated in 1996, in accordance with the laws and regulations of Romania. The Company's activity resides in the performance of healthcare services activities (detailed under 3.17 and Note 17) through medical centres located in Bucharest, Cluj, Braila, Timisoara, Iasi, Galati, Ploiesti, Constanta and Targu Mures.

Med Life is one of the leading health care services providers in Romania, having a significant market share at a national level. The registered office of Med Life is located in Bucharest, Calea Grivitei, no. 365. The ultimate parent of the Med Life Group is Med Life SA.

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

2.1 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS and amendments to IFRS which have been adopted by the Company as of 1 January 2023:

- IFRS 17 insurance contracts,
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments),
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments),
- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments),
- IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)

The newly adopted IFRS and amendments to IFRS did not have a material impact on the Company's accounting policies.

- **IFRS 17: Insurance Contracts**

The standard is effective for annual periods beginning on or after 1 January 2023. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts.

The Company does not issue contracts in scope of IFRS 17; therefore, its application does not have an impact on the company's financial performance, financial position or cash flows.

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

The Amendments are effective for annual periods beginning on or after January 1, 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Company assessed its accounting policies are already being disclosed using judgement and the financial statements accounting policies section has been disclosed by using qualitative and quantitative factors. There will be changes in wording, by replacing "significant" with "material" and if necessary, other wording or exclusion of certain paragraphs.
The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

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

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.
The new amendments had no material impact on the Company's financial position and performance.

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

The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The new amendments had no significant impact on the Company's financial position and performance.

- **IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)**

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.
The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

2.2 Standards issued but not yet effective and not early adopted

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.
The amendment will not have a material impact on the Company's financial statements.

- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16.
The amendment is not applicable for the company as it does not issue transactions of sale and leaseback.

2.3 Standards that are not yet effective and they have not yet been endorsed by the European Union

- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements.

The amendments have not yet been endorsed by the European Union, however when and if there will be mandatory for application, management will prepare the Statement of Cash Flows accordingly. There will be no material impact on the financial statements.

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments have not yet been endorsed by the European Union, however management anticipates that there will not be a material impact, considering the company mainly uses in majority of transactions, the national currency RON and reports in this certain currency as well.

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

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

The amendments have not yet been endorsed by the European Union, however the Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

3. MATERIAL ACCOUNTING POLICIES

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

The Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, is in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU), except for IAS 21 The effects of changes in foreign exchange rates regarding functional currency, except for the provisions of IAS 20 Accounting for Government Grants regarding the recognition of revenue from green certificates, except for the provisions of IFRS 15 Revenue from contracts with customers regarding the revenue from taxes of connection to the distribution grid. These exceptions do not affect the compliance of the financial statements of the Company with IFRS adopted by the EU.

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

The accounting policies applied in these financial statements are the same as those applied in the Company's annual separate financial statements as at and for the year ended 31 December 2022, except for the adoption of new standards effective as of January 1st 2023.

The financial year corresponds to the calendar year.

3.1 Basis of preparation

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

3.2 Going Concern

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

For the purposes of assessing liquidity and going concern, the Company has modelled scenarios reflecting suitable assumptions over the next 12–month period that serve to inform the decisions the Company takes regarding future cost savings, cash generation, debt covenants and levels of investment. The Company's financial performance to date in 2024 across all revenue streams has been in line with the modelled scenarios.

As a result of the signing on 14 March 2024 of the increase in facility of the syndicated loan contract, the Company had also undrawn facilities of an amount of EUR 50m, which along with other liquidity of the Company, will be used for possible new acquisition opportunities on the market, as well as for organic projects.

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

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

3.3 Significant judgements, estimates and assumptions

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

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

3.3.1. Judgements

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

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

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

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

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

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. Please see note 13.

Capitalisation of major inspections or components replacement (including spare parts)

The Company exercises judgement in deciding whether or not there are items that should be capitalised as items of property, plant and equipment. In case of major inspections, the cost can be recognised in the carrying amount of the item of property, plant and equipment, as a replacement, if the recognition criteria are satisfied. Individual components of a significant amount in the total value of an equipment may be replaced, as well as spare parts which in aggregate can become of a significant value that satisfy the recognition criteria. Management performs an assessment whether the replacement increases the performance of the asset or increases its useful life and capitalises the costs incurred if the recognition criteria are met.

Cash generating units (CGUs)

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

Contingencies
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. Please see note 28.

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

Revaluation of Land and Buildings
The Company accounts for land and building using the revaluation model based on market comparative valuations performed by certified ANEVAR professional as per revaluation reports concluded as at 31 December 2022. The valuations conform to International Valuation Standards. Please refer to Note 5 for further information.

IAS 16 requires valuations to be performed with sufficient regularity as to ensure that the fair value does not materially differ from the carrying amount. As of 31 December 2023, considering the evolution of the market prices for real estate properties and the recent revaluation which took place at the end of 2022, management has reached to the conclusion that the carrying amount at 31 December 2023 does not materially differ from the fair value for both Land and Buildings.

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF (discounted cash flow) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company. The key assumptions used to determine the recoverable amount for the various cash-generating units, including a sensitivity analysis, are calculated and explained below in Note 20.

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

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

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

Allowance for expected credit losses of intercompany loans

In case of loans granted to related parties and other receivables with related parties, the Company considers that at the reporting date, the credit risk has not increased significantly since initial recognition, and measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For loans granted to related parties and trade and other receivables, the loss in allowance determined as of 31 December 2023 was not material and no allowance for expected credit loss in relation to loans grated to related parties was recorded.

Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rates to measure lease liabilities. These incremental borrowing rates were determined taking into consideration factors such as the credit risk, currency in which the lease was denominated and economic environment.
Provision for untaken holidays
The Company recognizes a provision for untaken holidays equal to the number of unused leave multiplied by the relevant employee's gross salary at the reporting date. Please see note 12.

3.4 Foreign currency and translation

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

The exchange rates as announced by the National Bank of Romania on 31 December 2023 were RON 4.9746 for EUR 1 (31 December 2022: RON 4.9474 for EUR 1), respectively RON 1.2995 for HUF 100 (31 December 2022: RON 1.2354 for 100 HUF).
The average exchange rates for the period of 12 months 2023 were RON 4.9465 for EUR 1 (12 months 2022: RON 4.9315 for EUR 1), respectively RON 1.2960 for HUF 100 (12 months 2022: RON 1.2648 for HUF 100).

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

3.5 Property, plant and equipment

Property, plant and equipment under the revaluation model
Land and buildings held for use in the supply of services, or for administrative purposes, are stated in the statement of financial position at their fair value, being the revalued amount at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The value of land and buildings owned presented in these financial statements is based on the valuation reports which were prepared as of December 31, 2022 by independent valuators certified by ANEVAR. The following steps were taken to estimate the market value of the assets: analysis of assets subject to valuation; the evaluation approaches and the valuation methods applied were based on the category of assets analysed, their location, their characteristics, specific market information; application of appropriate valuation methods for each asset category (i.e. land and buildings) subject to evaluation and estimation of the fair value of the assets analysed at the valuation date, 31 December 2022. The land is not depreciated.

Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.
Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

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

Property, plant and equipment using the cost model
Leasehold improvements fall in this category and are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful life. The estimated useful life for this type of asset is usually over the life of the lease, considering any potential contract prolongations.

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

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

An item of property, plant and equipment is initially recorded at cost. Cost includes all costs necessary to bring the asset to working condition for its intended use. This includes not only its original purchase price, but also costs of site preparation, delivery and handling, installation, related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site, if the case.
Proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management are not deducted from the cost of the item of property, plant and equipment, but recognised in profit or loss.

An entity evaluates under the recognition principle all its property, plant and equipment costs at the time they are incurred. These costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, or replace part of it.

A condition of continuing to operate an item of property, plant and equipment may be performing regular major inspections for faults regardless of whether parts of the item are replaced.

Costs with capital repairs are included in the carrying amount of the asset when it is probable that future economic benefits above the initially evaluated standard of performance of the existing asset will be transferred to the Company. Capital repairs are depreciated over the remaining useful period of the respective asset.

When each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised. This occurs regardless of whether the cost of the previous inspection was identified in the transaction in which the item was acquired or constructed. If necessary, the estimated cost of a future similar inspection may be used as an indication of what the cost of the existing inspection component was when the item was acquired or constructed.

Expenses for repairs and maintenance are recognized in the profit or loss account when incurred.

In case of replacements, cost includes the cost of replacing part of the plant or equipment when that cost meets the recognition criteria. If an item of property, plant and equipment consists of several components with different estimated useful lives, the individual significant components are depreciated over their individual useful lives.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition, considering the aggregation and materiality criteria. Otherwise, such items are classified as inventory.

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

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

	Years
Buildings	10 – 50 years
Leasehold improvements	Term of the lease contract or useful life if shorter
Plant and equipment	3 – 15 years
Fixtures and fittings	3 – 15 years

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

3.6 Intangible assets

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

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

Company's intangible assets are represented by software licenses, concessions, patents and other intangible assets that are amortized on a straight-line basis over a period of 3 years. Please see Note 5.

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

Impairment of non-financial assets

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

If any such indication exists, the recoverable amount of the asset is estimated.

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

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

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

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

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

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

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

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

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

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

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

3.10.1. Investments in subsidiaries

Investments in subsidiaries
In the separate financial statements investments in subsidiaries are stated at historical cost less accumulated impairment losses.

Dividends from subsidiaries
Dividends on equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established. Income from dividends with subsidiaries are presented in Statement of Cash Flows under operating activities.

3.10.2. Transfer of business in a transfer between entities under common control

In case of transfer of business between entities under common control, the transactions is recognised at the consideration agreed between the parties, being the amount of cash paid or fair value of shares issued.

3.10.3. Financial instruments – initial recognition and subsequent measurement

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

Financial assets

Initial recognition and classification

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

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

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

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

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

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

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

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

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

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

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

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

The Company's financial assets at amortized cost include the following: trade receivables, other receivables, other financial assets, cash and cash equivalents.

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

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

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

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

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

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

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

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

3.10.4. Equity instruments and financial liabilities

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

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

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

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

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

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

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

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

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

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

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

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

Derecognition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Treasury Shares
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium.

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

3.15. Revaluation reserve
The increases in the fair value of land and buildings are recorded against revaluation reserves. Any decreases in the fair value of land and buildings are first deducted from the revaluation reserves and then the difference is recorded through profit and loss accounts. The revaluation is performed with sufficient regularity as to ensure that the Company presents land and buildings at fair value in the financial statements. The revaluation reserve is transferred to retained earnings upon disposal of assets.

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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

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

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

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

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

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

Med Life's core activities
The Company's core activities are conducted through four business lines (due to the transfer of stomatology to another entity of the Group in April 2023 - there were five business lines in the previous year), providing a well-balanced business portfolio that covers all key segments of the private medical services market. Disaggregation of revenue from contracts with customers by business line comprises the following major categories: clinics, stomatology (moved starting with 2023, please see below), hospitals, laboratories and corporate.

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

Clinics
The core of the Company's operations is the network of ambulatory clinics. The business line comprises a network of facilities, which offer a wide range of outpatient services covering a broad range of medical specialties. The Company's diagnostic imaging services provided to clients also form part of this business line. The Company's clinics provide a wide range of services delivered mainly in two formats:
- ***Hyper clinics***, a format pioneered by Med Life in Romania, consisting of large facilities with at least 20 medical offices and surface areas in excess of 1,000 sqm. It is a one-stop-shop for clinical examinations and imaging. This format is designed for larger urban areas, with a population over 175,000. Hyper clinics would usually include a broad range of imaging services on site including radiology, bone density – DEXA, CT, MRI, 2D-4D ultrasounds and Mammography; in the case of new openings, such services may be included in the hyper clinics' offering gradually. Hyper clinic locations also host the services of other business lines, such as sampling points for laboratories.
- ***Clinics***, offering a range of treatments from general practitioner services to specialists, are aimed at servicing the core needs of the Company's HPP patients and FFS clients. The Med Life's clinics typically have between 5 and 12 medical offices, although smaller satellite clinics are in operation to address specific market situations. Clinics are designed for smaller cities or to serve specific concentrations of patients. Clinics, with limited capacity and generally limited imaging services, act as feeder networks for the more specialized services located in the hyper clinics.

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

Stomatology
The Company's Dentistry business line offers a full range of services, ranging from medical examinations to surgery, implants or orthodontic services. Stomatology business line is not subject to NHIH allocations. All of the sales are fee for service ("FFS") based, and the revenue is recognised at a point in time, when the performance obligation is satisfied. Starting with April 2023, the Stomatology Division has been sold to another entity in the Group, Dentestet Clinic, which already manages the entire Stomatology business line at Group level.

Laboratories
The Laboratories business line provides the following range of services: biochemistry, pathological anatomy (cytology and histology), molecular biology and genetics, haematology, immunology, microbiology and toxicology. Sampling points are locations where the Company collects blood and other samples from patients. The Laboratories business line sources the bulk of its revenue from FFS clients, and the revenue is recognised at a point in time, when the performance obligation is satisfied.

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

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

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

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

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

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

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

Contract assets and liabilities
A contract asset (accrued income) is the right to consideration in exchange for services transferred to the customer. Where the Company transfers services to a customer over time before the customer pays consideration or before

payment is due, a contract asset is recognized for the earned consideration to date under the contract. Contract assets are presented within trade and other receivables (Note 7) on the Company's Balance Sheet and are expected to be realized in less than one year.

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

Using the practical means of IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant component of financing if it expects, at the beginning of the contract, that the period between the transfer of the promised service to the client and when the client pays for that service will be one year. less. All contracts are under one year.

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

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

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

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

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

Certain accounting policies of the Company and information presentation criteria require determination of the fair value both for the assets and the liabilities of the Company. In determining the fair value of assets and liabilities, the Company uses as much as possible observable market values. Fair values are classified on various levels based on inputs used in valuation techniques, as follows:
- Level 1: (unadjusted) quoted prices on active markets for identical assets and liabilities
- Level 2: inputs, other than the prices included in level 1, which are observable for assets and liabilities, either directly (e.g.: prices) or indirectly (e.g.: derived from prices)
- Level 3: inputs for evaluation of assets and liabilities which are not based on observable market data.

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

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
Additional information on the assumptions made in measuring fair values is included in Note 5.

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

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

The Company has identified four (five in the previous year) core business lines, which comprise the following major categories: clinics, stomatology (moved during 2023), hospitals, laboratories and corporate. For further details on disaggregation of revenue streams, please refer to Note 3.18.

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

According to IFRS 8, segment information on operating segments is to be presented in accordance with the internal reporting to the chief operating decision maker (management approach).

In determining Med Life's operating segments, management has primarily considered the financial information in internal reports that are reviewed and used by the Board of Directors (who together are the chief operating decision maker of the Company) in assessing performance and in determining the allocation of resources.

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

Each reporting made to the Board of Directors includes the five business lines, represented by the four revenue streams. Managements costs are fully distributed to the operative business lines. The monthly target-to-actual and actual-to-actual comparison in the report to the Board of Directors serves to control the targets published in the Med Life's annual forecast, in particular the total revenue figure and EBITDA margin(Please see Note 34 for further details).

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

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

The following operating segments are aggregated into one reporting segment, being the provision of healthcare services, since they exhibit similar economic characteristics: clinics, stomatology (moved during 2023), hospitals, laboratories and corporate. As a result of the same structural framework conditions, the operations of the Company with the healthcare services provided are characterised by a similar risk and rewards profile whose economic environment is largely regulated by legislation. It is thus possible for the operations to achieve similar EBITDA margins on the long term. We thus continue to have only one reportable segment that aggregates the above-mentioned operating segments.

3.21. IFRS 16 - Leases

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

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

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

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

The Company assesses whether a contract is or contains a lease, at inception of the contract. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company - except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Payments associated with short-term leases and all leases of low-value assets (including small equipment such as printers, PC's and others) are recognised on a straight-line basis as an expense in profit or loss. The Company uses the exemption in IFRS 16 for low value assets, considering the nature of the assets, their costs and their low significance to the operations of the Company. Assets and liabilities arising from a lease are initially measured on a present value basis.

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

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

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

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

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

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives;
- Any initial direct costs; and
- Restoration costs.

After initial recognition, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

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

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

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

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

4. INVESTMENT IN SUBSIDIARIES AND OTHER FINANCIAL ASSETS

4.1. Cost of investment

The Company holds significant investments in other companies.

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

Cost of investments	**31 December 2023**	**31 December 2022**
Balance at the beginning of the year	398,886,091	242,878,520
Investments recognised during the year	89,238,719	156,007,571
TOTAL	**488,124,810**	**398,886,091**

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

- 5% subsequent acquisition of shares in Dent Estet Clinic in January 2023;
- 11.5% subsequent acquisition of shares in Sanopass in March 2023;
- Acquisition of 51% shares in Provita Company, transaction being approved by the Competition Council and completed in March 2023;
- 21% subsequent acquisition of shares in Oncoteam Diagnostic in August 2023;
- 6.25% subsequent increase in participation of shares in RMC Hungary in November 2023.

The following table includes the list of Med Life subsidiaries as well as entities that are indirectly controlled, as follows:

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

No.	Entity	Main activity	Location	31 December 2023	31 December 2022
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83%	83%
2	Medapt SRL (indirect)*	Medical Services	Brasov, Romania	83%	83%
3	Histo SRL (indirect)*	Medical Services	Brasov, Romania	49.8%	49.8%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66.4%	66.4%
5	Bahtco Invest SRL**	Development of building projects	Bucharest, Romania	100%	100%
6	Med Life Ocupational SRL	Medical Services	Bucharest, Romania	100%	100%
7	Pharmalife-Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
8	Med Life Broker de Asigurare si Reasigurare SRL	Insurance broker	Bucharest, Romania	99%	99%
9	Accipiens SA	Rental activities	Arad, Romania	83%	83%
10	Genesys Medical Clinic SRL (indirect)*	Medical Services	Arad, Romania	83%	83%
11	Bactro SRL (indirect)*	Medical Services	Deva, Romania	83%	83%
12	Transilvania Imagistica SA (indirect)*	Medical Services	Oradea, Romania	83%	83%
13	Biofarm Farmec SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Arad, Romania	100%	100%
14	RUR Medical SRL (indirect)**	Medical Services	Brasov, Romania	83%	83%
15	Biotest Med SRL	Medical Services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical Services	Iasi, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	90%
18	Ultratest SA (direct and indirect)*	Medical Services	Craiova, Romania	92.2%	92.2%
19	Diamed Center SRL	Medical Services	Bucharest, Romania	100%	100%
20	Prima Medical SRL	Medical Services	Craiova, Romania	100%	100%
21	Stem Cells Bank SA	Medical Services	Timisoara, Romania	100%	100%
22	Dent Estet Clinic SA	Dental healthcare	Bucharest, Romania	65%	60%
23	Green Dental Clinic SRL (indirect)*	Dental healthcare	Bucharest, Romania	33.2%	31%
24	Dentist 4 Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	65%	60%
25	Dent A Porter SRL (indirect)*	Dental healthcare	Bucharest, Romania	33.5%	31%
26	Dentestet Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	34.4%	32%
27	Aspen Laborator Dentar SRL (indirect)*	Dental healthcare	Bucharest, Romania	48.8%	45%
28	Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	100%	100%
29	Almina Trading SA	Medical Services	Targoviste, Romania	90%	90%
30	Anima Specialty Medical Services SRL	Medical Services	Bucharest, Romania	100%	100%
31	Anima Promovare si Vanzari SRL (indirect)*	Medical Services	Bucharest, Romania	100%	100%
32	Valdi Medica SA	Medical Services	Cluj, Romania	55%	55%
33	Clinica Polisano SRL	Medical Services	Sibiu, Romania	100%	100%
34	Solomed Clinic SA	Medical Services	Pitesti, Romania	80%	80%
35	Solomed Plus SRL (indirect)*	Medical Services	Pitesti, Romania	80%	80%
36	Ghencea Medical Center SA	Medical Services	Bucharest, Romania	100%	100%
37	Sfatul medicului SRL	Medical Platform	Bucharest, Romania	100%	100%
38	RMC Dentart (indirect)*	Dental healthcare	Budapesta, Ungaria	87.6%	81.3%
39	RMC Medical (indirect)*	Medical Services	Budapesta, Ungaria	87.6%	81.3%
40	RMC Medlife	Holding	Budapesta, Ungaria	87.6%	81.3%

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

No.	Entity	Main activity	Location	31 December 2023	31 December 2022
81	Aspire Dental SRL (indirect)*	Dental healthcare	Bucharest, Romania	65%	60%
82	Sanopass SA	Medical Platform	Targoviste, Romania	62.5%	51%
83	Muntenia Medical Competences S.A. (indirect)*	Medical Services	Pitesti, Romania	51%	0%
84	Bios Diagnostic Medical Services SRL (indirect)*	Medical Services	Bucharest, Romania	51%	0%
85	Centrul de Diagnostic si Tratament Provita S.A.	Medical Services	Bucharest, Romania	51%	0%
86	Medical City Blue SRL (indirect)*	Medical Services	Bucharest, Romania	51%	0%
87	Laborator Cuza Voda SRL (indirect)*	Medical Services	Bucharest, Romania	51%	0%
88	Provita Pain Clinic SA (indirect)*	Medical Services	Suceava, Romania	35.7%	0%
89	Policlinica Sf. Ilie SRL (indirect)*	Medical Services	Craiova, Romania	100%	0%
90	Policlinica Union SRL (indirect)*	Medical Services	Cluj, Romania	51%	0%
91	Brol Medical Center S.A. (indirect)*	Medical Services	Timisoara, Romania	56%	0%

These companies are subsidiaries of other subsidiaries in the Group and are included in the consolidation, as they are controlled by the entities which are subsidiaries of the ultimate parent.
*** Starting January 2024,* these companies have changed their legal form from S.A. to S.R.L..*
****Starting January 2024, Ghencea Medical Center SA, Clinica Life-Med SRL, Laborator Maricor SRL, Policlinica SF. Ilie SRL, Diamed Center SRL and Centrul Medical Matei Basarab SRL merged under Anima Specialty Medical Services SRL. ;*
Accipiens SA, Transilvania Imagistica SA, Bactro SRL and Triamed SRL merged under Genesys Medical Clinic SRL. ;
Biofarm Farmec SRL, CED Pharma SRL, Leti Pharm 2000 SRL and Monix Pharm SRL merged under Pharmalife-Med SRL.

Management conducts impairment tests on an annual basis or whenever there is an indication of impairment to assess the recoverability of the carrying value of investments at individual level. This is performed using discounted cash flow models. The impairment test is performed at the level of each company with significant cost of investment, that represents a CGU in the Med Life Group.

The recoverable amount is based on fair value less cost of disposal (FVLCOD) of the underlying assets. There are 47 CGUs included in the valuation process, as the remaining ones have a carrying amount that is not considered to be significant in comparison with the Company's total carrying amount of cost of investment in other companies.

The discounted future Cash flows of the CGUs, using the DCF method, are determined on the basis of the approved business plans for 2024 that forecast financial position and results of operations and take into account historical values and estimated performance. Cash flows are estimated in RON, having a nominal value. The results are then extrapolated for 5 additional years using bottom-up, 5-year planning that reflects the future development of the CGUs under current conditions.

After the six-year time period, a perpetuity value is calculated using a conservative Company-wide growth rate. To determine the present value of future Cash flows, a discount rate based on the weighted average cost of capital (WACC) is applied.

The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.
There are a number of key sensitive judgements made in determining the inputs into these models which include:
- Revenue growth considered for the next years and also the perpetual growth rate
- Operating margins and
- The discount rates applied to the projected future cash flows.

The following data provides information on key assumptions used to compile corporate planning:
- Expected development of sales revenue (new customers, market development in general); Company's own estimates referring to past experiences and expected market trends, market potential analysis. External market studies are also used, if available.
- Application of current and historical organic growth rates for business units or business areas.
- Consideration of regulatory changes affecting the development of business units.
- Development of purchased services based on current circumstances (e.g., contractual basis, strategic business model) and the anticipated development of sales activities (expected revenue situation).
- Expected development of personnel expenses and other operating expenses, based on demand analyses, contractual framework and statistical procedures (e.g., inflation).

The estimated future Cash flows are derived from the business plans approved by the responsible bodies. The assumptions underlying the main planning parameters take into account not only past experience and aspects arising from the operating business.

The operating margin results from the application of the assumed planning assumptions. For the subsequent years, an average of the operating margins is assumed (continuation planning period), adding a slight increase.

Cash flows beyond the six-year period are extrapolated using an estimated growth rate, which is consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the CGU. WACC (weighted average cost of capital) is used to estimate the rate. The discount rate is independent of the companies' capital structure and how the companies financed the purchase of the asset, because future cash flows expected to arise from an asset do not depend on how the companies financed the purchase of that asset.

In the case of CGUs subject to the impairment test, the discount rates considered are higher than the average industry-level data in emerging European countries to take into account country risk, currency risk, and CGU's size. On average, depending on the particularities of each CGU, the discount rate varies, for the most significant entities in the Group between 8.7% and 18.9%, depending on the specific risks associated with each CGU.

Estimates of future cash flow management are based on the most recent 6-year forecasts (2024-2029).

The estimation of the terminal value was made based on the hypothesis of continuing the activity. The final value is given by the capitalization of the available cash flow with the capitalization rate which has in view a perpetual increase in close relation with the GDP growth and inflation forecast for Romania.

The analysis of the results shows that for the CGUs subject to the impairment test, the related recoverable amount is higher than their net book value, , therefore, there will be no impairment of their respective cost of investmentl recorded on the reporting date.

At an aggregated level for all 47 CGUs under analysis, the recoverable amount is RON 4.1 bn, while the net book value is RON 1.5 bn.

The sensitivity analysis that evaluates the sensitivity of the recoverable amount was performed according to the changes of the main factors: WACC discount rate plus 2 percent, operating margin decrease with 20 percent and perpetual growth rate decrease with 1 percent. No additional impairment resulted.

Management has engaged external specialists to assist with the impairment analysis, the entire valuation process being performed by certified ANEVAR valuators. There were no changes in the valuation techniques compared to prior year.

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

4.2. Other financial assets

Carrying amount	31 December 2023	31 December 2022
Long-term loans granted to group companies	13,973,722	13,239,277
Other financial assets	1,851,958	1,705,883
TOTAL	**15,825,680**	**14,945,160**

Long-term loans granted to othercompanies in the Med Life Group

As of December 31, 2023, the Company presents long-term loans granted to Bahtco Invest SA and Medlife Ocupational SRL. Please refer to Note 23 for more details.

Other financial assets

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

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

5. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

	Intangible assets	*Property, plant and equipment*						
	Intangibles	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total Property, plant and equipment***	**Total**
31 December 2022	**59,859,669**	**95,295,965**	**127,274,295**	**68,340,287**	**224,999,157**	**18,753,317**	***534,663,021***	**594,522,690**
Additions	10,026,463	-	-	0	42,172,725	7,385,331	*49,558,056*	59,584,519
Transfers	-	-	-	2,670,019	-	(2,670,019)	-	-
Disposals	-	-	-	(275,752)	(1,547,586)	(6,982,110)	*(8,805,448)*	(8,805,448)
31 December 2023	**69,886,132**	**95,295,965**	**127,274,295**	**70,734,554**	**265,624,296**	**16,486,519**	***575,415,629***	**645,301,761**

	Intangibles	**Land**	**Constructions**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	***Total Property, plant and equipment***	**Total**
Depreciation								
31 December 2022	**45,193,778**	**-**	**-**	**47,875,860**	**143,971,495**	**-**	***191,847,355***	**237,041,133**
Charge of the year	5,525,400	-	3,913,275	2,972,147	21,942,957	-	*28,828,380*	34,353,779
Disposals	-	-	-	(267,769)	(1,479,156)	-	*(1,746,924)*	(1,746,924)
31 December 2023	**50,719,178**	**-**	**3,913,275**	**50,580,238**	**164,435,297**	**-**	***218,928,810***	**269,647,988**
Net Book Values								
31 December 2022	**14,665,891**	**95,295,965**	**127,274,295**	**20,464,427**	**81,027,662**	**18,753,317**	***342,815,666***	**357,481,557**
31 December 2023	**19,166,955**	**95,295,965**	**123,361,020**	**20,154,316**	**101,189,000**	**16,486,519**	***356,486,820***	**375,653,774**

During 2023, the costs incurred with the website implementation were capitalised as a new intangible asset, which is amortized over a period of 3 years. Please see note 5.2
The amortization of intangible assets is presented in the line depreciation and amortization in the statement of profit or loss.

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

	Intangible assets	*Property, plant and equipment*						
	Intangibles	**Land**	**Buildings**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	**Total Property, plant and equipment**	**Total**
31 December 2021	**49,146,788**	**12,792,780**	**168,752,018**	**56,733,687**	**179,330,519**	**22,200,752**	**439,809,756**	**488,956,544**
Additions	10,712,881	15,657,715	1,021,908	10,267	46,952,748	11,900,090	75,542,729	86,255,610
Transfers	-	35,416,298	(30,871,520)	10,792,480	-	(15,337,258)	-	-
Disposals	-	-	-	-	(1,284,111)	(10,267)	(1,294,378)	(1,294,378)
Reclassifications during the year	-	-	-	803,853	-	-	803,853	803,853
Revaluation impact (accumulated depreciation and impairment eliminated against cost)	-	-	(27,669,933)	-	-	-	(27,669,933)	(27,669,933)
Revaluation impact recognised in OCI	-	31,429,171	16,041,822	-	-	-	47,470,993	47,470,993
31 December 2022	**59,859,669**	**95,295,965**	**127,274,295**	**68,340,287**	**224,999,157**	**18,753,317**	**534,663,021**	**594,522,690**

	Intangibles	**Land**	**Constructions**	**Leasehold improvements**	**Vehicles and equipment**	**Construction in progress**	**Total Property, plant and equipment**	**Total**
Depreciation								
31 December 2021	**39,251,431**	**-**	**23,248,125**	**45,133,799**	**126,754,174**	**-**	**195,136,098**	**234,387,528**
Charge of the year	5,942,347	-	4,421,808	2,742,062	17,812,156	-	24,976,025	30,918,372
Disposals	-	-	-	-	(594,835)	-	(594,835)	(594,835)
Revaluation impact (accumulated depreciation and impairment eliminated against cost)	-	-	(27,669,933)	-	-	-	(27,669,933)	(27,669,933)
Impairment losses recognized in profit or loss	-	-	-	-	-	-	-	-
31 December 2022	**45,193,778**	**-**	**-**	**47,875,860**	**143,971,495**	**-**	**191,847,355**	**237,041,133**
Net Book Values								
31 December 2021	**9,895,358**	**12,792,780**	**145,503,893**	**11,599,888**	**52,576,345**	**22,200,752**	**244,673,659**	**254,569,016**
31 December 2022	**14,665,892**	**95,295,965**	**127,274,295**	**20,464,427**	**81,027,662**	**18,753,317**	**342,815,667**	**357,481,557**

During 2022, the costs incurred with the website implementation were capitalised as a new intangible asset, which is amortized over a period of 3 years.
The amortization of intangible assets is presented in the line depreciation and amortization in the statement of profit or loss.

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

5.1. Land and buildings carried at fair value

The value of land and buildings of the Company are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's freehold land and buildings as at 31 December 2022 were performed by independent valuers not related to the Company. They are certified by ANEVAR and have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.
The total revaluation difference was in amount of RON 47,470,993. The difference was recorded in the revaluation reserve in amount of RON 47,470,993 as a surplus.

Net book value ("NBV") 31 December 2022

	NBV before revaluation	NBV after revaluation	Revaluation differences
Land	63,866,793	95,295,965	31,429,171
Buildings	111,232,473	127,274,295	16,041,822
TOTAL	**175,099,266**	**222,570,259**	**47,470,993**

The fair value was determined by reference to market-based evidence, using the market comparable method, the cost and income approach. The valuation techniques are selected by the independent appraiser, in accordance with International Valuation Standards.
The fair value is overall determined to be Level 3 in the fair value measurement hierarchy. The inputs used in the valuation were:
- Level 2 inputs based on the IFRS 13 classification (e.g., current rents, prices per sqm, yields, occupancy rates, etc. publicly available on the market for similar assets and other market-corroborated inputs), or
- Level 3 (unobservable) inputs through which Company develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, rather than direct inputs from the market, with orderly adjustments performed by the appraiser in order to determine fair value.

The fair value of the free land was determined based on the market price comparison method. This method was considered appropriate due to the nature of the assets valued, which have an active market. An active market is a market that simultaneously meets the following three conditions: goods traded on the market are homogeneous, buyers and sellers can be found at any time on the market and prices are available to the public.
In estimating the value, it was taken into account the physical condition indicated by the company's representatives and found at the time of the field valuation of the assets, as well as the information available in relation to the analysed assets and data extracted from the market analysis. Assets were compared with other similar assets and adjustments were made accordingly to indicate the current value.

The cost approach was chosen exclusively for properties that, although directly generating profit, have a unique nature, special destination and physical characteristics. The assets which were valued with cost approach refers mostly to hospital buildings. The lack of hospital facilities on the market makes the Income or Market approach very difficult to apply due to absence of market comparable or, if any exist, they are extremely limited and insignificant in terms of equipment or involved surface areas.
The cost method reflects the costs which a market participant would incur to construct or acquire assets of similar utility and age, adjusted for obsolescence and other relevant forms of depreciation.

The income approach is based on the idea that the real estate being appraised can be a revenue-generating investment. The rental value is obtained through direct comparisons from the appraiser's database or information obtained from real estate agencies, using the average rental values identified in the market, or, if the situation of the building requires it, the closest rental value can be selected by considering the similarity of comparable properties.
Direct capitalization is the method used to transform the estimated level of net income into a property valuation indicator. Considering the fact that certain buildings with clinical functionality can be converted into office spaces, the appraiser used the income approach. Thus, comparable rental and sale market data for relatively similar buildings were extracted to generate both an average rent and an average capitalization rate, which in turn led to a value for the analysed property. The reported rents are of a contractual nature, therefore, the facilities granted by the owner (such as free rent months or the owner's contribution to the space arrangement) are not taken into account.

For the sensitivity analysis two important elements of the income approach were analysed, namely:
- Losses due to vacancy
- Capitalization rate

Losses due to vacancy represent the loss of potential gross income in case the property that is intended to be rented cannot be rented, rent is not paid or the tenant is changed. It generally represents the ratio between demand and supply in the real estate market at a given time. + 2.1% percentages were used, which represent a period of one week that is added to the vacancy loss considered valid for each property, taking into account both the type of building and the size of the city. As a result, the value of the properties appraised through income approach decreased by RON 1,297,562.

The capitalization rate (yield) expresses the ratio between the expected net operating income for one year and the total value of the property obtained from the transaction. This does not express the performance of the investment, but it can be an indicator of the real estate market performance at a given time. The capitalization rate may fluctuate depending on the income forecast and the change in property value. For the sensitivity analysis was subtracted - 0.25% from the capitalization rate identified by the market, resulting in a potential negative variation of rental values. The overall effect resulted in a decrease of RON 1,673,468 in the fair value of the buildings.

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

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

Carrying amount	**December 31, 2023**	**December 31, 2022**
Land	52,421,011	52,421,011
Buildings	13,665,028	14,098,512
TOTAL	**66,086,039**	**66,519,523**

Buildings do not include Leasehold improvements as they were presented separately starting with 2022. Also, during 2022, the Company has presented accordingly the split between Land and Constructions and has made a transfer of RON 35,416,298 from Land to Buildings.

5.2. Other intangibles

All the other intangibles are depreciated on a straight-line basis, over a period of 3 years. During 2023, the costs incurred with the website implementation that met the capitalization criteria of IAS 38 Intangible assets were capitalised as a new intangible asset, in the amount of RON 937,345, which is amortized over a period of 3 years.

The capitalized cost for other intangible assets such as development of internal IT applications, was recognized during the year, in the amount of RON 3,972,337, and it is already included in the other intangible assets on the balance sheet – for further details please also see Note 18.1.

6. INVENTORIES

	31 December 2023	**31 December 2022**
Consumable	14,015,439	12,174,959
Materials in the form of inventory items	365,961	337,718
Inventory in transit	619	920
TOTAL	**14,382,019**	**12,513,597**

During 2023, no amount (2022: RON 900,203) was recognised as an expense for inventories carried at net realisable value. This is recognised in line Other operating expenses in the separate statement of comprehensive income.

7.1. TRADE RECEIVABLES

	December 31, 2023	**December 31, 2022**
Trade receivables	115,464,039	93,838,389
Allowance for doubtful receivables	(28,262,015)	(27,312,408)
TOTAL	**87,202,024**	**66,525,981**

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

Certain customers, which are public or quasi-public institutions, or subsidiaries of MedLife, may have longer payment terms and services may continue to be delivered when amounts are overdue, based on management's assessment of a lower credit risk. The average receivable days for the services offered is 95 days. There is no interest on commercial receivables within the first 95 days from the date of issue of the invoice, which also represents the average contractual term.

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

Based on the assessed credit risk of the customers, the Company`s trade receivables are split between individually assessed and collectively assessed.

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

December 31, 2023	**Individually assessed**	**Collectively assessed**	**Total**
Trade receivables	68,703,082	46,760,957	115,464,039
Allowance for doubtful receivables	(9,631,518)	(18,630,497)	(28,262,015)
TOTAL	**59,071,565**	**28,130,459**	**87,202,024**

December 31, 2022	**Individually assessed**	**Collectively assessed**	**Total**
Trade receivables	49,378,641	44,459,748	93,838,389
Allowance for doubtful receivables	(9,631,518)	(17,680,890)	(27,312,409)
Total	**39,747,123**	**26,778,858**	**66,525,980**

Individually assessed trade receivables include mainly accrued income, trade receivables from National Health Insurance House and subsidiaries of MedLife, for which due to management`s assessment of a lower credit risk, which resulted to no material allowance for expected credit losses, the Company did not recognise any in the financial statements. As an exception, as accrued income, it is included an amount of RON 7,365,835 which represents amounts receivable by MedLife S.A. from the Health Insurance House of the Municipality of Bucharest, not yet invoiced. The Company has booked this amount in the previous years. The company has also commenced court proceedings in the past against the Health Insurance House of Bucharest. The management of the Company is confident that the amount will be recovered in the end, but considering the unfavourable decisions of the courts in similar cases, the Company has decided to register a value adjustment for the entire amount in the previous years.

As of 31 December 2023, and 31 December 2022, the amounts, both the receivable and the 100% allowance are still in balance. Remaining amounts recorded in accrued income represent services rendered, for which the invoices were not yet issued as at year end.

The allowance for expected credit losses for individually assessed trade receivables include the value adjustment aforementioned in relation to the Health Insurance House as well as an allowance for certain customers for which management has assessed as having a default rate of 100% and computed an allowance for expected credit losses for the entire amount.

The Company applies the simplified approach for providing for expected credit losses (ECL) prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables which are collectively analysed. A provision matrix was prepared based on historical observed default rates over the expected life of trade receivables resulting in an ECL reflecting the predictive risk by type of customer.

Changes in economic conditions were also considered as part of forward-looking information. Estimating adjustments for expected credit losses involves forecasting future macroeconomic conditions for 2024, compared to the average during 2020-2022.

The allowance for expected credit losses collectively assessed based on the Company’s provision matrix was determined as follows:

December 31, 2023	**Current**	**<30 days**	**< 90 days**	**<180 days**	**<365 days**	**>365 days**	**Total**
Expected credit loss rate	0.25%	3.15%	4.69%	7.96%	26.61%	84.02%	
Customers	23,295,739	485,820	450,672	240,487	363,692	21,924,548	46,760,957
Allowance for doubtful receivables	(57,293)	(15,326)	(21,133)	(19,141)	(96,793)	(18,420,812)	(18,630,497)
TOTAL	**23,238,446**	**470,494**	**429,539**	**221,346**	**266,899**	**3,503,736**	**28,130,459**

December 31, 2022	**Current**	**<30 days**	**< 90 days**	**<180 days**	**<365 days**	**>365 days**	**Total**
Expected credit loss rate	0.45%	5.46%	8.27%	13.23%	39.35%	80.67%	
Customers	20,245,087	597,555	852,037	713,979	957,985	21,093,104	44,459,748
Allowance for doubtful receivables	(90,329)	(32,623)	(70,459)	(94,489)	(376,941)	(17,016,049)	(17,680,890)
TOTAL	**20,154,758**	**564,932**	**781,578**	**619,490**	**581,044**	**4,077,056**	**26,778,858**

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

For Customers in ">365 days" category, the expected credit loss rate of 84.02% represents an average of expected credit loss rates, depending on the aging of the receivables. Expected credit loss rates range from 34.3% for receivables from 2022 gradually increasing to 100%. For all receivables from 2017 and older, allowance for doubtful receivables was computed for the entire amount as having a default rate of 100% and no longer analyzed for collection.

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

	2023	2022
As at 1 January	**27,312,408**	**26,423,269**
Recognised in income statement	949,607	889,139
Amounts written of	-	-
As at 31 December	**28,262,015**	**27,312,408**

7.2. OTHER ASSETS AND RECEIVABLES

	31 December 2023	31 December 2022
Advances paid	5,097,626	5,718,526
Other receivables	21,638,682	8,920,834
Other assets	382,504	3,612,540
TOTAL	**27,118,812**	**18,251,900**

During 2023, the Other receivables has increased as a result of the sale made by Med Life SA to Dentestet Clinic SA for Dentalife Clinic, therefore the entire Stomatology Division has been moved to another Company within Group Medlife. The transaction price was established between the parties and out of the total receivable registered by Med Life SA of RON 5,802,929, the first payment was made until 31 December 2023, in a total amount of RON 741,285.
Also, the increase on the Other receivables include the amount of RON 6,982,109, in relation to investments in intercompany fixed asset that was transferred from Med Life SA to Polisano. No amounts were collected during 2023. Please also refer to Note 23 Related parties.

8. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash in bank	8,994,237	14,149,971
Cash in hand	483,812	556,456
Cash equivalents	723,467	435,004
TOTAL	**10,201,516**	**15,141,431**

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

9. PREPAYMENTS

As of December 31, 2023 the Company has prepayments in amount of RON 1,228,014 (RON 2,674,932 as of December 31, 2022). The prepayments balance as of December 31, 2023 consists mainly of deferred commissions for financing related to the Club loan for undrawn facilities and amounts such as insurance policies for professionals and tangible assets.

10. TRADE AND OTHER PAYABLE

	31 December 2023	31 December 2022
Suppliers	135,085,307	105,588,173
Fixed assets suppliers	22,780,305	14,431,608
Contract liability	2,477,844	2,485,458
TOTAL	**160,343,456**	**122,505,239**

The balance of the suppliers account consists of debts for the acquisition of consumables, materials and commodities. Fixed assets suppliers account consists of debts for the acquisition of medical equipment.
The Company's total Trade payables due to related parties are in the amount of RON 71,259,012 (31 December 2022: RON 50,151,209) and were presented on Note 23.

11. OTHER LIABILITIES

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

	31 December 2023	31 December 2022
Salary and related liabilities (incl. contributions)	8,899,336	13,672,405
Other liabilities	5,598,459	4,004,618
TOTAL	**14,497,795**	**17,677,023**

On the Other liabilities account it is included the amount of RON 1,761,907 (31 December 2022: 1,761,907) in relation to an intercompany investment that was transferred from Policlinica Diagnostic Rapid in the past. The amount is presented on the Note 23 for related parties.

12. PROVISIONS

	December 31, 2023	December 31, 2022
As at 31 December, 2022	**3,480,319**	**3,145,135**
Charged/(credited) to profit or loss		
- additional provisions recognised	9,338	990,497
- unused amounts reversed	-	-
Amounts used during the year	(699,234)	(655,313)
As at 31 December, 2023	**2,790,424**	**3,480,319**

Provisions booked as of 31 December 2023 and 31 December 2022 refer to provisions related to untaken holidays, which covers 100% from total balance. The total balanced has decreased with 689,894 RON compared with prior year.

13. LEASE

Leasing facilities refer to buildings, vehicles and medical equipment.

Amounts recognised in the balance sheet

Right-of-use asset	**Buildings**	**Vehicles**	**Equipment**	**Total**
Cost				
Value at 31 December 2022	**120,985,954**	**14,838,272**	**23,332,153**	**159,156,379**
Additions	17,357,558	1,111,863	368,967	18,838,388
Decrease due to renegotiation of lease term	(17,939,225)	(495,521)	-	(18,434,746)
Value at 31 December 2023	**120,404,287**	**15,454,615**	**23,701,120**	**159,560,021**
Accumulated depreciation				
Value at 31 December 2022	**68,863,810**	**6,989,626**	**11,391,674**	**87,245,110**
Charge for the year	21,500,000	3,036,279	3,295,065	27,831,344
Decrease due to renegotiation of lease term	(7,579,530)	(343,348)	-	(7,922,878)
Value at 31 December 2023	**82,784,280**	**9,682,557**	**14,686,740**	**107,153,576**
Carrying amount				
Value at 31 December 2022	**52,122,144**	**7,848,646**	**11,940,479**	**71,911,270**
Value at 31 December 2023	**37,620,007**	**5,772,058**	**9,014,380**	**52,406,445**

	December 31, 2022	December 31, 2022
Non-current - Lease Liabilities	30,921,580	50,184,177
Current portion – Lease Liabilities	24,607,775	26,229,711
TOTAL	**55,529,355**	**76,413,888**

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

Amounts recognised in the statement of profit or loss

	December 31, 2023	December 31, 2022
Depreciation charge of right-of-use assets	27,831,344	26,947,462
Interest expense on lease liabilities (included in finance cost)	2,482,884	2,819,366
PL (Gain) from contracts terminated earlier	374,131	-
Foreign exchange loss in relation with Lease Liabilities	375,286	95,110
Expense relating to short-term leases (included in rent expenses)	125,687	77,237
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rent expenses)	660,161	533,767
Other categories	3,363,595	3,100,673

The total cash outflow for leases amount to RON 31,443,801 (2022: RON 30,251,150) for contracts that fall under IFRS 16 (which refer to rental of buildings, vehicles and equipment), out of which RON 28,814,599 (2022: RON 27,431,784) refer to payments of principal and RON 2,629,202 (2022: RON 2,819,366) refer to payments of interest.

Extension and termination options
Extension and termination options are only included in the lease term when the Company has the right to unilaterally extend/terminate and judges that this right is reasonably certain to be exercised. For some of the Company'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 Company contain termination options with a purpose to achieve operational flexibility. For most of these agreements, the Company 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.

During 2023, the Company has renegotiated some of its contracts on shorter periods, with options to extend that were not included in the lease term, reflecting the Company's current business strategy and plans.

14. FINANCIAL DEBT

	31 December 2023	31 December 2022
Current portion of long-term loans	45,140,930	31,933,045
Non-current portion of long-term loans	593,857,396	508,264,032
TOTAL	**638,998,326**	**540,197,077**

	December 31, 2023	December 31, 2022
Cash and cash equivalents	10,201,516	15,141,431
Borrowings (including overdraft)	(648,947,526)	(550,091,877)
Lease liabilities	(55,529,355)	(76,413,888)
Net debt	**(694,275,365)**	**(611,364,334)**
Current debt		
Overdraft	(9,949,200)	(9,894,800)
Current portion of lease liability	(24,607,775)	(26,229,711)
Current portion of long term debt	(45,140,930)	(31,933,045)
Long Term Debt		
Lease liability	(30,921,580)	(50,184,177)
Long term debt	(593,857,396)	(508,264,032)

Increases in credit facility during 2023
On 13 December 2022, following the approval of the General Meeting of Shareholders on 21 November 2022, MedLife,

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

together with co-borrowers BAHTCO INVEST S.A., ACCIPIENS S.A., POLICLINICA DE DIAGNOSTIC RAPID S.A., CLINICA POLISANO S.R.L., DENT ESTET CLINIC S.A., GENESYS MEDICAL CLINIC S.R.L., CENTRUL MEDICAL SAMA S.A., VALDI MEDICA S.R.L., PHARMALIFE MED S.R.L., PRIMA MEDICAL S.R.L., ANIMA SPECIALTY MEDICAL SERVICES S.R.L., CED PHARMA S.R.L., BADEA MEDICAL S.A., CENTRUL MEDICAL MICROMEDICA S.R.L., SOLOMED CLINIC S.A., VITA CARE FLAV S.R.L., PHARMACHEM DISTRIBUTIE S.A., SANO PASS S.A., MNT ASSET MANAGEMENT S.R.L., MNT HEALTHCARE EUROPE S.R.L., SWEAT CONCEPT ONE S.A., ONCO CARD S.R.L., ONCOCARD INVEST S.R.L., DIAMED CENTER S.R.L., STEM CELLS BANK S.A., SFATUL MEDICULUI.RO S.A. and MEDICI'S S.A., signed with Banca Comercială Română, as lead arranger, a syndicated credit facility in the total amount of 228 million euros for the refinancing and increase of the existing credit of 50.7 million euros. The bank syndicate that signed the new credit granted to the MedLife Company is comprised of Banca Comerciala Romana, as coordinator, lead arranger, documentation agent, facility and guarantee agent, and financier, Raiffeisen Bank, BRD Companye Societe Generale, Banca Transilvania, ING Bank N.V. Amsterdam Branch Bucharest, and Erste Company Bank AG, as lead arrangers and financiers.

As of 28th of December 2023, according to the transfer certificate signed, Erste Group Bank AG has left the club group of banks, transferring all the existing rights and obligations under the Facilities Agreement to Banca Comerciala Română.

The syndicated credit contract involves a refinancing agreement for existing facilities, extending the financing period, rearranging terms and conditions, as well as an additional increase of 50.7 million euros in 2022, which is in the form of a term facility, used by MedLife, along with other liquidity of the Company, for acquisition opportunities on the market and organic development projects.

As at December 31, 2023, the Company's drawn and undrawn financing facilities also included the following:
- a guaranteed overdraft facility between Garanti Bank S.A. and Med Life S.A., the amount drawn on December 31, 2023, is of RON 9,949,200.

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

As of 31 December 2023, in relation to the loans with balance of RON 635,141,578 the Company has pledged the property, plant and equipment with a carrying value of RON 244,947,699. The Company has also pledged cash in a total amount of RON 7,031,274 and pledged receivables of RON 10,644,975 at 31 December 2023.

The Company has pledged shares in relation with the companies acquired until December 31, 2023 and pledged assets in relation to the other loans presented in Note 14.

As at December 31, 2023 the Company was not in breach of any applicable term of the financing facilities.

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

	Liabilities from financing activities			
	Borrowings	**Leases**	**Overdraft**	**Total**
Financial Debt as at 31 December 2022	**(540,197,077)**	**(76,413,888)**	**(9,894,800)**	**(626,505,765)**
Cash movements				
Cash flows net related to principal	(91,297,820)	28,814,599	-	**(62,483,221)**
Payments of interest	28,167,398	2,629,202	-	**30,796,601**
Non-cash movements				
New leases	-	(7,583,422)	-	**(7,583,422)**
Foreign exchange adjustments	(3,867,661)	(346,643)	(54,400)	**(4,268,705)**
Other changes (non-cash movements)	(31,803,167)	(2,629,203)	-	**(34,432,369)**
Financial Debt as at 31 December 2023	**(638,998,326)**	**(55,529,355)**	**(9,949,200)**	**(704,476,881)**

*Other changes (non-cash movement) contains the accrued interest expense.

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

15. SHARE CAPITAL AND SHARE PREMIUM

The issued share capital in nominal terms consists of 531,481,968 ordinary shares as at 31 December 2023 (31 December 2022: 132,870,492) with a nominal value of RON 0.25 per share. The holders of ordinary shares are entitled to one vote per share in the shareholders' meetings of the Company, except for the treasury shares bought back by the Company as part of the share buy-back program. All shares rank equally and confer equal rights to the net assets of the Company, except for treasury shares.
In accordance with the Decision of the Extraordinary General Meeting of Shareholders of the Company dated 3 August 2023, the share capital of the Company was increased with the amount of RON 99,652,869, from RON 33,217,623 to RON 132,870,492, by issuance of a number of 398,611,476 new shares with a nominal value of RON 0.25 per share. The Share Capital increase was carried out through the incorporation of capital premiums and retained earnings and the newly issued shares were allocated free of charge to the Company's shareholders registered in the register of shareholders kept by Depozitarul Central - S.A. as of 04.09.2023, established as record date ("Record Date"), based on their existing shareholdings and considering the allocation ratio of 3 new (issued) shares for 1 (previously) owned.
The effects of the share capital increase were processed on 5 September 2023 and the newly issued shares were allocated to shareholders. The total number of issued ordinary shares of the Company after the share capital increase is 531,481,968.

	December 31, 2023	December 31, 2022
Share capital	132,870,492	33,217,623
Share premium	(308,155)	50,594,933
TOTAL	**132,562,337**	**83,812,556**

During 2023 the Company reacquired own equity instruments (treasury shares) in a total amount of RON 488,718 and released shares in total value of RON 3,026,045, net of commissions. The difference between the fair value and cost of own shares when the change was made is in a total amount of RON 308,155 and was included as an increase on the share premium account.

16. RESERVES

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

	December 31, 2023	December 31, 2022
General reserves (i)	7,332,266	6,643,525
Other reserves (ii)	27,895,072	27,895,072
Revaluation reserves (iii)	106,464,509	106,464,509
TOTAL	**141,691,848**	**141,003,106**
(i), (ii) General reserves and other reserves		
Balance at beginning of the year	**34,538,597**	**34,538,597**
Movements	688,742	-
Balance at the end of the year	**35,227,339**	**34,538,597**
(iii) Revaluation reserves		
Balance at beginning of the year	**106,464,509**	**66,588,874**
Decrease arising revaluation correction	-	-
Increase due to revaluation	-	47,470,993
Deferred tax related to revaluation	-	(7,595,359)
Balance at the end of the year	**106,464,509**	**106,464,509**

On the General reserves account there are legal reserves registered in the amount of RON 7,332,266 (2022: RON 6,643,525).

The properties revaluation reserve arises on the revaluation of land and buildings. During 2022, the Med Life SA engaged an independent appraiser to determine the fair value for land and buildings as of 31 December 2022. The total revaluation difference that was recorded as a revaluation surplus in the statement of changes in equity is in the amount of RON 47,470,993. Please refer to Note 5 for more details.
When revalued land or buildings are sold or otherwise disposed of, the portion of the properties revaluation reserve that relates to that asset, and that is effectively realized, is transferred directly to general reserves.

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

The effects of taxes on income, resulting from the revaluation of property, plant and equipment are recognized and disclosed in accordance with IAS 12 Income Taxes (please see Note 24). Deferred tax recognised on other comprehensive income as a result of revaluation of Land and Buildings is in the amount of RON 7,595,359 (please refer to Note 24).

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

Turnover for the 12 months period ended December 31, 2023 was 636,435,030 RON (12 months ended December 31, 2022: 586,566,266 RON) and consists of medical services, including revenues from prevention packages of corporate customers and fees for services rendered within Med Life's clinics and various hospitals within Romania. Of the total sales in 2023, around 10% come from the treatment of patients insured through the Health Insurance House. The Company's revenues are generated in Romania. The entire amount included in contractual obligations at the beginning of the year (Note 10) was recorded as income in 2023.

18.1 OTHER OPERATING INCOME

	12 months 2023	12 months 2022
Other operating income	8,166,567	3,214,454
Capitalized cost of intangible assets	-	3,612,057
TOTAL	**8,166,567**	**6,826,511**

Starting with 2023, the Company has reclassified the capitalised cost of intangible assets as a decrease on the Salary and related expenses account, as opposed to 2022, when they were presented under "Other operating revenues".
The Company considers that presenting the amount on a net basis on the account "Salary and related expenses" provides better information to the users of financial statements, as it is computed based on the total number of working hours in house for the development of the internal applications. The change in presentation has no effect on operating profit.

During 2023, the Other operating income has increased as a result of the sale made by Med Life SA to Dentestet Clinic SA for Dentalife Clinic, the entire Stomatology Division being moved to another Company within Group Medlife; the net gain from this transaction is in the amount of 5.802.829 RON.

18.2 Dividend Income

During 2023, the Company has received dividends of RON 24,503,878, received from its subsidiaries, out of which RON 23,784,034 were collected until the end of the year.

19. THIRD PARTY EXPENSES

	12 months 2023	12 months 2022
Medical services	210,751,745	186,545,976
Other services	1,907,971	1,944,448
Cleaning and laundry	5,725,998	4,686,886
Consulting services	4,301,518	2,928,256
Legal services	3,600,531	1,097,423
Others	4,200,829	3,635,933
Security and safety	2,043,623	1,795,876
Waste collection and sanitation	1,786,379	1,739,195
Logistics and telecommunications services	263,773	85,294
IT services	508,815	565,444
Storage and archiving services	366,530	347,870
Accreditations and authorizations	618,350	373,878
TOTAL	**236,076,062**	**205,746,479**

20. OTHER OPERATING EXPENSES

	12 months 2023	12 months 2022
Utilities	9,039,038	8,918,081
Repairs maintenance	5,205,379	5,424,966
Rent	4,149,443	3,711,677
Insurance premiums	2,392,115	2,655,158
Promotion expense	13,636,147	11,240,283
Communications	2,313,600	2,193,123
Other administration and operating expenses	7,617,152	9,976,423
TOTAL	**44,352,874**	**44,119,711**

21. SALARY AND RELATED EXPENSES AND SOCIAL CONTRIBUTIONS

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

The structure of Med Life personnel is described below:

	December 31, 2023	December 31, 2022
Management	45	48
Staff	1,997	1,979
Total	**2,042**	**2,027**

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

	December 31, 2023	December 31, 2022
Management	21,492,146	22,381,073
Staff	170,070,046	157,153,425
Total	**191,562,192**	**179,534,498**

22. FINANCIAL NET RESULT

	12 months 2023	12 months 2022
Loss from foreign exchange rate impact	(4,100,145)	(2,752,063)
Finance cost	(37,880,512)	(17,076,816)
Bank commissions	(1,894,074)	(4,778,481)
Interest income	12,904,228	6,922,660
FINANCIAL NET LOSS	**(30,970,503)**	**(17,684,700)**

23. RELATED PARTIES

(a) Main shareholders

As of December 31, 2023, the shareholders' structure of Med Life SA is as presented below:

	Number of shares	%	Value
Legal entities	289,227,475	54.42%	72,306,869
Marcu Mihail	78,484,828	14.77%	19,621,207
Cristescu Mihaela Gabriela	74,642,760	14.04%	18,660,690
Marcu Nicolae	55,341,600	10.41%	13,835,400
Others	33,785,305	6.36%	8,446,326
TOTAL	**531,481,968**	**100.00%**	**132,870,492**

As of December 31, 2022, the shareholders' structure of Med Life SA is as presented below:

	Number of shares	%	Value
Legal entities	72,263,633	54.39%	18,065,908
Marcu Mihail	19,932,307	15.00%	4,983,077
Cristescu Mihaela Gabriela	18,660,690	14.04%	4,665,173
Marcu Nicolae	13,835,400	10.41%	3,458,850
Others	8,178,462	6.16%	2,044,616
TOTAL	**132,870,492**	**100.00%**	**33,217,623**

(b) Executive Committee and Board of Directors' compensation

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

	12 months 2023	12 months 2022
Executive Committee	7,709,531	7,953,552

Executive Committee compensation includes the payments toward members of the top management under their mandate

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

contracts concluded with the Company for a period of 4 years.
As at December 31, 2023, the Company's Executive Committee consisted of ten managers remunerated based on mandate agreements.
During the year 2023 there have been no amendments to the composition of Medlife's Executive Commitee, their mandates ending October 21st, 2024.

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

	12 months 2023	12 months 2022
Board of Directors	3,840,591	3,828,027

Med Life SA Board of Directors consists of 7 members under administration agreements concluded with the Company, and approved by the General Shareholders Meeting.
The members' mandates are for a period of 4 years, starting December 21st 2020 and ending December 20th 2024. No loans were granted to managers and administrators in 2023 and 2022.
During the year 2023 there have been no amendments to the composition of Medlife's Board of Directors.

(c) Balances and transactions with subsidiaries and other related parties
Balance of receivables and payables from/to subsidiaries and other related parties:
Trade Receivables/Trade Payables
The Company's trade relations with its subsidiaries represent rendering of medical services, rental of medical facilities and acquisition of materials and commodities.

The Company's total Trade receivables from related parties are in the amount of RON 37,546,876 (31 December 2022: RON 21,898,256) and are part of Trade receivables on the balance sheet.
The Company's total Trade payables due to related parties are in the amount of RON 71,259,012 (31 December 2022: RON 50,151,209) and are part of Trade and other payables on the statement of financial position..

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

	Receivables from		Payables to	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Centrul Medical Panduri S.A.	1,435,122	852,421	3,378,578	4,451,008
Almina Trading S.A.	1,017,374	404,159	194,279	384,428
Anima Speciality Medical Services S.R.L.	1,371,995	973,646	6,351,922	4,427,353
Pharmalife Med S.R.L.	-	-	666,056	352,510
Biofarm Farmec S.R.L.	-	-	8,887	8,887
Policlinica de Diagnostic Rapid S.A.	9,635,407	4,610,825	14,281,612	7,157,549
Histo S.R.L.	1,233	1,233	472,485	380,375
Genesys Medical S.R.L.	2,250,876	860,122	6,816,052	3,693,285
Policlinica de Diagnostic Rapid Medis S.R.L.	709,949	419,894	2,781,705	2,679,766
Accipiens S.A.	6,692	6,692	-	-
Biotest Med S.R.L.	1,973,406	543,024	8,408,190	6,016,780
Vital Test S.R.L.	-	-	1,223,199	1,223,199
Centrul Medical Sama S.A.	2,300,733	1,298,434	5,360,516	2,622,081
Ultratest Craiova S.A.	38,109	38,109	-	-
Bahtco Invest S.R.L.	-	-	1,228,437	2,289,740
Medapt S.R.L.	-	-	832,033	832,033
RUR Medical S.R.L.	244,108	244,108	1,134,616	1,134,616
Transilvania Imagistica S.A.	-	-	173,789	83,060
Diamed Center S.R.L.	3,186,291	3,019,672	295,583	82,166
Stem Cells Bank S.A.	4,179,399	2,994,128	-	-
Dent Estet Clinic S.A.	103,489	29,329	158,370	117,693
Medlife Ocupational S.R.L.	55,990	55,990	-	-
Solomed Clinic S.A.	2,118,842	1,497,557	2,214,593	1,326,125
Clinica Polisano S.R.L.	3,878,070	2,578,089	3,281,882	1,643,340
Prima Medical S.R.L.	46,639	46,639	59,792	324,838
Aspen Laborator Dentar S.R.L.	947	2,422	-	5,335
Solomed Plus S.R.L.	1,156	1,156	1,219,049	978,995
Valdi Medica S.A.	840,797	607,214	142,168	91,437
Sfatul Medicului S.R.L.	187,954	179,046	57,641	8,046
Spital Lotus S.R.L.	266,482	290,033	193,998	390,791
Centrul Medical Micromedica S.R.L.	417,367	198,928	3,162,277	1,704,577
Onco Team Diagnostic S.R.L.	8,190	-	3,850,636	2,254,706
Badea Medical S.R.L.	(213)	-	14,714	51,398
RMC Medlife Holding Kft.	877	-	-	-
Centrul Medical Matei Basarab S.R.L.	187,762	105,171	-	-
CED Pharma S.R.L.	404	-	-	-
Pharmachem Distributie S.R.L.	4,388	4,570	2,569,420	3,338,587
Dent Estet Ploiesti S.R.L.	1,313	312	-	-
Expert Med Centrul Medical Irina S.R.L.	-	-	107,416	38,105
Krondent S.R.L.	1,104	-	-	-
Medica S.A.	-	-	10,180	-
Leti Farm 2000 S.R.L.	87	-	-	-
Monix Pharm S.R.L.	72	-	-	-
Stomestet S.R.L.	-	-	12,881	-
Costea Digital Dental S.R.L.	1,164	-	-	-
MNT Heathcare Europe S.R.L.	132,689	-	4,500	-
Pro Life Clinics S.R.L.	-	-	83,278	-
Onco Card S.R.L.	-	-	45,120	-
Tomorad Expert S.R.L.	-	-	4,550	-
Triamed S.R.L	-	-	3,610	-
Sanopass S.A.	13,680	-	2,659	-
Medici's S.R.L.	468,675	-	4,466	-
SC M-Profilaxis S.R.L.	396,356	-	-	-
Muntenia Medical Competences S.A.	-	-	8,677	-
Centrul de Diagnostic si Tratament Provita S.A.	-	-	314,213	-
Laborator Cuza Voda S.R.L.	49,375	-	-	-
Provita Pain Clinic S.A.	-	-	8,554	-
Dent Estet Genesys S.R.L.	689	-	-	-
Dentist 4 Kids S.R.L.	1,523	-	-	-
Green Dental Clinic S.R.L.	535	-	-	-
Marcu Nicolae	-	-	-	-
Life Finance G.I.E.	-	-	-	-
Nautic Life S.R.L.	-	-	-	2,616
DIETLIFE FOOD S.R.L.	278	206	-	-
BLACK SEA MAGIC S.R.L	9,500	10,290	-	-
DR. CRISTESCU I. MIHAELA-GABRIELA	-	24,839	116,429	58,400
Total	**37,546,876**	**21,898,256**	**71,259,012**	**50,153,824**

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

Other liabilities from related parties

On the Other liabilities account it is included the amount of RON 1,761,907 (31 December 2022: 1,761,907) in relation to Policlinica Diagnostic Rapid, please refer to Note 11.

Other receivables from related parties

On the Other assets it is included an intercompany amount with Pharmachem Distributie as a result of assigned receivables of RON 7,914,243 (31 December 2022: RON 7,914,243), after the acquisition took place in 2021. Also, the Other assets account includes an intercompany balance as a result of the sale made by Med Life SA to Dentestet Clinic SA for Dentalife Clinic in the amount of RON 5,802,829 and also the amount of RON 6,982,109, in relation to an intercompany investment that was transferred from Med Life SA to Polisano. Please refer to Note 7.

Loans granted to subsidiaries

	Outstanding balance of:			
	Loans granted to:		**Interest receivable from:**	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Valdi Medica S.A.	1,870,000	1,870,000	434,163	255,271
Policlinica de Diagnostic Rapid S.A.	11,689	12,050	-	-
Bahtco Invest S.R.L.	43,002,870	43,846,376	10,576,389	7,266,694
MedLife Ocupational S.R.L.	313,535	708,319	468,005	420,702
Vital Test S.R.L.	-	-	-	269
Stem Cells Bank S.A.	20,289,586	15,373,186	3,037,504	1,382,509
Clinica Polisano S.R.L.	21,710,245	28,380,363	6,985,186	4,555,198
Diamed Center S.R.L.	10,353,605	10,353,605	2,500,799	1,537,575
Ghencea Medical Center S.A.	-	60,000	-	14,310
Sfatul Medicului S.R.L.	4,210,500	3,376,500	642,819	288,468
Pharmalife Med S.R.L.	7,706,088	9,706,088	1,626,936	745,766
RMC Medlife Holding Kft.	1,094,412	346,318	80,345	41,421
CED Pharma S.R.L.	630,000	630,000	108,611	47,485
LETI Farm 2000 S.R.L.	103,270	103,270	17,388	7,783
Badea Medical S.R.L.	727,860	607,860	80,296	17,804
MNT Healthcare Europe S.R.L	5,790,384	4,490,384	219,806	93,923
Sanopass S.A.	4,326,101	4,326,101	469,568	67,238
Solomed Clinic S.A.	-	9,172,690	256,699	262,138
Sweat Concept One S.R.L.	14,810,430	12,420,140	1,876,212	231,077
Centrul de Diagnostic si Tratament Provita	9,195,630	-	148,191	-
Total	**146,146,205**	**145,783,250**	**29,528,917**	**17,235,631**

The balances of the loans granted to the affiliated parties also include the amount of RON 13,973,722 (2022: RON 13,239,277), values that are found in the statement of financial position on the line of Other financial assets.
Total interest income recognized in the period was in amount of RON 12,904,228.
Total interest expense recognized in the period was in amount of RON 978,475.
The management has calculated the impact of accounting for amortized cost and concluded that the ECL impact is not material.
No collateral is provided for loan contracts, for the amounts granted to related parties and the interest rates range between 2% and 6% for EUR and between 9% and 9.5% for RON.

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

Loans obtained from subsidiaries

	Outstanding balance of:			
	Loans obtained from:		Interest payable to:	
	December 31, 2023	December 31, 2022	December 31, 2023	December 2022
Pharmalife Med S.R.L.	-	-	-	-
Policlinica de Diagnostic Rapid S.A.	-	-	1,624	1,624
Policlinica de Diagnostic Rapid Medis S.R.L.	-	-	39,160	39,160
Med Life Broker de Asigurare si Reasigurare S.R.L.	159,000	159,000	62,481	47,693
Prima Medical S.R.L.	-	1,265,413	72,255	69,457
Almina Trading S.A.	1,900,000	900,000	120,963	11,732
Genesys Medical Clinic S.R.L.	6,731,769	5,323,000	648,285	57,243
Micromedica Bacau S.R.L.	-	1,200,000	32,288	4,613
Spitalul Lotus S.R.L.	-	3,484,000	297,907	69,189
Biotest Med S.R.L.	468,720	-	4,223	-
Total	**9,259,489**	**12,331,413**	**1,279,186**	**300,711**

No collateral is provided for loan contracts, for the amounts received from related parties and the interest rates range between 2% and 6% for EUR and between 9% and 9.5% for RON.

	Movement in:			
	Borrowings received		Reimbursments paid	
	2023	2022	2023	2022
Policlinica de Diagnostic Rapid Medis S.R.L.	-	-	-	-
Med Life Broker de Asigurare si Reasigurare	-	-	-	-
Policlinica de Diagnostic Rapid S.A.	-	-	-	-
Prima Medical S.R.L.	1,004,000	1,100,000	2,269,413	-
Pharmalife Med S.R.L.	-	-	-	-
Almina Trading S.A.	1,000,000	900,000	-	-
Genesys Medical Clinic S.R.L	2,408,769	5,323,000	1,000,000	-
Micromedica Bacau S.R.L.	-	1,200,000	1,200,000	-
Spitalul Lotus S.R.L.	3,740,000	3,484,000	7,224,000	-
Biotest Med S.R.L.	425,000	-	-	-
Total	**8,577,769**	**12,007,000**	**11,693,413**	**-**

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

	Movement in:			
	Borrowings granted		Reimbursments received	
	2023	2022	2023	2022
Bahtco Invest S.R.L.	6,047,601	4,547,459	6,955,141	2,129,592
Diamed Center S.R.L.	410,000	1,357,000	410,000	2,550,000
Ghencea Medical Center S.A.	-	-	60,000	40,000
MedLife Ocupational S.R.L.	-	7,500	394,783	400,000
Policlinica de Diagnostic Rapid S.A.	1,224	1,950	1,585	1,264
Pharmalife Med S.R.L.	650,000	6,775,500	2,650,000	6,615,500
Clinica Polisano S.R.L.	2,048,199	8,792	8,718,317	8,841
RMC Medlife Holding Kft.	755,122	4,693,000	7,028	145,000
Stem Cells Bank S.A.	4,916,400	500,000	-	-
Sfatul Medicului S.R.L.	1,298,000	-	464,000	-
Valdi Medica S.A.	8,446,000	-	8,446,000	-
Accipiens S.A.	-	607,860	-	-
Genesys Medical Clinic S.R.L.	-	4,520,580	-	30,196
CED Pharma S.R.L.	-	4,326,101	-	-
Leti Farm 2000 S.R.L.	-	9,630,690	-	458,000
Vital Test S.R.L.	-	12,420,140	-	-
Badea Medical S.R.L.	120,000	-	-	-
MNT Healthcare Europe S.R.L	1,300,000	-	-	-
Sanopass S.A.	-	-	-	-
Solomed Clinic S.A.	3,606,290	-	12,778,980	-
Sweat Concept One S.R.L.	2,390,290	-	-	-
Centrul de Diagnostic si Tratament Provita S.A.	9,195,630	-	-	-
Total	**41,184,756**	**49,396,572**	**40,885,835**	**12,378,393**

<u>Transactions with subsidiaries:</u>

Sales and purchases of services

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

	Sales		Purchases	
	2023	**2022**	**2023**	**2022**
Policlinica de Diagnostic Rapid S.A.	5,023,841	3,946,623	7,124,071	6,536,529
Policlinica de Diagnostic Rapid Medis S.R.L.	306,503	258,569	101,940	250,562
Bahtco Invest S.R.L.	-	-	16,828,005	15,990,768
Genesys Medical S.R.L.	3,332,912	2,793,137	3,522,767	3,048,826
Biotest Med S.R.L.	1,389,881	379,846	2,430,699	2,906,692
Centrul Medical Sama S.A.	1,002,300	732,177	2,738,434	2,243,886
Ultratest Craiova S.A.	688	1,442	-	-
Prima Medical S.R.L.	-	1,463	61,908	55,458
Diamed Center S.R.L.	166,619	183,319	228,417	262,406
Aspen Laborator Dentar S.R.L.	4,268	3,530	33,590	3,140
Almina Trading S.A.	1,535,149	1,429,549	731,781	944,408
Centrul Medical Panduri S.A.	584,785	482,771	4,119,219	3,266,206
Dentestet 4 Kids S.R.L.	17,633	14,035	-	-
Dent Estet Clinic S.A.	108,640	87,671	624,016	336,647
Green Dental S.R.L.	2,931	1,809	-	-
Clinica Polisano S.R.L.	1,300,355	1,070,989	1,765,663	1,445,531
Solomed Clinic S.A.	621,285	693,250	888,469	840,336
Anima Speciality Medical Services S.R.L.	398,350	341,307	2,431,436	2,783,727
Stem Cells Bank S.A.	1,026,813	1,164,561	-	-
Valdi Medica S.A.	713,171	432,727	191,461	102,383
Sfatul Medicului S.R.L.	8,910	9,545	99,405	24,266
Pharmalife Med S.R.L.	-	-	289,831	410,893
Centrul Medical Micromedica S.R.L.	218,440	159,328	1,457,691	1,365,979
Onco Team Diagnostic S.R.L.	8,190	12,000	3,841,300	2,667,449
Spital Lotus S.R.L.	1,863,815	1,918,897	418,383	317,559
Centrul Medical Matei Basarab S.R.L.	82,595	60,891	-	-
Dent Estet Ploiesti S.R.L.	7,463	2,930	-	-
CED Pharma S.R.L.	5,238	4,806	2,091	-
Leti Farm 2000 S.R.L.	1,033	1,029	492	2,699
Monix Pharm S.R.L.	861	860	-	10,957
KronDent S.R.L.	12,204	4,317	-	-
Costea Digital Dental S.R.L.	11,580	2,173	-	-
Pharmachem Distributie S.R.L.	53,300	39,305	5,088,903	-
SC M-Profilaxis S.R.L.	301,758	94,598	144,121	4,293,257
Badea Medical S.R.L.	-	-	148,772	-
Transilvania Imagistica S.A.	-	-	90,729	68,825
Histo S.R.L.	-	-	92,111	53,341
Solomed Plus S.R.L.	-	-	-	88,862
Tomorad Expert S.R.L.	-	-	3,073	271,974
OptiCristal Consult S.R.L.	-	-	-	1,479
Centrul de Diagnostic si Tratament Provita S.A.	4,050	-	314,213	10,264
Dent Estet Genesys S.R.L.	4,160	-	-	-
Medici's S.R.L.	491,526	-	111,175	-
Laborator Cuza Voda S.R.L.	39,991	-	-	-
Muntenia Medical Competences S.A.	144,168	-	13,633	-
MNT Healthcare Europe SRL	132,690	-	-	-
Triamed S.R.L.	-	-	2,950	-
Sanopass S.A.	51,835	-	14,771	-
Policlinica Union S.R.L.	74,749	-	26,736	-
Solomed Plus S.R.L.	-	-	240,056	-
Provita Pain Clinic S.A.	-	-	8,717	-
Onco Card S.R.L.	-	-	45,120	-
Medica S.A.	-	-	10,180	-
Medicris S.R.L.	-	-	5,676	-
Biofarm Farmec S.R.L.	-	-	-	-
Pro Life Clinics S.R.L.	-	-	127,300	-
Expert Med Centrul Medical Irina S.R.L.	-	-	81,619	-
Stomestet S.R.L.	-	-	20,862	-
DIETLIFE FOOD S.R.L.	2,840	2,486	-	-
BLACK SEA MAGIC S.R.L	9,500	-	-	22,522
LIFE RESORT S.R.L.	-	-	80,115	-
NAUTIC LIFE	-	-	-	-
MARCU NICOLAE	-	-	-	-
DR. CRISTESCU I. MIHAELA-GABRIELA	-	-	700,800	700,800
Life Finance G.I.E.	-	-	2,988	-
Total	**21,067,020**	**16,331,940**	**57,305,689**	**51,328,631**

Sales of business transfer and investments

During 2023, Med Life SA has sold to Dentestet Clinic SA the Stomatology Division, in the amount of RON 5,802,829 and also sold an investment to Polisano in the the amount of RON 6,982,109.

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

24. TAXATION

	December 31, 2023	December 31, 2022
Current income tax expense	-	2,196,569
Deferred tax income	2,146,900	-
Total income tax expense / (income)	**(2,146,900)**	**2,196,569**
Profit before tax	**14,586,903**	**5,803,563**
Tax expense using the statutory rate of 16%	2,333,905	928,570
Fiscal effect of non-deductible expenses	1,495,334	1,267,999
Fiscal effect of non-taxable income	(3,920,620)	-
Fiscal effect of deductible legal reserve	-	-
Sponsorship/other compensation	-	-
Reinvested profit and other fiscal facilities	-	-
Adjustments in respect of current income tax of previous years	-	-
Other elements (including different fiscal treatment)	(2,055,518)	-
Deferred tax income	-	-
Income tax for the current year	**(2,146,900)**	**2,196,569**
Income tax to comprehensive income	-	-
Income tax to profit or loss – Expense / (Income)	**(2,146,900)**	**2,196,569**

	December 31, 2023	December 31, 2022
Income tax liabilities as at January 1	980,993	122,115
Income tax paid in the current year	(883,444)	(1,337,691)
Income tax payable in the current year	-	2,196,569
Current tax liabilities	**97,549**	**980,993**

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

Components of deferred tax	**December 31, 2023**	**Change in deferred tax**	**December 31, 2022**
Deferred tax assets			
Non-current assets	-	-	-
Amount related to untaken holidays provisions	446,468	(812,066)	1,258,534
Total deferred tax asset	**446,468**	**(812,066)**	**1,258,534**

Deferred tax liability	**December 31, 2023**	**Change in deferred tax**	**December 31, 2022**
Other elements	104,870	-	104,870
Revaluation reserve	17,247,468	(2,958,966)	20,206,435
Total deferred tax liability	**17,352,338**	**(2,958,966)**	**20,311,305**
Net deferred tax liability	**16,905,872**	**(2,146,900)**	**19,052,772**

Components of deferred tax	**December 31, 2022**	**Change in deferred tax**	**December 31, 2021**
Deferred tax assets			
Non-current assets	-	-	-
Amounts that refer to the provision for untaken holidays	1,258,534	-	1,258,534
Total deferred tax asset	**1,258,534**	**-**	**1,258,534**

Deferred tax liability	**December 31, 2022**	**Change in deferred tax**	**December 31, 2021**
Other elements	104,870	-	104,870
Revaluation reserve	20,206,435	7,595,359	12,611,076
Total deferred tax liability	**20,311,305**	**7,595,359**	**12,715,946**
Net deferred tax liability	**19,052,772**	**7,595,359**	**11,457,413**

The Company accrues income taxes at the rate of 16% on profits computed in accordance with the Romanian tax legislation. The net effect of the change on deferred tax balances recognized as at December 31, 2023, except for the deferred tax related to the revaluation reserve which is recognized in equity, is reflected in the statement of comprehensive income for the year then ended.

25. CAPITAL MANAGEMENT

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

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 14, cash and cash equivalents disclosed in Note 8 and equity, comprising issued capital, reserves and retained earnings as disclosed in note 15 and note 16.

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

The Company is the Parent entity of MedLife Company. The Company has grown in 2023 principally through acquisitions and less through organic development. 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 Company'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 Company as a buffer to protect the Company in case of variations in performance that could impact the established activities. The Company 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 Company's equity for the activities and exposures the Company analyses the ratio of loans payable net of cash to total equity as presented in the following table:

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

	December 31, 2023	December 31, 2022
Interest-bearing loans and borrowings without overdraft	638,998,326	540,197,077
Cash and cash equivalents	10,201,516	15,141,431
Loans payable net of cash	628,796,810	525,055,646
Total Equity	**324,240,259**	305,277,285
Ratio Loans payables net of cash to total Equity	**1.94**	**1.72**

The medium-term aim of the Company is to manage this ratio at sustainable levels whilst continuing to invest in new business development and acquisitions to maintain a balanced capital structure between debt and equity.

26. RISK MANAGEMENT

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's internal controls, regulatory compliance and risk management.

In the course of its business the Company is exposed to a number of financial risks, including credit, interest rate, liquidity and foreign currency risks. This note presents the Company'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 Company's financial risks with the aim to control and manage the Company's financial exposure and financial costs with a balance between risk and costs.

(a) Credit risk

Financial assets that potentially give rise to concentrations of credit risk consist principally of cash, short-term deposits, trade and other receivables and other financial assets, as well as intercompany loans. The Company's cash equivalents and short-term deposits are placed with reputable financial institutions with a high credit rating in Romania.

Trade receivables are represented net of the allowance for expected credit losses. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Company's customer base, which consists mainly of both individuals and companies. Around 62% of the total sales are cash-based with remaining being based on issuance of invoices. The financial condition of these customers in relation to their credit standing is evaluated on an ongoing basis.

The Company has also developed certain procedures to assess legal entities as customers prior to signing contracts, aimed at providing health care packages (PPMs), and monitoring their ability to meet the payments during the course of contracts. Also, the Company has established an internal Collection department which actively monitors encashments received from customers.

The gross carrying amounts of financial assets (before credit loss allowances) included in the statement of financial position represent the Company's maximum exposure to credit risk in relation to these assets. The Company has only 10% of its sales during 2022 deriving from the treatment of NHIH insured patients (concentration of credit risk) – reliance on major customers.

At 31 December 2023 and 31 December 2022, the Company did not consider there to be a significant concentration of credit risk. Please see Note 7 and Note 23 for further details regarding credit risks of trade and other receivables, loans granted and expected credit loss allowance and also 3.11.1 Financial assets, for further details of accounting policies used by the Company.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk because it borrows funds at floating interest rates. The higher risk is represented by funds borrowed in the national currency, because the interest rates are periodically repriced based on index variation.

Lease contracts concluded in the national currency are also exposed due to the above repricing process, as the discount rate in this case is linked to the internal borrowing rates for funds withdrawn in the national currency.

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

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

considered for the sensitivity on interest rate computation. These amounts which were included in the analysis cover more than 80% of the total outstanding balances for both borrowings and leases.
-
A 10% percent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The assumptions used have not changed from previous years.

If interest rates had been 10% per cent higher and all other variables were held constant, the Company's profit for the year ended 31 December 2023 would decrease by RON 4,589,955 RON (2022: decrease with RON 1,868,471). An equal positive variance would occur for a 10% decrease of interest rate. This is mainly attributable to the Company's exposure to interest rates on its borrowings and leases.

Amounts exposed to interest rate risk

LIABILITIES	**Total**	**Out of which included in the sensitivity analysis**		**%**	**Interest expenses per year at the current interest rate for the selected portion**	**Interest expenses per year at the interest rate increased by 10% for the selected portion**	**Variation that affects the profit and loss account when the interest rate increases by 10%**
2023							
Overdraft	9,949,200						
Short-Term and Long-Term portions of loans	638,998,326	Club loan	635,141,580	98%	33,100,550	36,410,605	3,310,055
Short-Term and Long-Term portions of leases	55,529,355	Contracts that refer to rent of buildings, equipment and vehicles which fall under IFRS 16	47,806,393	86%	2,421,187	3,661,052	1,239,865
2022							
Overdraft	9,894,800						
Short-Term and Long-Term portions of loans	540,197,077	Club loan	540,061,143	98%	14,254,294	15,679,724	1,425,429
Short-Term and Long-Term portions of leases	76,413,888	Contracts that refer to rent of buildings, equipment and vehicles which fall under IFRS 16	65,849,672	86%	2,576,297	3,019,338	443,042

	December 31, 2023	**December 31, 2022**
Profit or loss and Equity	4,549,920	1,868,471

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the executive committee, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Loans granted to related parties are not used to manage liquidity risk of the Company.

The following table details the Company's remaining contractual maturity for financial liabilities as of December 31, 2023 and December 31, 2022. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

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

2023

	Weighted average effective interest rate	Carrying amount	Total	Year 1	Year 2	Year 3	Year 4	Year 5	> Year 5
Non-interest bearing instruments									
Trade payables		160,343,456	160,343,456	160,343,456	-	-	-	-	-
Interest bearing instruments									
Overdraft		9,949,200	9,949,200	9,949,200	-	-	-	-	-
Club Loan	EURIBOR 6M / ROBOR 6M + margin	638,998,326	813,581,223	79,433,224	112,189,812	82,708,765	87,382,023	120,709,228	331,158,170
Lease contracts		55,529,355	59,393,369	25,292,634	15,261,828	8,145,504	5,504,406	4,469,790	719,206
Total		**864,820,337**	**1,043,267,248**	**275,018,514**	**127,451,640**	**90,854,269**	**92,886,429**	**125,179,019**	**331,877,376**

2022

	Weighted average effective interest rate	Carrying amount	Total	Year 1	Year 2	Year 3	Year 4	Year 5	> Year 5
Non-interest bearing instruments									
Trade payables		122,505,239	122,505,239	122,505,239	-	-	-	-	-
Interest bearing instruments									
Overdraft		9,894,800	9,894,800	9,894,800	-	-	-	-	-
Club Loan	EURIBOR 6M / ROBOR 6M + margin	540,197,077	667,316,208	53,306,387	57,462,984	71,121,905	58,756,129	64,789,076	361,879,727
Lease contracts		76,413,888	82,481,117	27,085,437	17,702,598	12,923,679	8,640,372	6,622,499	9,506,532
Total		**749,011,004**	**882,197,364**	**212,791,863**	**75,165,582**	**84,045,584**	**67,396,501**	**71,411,574**	**371,386,259**

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

(d) Foreign currency risk

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

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

2023	**RON**	**1 EUR = 4.9746 RON**	**Total**
ASSETS			
Cash and cash equivalents	9,416,793	784,723	10,201,516
Trade receivables	87,202,024	-	87,202,024
Receivables from group companies	148,694,706	13,053,110	161,747,816
Long-term loans to group companies	-	13,973,722	13,973,722
Other long term receivables	1,851,958	-	1,851,958
LIABILITIES			
Trade payables	160,343,456	-	160,343,456
Overdraft	-	9,949,200	9,949,200
Other long term debt	-	-	-
Short-Term and Long-Term portions of loans	0	638,998,326	638,998,326
Short-Term and Long-Term portions of financial leasing	479,350	55,050,005	55,529,355
Payables to group companies	10,538,675	-	10,538,675

2022	**RON**	**1 EUR = 4.9474 RON**	**Total**
ASSETS			
Cash and cash equivalents	14,318,149	823,282	15,141,431
Trade receivables	66,525,981	-	66,525,981
Receivables from group companies	138,107,539	11,672,060	149,779,599
Long-term loans to group companies	-	13,239,277	13,239,277
Other long term receivables	1,705,883	-	1,705,883
LIABILITIES			
Trade payables	122,505,239	-	122,505,239
Overdraft	-	9,894,800	9,894,800
Other long term debt	-	-	-
Short-Term and Long-Term portions of loans	2,602	540,194,475	540,197,077
Short-Term and Long-Term portions of financial leasing	491,689	75,922,198	76,413,888
Payables to group companies	12,632,124	-	12,632,124

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

If EUR is weakening 10% against RON, the profit will increase and the amount stated below will be positive. For a 10% strengthening of EUR against RON there would be an equal and opposite impact on the profit, and the balances below would be negative. The assumptions used have not changed from previous years. The variation below is presented as absolute amounts.

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

	December 31, 2023	December 31, 2022
Profit or loss	67,618,598	60,027,685

(e) Sustainability

The Company is subject to transitional and physical risks related to climate change. Transitional risks include, for example, a disorderly global transition away from fossil fuels that may result in increased energy prices; customer preference for low or no-carbon providers of medical services; stakeholder pressure to decarbonize assets; or new legal or regulatory requirements that result in new or expanded carbon pricing, taxes, restrictions on greenhouse gas emissions, and increased greenhouse gas disclosure and transparency. These risks could increase operating costs, including the cost of the Company's electricity and energy use, or other compliance costs.

The Company monitors energy consumption relative to area and to the type of activity carried out in each location. The main consumption is in respect of natural gas, electricity and fuel, and the main sources of consumption are: air conditioning system, MRI machines and other large imaging machines (radiotherapy, radiology, angiography, CT and PET-CT).

Also, the Company is concerned with the reduction energy consumption through implementation energy efficiency measures. Over time the Company has implemented technology LED used in 99% of the cases. Halls of surgery within hospitals and not only, were equipped with devices that allow LED lighting and effective point settings have been implemented from an energy point of view for heating, ventilation and air conditioning, thus reducing the energy used. LED lighting is also used in elevators and areas waiting for patients. Currently, a set of intelligent control measures are implemented at the level of consumers of various types of energy (thermal, electrical, etc.), renewal cooling aggregates (chillers), 2 installations being replaced so far. The possibility of using photovoltaic panels is also considered for the future.
In terms of GHG emissions, the Company has the legal obligation to report these emissions, the main source of generation being thermal power plants powered by gas, followed by emissions generated by the leased car fleet.

Physical risks to Company's operations include water stress; wildfires; extreme temperatures and storms, which could impact the pharmaceutical distribution, increase costs, or disrupt supply chains of medicines for patients on a global level, which also could further affect the pharmacy segment.

To carry out the activities the Company consumes water that is captured exclusively from the public network. The Company monitors water consumption monthly, and through internal work procedures ensures that any risk of biological contamination of the water spilled is eliminated.

Our supply chain is likely subject to these same transitional and physical risks and would likely pass along any increased costs to us.

The improvement of the corporate governance framework is continued. At the basis of this improvement stands the materiality analysis performed by the Company through a complex process consisting of several stages, as follows: identification and prioritization of stakeholders - which allowed us to better understand who we affect and who can influence our work, identify and analysed best practices in the global and national health sector, consult with the most significant internal and external stakeholders and prioritize sustainability issues in terms of the impact of our activities on the environment, stakeholder expectations about how we manage environment issues, as well as the sustainability risks that can affect our position and the development of our business.

As at 31 December 2023 the Company does not consider that these risks will have a material financial impact in the near term.

(f) Ongoing war

The crisis started in February 2022 and was generated by the invasion of Russia in Ukraine, which led to a sharp increase in energy prices, both in Romania and in other European countries. The invasion created a refugee crisis with the fastest growth in Europe and a global food crisis. At the same time, at the regional level, a resource crisis was created due to the imposition of a series of restrictions on the international level, Russia being an important player in the natural gas market in Europe. Continued and/or intensified disruptions in Russian commodity flows to Europe could result in further increases in European energy prices.

The Company does not own subsidiaries and affiliated entities on the territory of Ukraine, nor does it have any other relevant exposures in the countries directly involved in this conflict. From an operational point of view, the purchases of energy and natural gas are mainly made from the domestic market; availability, provenance and delivery of resources could be influenced by the dynamics of the conflict from region.

The consequences of the ongoing conflict in Ukraine, the European energy crisis and resulting regulatory measures and other economic disruptions currently being observed, and further regulatory interventions, as well as the extent and duration of their economic impact cannot be reliably estimated at this stage. The Company is responding to the situation with targeted measures to safeguard its economic stability. Because events are ongoing, the long-term impact can affect cash flows and profitability. However, at the date of these financial statements, the geopolitical context driven by the ongoing conflict in Ukraine has no significant negative impact on the separate financial statements as of December 31, 2023.

(g) Macroeconomic environment

The economic context at national and international level that may negatively influence the Company's activity refer to factors such as: inflation, recession, changes in fiscal and monetary policy, tighter lending, higher interest rates, new or rising tariffs, currency fluctuations, raw material price (electricity, natural gas), etc.

GDP Growth: In 2023, Romania's economy displayed a moderate GDP growth rate of 2%, reflective of both the domestic and global economic conditions. Despite facing challenges such as geopolitical tensions and supply chain disruptions, the growth was supported by consumer demand and investments in sectors deemed essential, including healthcare.

Inflation: The inflation rate in Romania remained at a particularly high level of 10.4% in 2023; expectations are that it will return to a downward trend from the beginning of next year. However, over the medium term, inflation is likely to remain significantly above the central bank's target level, which will continue to put pressure on the monetary policy.
Monetary Policy Rates: The National Bank of Romania's monetary policy throughout 2023 aimed at stabilizing the inflation rate while supporting economic growth. The key rate was increased in January 2023 from 6.25% to 7% and was maintained at this level through the year.

Unemployment: The unemployment rate in Romania remained relatively stable in 2023 as compared to 2022, with an unemployment rate of 5.4%, supporting that the labor market remains robust.
EUR/RON Exchange Rates: in 2023, the EUR/RON exchange rate experienced a slight increase of 1%, from 4.9474 as at 31 December 2022, to 4.9746 as at 31 December 2023.

The Company's income or the value of its holdings can be affected by the particular movements in the global financial markets. As a result of the higher interest rates resulting on the market during 2023, the discount rates used in the impairment tests have remained at the same levels, compared with the previous year (between 8.7% and 18.9% compared with the prior year, between 8.4% and 18%). However, as a result of the sensitivity analysis performed, the Company considers that it has sufficient headroom in case of a potential increase above these numbers, with no material impact on the financial statements.

Notably, the healthcare sector has demonstrated considerable resilience to market turbulences. This resilience is attributed to the constant demand for healthcare services, the sector's ability to adapt to changing environments, and strategic investments in technology and infrastructure. This resilience translates into a relatively stable operational and financial outlook, even in the face of economic uncertainties.

Also, the revaluation process held at the end of 2022 on all owned Land and Buildings, which generated an overall surplus at the Company level, brings sufficient confidence over the value of the assets held, being stated at their current fair value less accumulated depreciation in these financial statements.

The Company revises quarterly its sensitivities to interest rates and foreign currency fluctuations. At the date of these financial statements, the Company considers that the impact of these changes would not affect the ability as a going concern, with appropriate measures undertaken in order to reduce any potential risks.

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments in the statement of financial positioninclude trade receivables and other receivables, cash and cash equivalents, short-term and long-term loans and trade and other payables. These are presented at amortised cost. The estimated fair values of these instruments approximate their carrying amounts, largely due to the short-term maturities of these instruments, except for loans.

The carrying amount of loans approximate their fair value considering the refinancing of the syndicated loan at the end of 2022, in which all the credit facilities were re-arranged in terms of both maturities and interest rates. The syndicated loan covers around 88% of the total Company debt position exposure.

Financial instruments that are not held at fair value
At level 1 of the fair value hierarchy, the Company classified cash and cash equivalents as assets that are not held at fair value.

At level 3 of the fair value hierarchy, the Company classified in the category of assets: trade and other receivables, other financial assets, and in the category of debt: loans from banks and other financial institutions, leasing debts, trade payables and other financial liabilities.

The following table shows the fair value and the fair value hierarchy for assets and liabilities that are not measured at fair value in the statement of financial position as at 31 December 2023:

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

ASSETS	Classification under IFRS 9	Carrying amount	Fair value	Level 1	Level 2	Level 3
Cash and cash equivalents	Amortized cost	10,201,516	10,201,516	10,201,516	-	-
Trade Receivables	Amortized cost	87,202,024	87,202,024	-	-	87,202,024
Other financial assets	Amortized cost	15,825,680	15,825,680	-	-	15,825,680
LIABILITIES						
Trade and other payables	Amortized cost	160,343,456	160,343,456	-	-	160,343,456
Overdraft	Amortized cost	9,949,200	9,949,200	-	-	9,949,200
Other long term debt	Amortized cost	-	-	-	-	-
Lease liability	Amortized cost	55,529,355	55,529,355	-	-	55,529,355
Long term debt	Amortized cost	638,998,326	638,998,326	-	-	638,998,326

Recognised fair value measurements

Fair value hierarchy
This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 3.20.
According to the Company's last valuation report prepared in 2022, please see below the fair value measured using level 3.

31 December 2022	Note	Level 1	Level 2	Level 3
Land and buildings	5	-	-	222,570,260

On 24 November 2023 was published the Convening Notice for the General Extraordinary Shareholders Meeting scheduled for 22/23 December 2023. The main item submitted for shareholders' approval was the increase of the syndicated credit line of EUR 50 million.

On 22nd of December 2023, following the approval of The Resolution of Extraordinary General Shareholders Meeting, MedLife, together with co-borrowers, negotiated with Banca Comercială Română S.A., as Arranger, Agent and Lender and with other credit institutions that are syndicate members acting as Lenders, the terms and conditions of extending the credit limit by an additional amount of up to EUR 50 million. According to the new terms negotiated between the parties, the financing period remains the same as for the original loan contract, as well as the interest rate margin. Therefore, the Company considers that the fair value of Long term debt is similar with the carrying amount. The new term facility will be used by Medlife and the co-borrowers for the acquisition opportunities on the market and organic development projects.

28. COMMITMENTS AND CONTINGENCIES

Contingent liabilities are not recognized in the separate financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the separate financial statements but disclosed when an inflow of economic benefits is probable.

Club loan related commitments
Med Life SA shall not enter into any agreement which will amend, novate, modify or vary the provisions of Med Life's Shareholders' Agreement without the prior written consent of the lenders.

Other commitments
As at December 31, 2023 and December 31, 2022, the Company holds insurance policies to cover possible liabilities towards doctors for malpractice as well as insurance contracts related to buildings and medical equipment.

In conformity with the concluded agreement with the National House of Health Insurance, the Company has to provide primary medical services to National House's insured citizens.

BCR issued letters of warranties in the favour of Med Life S.A. in amount of RON 6,774,165, out of which EUR 61,309 as of December 31, 2023 (December 31, 2022: RON 9,554,521, out of which EUR 91,309).

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

In Romania the statute of limitation for tax controls (audits) is of 5 years. During 2021, the Company had a tax control which covered period from 2016 to 2020. The control was finalised during 2021 and the results were booked in accounting. Management believes that the tax obligations included in these financial statements are adequate.

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

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

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

29. FEES TO AUDITORS

Starting with 2021, the auditor of the Company is Ernst & Young Assurance Services SRL.

The fee for the audit services of the consolidated financial statements as of December 31, 2023 of the Group prepared in accordance with IFRS as adopted by EU and the separate financial statements as of December 31, 2022 of Med Life SA prepared in accordance with IFRS in line with the provisions of Ministry of Finance Order number 2844/2016, as well as the audit services of the other separate financial statements of subsidiaries prepared in accordance with the provisions of Ministry of Finance Order number 1802/2014 was EUR 430,000 excluding VAT and other expenses.

The fee for other non-audit services performed in 2023 (in accordance with ISRS 4400) was EUR 18,525, excluding VAT.

30. EVENTS AFTER THE BALANCE SHEET DATE

Increase in loan facilities

On 14 March 2024, the Group increased the existing facilities by 50 million euros upon signing an addendum to the existing loan The syndicate of banks which signed the increase in syndicated loan consists of Banca Comercială Română, as Coordinating Mandated Lead Arranger, Documentation Agent, Facility Agent, Security Agent and Bookrunner, Raiffeisen Bank, BRD Groupe Société Générale, Banca Transilvania and ING Bank, as Original Lenders. The new funds will be dedicated to consolidating and expanding the group at national level, through the development of regional hospitals, where the patient will benefit from a 360-degree approach both in terms of the complexity of the medical act and the quality of complementary services. The expansion of the medical infrastructure and the M&A program are also a priority, and moreover, the Group will continue intensely its research efforts, aiming to intensify them through new investments during the year.

There were no other significant events subsequent to December 31, 2023.

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

31. ALTERNATIVE PERFORMANCE MEASURES (APMs)

The Company uses some alternative performance measures (APMs) not defined in IFRS to provide information to assess the Company'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:

	For the period ended December 31,	
	2023	**2022**
Revenue from contracts with customers (Note 17)	**636,435,030**	**586,566,266**
Net income / (loss) for the period	16,733,803	3,606,994
Add back		
Income tax expense / (income) (Note 24)	(2,146,900)	2,196,569
Net financial result (Note 22)	30,970,503	17,684,700
Depreciation (Note 5)	62,185,124	57,865,833
EBITDA	107,742,531	81,354,096
EBITDA MARGIN	17%	14%

APM	Definition	Reason for use
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.

These financial statements, comprising the separate statement of financial position, theseparate statement of comprehensive income, the separate statement of changes in equity, the separate statement of cash flows and notes, were approved on March 29, 2024.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

STATUS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE BUCHAREST STOCK EXCHANGE (hereinafter referred to as "BVB") VALID AT THE PUBLICATION DATE OF THIS REPORT

FOR THE COMPANY MED LIFE S.A.
(hereinafter referred to as the „**Company**")

SECTION A. RESPONSIBILITIES

Provisions to be complied with:

1. All companies should have an internal regulation of the Board of Directors (hereinafter referred to as the "Board" or the "BoD") which includes the reference terms / responsibilities of the Board and the key management functions of the Company and which applies, among others, the General principles of this Section of the Corporate Governance Code of BVB.

The MedLife Corporate Governance Statute adopted and published on the Company's website on February 28, 2017 (in the Investor Relations section, Corporate Governance subsection, Corporate Governance Documents), is based on the provisions of the Company's Articles of Incorporation (available on the Company's website in the Investor Relations section, Corporate Governance subsection, Constitutive Act), updated with the Decisions of the Board of Directors of November 21 and December 21, 2016, and establishes the responsibilities of the Board and those of the Executive Committee.

MedLife is managed in a unitary system by a Board consisting of 7 members appointed by the ordinary GSM for a 4-year term, with the possibility of being re-elected. The Board is responsible for the management of the Company, acting in the interest of the Company and protecting the general interests of its shareholders by ensuring the sustainable development of the Company. According to the Constitutive Act, the Board is responsible for all useful and necessary acts in order to fulfill MedLife's object of activity, including the administration of MedLife's subsidiaries or investments, except for the attributions that are by law assigned to the GSM.

The BoD approved the Internal Regulation of the Board of Directors on February 28, 2017. This document is an internal document. Also, the Board of Directors approved and published on February 28, 2017 on the Company's website, a Code of Ethics and Conduct, a code referred to in the Company's Corporate Governance Statute and which establishes standards of conduct that must be adhered to within MedLife and its subsidiaries at all levels: directors, executives, managers, employees, suppliers and subcontractors or consultants, whether they are employed permanently or temporarily.

2. Provisions on the management of conflicts of interest to be included in the BoD regulation. In any event, Board members must notify the Board of any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by

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non-attendance, unless non-appearance would prevent the formation of a quorum) and to vote on a decision on the matter giving rise to the conflict of interests.

The members of the Board of Directors have, according to the law, duties of diligence and loyalty towards the Company, provided for in the Articles of Association of the Company and in the Internal Regulations of the Board of Directors. Provisions for the management of conflicts of interest can be found both in the Code of Ethics and Conduct, and in the Internal Regulations of the BoD mentioned above.

3. The Board of Directors must consist of at least five members.

The Company's Board of Directors consists of 7 members elected by the Ordinary General Meeting from December 15, 2020, in accordance with the provisions of the Company's Articles of Association.

4. The majority of the members of the Board of Directors must not have an executive position. In the case of Premium Category companies, no less than two non-executive members of the Board of Directors must be independent. Each independent member of the Board of Directors must submit a statement at the time of his nomination for election or re-election, as well as when any change in their status occurs, indicating the elements on the basis of which they are considered to be independent from the perspective of their character and judgement and according to the criteria of the Corporate Governance Code of BVB.

MedLife meets this requirement. According to the Company's Articles of Incorporation, the majority of BoD members are non-executive (4 members out of 7), while 3 members are independent. On the occasion of each (re)appointment of a member of the Board, the Company performs an assessment of the members' independence based on the independence criteria provided by the Corporate Governance Code (which are essentially similar to those provided by the Companies Law).

5. Other commitments and relatively permanent professional obligations of a member of the Board, including executive and non-executive offices in the Board of non-profit companies and institutions, must be disclosed to shareholders and potential investors prior to nomination and in the course of their mandates.

MedLife meets this requirement. The biographies of the members of the Board are published on the Company's website, each member having the responsibility to update their professional biography.

6. Any member of the Board of Directors must present to the Board information regarding any relationship with a shareholder who directly or indirectly owns shares representing more than 5% of the total voting rights.

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MedLife meets this requirement. The members of the Board have, according to the law, duties of diligence and loyalty towards the Company, provided both in the Company's Articles of Association and in the Internal Regulation of the BoD. The company has implemented internal regulations on how to address conflicts of interest. Between the members of the Board and the Chairman of the Board, who holds more than 5% of the total voting rights, there are professional relationships, but these do not affect and have not affected the position of the BoD members regarding matters decided by the Board.

7. The Company must appoint a Secretary of the Board responsible for supporting the activity of the Board.

MedLife meets this requirement. The company has a General Secretary, a lawyer by profession, who reports, from a functional point of view, to the BoD.

8. The corporate governance statement will inform whether there has been a review of the Board under the leadership of the Chairman, or the Nomination Committee and, if so, will summarize the key actions and changes resulting from it. The company must have a Board evaluation policy / guideline covering the purpose, criteria and frequency of the evaluation process.

MedLife meets this requirement. The company has a self-assessment guide that provides the purpose, criteria and frequency of such an assessment. This guide is an internal document. The BoD carries out a self-evaluation process on an annual basis.

9. The corporate governance statement must contain information on the number of meetings of the Board of Directors and committees during the last year, the participation of directors (in person and in absentia) and a report of the Board of Directors and committees on their activities.

The Company's Executive Committee meets regularly (at least once every two weeks, but usually once a week) and the BoD meets whenever necessary, but at least once every three months. In 2023, there were 8 meetings of the Board and 7 meetings of the Audit Committee. More details on their responsibilities are included in the Annual Report.

10. The corporate governance statement must include information on the exact number of independent members of the Board of Directors.

Out of the 4 non-executive members of the Board of Directors, 3 members are independent.

11. The Board of Directors of the Premium Category companies must establish a nomination committee consisting of non-executive members, that will lead the nomination procedure of new members to the Board and make recommendations to the Board. The majority of the members of the nomination committee must be independent.

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MedLife meets this requirement. The Remuneration Committee is made up of 3 non-executive members, 2 of them being independent members.

Section B. Risk management system and internal control

1. The Board must establish an audit committee, in which at least one member must be an independent non-executive director. The majority of members, including the chariperson, must have demonstrated that they have appropriate qualifications relevant to the functions and responsibilities of the committee. At least one member of the audit committee must have proven and appropriate auditing or accounting experience. In the case of Premium Category companies, the audit committee must consist of at least three members and the majority of the members of the audit committee must be independent.

MedLife meets this requirement. MedLife's Articles of Incorporation, in conjunction with the Corporate Governance Statute, provide for the existence of the Audit Committee, its structure, as well as its responsibilities. The audit committee consists of 3 non-executive members, each of the 3 being an independent member. The Board of Directors approved the Regulations of this committee.

2. The chairperson of the audit committee must be an independent non-executive member.

In February 2022, the Board of Directors elected Ms. Mihăescu Ana-Maria, independent non-executive Board member, as chairperson of the Audit Committee.

3. As part of its responsibilities, the audit committee must carry out an annual assessment of the internal control system.

4. The evaluation must take into account the effectiveness and coverage of the internal audit function, the degree of adequacy of the risk management and internal control reports presented to the Board's audit committee, the promptness and effectiveness with which the executive management resolves the deficiencies or weaknesses identified pursuant to the internal control, and present relevant reports to the attention of the Board.

5. The audit committee must assess conflicts of interest in relation to the company's and its subsidiaries' related party transactions.

6. The audit committee must evaluate the effectiveness of the internal control system and the risk management system.

7. The audit committee must monitor the application of legal standards and generally accepted internal auditing standards. The audit committee must receive and evaluate the reports of the internal audit team.

The BoD established an Audit Committee and approved its Regulations. The audit committee has mainly the following duties:

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- to examine and revise the individual and consolidated annual financial statements and the profit distribution proposal;
- to carry out annual evaluations of the internal control system;
- to evaluate the efficiency of the internal control system and the risk management system;
- to monitor the application of legal standards and generally accepted internal audit standards;
- to assess conflicts of interest in related party transactions;
- to analyze and review related party transactions that exceed or may be expected to exceed 5% of the company's net assets in the previous financial year;
- to make recommendations to the Board.

The Internal Audit Department has assessed the effectiveness of the internal control system for MedLife as of the date of this report, and is currently providing consultancy to increase the effectiveness of this system. The evaluation report for the year 2023 was presented to, and discussed by the members of the Audit Committee.

8. Whenever the Code mentions reports or analyzes initiated by the Audit Committee, these must be followed by periodic (at least annual) or ad hoc reports, which must then be submitted to the Board.

The Audit Committee sends to the Board reports on the specific matters assigned to it, as the case may be.

9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by the Company with shareholders and their affiliates.

MedLife meets this requirement. The Company adopted a Code of Ethics and Conduct on February 28, 2017, which is available on the Company's website. The company applies equal treatment to all its shareholders.

10. The Board must adopt a policy to ensure that any transaction of the company, with any of the companies with which it has close relations, the value of which is equal to or greater than 5% of the net assets of the company (according to the latest financial report) is approved by the BoD, pursuant to a mandatory audit committee opinion, and fairly disclosed to shareholders and potential investors, to the extent that these transactions fall within the category of events subject to reporting requirements.

The Company has implemented an internal Related Party Transaction Policy, which sets the key principles for reviewing, approving and publishing related party transactions, according to applicable regulations and the Company's corporate documents, including the fact that the Company's transactions with related parties, which exceed or are estimated to exceed, individually or aggregated, an annual value of 5% of the Company's net assets from the previous financial year, must be approved by the Board following their approval by the Executive Committee and based on the opinion of the Audit Committee.

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Also, the Company periodically submits reports on transactions with related parties to the Financial Supervision Authority and the Bucharest Stock Exchange. These reports are reviewed semi-annually by the independent financial auditor in accordance with the relevant legislation in force.

11. The internal audit must be carried out by a structurally separate division (the internal audit department) within the company or by hiring an independent third-party entity.

The internal audit is carried out by a separate department within the Company, namely the Internal Audit Department.

12. In order to ensure the fulfillment of the main functions of the internal audit department, the latter must report from a functional standpoint to the BoD through the Audit Committee. For administrative purposes and as part of management's obligations to monitor and reduce risks, it must report directly to the Chief Executive Officer.

The internal audit department reports to the BoD from a functional point of view, through the Audit Committee, and administratively, to the General Manager.

Section C. Appropriate reward and incentive

1. The company must publish on its website the remuneration policy and include in the annual report a statement regarding the implementation of the remuneration policy during the annual period that is the subject of the analysis. The remuneration policy must be formulated in such a way as to allow shareholders to understand the principles and arguments underlying the remuneration of the members of the Board and of the General Director, as well as of the members of the Directorate in dual system. It must describe how the process and decision-making around remuneration is conducted, detail the components of executive leadership remuneration (such as salaries, annual bonuses, long-term stock-based incentives, benefits in kind, pensions and others) and describe the purpose, principles and assumptions underlying each component (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy must specify the duration of the executive director's contract and the notice period provided for in the contract, as well as the possible compensation for dismissal without just cause. The remuneration report must present the implementation of the remuneration policy for the persons identified in the remuneration policy during the annual period under review. Any essential change in the remuneration policy must be published in good time on the company's website.

MedLife meets this requirement. The Remuneration Policy and the Remuneration Report for 2023 are available on the Company's website. The amount of remuneration of the members of the Company's BoD, as well as of the members of the Executive Committee, are published on the company's website and subject to the approval of the Annual Ordinary General Meeting.

MedLife S.A. Calea Griviței, nr. 365, Sect. 1, București Tel.: +40 21 9646, fax: +40 21 209 40 50 www.medlife.ro

Section D. Adding value through Investor Relations

1. The company must organize an Investor Relations service - indicating to the general public the person / persons responsible or the organizational unit. Apart from the information required by the legal provisions, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:

1.1. The main corporate governance regulations: the Constitutive Act, the procedures regarding the General Shareholders' Meetings;

1.2. The professional resumes of the members of the Company's management bodies, other professional commitments of the Board members, including executive and non-executive positions in the Boards of Directors in companies or non-profit institutions;

1.3. Current reports and periodical reports (quarterly, half-yearly and annual);

1.4. information regarding General Shareholders' Meetings;

1.5. Information on corporate events;

1.6. The name and contact details of a person who will be able to provide, upon request, relevant information;

1.7. Company presentations (e.g. investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual), audit reports and annual reports.

MedLife meets this requirement. The company has both a department dedicated to Investor Relations, which can be contacted at the email address investors@medlife.ro, and a section on its website dedicated to investor relations, both in Romanian (https://www.medlife.ro/relatia-cu-investitorii), as well as in English (www.medlifeinternational.com/investor-relations). This section contains all relevant information of interest to investors and shareholders, including those mentioned above.

2. The Company will have a policy on the annual distribution of dividends or other benefits to shareholders, proposed by the CEO or by the Executive Committee and adopted by the Board, in the form of a set of guidelines that the company intends to follow regarding the distribution of net profit. The principles of the annual distribution policy to shareholders will be published on the company's website.

MedLife meets this requirement. The objective of the Board is to create value for the Company's shareholders. Thus, the Board of Directors, focused on the continued expansion of the Group's profitability for the benefit of shareholders, proposes not to distribute dividends to shareholders, as long as the Group's growth yield is in line with historical evolution.

The Company's Dividend Policy is detailed in each Annual Report.

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3. The Company will adopt a policy regarding forecasts, whether they are made public or not. Forecasts refer to quantified conclusions of studies aimed at establishing the global impact of a number of factors regarding a future period (so-called hypotheses). By its nature, such projection holds a high level of uncertainty, and actual results may differ materially from the forecasts originally presented. The forecast policy will set out the frequency, period covered and content of the forecasts. If published, forecasts may only be included in annual, semi-annual or quarterly reports. The forecast policy will be published on the company's website.

MedLife meets this requirement. The company has implemented a Forecast Policy, which is published on its website, in the Investor Relations section, Corporate Governance subsection, Corporate Governance Documents.

4. The Rules of General Meetings of Shareholders must not limit the participation of shareholders in general meetings and the exercise of their rights. Amendments to the rules will come into force, at the earliest, starting with the next meeting of shareholders.

MedLife meets this requirement. The rules of General Meetings of Shareholders are mentioned in each convening notice, published according to legal requirements, at least 30 days before each meeting. The rules regarding the organization of General Meetings of Shareholders are included in the Procedure for organizing and holding General Meetings of Shareholders, published on the Company's website, in the Investor Relations section, Corporate Governance subsection, Corporate Governance Documents.

5. The external auditors will be present at the General Meeting of Shareholders when their reports are presented during these meetings.

The independent external financial auditors attend the Ordinary General Meeting where the individual and consolidated annual financial statements are subject to approval and their reports are presented.

6. The Board will present to the annual general meeting of shareholders a brief assessment of the internal control and significant risk management systems, as well as opinions on matters subject to the decision of the general meeting.

MedLife meets this requirement. The individual and consolidated annual financial statements present a brief assessment of the internal control and significant risk management systems and are published as documents subject to the approval of the GSM at least 30 days before the date of the GSM meeting.

7. Any specialist, consultant, expert or financial analyst can participate in the shareholders' meeting, based on a prior invitation from the BoD. Accredited journalists may also attend

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the general meeting of shareholders, with the approval of the Chairman of the Board of Directors.

MedLife meets this requirement. Any specialist, consultant, expert or financial analyst can participate in the GSM based on a prior invitation from the BoD. Accredited journalists can also attend the GSM, unless the Board's President decides otherwise. These provisions are included in the Procedure for organizing and holding General Meetings of Shareholders, published on the Company's website, in the Investor Relations section, Corporate Governance subsection, Corporate Governance Documents.

8. The quarterly and half-yearly financial reports will include information both in Romanian, as well as in English, regarding the key factors that influence changes in the level of sales, operating profit, net profit and other relevant financial indicators, both from one quarter to another, as well as from one year to another.

MedLife meets this requirement. The quarterly and half-yearly financial reports include information in both Romanian and English regarding the key factors that determine changes in the level of sales, operating profit, net profit and other relevant financial indicators, both from one quarter to another, as well as from one year to another.

9. A company will hold at least two meetings / teleconferences with analysts and investors every year. The information presented on these occasions will be published in the investor relations section of the company's website on the date of the meetings / teleconferences.

MedLife meets this requirement. The company organizes quarterly teleconferences with analysts and investors to present the financial results. The presentations made during the teleconferences are published on the Company's web page.

10. If a company supports different forms of artistic and cultural expression, sports activities, educational or scientific activities and considers that their impact on the innovative nature and competitiveness of the company are part of its mission and development strategy, it will publish the policy regarding his activity in this field.

The Company carries out various activities regarding education, social responsibility, environment and governance, supporting the local communities in which the Company operates. The Company has also implemented a social responsibility code, which can be found on the company's website, in the Investor Relations section, Corporate Governance subsection, Corporate Governance Documents.

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SISTEMUL MEDICAL
MedLife

Declaration of management of MedLife Group

We confirm that, to the best of our knowledge, the Audited Annual Consolidated Financial Statements of MedLife Group for the 12-month period ended December 31, 2023, which were prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union, give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the period then ended.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO

SISTEMUL MEDICAL MedLife

Declaration of management of Med Life SA

We confirm that, to the best of our knowledge, the Audited Annual Separate Financial Statements of Med Life S.A. (the Company) for the 12-month period ended December 31, 2023, which were prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the period then ended.

Mihail Marcu,
CEO

Alina Irinoiu,
CFO