



SISTEMUL MEDICAL  
**MedLife**

## **MED LIFE GROUP**

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

PREPARED IN ACCORDANCE WITH THE ORDER OF THE MINISTER OF PUBLIC FINANCE  
NUMBER 2844/2016 FOR THE APPROVAL OF ACCOUNTING REGULATIONS  
IN COMPLIANCE WITH INTERNATIONAL FINANCIAL  
REPORTING STANDARDS

**Name of the issuing company:** MED LIFE S.A.  
**Registered Office:** Bucharest, 365 Calea Grivitei, 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:** J1996003709402  
**Subscribed and paid-in share capital:** RON 132.870.492  
**Regulated market on which the issued securities are traded:** Bucharest Stock Exchange

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	Note	December 31, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Goodwill	4	492,034,979	445,395,617
Intangible assets	5	120,974,820	118,906,011
Property, plant and equipment	5	1,303,969,853	1,101,015,115
Right-of-use asset	13	386,290,334	396,569,537
Other financial assets	5.3	54,138,411	40,942,540
<b>Total Non-Current Assets</b>		<b>2,357,408,397</b>	<b>2,102,828,820</b>
<b>Current Assets</b>			
Inventories	6	148,798,218	109,657,497
Trade Receivables	7.1.	324,106,860	261,664,410
Other assets	7.2.	55,880,250	50,216,242
Cash and cash equivalents	8	112,808,224	100,271,093
Prepayments	9	17,311,896	11,699,369
<b>Total Current Assets</b>		<b>658,905,448</b>	<b>533,508,611</b>
<b>TOTAL ASSETS</b>		<b>3,016,313,845</b>	<b>2,636,337,431</b>
<b>LIABILITIES &amp; SHAREHOLDER'S EQUITY</b>			
<b>Non-Current Liabilities</b>			
Lease liability	13,14	286,025,347	309,158,946
Other long term debt	11	69,109,052	47,775,013
Interest-bearing loans and borrowings	14	1,135,073,779	1,040,639,641
Deferred tax liability	26	45,236,597	44,897,775
<b>Total Non-Current Liabilities</b>		<b>1,535,444,775</b>	<b>1,442,471,375</b>
<b>Current Liabilities</b>			
Trade and other payables	10	571,552,330	404,553,771
Overdraft	14	29,076,066	29,835,472
Current portion of lease liability	13,14	108,288,263	99,589,187
Current portion of interest-bearing loans and borrowings	14	127,417,891	82,297,342
Current tax liabilities	26	4,322,327	321,242
Provisions	12	17,409,666	11,116,544
Other liabilities	11	118,157,796	71,960,475
<b>Total Current Liabilities</b>		<b>976,224,339</b>	<b>699,674,033</b>
<b>TOTAL LIABILITIES</b>		<b>2,511,669,114</b>	<b>2,142,145,408</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital and Share premium	15	132,562,338	132,562,338
Treasury shares		(1,760,728)	(681,892)
Reserves	17	232,230,657	212,560,216
Retained earnings		69,593,507	70,850,636
<b>Equity attributable to owners of the Group</b>		<b>432,625,774</b>	<b>415,291,298</b>
Non-controlling interests	18	72,018,957	78,900,725
<b>TOTAL EQUITY</b>		<b>504,644,731</b>	<b>494,192,023</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,016,313,845</b>	<b>2,636,337,431</b>



Mihail Marcu,  
CEO

Alina Irinoiu,  
CFO

**MED LIFE GROUP**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
*(all amounts are expressed in RON, unless otherwise specified)*



	<b>Note</b>	<b>2024</b>	<b>2023</b>
Revenue from contracts with customers	<b>19</b>	2,715,574,711	2,210,435,349
Other operating income	<b>20</b>	8,850,263	11,300,635
<b>Operating Income</b>		<b>2,724,424,974</b>	<b>2,221,735,984</b>
Consumable materials and repair materials		(499,578,757)	(389,887,326)
Third party expenses	<b>21</b>	(765,622,489)	(625,309,108)
Salary and related expenses	<b>23</b>	(645,609,836)	(543,024,486)
Social contributions	<b>23</b>	(23,853,508)	(19,480,725)
Depreciation, amortization and impairment of fixed assets	<b>5,13</b>	(254,592,721)	(197,390,915)
Impairment losses and gains (including reversals of impairment losses)	<b>7</b>	(6,475,319)	(2,688,649)
Commodities expenses		(226,208,593)	(208,134,799)
Other operating expenses	<b>22</b>	(162,075,380)	(144,302,612)
<b>Operating expenses</b>		<b>(2,584,016,603)</b>	<b>(2,130,218,620)</b>
<b>Operating Profit</b>		<b>140,408,371</b>	<b>91,517,364</b>
Finance cost	<b>24</b>	(102,630,990)	(82,170,695)
Interest income	<b>24</b>	2,175,920	3,423,077
Other financial income	<b>24</b>	462,070	1,221,841
Other financial expenses	<b>24</b>	(1,346,241)	(9,692,103)
<b>Financial result</b>		<b>(101,339,241)</b>	<b>(87,217,880)</b>
<b>Profit Before Tax</b>		<b>39,069,130</b>	<b>4,299,484</b>
Income tax expense	<b>26</b>	(22,316,703)	(8,464,341)
<b>Profit / (Loss) After Tax</b>		<b>16,752,427</b>	<b>(4,164,857)</b>
Owners of the Group		25,035,987	3,684,292
Non-controlling interests	<b>18</b>	(8,283,560)	(7,849,149)
<b>Earnings per share</b>			
Basic earnings per share	<b>16</b>	0.047	0.007
Diluted earnings per share	<b>16</b>	0.047	0.007
<b>Other comprehensive income items that will not be reclassified to profit or loss</b>			
Revaluation of land and buildings		-	-
Deferred tax on other comprehensive income components		-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>Total other comprehensive income attributable to:</b>			
Owners of the Group		-	-
Non-controlling interests		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>16,752,427</b>	<b>(4,164,857)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Group		25,035,987	3,684,292
Non-controlling interests	<b>18</b>	(8,283,560)	(7,849,149)

**Mihail Marcu,**  
CEO

**Alina Irinoiu,**  
CFO

**MED LIFE GROUP**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
*(all amounts are expressed in RON, unless otherwise specified)*



		<b>12 months ended December 31,</b>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Profit before tax</b>	<b>26</b>	<b>39,069,130</b>	<b>4,299,484</b>
<b>Adjustments for</b>			
Depreciation, amortization and impairment of fixed assets	<b>5,13</b>	254,592,721	197,390,915
Provisions for liabilities and charges		4,727,712	838,338
Interest revenue	<b>24</b>	(2,175,920)	(3,423,077)
Interest expense	<b>24</b>	102,630,990	82,170,695
Allowance for expected credit losses and receivables written-off	<b>7</b>	6,475,319	2,688,649
Financial Discounts		-	2,850
Unrealized exchange loss	<b>24</b>	(812,323)	9,692,103
Other income	<b>24</b>	(441,497)	(1,221,841)
<b>Operating cash flow before working capital changes</b>		<b>404,066,132</b>	<b>292,438,116</b>
(Increase) in accounts receivable		(81,969,328)	(61,538,538)
(Increase) in inventories		(36,397,101)	(5,962,324)
(Increase) /Decrease in prepayments		(5,484,731)	855,343
Increase in accounts payable		109,393,774	30,126,281
<b>Cash generated from working capital changes</b>		<b>(14,457,386)</b>	<b>(36,519,238)</b>
<b>Cash generated from operations</b>		<b>389,608,746</b>	<b>255,918,878</b>
Interest Paid	<b>14</b>	(83,880,922)	(61,662,770)
Interest received		2,175,920	3,423,077
Income Tax Paid	<b>26</b>	(22,280,461)	(14,171,759)
<b>Net cash from operating activities</b>		<b>285,623,283</b>	<b>183,507,426</b>
Acquisition of subsidiary net of cash acquired and advances for acquisition of subsidiaries	<b>4,27</b>	(51,506,359)	(66,544,664)
Purchase of intangible assets	<b>5</b>	(19,278,373)	(18,639,571)
Purchase of property, plant and equipment	<b>5</b>	(236,736,304)	(201,317,379)
<b>Net cash used in investing activities</b>		<b>(307,521,036)</b>	<b>(286,501,614)</b>
Proceeds from loans	<b>14</b>	221,540,083	284,583,155
Payment of loans	<b>14</b>	(86,221,158)	(77,658,667)
Payment of principal portion of lease liabilities	<b>14</b>	(97,366,474)	(83,856,889)
Dividends paid to NCI	<b>18</b>	(2,066,916)	(1,397,470)
Payments for purchase of treasury shares		(1,078,836)	(488,718)
Additional participation interest acquired	<b>4,27</b>	(371,815)	(6,984,284)
<b>Net cash from financing activities</b>		<b>34,434,884</b>	<b>114,197,127</b>
<b>Net change in cash and cash equivalents</b>		<b>12,537,131</b>	<b>11,202,939</b>
Cash and cash equivalents beginning of the period		100,271,093	89,068,154
<b>Cash and cash equivalents end of the period</b>		<b>112,808,224</b>	<b>100,271,093</b>

  
**Mihail Marcu,**  
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**Alina Irinoiu,**  
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**MED LIFE GROUP**



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024**  
(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
<b>Balance as at December 31, 2023</b>	<b>132,870,492</b>	<b>(681,892)</b>	<b>(308,155)</b>	<b>63,063,167</b>	<b>149,497,049</b>	<b>70,850,636</b>	<b>415,291,298</b>	<b>78,900,725</b>	<b>494,192,023</b>
Profit of the year	-	-	-	-	-	25,035,987	25,035,987	(8,283,560)	16,752,427
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,035,987</b>	<b>25,035,987</b>	<b>(8,283,560)</b>	<b>16,752,427</b>
Recognition of other reserves for fiscal purposes (legal reserves) (Note 17)	-	-	-	751,581	-	(751,581)	-	-	-
Recognition of other reserves (Note 17)	-	-	-	18,918,860	-	(18,918,860)	-	-	-
Additional non-controlling interest arising as of result of business combinations (Note 18)	-	-	-	-	-	-	-	3,065,788	3,065,788
Subsequent acquisition of NCI (Note 18)	-	-	-	-	-	(6,622,675)	(6,622,675)	197,920	(6,424,755)
Distribution of dividends (Note 15)	-	-	-	-	-	-	-	(1,861,916)	(1,861,916)
Increase from own shares acquisition (Note 15)	-	(1,078,836)	-	-	-	-	(1,078,836)	-	(1,078,836)
<b>Balance as at December 31, 2024</b>	<b>132,870,492</b>	<b>(1,760,728)</b>	<b>(308,155)</b>	<b>82,733,608</b>	<b>149,497,049</b>	<b>69,593,507</b>	<b>432,625,774</b>	<b>72,018,957</b>	<b>504,644,731</b>

Please refer to Note 17 Reserves for explained movement during 2024 and Note 18 for transactions during 2024 with Non-controlling interest.

**Mihail Marcu,**

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**Alina Irinoiu,**

CFO

**MED LIFE GROUP**



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024**  
(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
<b>Balance as at December 31, 2022</b>	<b>33,217,623</b>	<b>(3,219,219)</b>	<b>50,594,933</b>	<b>55,094,194</b>	<b>149,497,049</b>	<b>131,596,254</b>	<b>416,780,834</b>	<b>65,257,411</b>	<b>482,038,245</b>
Profit of the year	-	-	-	-	-	3,684,292	3,684,292	(7,849,149)	(4,164,857)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,684,292</b>	<b>3,684,292</b>	<b>(7,849,149)</b>	<b>(4,164,857)</b>
Recognition of other reserves for fiscal purposes (legal reserves)	-	-	-	821,321	-	(821,321)	-	-	-
Recognition of other reserves	-	-	-	7,147,652	-	(7,147,652)	-	-	-
Increase in share capital through incorporation of reserves	99,652,869	-	(50,594,933)	-	-	(49,057,937)	-	-	-
Additional non-controlling interest arising as of result of business combinations	-	-	-	-	-	-	-	27,511,565	27,511,565
Subsequent acquisition of NCI	-	-	-	-	-	(7,403,000)	(7,403,000)	(4,118,681)	(11,521,681)
Distribution of dividends	-	-	-	-	-	-	-	(1,900,421)	(1,900,421)
Increase from own shares acquisition	-	(488,718)	-	-	-	-	(488,718)	-	(488,718)
Net release of own shares used for acquiring additional NCI	-	3,026,045	-	-	-	-	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	-	-	(308,155)	-	-	-	(308,155)	-	(308,155)
<b>Balance as at December 31, 2023</b>	<b>132,870,492</b>	<b>(681,892)</b>	<b>(308,155)</b>	<b>63,063,167</b>	<b>149,497,049</b>	<b>70,850,636</b>	<b>415,291,298</b>	<b>78,900,725</b>	<b>494,192,023</b>

**Mihail Marcu,**  
CEO

**Alina Irinoliu,**  
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, 74 clinics, 17 hospitals, 3 maternities and 1 Stem cells bank, 42 laboratories, 20 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 13.7248% of its share capital;
2. Mr. Nicolae Marcu, considering his quality of shareholder of the Company, which holds a percentage of 10.2791% 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, it was 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, 2024 and December 31, 2023 are as follows (ownership percentage):



**MED LIFE GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
*(all amounts are expressed in RON, unless otherwise specified)*



No.	Entity	Main activity	Location	31 December 2024	31 December 2023
1	Polidinica 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	50%	50%
4	Polidinica de Diagnostic Rapid Medis SRL (indirect)*	Medical Services	Sfantu Gheorghe, Romania	66%	66%
5	Bahtco Invest SRL**	Development of building projects	Bucharest, Romania	100%	100%
6	Med Life Occupational 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	merged under Genesys Medical Clinic SRL	83%
10	Genesys Medical Clinic SRL (indirect)*	Medical Services	Arad, Romania	83%	83%
11	Bactro SRL (indirect)*	Medical Services	Deva, Romania	merged under Genesys Medical Clinic SRL	83%
12	Transilvania Imagistica SA (indirect)*	Medical Services	Oradea, Romania	merged under Genesys Medical Clinic SRL	83%
13	Biofarm Farmec SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Arad, Romania	merged under Pharmalife-Med SRL	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%	92%
19	Diamed Center SRL	Medical Services	Bucharest, Romania	merged under Anima Specialty Medical Services SRL	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%	65%
23	Green Dental Clinic SRL (indirect)*	Dental healthcare	Bucharest, Romania	33%	33%
24	Dentist 4 Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	merged under Dent Estet Clinic SA	65%
25	Dent A Porter SRL (indirect)*	Dental healthcare	Bucharest, Romania	34%	34%
26	Dentestet Kids SRL (indirect)*	Dental healthcare	Bucharest, Romania	34%	34%
27	Aspen Laborator Dentar SRL (indirect)*	Dental healthcare	Bucharest, Romania	49%	49%
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%

**MED LIFE GROUP**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
*(all amounts are expressed in RON, unless otherwise specified)*



No.	Entity	Main activity	Location	31 December 2024	31 December 2023
36	Ghencea Medical Center SA	Medical Services	Bucharest, Romania	merged under Anima Specialty Medical Services SRL	100%
37	Sfatul medicului SRL	Medical Platform	Bucharest, Romania	100%	100%
38	RMC Dentart (indirect)*	Dental healthcare	Budapesta, Hungary	89%	88%
39	RMC Medical (indirect)*	Medical Services	Budapesta, Hungary	89%	88%
40	RMC Medlife	Holding	Budapesta, Hungary	89%	88%
41	Badea Medical SRL	Medical Services	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SRL**	Medical Services	Bucharest, Romania	100%	100%
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	merged under Anima Specialty Medical Services SRL	100%
50	Centrul Medical Matei Basarab SRL (indirect)*	Medical Services	Bucharest, Romania	merged under Anima Specialty Medical Services SRL	100%
51	Pharmachem Distributie SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	75%	75%
52	CED Pharma SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	merged under Pharmalife-Med SRL	100%
53	Leti Pharm 2000 SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	merged under Pharmalife-Med SRL	100%
54	Monix Pharm SRL (indirect)*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	merged under Pharmalife-Med SRL	100%
55	KronDent SRL (indirect)*	Dental healthcare	Brasov, Romania	39%	39%
56	Medica SA	Medical Services	Sibiu, Romania	60%	60%
57	Dent Estet Ploiesti SRL (indirect)*	Dental healthcare	Ploiesti, Romania	33%	33%
58	The Lab Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	merged under Stomestet SRL	39%
59	Stomestet SRL (indirect)*	Dental healthcare	Cluj, Romania	60%	39%
60	Stomestet Plus SRL (indirect)*	Dental healthcare	Cluj, Romania	merged under Stomestet SRL	39%
61	Costea Digital Dental SRL (indirect)*	Dental healthcare	Oradea, Romania	38%	38%
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	merged under Anima Specialty Medical Services SRL	100%
66	Pro Life Clinics SRL (indirect)*	Medical Services	Iasi, Romania	78%	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%	66%
70	IT Repair SRL (indirect)*	Medical Services	Targu Mures, Romania	50%	50%

No.	Entity	Main activity	Location	31 December 2024	31 December 2023
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	50%	50%
75	Alinora Optimex SRL (indirect)*	Medical Services	Brasov, Romania	50%	50%
76	Medicris SRL (indirect)*	Medical Services	Oradea, Romania	merged under Genesys Medical Clinic SRL	83%
77	Triamed SRL (indirect)*	Medical Services	Oradea, Romania	merged under Genesys Medical Clinic SRL	83%
78	SC M-Profilaxis SRL (indirect)*	Medical Services	Timisoara, Romania	100%	80%
79	VitaCare Flav SRL (indirect)*	Medical Services	Pitesti, Romania	51%	51%
80	Dent Estet Genesys SRL (indirect)*	Medical Services	Arad, Romania	74%	74%
81	Aspire Dental SRL (indirect)*	Dental healthcare	Bucharest, Romania	65%	65%
82	Sanopass SA	Medical Platform	Targoviste, Romania	100%	63%
83	Muntenia Medical Competences S.A. (indirect)*	Medical Services	Pitesti, Romania	51%	51%
84	Bios Diagnostic Medical Services SRL (indirect)*	Medical Services	Bucharest, Romania	51%	51%
85	Centrul de Diagnostic si Tratament Provita S.A.	Medical Services	Bucharest, Romania	51%	51%
86	Medical City Blue SRL (indirect)*	Medical Services	Bucharest, Romania	51%	51%
87	Laborator Cuza Voda SRL (indirect)*	Medical Services	Bucharest, Romania	51%	51%
88	Provita Pain Clinic SA (indirect)*	Medical Services	Suceava, Romania	36%	36%
89	Policlinica Sf. Ilie SRL (indirect)*	Medical Services	Craiova, Romania	merged under Anima Specialty Medical Services SRL	100%
90	Policlinica Union SRL (indirect)*	Medical Services	Cluj, Romania	51%	51%
91	Brol Medical Center S.A. (indirect)*	Medical Services	Timisoara, Romania	56%	56%
92	Provita 2000 SRL (indirect)	Medical Services	Constanta, Romania	100%	0%
93	Nord Management Solutions SRL (indirect)	Development of building projects	Bucharest, Romania	51%	51%
94	Med Varix SRL (indirect)*	Medical Services	Timisoara, Romania	56%	0%
95	Personal Genetics SRL	Medical Services	Bucharest, Romania	100%	0%
96	Nord Soma SA (indirect)	Medical Services	Bucharest, Romania	51%	0%
97	Super Age by Nord SA (indirect)	Medical Services	Bucharest, Romania	51%	0%
98	VP-MED Kereskedelmi es Szolgaltato Korlatolt Felelossegu Tarsasag	Medical Services	Budapest, Hungary	100%	0%
99	Centrul Medical Antares SRL	Medical Services	Piatra Neamt, Romania	100%	0%
100	Euromedica Hospital SA	Medical Services	Baia Mare, Romania	80.33%	0%
101	Euromedica Administrator SA	Holding	Baia Mare, Romania	80.33%	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.

\*\*\*\* Starting April 9<sup>th</sup> 2024, The Lab Stomestet SRL and Stomestet Plus SRL merged under Stomestet SRL.

\*\*\*\*\*Starting December 2024 Medicris S.R.L. was absorbed by Genesys Medica Clinic S.R.L and Dentist 4Kids S.R.L. was absorbed by Dent Estet Clinic S.A.

## 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 2024:

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)
- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)
- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)

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

- **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. 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 does 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.

- **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.

Management have taken into account the IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments) when preparing the financial statements of current year. The amendments do not have a material impact on preparation of the Statement of Cash Flows.

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

- **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.



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

- **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.

- **IFRS 18 Presentation and Disclosures in Financial Statements**

The amendment is effective as of 1 January 2027 and is issued by IASB on 9 April 2024 will replace IAS 1 Presentation of Financial Statements. Standard introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies. The main changes in the new standard compared with IAS 1 comprise: (a) The introduction of categories (operating, investing, financing, income tax and discontinued operations) and defined subtotals in the statement of profit or loss; (b) the introduction of requirements to improve aggregation and disaggregation; (c) The introduction of disclosures on Management-defined Performance Measures (MPMs) in the notes to the financial statements.

The amendments have not yet been endorsed by the European Union, however the Group is currently assessing the potential impact of the adoption of these new standards and amendments to the existing standards on the financial statements of the Group in the period of initial application.

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

The standard is issued by IASB on 9 May 2024 and is effective starting 1 January 2027. Standard permits a subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

The standard has 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.

- **Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments**

The amendment is effective as of 1 January 2026 and is issued by IASB on 30 May 2024. Amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features. Amendments also clarify the date on which a financial asset or financial liability is derecognised and introduce additional disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features.

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.

- **Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity**

The amendment is effective as of 1 January 2026 and is issued by IASB on 18 December 2024. The own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent. The hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met and to measure the hedged item using the same volume assumptions as those used for the hedging instrument. Amendments to IFRS 7 and IFRS 19 to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

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.

- **IFRS 14 – Regulatory Deferral Accounts**

The standard is effective as of 1 January 2016 and was issued by the IASB on 30 January 2014. IFRS 14 permits first-time adopters of IFRS to continue recognizing regulatory deferral account balances in accordance with their

previous GAAP upon transition to IFRS. However, it requires these balances to be presented separately in the financial statements and prohibits recognizing new regulatory deferral account balances after the transition date. The standard does not apply to entities that have already adopted IFRS. It includes disclosure requirements to enhance transparency regarding the nature and financial effects of regulatory deferral accounts. IFRS 14 has not been endorsed by the European Union, and the Group does not expect its adoption to have any impact on the financial statements, as the Group is not a first-time adopter of IFRS.

### 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 of the Group have been prepared in accordance with the provisions of Order No. 2844/2016 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to commercial companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications ("OMFP 2844/2016").

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 2023, except for the adoption of new standards effective as of January 1<sup>st</sup> 2024.

The financial year corresponds to the calendar year.

Other aspects – format according to the requirements of the European Securities and Markets Authority ("ESMA")  
Due to the technical limitations of the software used for the presentation of the consolidated financial statements in the single European electronic format ("ESEF"), the tables included in the notes to the consolidated financial statements are displayed in a linear, logical and easy to understand manner.

#### 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 2025 across all revenue streams has been in line with the modelled scenarios.

The increase in net current liabilities (defined as current liabilities minus current assets), from RON 166,165,422 to RON 317,318,891 is situational, indicative of the Group's strategy to leverage short-term funding for growth opportunities or strategic investments, which is typical in periods of expansion. The Group had two significant organic projects started in the past two years (Hospitals in Bucharest and Timisoara), and even though they are in different stages of maturity, are already starting to yield tangible benefits. The Group maintains robust cash flow management practices, ensuring liquidity to meet its short-term obligations. Furthermore, the expected evolution of the Group remains favorable, as the increase in liabilities is well-supported by strong operational performance, efficient working capital management and a healthy pipeline of revenue-generating activities. Based on current financial projections and market conditions, along with the cash-flow projections, there are no indications of solvency issues or risks to the Group's ability to continue as a going concern. Therefore, the financial outlook remains positive, and the Group is well-positioned to meet its obligations without encountering any difficulties.

As a result of the recent signing on 25 March 2025 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies.

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 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.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. These interests of noncontrolling shareholders are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree'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.

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 definite or 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.

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.

This assessment is made based on the way management continues to generate benefits from these assets and an important trigger for a change from indefinite to definite useful life includes the large number of business acquisitions, specific to Medlife Group in the recent years, followed by the most recent merger projects between subsidiaries, which indicated that trademarks allocated to a specific GCGU or CGU will most likely generate net cash flows for a limited period of time. Starting with 2024, the Group decided to allocate a definite useful life for trademarks, which initially had an indefinite useful life.

#### **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 determines the fair value of the classes of assets and liabilities resulted from business combination, based on the reports prepared by an independent certified evaluator. 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) or Group of CGUs (GCGUs)**

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

Starting with 2024, there are 6 GCGUs included in the valuation process, as the design and management of the Group's operations is no longer determined based on the legal structure of the group, instead being influenced by the operational structure and the way in which management monitors its investment efforts and expected financial results.

Management considers that this change related to the number of existing GCGUs is more appropriate, taking into account the changes in Group's operations, with different utilisation of assets in undertaking the activities. Triggers for the change in which Goodwill is monitored at Group level include: the recent business combinations, specific to Group Medlife in the recent years, with merger projects implemented during 2024 and entry to or exit from new markets or regions, also specific to Group Medlife in the recent years. The Group's strategy looks forward 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. Management considers that **the network approach by country is more relevant and aligned** with the current Group's strategy, which aims to continue its expansion in Central Europe, and that will create consistency in identification of GCGUs as the Group will penetrate other EU countries in the near future.

#### **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 new centers was drafted and approved. Reinvestment of profit, 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 2024, 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 2024 does not materially differ from the fair value for both Land and Buildings. Part of the items related to Land and Buildings are included in the group cash-generating units established for the Group and annually tested for impairment as part of the goodwill impairment testing.

#### **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 sixth 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 and GCGUs 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 definite or indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs or GCGUs, 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.

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, adjusted to the average for 2025-2026 period in terms of GDP growth. 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 5.3. for more details.

#### **Provision for litigation**

Provisions for litigation are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) arising from past events, and a reliable estimate can be made of the obligation.

Management assesses ongoing litigation cases based on the information available at the reporting date, including legal advice and historical outcomes. The provision for litigation is estimated by evaluating the likelihood of unfavorable outcomes and the associated financial impact. Due to the inherent uncertainty in litigation, actual outcomes may differ from the estimates made, potentially resulting in adjustments to the provision in future reporting periods. Please see note 12 for further details.



### 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 2024 were RON 4.9741 for EUR 1 (31 December 2023: RON 4.9746 for EUR 1), respectively RON 1.2106 for HUF 100 (31 December 2023: RON 1.2995 for 100 HUF).

The average exchange rates for the period of 12 months 2024 were RON 4.9746 for EUR 1 (12 months 2023: RON 4.9465 for EUR 1), respectively RON 1.2586 for HUF 100 (12 months 2023: RON 1.2960 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 valuers certified by ANEVAR, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The following steps were taken to estimate the fair 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:

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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, customer lists and customers advantages with finite useful lives acquired as part of business combinations that are further presented under Note 5.2, which are also amortised on a straight-line basis.

The Group allocated the following useful lives for:

	<u>Years</u>
Customer lists	10 years
Contract advantages	5 years
Trademarks	indefinite (in the prior years) or definite useful life of 3 to 5 years
Other intangibles	average period of 3 years

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 or group cash-generating units) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit or group cash-generating units) 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 amortized an cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash held at banks mainly with maturities of three months or less. For deposits at banks held with a maturity higher than three 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 3.19 Revenue from contracts with customers recognition.

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

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

- the financial asset is held using a business model that aims to hold financial assets to collect contractual cash flows;
- and the contractual terms of the financial asset give rise 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.

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.

Under IFRS 9 default is defined as a situation in which a financial asset is deemed to be in default, typically indicating that the borrower has failed to meet their contractual obligations. The Group considers a fully impairment adjustment for financial assets overdue more than 5 years, where no collection actions are no longer performed.

### **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.

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. It can also be recognized as other comprehensive income if the underlying transaction or event is recognized in OCI.

**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 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.

**3.18 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.

**3.19 Revaluation reserve and legal reserve**

**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.

**Legal reserve**

In accordance with Romanian regulations, the legal reserve represents a statutory reserve required to be set aside from a company's level result before taxes. The legal reserve is established to cover potential future liabilities and to strengthen the financial position of a company.

The legal reserve is calculated as a specified percentage of result before taxes, typically 5%, until the reserve reaches 20% of a company's share capital. The legal reserve can only be used to cover losses incurred by the company or to increase share capital, subject to the approval of the company's shareholders. It cannot be distributed as dividends or used for any other purpose unless specified in the national regulations.

For the purposes of consolidated financial statements, the legal reserve is preserved from each subsidiary and it is presented within equity in the statement of financial position, separately from retained earnings. Any changes to the legal reserve are disclosed in the statement of changes in equity, along with an explanation of the nature and reason for the change.

**3.20 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.

### **3.21 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 represent a wide range of services which comprise medical services, accommodation, meals, use of equipment, pharmacy stock and nursing services, with multiple performance obligations being provided.

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

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

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

### Pharmacies

This business line is 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, 2024, there were 20 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-ups 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, on a stand-ready approach. On a contractual basis, the Group has a stand-ready obligation to corporate clients to provide healthcare services on demand and the customer benefits evenly throughout the contract period. As a result, the Group uses a straight-line measure of progress over the period during which the customer has the right to such services.

### 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". Management has assessed and concluded that there is no financing component for these contracts, based on the fact that the storage of the cells is equally important as the cells itself for the patients and the deferred payment may serve as a guarantee that the Group will be ready to provide the storage service until the end of the contracts. Another reason is that the difference between the promised consideration and the cash selling price is aimed to cover for the higher administration costs incurred with such contracts and does not take into account the changing value of money in time.

The difference between the promised consideration and the cash selling price is a business strategy to account for the costs of managing more complex transactions. This difference is mainly to recover the administrative costs incurred on the time lifespan of the contract.

Therefore, for payments due in more than one year, no adjustment was made for the time value of money.

#### **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. The majority of contracts are under one year. In case of processing and storage contracts for stem cells, for which payments are due over several years, management has concluded that there is no financing component within these contracts – please refer to paragraphs discussed at Presence of a financing component.

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.

### **3.22 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.



### 3.23 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 and Note 4.

### 3.24 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.

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 business lines are aggregated to one reporting segment, being the provision of healthcare services, since they exhibit similar economic characteristics: clinics, stomatology, hospitals, laboratories and corporate, including 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, wellness services), which are further included in the business line named "pharmacies" or "other" (in the case of distribution of medicine, 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.

### **3.25 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 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:

	<u>Years</u>
Buildings	6 – 10 years
Medical equipment	3 – 4 years
Vehicles	3 – 5 years

### 3.26 Basic and Diluted 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.

Diluted earnings per share takes into account the potential dilutive effects of share based payment schemes that could potentially be converted into ordinary shares. The Group has no share-based payments.

## 4. GOODWILL

The Group records goodwill resulting from business combinations. Please see below the goodwill recorded as of December 31, 2024 and December 31, 2023 (carrying amount):

Group Cash Generating Units (CGUs)	<u>31 December 2024</u>	<u>31 December 2023</u>
Romanian Healthcare Network	420,706,431	385,159,388
Hungarian Healthcare Network	19,544,433	8,452,114
Romanian Pharmacy Network	16,912,523	16,912,523
Generale Medicine Wholesale Distribution	10,763,546	10,763,546
Wellness	22,604,609	22,604,609
Online Platform	1,503,438	1,503,438
<b>TOTAL</b>	<u><b>492,034,979</b></u>	<u><b>445,395,617</b></u>

## Movement in Goodwill

	31 December 2024	31 December 2023
Balance at the beginning of the year	445,395,617	368,672,606
Goodwill recognized during the year	46,639,362	76,723,011
<b>TOTAL</b>	<b>492,034,979</b>	<b>445,395,617</b>

During the year ended December 31, 2024, the Group obtained control over various companies and recorded an additional goodwill of RON 46,639,362 (December 31, 2023: RON 76,723,011). For further details on business combinations acquired during the year ended December 31, 2024 and the year ended December 31, 2023, please see Note 27. Accumulated impairment over Goodwill amounts to RON 313,506 as of 31 December 2024 (RON 313,506 as of 31 December 2023).

For the purpose of impairment testing, goodwill is allocated to the Group of Cash generating units (GCGU) which is expected to benefit from the synergies of the business combination. Management conducts impairment tests on an annual basis or whenever there is an indication of impairment to assess the recoverability of the carrying value of goodwill, at each individual level of the GCGU. Assets with indefinite useful life within a GCGU or CGU then the entire GCGU or CGU needs to be assessed, as part of the impairment testing model. No impaired goodwill was identified in this context.

Starting with 2024, there are 6 GCGUs included in the valuation process, as the design and management of the Group's operations is no longer determined based on the legal structure of the group, instead being influenced by the operational structure and the way in which management monitors its investment efforts and expected financial results.

The **network approach by country is more relevant and aligned** with the current Group's strategy, which aims to continue its expansion in Central Europe, and that will create consistency in identification of GCGUs as the Group will penetrate other EU countries in the near future.

The recoverable amount is based on fair value less cost of disposal (FVLCD) of the underlying assets of the GCGU.

The discounted future Cash flows of the GCGUs, using the DCF (discounted cash-flow) method, are determined on the basis of the approved business plans for 2025 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 GCGUs 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
- The discount rates applied to the projected future cash flows – please see below a summary on the key sensitive metrics used in the discounted cash-flow model, for both years:

GCGU / CGU	Discount rate used in 2024	Discount rate used in 2023
Romanian Healthcare Network	11.6%	8.7% to 15.8%
Hungarian Healthcare Network	13.4%	10.0%
Online Platform	24.0%	18.9%
Generale Medicine Wholesale Distribution	10.6%	8.9%
Romanian Pharmacy Network	8.6%	9.0%
Wellness	12.2%	15.3% to 15.5%

GCGU / CGU	Sales annual growth (for current projections)	Sales annual growth (for prior year projections)
Romanian Healthcare Network	blended average rate 11%	between average rate of 4% to 36%
Hungarian Healthcare Network	blended average rate 12%	blended average rate 12%
Online Platform	blended average rate 20%	average rate 19%
Generale Medicine Wholesale Distribution	blended average rate 10%	average rate 9%
Romanian Pharmacy Network	blended average rate 8%	average rate 10%
Wellness	blended average rate 46%	between average rate of 21% to 31%

GCGU / CGU	Long-term growth rate used in 2024	Long-term growth rate used in 2023
Applicable for all	2.5%	2.5%



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 GCGU 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 GCGU. 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 GCGUs 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 GCGU's size. On average, depending on the particularities of each CGU, the discount rate varies between 8.6% and 24%, depending on the specific risks associated with each GCGU.

Estimates of future cash flow management are based on the most recent 6-year forecasts (2025-2030).

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 GCGUs 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. At an aggregated level for all 6 GCGUs under analysis, the recoverable amount is RON 5.3 bn, while the net book value is RON 2 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 the online platform cash generating unit, an increase in WACC of 2 percent would give rise to a reduction in the Group-wide surplus with 20%, namely a decrease from RON 5.3 bn to RON 4.3 bn in the recoverable amount compared to a net book value of RON 2 bn.

Except for the online platform cash generating unit, a decrease in the operating margin of 20 percent would give rise to a reduction in the Group-wide surplus with 27%, namely a decrease from RON 5.3 bn to RON 3.9 bn in the recoverable amount compared to a net book value of RON 2 bn.

Except for the online platform cash generating unit, a decrease with 1 percentage point in the perpetual growth rate would give rise to a reduction in the Group-wide surplus with 7%, namely a decrease from RON 5.3 bn to RON 4.9 bn in the recoverable amount compared to a net book value of RON 2 bn.

For the online platform cash generating unit, an increase in WACC of 2 percent would give rise to a goodwill impairment of 0.3 mil RON, a decrease in the operating margin of 20 percent would give rise to a goodwill impairment of 0.9 mil RON and a decrease of 1 percentage point in the perpetual growth rate would not give rise to a goodwill impairment.

There is no reasonable scenario in which a change in the key assumptions above will potentially drive the recoverable amount to equal the carrying amount of the GCGU or CGU as of 31 December 2024, considering the sufficient existing sufficient headroom between them.

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. The associated 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 valuers. There were no changes in the valuation techniques compared to prior year, except for the change in the GCGU considered in testing, for the reasons explained above.

**5. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS****5.1 PROPERTY, PLANT AND EQUIPMENT**

As of December 31, 2024 the Group's property, plant and equipment structure was the following.  
For details regarding additions from business combinations – please see further details in Note 27.

	Land	Buildings	Leasehold improvements	Vehicles and equipment	Construction in progress	Total fixed assets
<b>31 December 2023</b>	<b>120,852,586</b>	<b>297,358,837</b>	<b>200,068,988</b>	<b>886,977,515</b>	<b>125,261,031</b>	<b>1,630,518,957</b>
Additions	-	195,605	2,999,025	192,852,540	108,744,691	304,791,861
Transfers	-	6,361,503	113,065,149	40,353,977	(160,822,522)	(1,041,893)
Disposals	-	-	(9,225)	(7,862,323)	(5,961)	(7,877,509)
Additions from business combinations	2,080,298	-	10,071,771	30,086,727	-	42,238,796
<b>31 December 2024</b>	<b>122,932,884</b>	<b>303,915,945</b>	<b>326,195,708</b>	<b>1,142,408,436</b>	<b>73,177,240</b>	<b>1,968,630,212</b>

	Land	Buildings	Leasehold improvements	Vehicles and equipment	Construction in progress	Total fixed assets
<b>Depreciation</b>						
<b>31 December 2023</b>	<b>-</b>	<b>7,891,882</b>	<b>85,383,505</b>	<b>436,228,456</b>	<b>-</b>	<b>529,503,843</b>
Charge of the year	-	5,258,306	19,973,593	115,152,158	-	140,384,057
Disposals	-	-	-	(5,605,412)	-	(5,605,412)
Reclassifications during the year	-	-	-	-	-	-
Impairment (as a result of merger projects)	-	-	-	377,870	-	377,870
<b>31 December 2024</b>	<b>-</b>	<b>13,150,188</b>	<b>105,357,098</b>	<b>546,153,073</b>	<b>-</b>	<b>664,660,359</b>
<b>Net Book Value</b>						
<b>31 December 2023</b>	<b>120,852,586</b>	<b>289,466,955</b>	<b>114,685,483</b>	<b>450,749,059</b>	<b>125,261,031</b>	<b>1,101,015,114</b>
<b>31 December 2024</b>	<b>122,932,884</b>	<b>290,765,757</b>	<b>220,838,609</b>	<b>596,255,363</b>	<b>73,177,240</b>	<b>1,303,969,853</b>

During the financial year ended 31 December 2024, the Group put into operation intangible assets under construction in the amount of RON 1,041,893 (2023: RON 1,144,614) – please refer to Note 5.2.

As of December 31, 2023 the Group's property, plant and equipment structure was the following:

	Land	Buildings	Leasehold improvements	Vehicles and equipment	Construction in progress	Total fixed assets
<b>31 December 2022</b>	<b>118,558,183</b>	<b>297,358,837</b>	<b>140,603,584</b>	<b>659,366,725</b>	<b>59,949,392</b>	<b>1,275,836,721</b>
Additions	-	-	10,759,331	129,837,499	103,252,841	243,849,672
Transfers	-	-	17,034,835	34,417,288	(52,596,737)	(1,144,614)
Disposals	-	-	(430,409)	(13,171,354)	(10,561,684)	(24,163,447)
Additions from business combinations	2,294,403	-	32,101,647	76,527,357	25,217,219	136,140,626
<b>31 December 2023</b>	<b>120,852,586</b>	<b>297,358,837</b>	<b>200,068,988</b>	<b>886,977,515</b>	<b>125,261,031</b>	<b>1,630,518,958</b>
<b>Depreciation</b>						
<b>31 December 2022</b>	<b>-</b>	<b>(0)</b>	<b>73,773,177</b>	<b>373,562,484</b>	<b>-</b>	<b>447,335,661</b>
Charge of the year	-	7,891,882	11,907,689	77,576,266	-	97,375,836
Disposals	-	-	(297,360)	(14,910,294)	-	(15,207,654)
<b>31 December 2023</b>	<b>-</b>	<b>7,891,882</b>	<b>85,383,505</b>	<b>436,228,456</b>	<b>-</b>	<b>529,503,844</b>
<b>Net Book Value</b>						
<b>31 December 2022</b>	<b>118,558,183</b>	<b>297,358,837</b>	<b>66,830,407</b>	<b>285,804,241</b>	<b>59,949,392</b>	<b>828,501,060</b>
<b>31 December 2023</b>	<b>120,852,586</b>	<b>289,466,955</b>	<b>114,685,483</b>	<b>450,749,059</b>	<b>125,261,031</b>	<b>1,101,015,115</b>

### 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.

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 with revaluation	31 December 2024	31 December 2023
Land	64,745,957	62,665,659
Buildings	163,990,029	166,743,002
<b>TOTAL</b>	<b>228,735,986</b>	<b>229,408,661</b>

During 2024, 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 group 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

As of December 31, 2024 the Group's intangible assets' structure was the following:

	<i>Customer List</i>	<i>Contract Advantages</i>	<i>Trademarks</i>	<i>Other intangibles</i>	<i>Total</i>
<b>1 January 2024</b>	<b>17,697,120</b>	<b>21,466,035</b>	<b>58,127,347</b>	<b>124,892,279</b>	<b>222,182,781</b>
Additions	-	-	-	19,418,608	19,418,608
Transfers	-	-	-	1,041,893	1,041,893
Disposals	-	-	-	(296,637)	(296,637)
Additions from business combinations	-	-	4,274,000	284,686	4,558,686
<b>31 December 2024</b>	<b>17,697,120</b>	<b>21,466,035</b>	<b>62,401,347</b>	<b>145,340,829</b>	<b>246,905,331</b>

	<i>Customer List</i>	<i>Contract Advantages</i>	<i>Trademarks</i>	<i>Other intangibles</i>	<i>Total</i>
<b>Depreciation</b>					
<b>1 January 2024</b>	<b>6,028,162</b>	<b>6,388,566</b>	<b>2,643,753</b>	<b>88,216,288</b>	<b>103,276,769</b>
Charge of the year	1,463,878	3,054,832	3,785,861	14,136,223	22,440,793
Disposals	-	-	-	(58,051)	(58,051)
Impairment (as a result of merger projects)	-	-	271,000	-	271,000
<b>31 December 2024</b>	<b>7,492,040</b>	<b>9,443,398</b>	<b>6,700,614</b>	<b>102,294,460</b>	<b>125,930,511</b>
<b>Net Book Value</b>					
<b>1 January 2024</b>	<b>11,668,958</b>	<b>15,077,469</b>	<b>55,483,594</b>	<b>36,675,991</b>	<b>118,906,012</b>
<b>31 December 2024</b>	<b>10,205,080</b>	<b>12,022,637</b>	<b>55,700,733</b>	<b>43,046,369</b>	<b>120,974,820</b>



As of December 31, 2023 the Group's intangible assets' structure was the following:

	<b>Customer List</b>	<b>Contract Advantages</b>	<b>Trademarks</b>	<b>Other intangibles</b>	<b>Total</b>
<b>1 January 2023</b>	<b>17,697,120</b>	<b>16,266,035</b>	<b>42,497,347</b>	<b>108,864,531</b>	<b>185,325,033</b>
Additions	-	-	-	18,639,571	18,639,571
Transfers	-	-	-	1,144,614	1,144,614
Disposals	-	-	-	(4,239,996)	(4,239,996)
Additions from business combinations	-	5,200,000	15,630,000	483,560	21,313,560
<b>31 December 2023</b>	<b>17,697,120</b>	<b>21,466,035</b>	<b>58,127,347</b>	<b>124,892,279</b>	<b>222,182,781</b>

	<b>Customer List</b>	<b>Contract Advantages</b>	<b>Trademarks</b>	<b>Other intangibles</b>	<b>Total</b>
<b>Depreciation</b>					
<b>1 January 2023</b>	<b>4,564,284</b>	<b>3,333,734</b>	<b>-</b>	<b>77,234,750</b>	<b>85,132,768</b>
Charge of the year	1,463,878	3,054,832	-	12,268,957	16,787,666
Disposals	-	-	-	(1,287,418)	(1,287,418)
Impairment (as a result of merger projects)	-	-	2,643,753	-	2,643,753
<b>31 December 2023</b>	<b>6,028,162</b>	<b>6,388,566</b>	<b>2,643,753</b>	<b>88,216,288</b>	<b>103,276,769</b>

#### Net Book Value

<b>1 January 2023</b>	<b>13,132,836</b>	<b>12,932,301</b>	<b>42,497,347</b>	<b>31,629,781</b>	<b>100,192,265</b>
<b>31 December 2023</b>	<b>11,668,958</b>	<b>15,077,469</b>	<b>55,483,594</b>	<b>36,675,991</b>	<b>118,906,012</b>

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 refer to Customer lists, Contract advantages and Trademarks.

#### Trademarks

At initial recognition, trademarks resulted from business combinations, used to identify and distinguish the medical services had an indefinite useful life.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the group cash-generating unit level.

Therefore, starting with 01 January 2024, the Group has decided to allocate a definite useful life for trademarks, which pertain to a specific GCGU or CGU. An important trigger for this change includes the large number of business acquisitions, specific to Medlife Group in the recent years, followed by the most recent merger projects between subsidiaries, implemented during 2023 and 2024. As a result, the legal changes indicated that trademarks that are allocated to a specific GCGU or CGU, are more probable to generate net cash flows for a limited period of time, in accordance with the management's current strategy and expectations over the brand's use, as the medical activity will be associated and integrated over time under the Group's name.

Therefore, the trademarks are now being amortized over a 3 to 20-year period, on a straight-line basis, starting from January 1, 2024 and are no longer annually tested for impairment.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

As a result of the recently merger projects on Anima Specialty Medical Services SRL, Genesys Medical Clinic SRL and Pharmalife-Med SRL started in 2023 and merger projects on Dent Estet Clinic SA and Genesys Medical Clinic SRL during 2024, the Group considers that some of the trademarks will no longer be in use. Therefore, as of 31 December 2024, the Group recognised an impairment for these trademarks covering their entire value, in the amount of RON 271,000 (31 December 2023: RON 2,643,753).

### **Customer lists and contracts advantages**

The Group allocates a definite useful life for both customer lists and contract advantages. Please see note 3.9.

Both recognised Customer lists and Contract advantages arise only upon business combination. Customer lists refer to rights and agreements with customers and represent the ongoing customer relationship, while Contract advantages refer to contracts in place with the National Health Insurance House, which embed a guaranteed reimbursement or payment for the healthcare services provided to patients, thus creating a competitive advantage.

These intangibles are amortised on a straight-line basis.

### **Other intangibles**

All the other intangibles are amortised on a straight-line basis, over a period of 3 years and include software licenses, concessions, patents and other intangibles, costs incurred with the website implementation and development of internal IT applications.

During 2024, 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 2,405,580, 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 7,149,484, and it is already included in the other intangible assets on the balance sheet – for further details please see Note 20.

## **5.3. OTHER FINANCIAL ASSETS**

Carrying amount	December 31, 2024	December 31, 2023
Long-term receivables for stem cells processing	58,514,233	44,858,657
Allowance for doubtful long-term receivables	(4,849,262)	(4,110,927)
Other receivables	473,440	194,810
<b>TOTAL</b>	<b>54,138,411</b>	<b>40,942,540</b>

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.

## **6. INVENTORIES**

	December 31, 2024	December 31, 2023
Consumables	97,599,117	60,386,702
Materials in the form of inventory items	2,030,709	1,267,448
Merchandise	49,168,392	48,002,728
Inventory in transit	0	619
<b>TOTAL</b>	<b>148,798,218</b>	<b>109,657,497</b>

During 2024 and 2023 no amount was recognised as an expense for inventories carried at net realisable value.

## **7.1. TRADE RECEIVABLES**

	December 31, 2024	December 31, 2023
Trade receivables	370,686,338	301,363,147
Allowance for expected credit losses on receivables	(46,579,478)	(39,698,737)
<b>TOTAL</b>	<b>324,106,860</b>	<b>261,664,410</b>

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.

<b>December 31, 2024</b>	<b>Individually assessed</b>	<b>Collectively assessed</b>	<b>Total</b>
Trade Receivables	209,261,248	161,425,090	370,686,338
Allowance for expected credit losses on receivables	(10,453,526)	(36,125,952)	(46,579,478)
<b>Total</b>	<b>198,807,722</b>	<b>125,299,138</b>	<b>324,106,860</b>
<b>December 31, 2023</b>	<b>Individually assessed</b>	<b>Collectively assessed</b>	<b>Total</b>
Trade Receivables	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)
<b>Total</b>	<b>144,822,796</b>	<b>116,841,614</b>	<b>261,664,410</b>

Individually assessed items include mainly trade receivables from National Health Insurance House for which due to management's assessment an allowance for expected credit losses of RON 7,365,835 was recognised in the financial statements in the previous years, as a result of court proceedings initiated at that time. As of 31 December 2024 and 31 December 2023, the amounts, both the trade receivables and the 100% allowance are still in closing balance.

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 2025, compared to the average during 2020-2023.

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:

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



<b>December 31, 2024</b>	<b>Current</b>	<b>&lt;30 days</b>	<b>&lt; 90 days</b>	<b>&lt; 180 days</b>	<b>&lt; 365 days</b>	<b>&gt; 365 days</b>	<b>Total</b>
Expected credit loss rate	0.20%	3.67%	6.01%	15.00%	25.78%	56.58%	
Trade Receivables	83,207,376	2,974,098	4,354,775	5,903,151	6,706,248	58,279,442	161,425,090
Allowance for expected credit losses on receivables	(163,411)	(109,288)	(261,880)	(885,288)	(1,728,994)	(32,977,091)	(36,125,952)
<b>TOTAL</b>	<b>83,043,966</b>	<b>2,864,810</b>	<b>4,092,895</b>	<b>5,017,863</b>	<b>4,977,254</b>	<b>25,302,350</b>	<b>125,299,138</b>

<b>December 31, 2023</b>	<b>Current</b>	<b>&lt;30 days</b>	<b>&lt; 90 days</b>	<b>&lt;180 days</b>	<b>&lt;365 days</b>	<b>&gt;365 days</b>	<b>Total</b>
Expected credit loss rate	0.13%	0.61%	2.33%	5.80%	21.87%	68.97%	
Trade Receivables	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)
<b>TOTAL</b>	<b>88,916,603</b>	<b>7,033,576</b>	<b>3,175,375</b>	<b>2,601,913</b>	<b>2,829,542</b>	<b>12,284,605</b>	<b>116,841,614</b>

For Customers in ">365 days" category, the expected credit loss rate of 56.6% represents an average of expected credit loss rates, depending on the aging of the receivables. Expected credit loss rates range from 45.1% for receivables from 2023 gradually increasing to 100%. For all receivables from 2018 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.

A reconciliation of the allowance for expected credit losses is presented as follows:

	<b>2024</b>	<b>2023</b>
<b>As at 1 January</b>	<b>39,698,737</b>	<b>36,943,173</b>
Business combinations	550,452	1,525,217
Recognised in income statement	6,330,289	1,230,347
<b>As at 31 December</b>	<b>46,579,478</b>	<b>39,698,737</b>

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

## 7.2. OTHER ASSETS

	<b>31 december 2024</b>	<b>31 december 2023</b>
Guarantees paid	12,702,011	9,733,862
Advances paid	21,010,358	19,322,089
Other subsidies received	5,211,846	7,922,222
Other sundry debtors	6,061,454	4,843,680
Other assets	10,894,580	8,394,389
<b>TOTAL</b>	<b>55,880,250</b>	<b>50,216,242</b>

## 8. CASH AND BANKS

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash in bank	108,385,767	96,423,004
Cash in hand	2,737,542	2,031,272
Cash equivalents	1,684,914	1,816,817
<b>TOTAL</b>	<b>112,808,224</b>	<b>100,271,093</b>

For the carrying value of the current accounts that are pledged in order to secure the borrowings please refer to Note 14.

## 9. PREPAYMENTS

As of December 31, 2024 the Group has prepayments in amount of RON 17,311,896 (RON 11,699,369 as of December 31, 2023). The prepayments balance as of December 31, 2024 and December 31, 2023 consists mainly of deferred commissions for financing related to the Club loan for undrawn facilities and for rent payments in advance, along with other amounts such as insurance policies for professionals and tangible assets.

## 10. TRADE AND OTHER PAYABLES

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Suppliers	411,692,407	308,881,426
Suppliers for property, plant and equipment	154,421,059	90,879,608
Advances paid by customers (contract liabilities)	5,438,865	4,792,738
<b>TOTAL</b>	<b>571,552,330</b>	<b>404,553,771</b>

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, 2024	December 31, 2023
Salary and related liabilities (including contributions)	36,422,953	28,272,208
Government grants	3,525,315	3,732,024
Deferred revenue	60,415,505	27,185,939
Other sundry creditors	9,108,780	5,146,930
Other liabilities	8,685,242	7,623,374
<b>TOTAL</b>	<b>118,157,796</b>	<b>71,960,475</b>

Other short term liabilities include the current portion of government grants of RON 3,525,315 (RON 3,732,024 as of December 31, 2023), 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 60,415,505 (RON 27,185,939 as of December 31, 2023), which refers mainly to future income in relation with National Health Programme, in which the Group is involved. Also, Other liabilities include other sundry creditors in the amount of RON 9,108,780 (RON 5,146,930 as of December 31, 2023).

## 12. PROVISIONS

	December 31, 2024	December 31, 2023
Carrying amount at start of year	11,116,544	9,783,326
Acquired through business combination	1,565,410	462,682
Charged/(credited) to profit or loss		
- additional provisions recognised	6,555,270	2,423,638
Amounts used during the year	(1,827,558)	(1,553,102)
<b>Carrying amount at end of year</b>	<b>17,409,666</b>	<b>11,116,544</b>

Provisions booked as of 31 December 2024 and 31 December 2023 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.

Right-of-use asset	Buildings	Vehicles	Equipment	Total
<b>Cost</b>				
<b>At 31 December 2023</b>	<b>472,124,033</b>	<b>29,206,241</b>	<b>127,632,755</b>	<b>628,963,029</b>
Additions	60,415,258	1,369,480	23,189,235	84,973,973
Business combinations	3,029,646	-	553,030	3,582,675
Decrease	(10,345,530)	(1,665,369)	(3,891,246)	(15,902,145)
<b>Value at 31 December 2024</b>	<b>525,223,406</b>	<b>28,910,353</b>	<b>147,483,773</b>	<b>701,617,532</b>
<b>Accumulated depreciation</b>				
<b>At 31 December 2023</b>	<b>178,269,332</b>	<b>16,641,954</b>	<b>37,482,206</b>	<b>232,393,492</b>
Charge for the year	73,249,124	5,812,886	12,056,990	91,119,000
Decrease	(5,094,917)	(1,386,160)	(1,704,217)	(8,185,295)
<b>Value at 31 December 2024</b>	<b>246,423,539</b>	<b>21,068,680</b>	<b>47,834,979</b>	<b>315,327,198</b>
<b>Carrying amount</b>				
<b>At 31 December 2023</b>	<b>293,854,701</b>	<b>12,564,288</b>	<b>90,150,548</b>	<b>396,569,537</b>
<b>At 31 December 2024</b>	<b>278,799,867</b>	<b>7,841,673</b>	<b>99,648,794</b>	<b>386,290,334</b>
	December 31, 2024	December 31, 2023		
Non-current - Lease Liabilities	286,025,347	309,158,946		
Current portion - Lease Liabilities	108,288,263	99,589,187		
<b>TOTAL</b>	<b>394,313,610</b>	<b>408,748,133</b>		

	<b>12 months ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Depreciation charge of right-of-use assets	91,119,000	80,583,659
Interest expense on lease liabilities for rent contracts that fall under IFRS 16 (included in finance cost)	19,708,123	16,309,869
PL (Gain) from contracts terminated earlier	362,019	1,049,203
Foreign exchange loss for rent contracts that fall under IFRS 16 in relation with Lease Liabilities	(227,113)	2,216,556
Expense relating to short-term leases (included in rent expenses)	1,266,597	1,853,985
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rent expenses)	2,232,972	2,070,174
Other categories	12,982,228	8,898,966

The total cash outflow for leases amount to RON 117,074,597 (2023: RON 100,166,757) for contracts that fall under IFRS 16 (which refer to rental of buildings, vehicles and equipment), out of which RON 97,366,474 (2023: RON 83,856,888) refer to payments of principal and RON 19,708,123 (2023: RON 16,309,869) refer to payments of interest. For leases relating to short-term contracts or low value assets, the total cash outflow amount to RON 3,499,569 (2023: RON 3,924,159).

#### **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 can be included in the lease term. During 2024, the Group did not exercise extension options included in the leasing contracts.

Some of the real estate leases within the Group contain termination options with a purpose to achieve operational flexibility. For some 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 2024, the Group did not exercise any termination options.

#### **14. NET FINANCIAL DEBT**

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current portion of interest-bearing loans and borrowings (incl. overdraft)	156,493,957	112,132,814
Non-current portion of Interest-bearing loans and borrowings	1,135,073,779	1,040,639,641
<b>TOTAL</b>	<b>1,291,567,736</b>	<b>1,152,772,455</b>

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash and cash equivalents	112,805,424	100,271,093
Borrowings (including overdraft)	(1,291,567,736)	(1,152,772,455)
Lease liabilities	(394,313,610)	(408,748,133)
<b>Net debt</b>	<b>(1,573,075,922)</b>	<b>(1,461,249,495)</b>

#### **Current debt**

Overdraft	(29,076,066)	(29,835,472)
Current portion of lease liability	(108,288,263)	(99,589,187)
Current portion of long term debt	(127,417,891)	(82,297,342)

#### **Long Term Debt**

Lease liability	(286,025,347)	(309,528,916)
Long term debt	(1,135,073,779)	(1,040,639,641)

### **Increases in credit facility during 2024**

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 Comercială Română, 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.

On 14 March 2024, the Group increased the existing facilities by EUR 50 million by signing an addendum to the existing loan. The syndicate of banks which signed the increase of 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 and Banca Transilvania, as Original lenders.

The balance of the syndicated loan is RON 1,129,646,367 as of December 31<sup>st</sup>, 2024.

As at December 31, 2024, the Group's drawn and undrawn financing facilities included the following:

- a loan agreement and an overdraft facility agreement secured by CEC Bank S.A. and Clinica Polissano S.R.L., with an outstanding balance of RON 21,778,548 as of 31 December 2024;
- a loan agreement secured by Banca Transilvania S.A. and SC Anima Specialty Medical Services SRL (former Ghencea Medical Center S.A., which merged under SC Anima Specialty Medical Services SRL), with an outstanding balance of RON 343,515 as of 31 December 2024;
- a loan agreement secured by Banca Transilvania S.A. and Micromedica Roman S.R.L., with an outstanding balance of RON 210,263 as of 31 December 2024;
- a loan agreement secured by Banca Transilvania S.A. and Centrul Medical Micromedica S.R.L., with an outstanding balance of RON 95,419 as of 31 December 2024;
- a loan agreement secured by Banca Transilvania S.A. and Dent Estet Ploiesti S.R.L., with an outstanding balance of RON 1,513,502 as of 31 December 2024;
- a loan agreement secured by Banca Transilvania S.A. and ProLife Clinics S.R.L., with an outstanding balance of RON 1,075,695 as of 31 December 2024;
- a loan agreement secured by Banca Transilvania S.A. and Medical City Blue S.R.L., with an outstanding balance of RON 282,514 as of 31 December 2024;
- 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 103,743,252 as of 31 December 2024;
- a loan agreement secured by Banca Comercială Română and Provita Pain Clinic S.A., with an outstanding balance of RON 438,743 as of 31 December 2024;
- a loan agreement secured by Libra Bank and Policlinica Union S.R.L., with an outstanding balance of RON 59,655 as of 31 December 2024;
- a loan agreement secured by Banca Transilvania S.A. and Onco Team Diagnostic S.R.L., with an outstanding balance of RON 64,262 as of 31 December 2024;
- a loan agreement secured by Banca Transilvania S.A. and Euromedica Hospital S.A., with an outstanding balance of RON 1,194,288 as of 31 December 2024;
- 2 loan agreements secured by Libra Bank and Centrul Medical Antares S.R.L., with an outstanding balance of RON 729,389 as of 31 December 2024;
- an overdraft facility agreement secured by Garanti Bank S.A. and Med Life S.A., with the amount drawn as of 31 December 2024 being RON 9,948,200;
- an overdraft facility agreement secured by Unicredit Tirioc Bank and Prima Medical S.R.L., with a maximum credit limit of RON 800,000, fully drawn as of 31 December 2024;

- an overdraft facility agreement secured by Banca Transilvania S.A. and Pharmachem Distributie S.R.L., with an outstanding balance of RON 5,775,645 as of 31 December 2024;
- an overdraft facility agreement concluded between Banca Transilvania S.A. and Medical City Blue S.R.L., with an outstanding balance of RON 500,000 as of 31 December 2024;
- 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 2,871,435 as of 31 December 2024;
- an overdraft facility agreement concluded between Banca Transilvania S.A. and Personal Genetics S.R.L., with an outstanding balance of RON 689,371 as of 31 December 2024;

The interest rate for each loan, for each interest period, is the annual rate representing the sum of the applicable margin and, depending on each loan's currency, EURIBOR 6M for the amounts in EUR or ROBOR 6M for the amounts in RON. As at December 31, 2024 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 Polissano SRL	CEC Bank	RON	29-Mar-33
Ghencea Medical Center SA (merged under SC Anima Speciality Medical Services SRL)	Banca Transilvania	RON	29-Jun-28
Micromedica Roman SRL	Banca Transilvania	RON	30-Jun-25
Centrul Medical Micromedica SRL	Banca Transilvania	RON	30-Jun-25
Dent Estet Ploiesti SRL	Banca Transilvania	RON	11-Oct-28
Pro Life Clinics SRL	Banca Transilvania	RON	16-Nov-31
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 Provita SRL	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
Euromedica Hospital SA	Banca Transilvania	RON	25-May-28
Centrul Medical Antares	Libra Bank	RON	05-Oct-27

\* The companies that are part of the group loan are: MEDLIFE S.A., BAHTCO INVEST S.A., POLICLINICA DE DIAGNOSTIC RAPID S.A., CLINICA POLISSANO 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., 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., STEM CELLS BANK S.A., SFATUL MEDICULUI.RO S.A., MEDICI'S SA, CENTRUL MEDICAL PANDURI S.R.L., SPITAL LOTUS S.R.L., MUNTENIA MEDICAL COMPETENCES S.A., and ONCO TEAM DIAGNOSTIC S.R.L.

\*\* 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 2024, in relation to the syndicated loan with balance of RON 1,129,646,367, the Group has pledged the property, plant and equipment with a carrying value of RON 389,619,047. The Group has also pledged the carrying value of the current accounts in a total amount of RON 48,630,669 and pledged receivables of RON 112,815,235 at 31 December 2024.

As at 31 December 2024, in relation to the loans with balance of RON 130,490,569, the Group has pledged the property, plant and equipment with a carrying value of RON 51,358,033. The Group has also pledged the carrying value of the current accounts in a total amount of RON 2,234,554, inventories in total amount of RON 16,745,929 and receivables in total amount of RON 9,658,968 as at 31 December 2024.

The Company has pledged shares in relation with the companies acquired until December 31, 2024 and pledged assets in relation to the other loans presented in Note 14.

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

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



<b>Liabilities from financing activities</b>				
	<b>Borrowings</b>	<b>Leases</b>	<b>Overdraft</b>	<b>Total</b>
<b>Financial Debt as at 31 December 2023</b>	<b>(1,122,936,983)</b>	<b>(408,748,133)</b>	<b>(29,835,472)</b>	<b>(1,561,520,588)</b>
<b>Cash movements</b>				
Cash flows net related to principal	(137,155,025)	97,366,474	1,836,099	<b>(37,952,452)</b>
Payments of interest	62,156,069	19,708,123	2,016,730	<b>83,880,922</b>
<b>Non-cash movements</b>				
New leases	-	(82,205,306)	-	<b>(82,205,306)</b>
Foreign exchange adjustments	225,079	227,113	1,000	<b>453,192</b>
Business combinations	(2,165,715)	(682,147)	(1,000,000)	<b>(3,847,862)</b>
Other changes (non-cash movements)	(62,615,094)	(19,979,734)	(2,094,424)	<b>(84,689,252)</b>
<b>Financial Debt as at 31 December 2024</b>	<b>(1,262,491,670)</b>	<b>(394,313,610)</b>	<b>(29,076,066)</b>	<b>(1,685,881,346)</b>

\*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 2024 (31 December 2023: 531,481,968) 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.

	<b>31 December 2024</b>	<b>31 December 2023</b>
Share capital	132,870,492	132,870,492
Share premium	(308,155)	(308,155)
<b>TOTAL</b>	<b>132,562,338</b>	<b>132,562,338</b>

During 2024 the Group reacquired own equity instruments (treasury shares) in a total amount of RON 1,078,836 (2023: RON 488,718) and released no shares (2023: RON 3,026,045, net of commissions). No amount was recognised for the difference between the fair value and cost of own shares, since no change was made (compared with 2023, when the amount recognised was RON 308,155 and was included as an increase on the share premium account). The total number of shares held by the entity is 427,042 as of 31 December 2024 (162,984 as of 31 December 2023).

## 16. EARNINGS PER SHARE

### Basic and diluted earnings per share

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total basic and diluted earnings per share attributable to the ordinary equity holders of the company	0.047	0.007

### Earnings used in calculating earnings per share:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	25,035,987	3,684,292

### Weighted average number of shares used as the denominator

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	531,120,466	531,357,870

For the weighted average number of shares in the prior year, the bonus issue that took place in 2023 is reflected as if the shares were outstanding from the beginning of the year (1st of January 2023).

## 17. RESERVES

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

	December 31, 2024	December 31, 2023
Legal reserves (i)	10,940,219	10,188,638
Other reserves (ii)	71,793,388	52,874,529
Revaluation reserves (iii)	149,497,049	149,497,049
<b>TOTAL</b>	<b>232,230,657</b>	<b>212,560,216</b>
<b>(i), (ii) Legal reserves and other reserves</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Balance at beginning of the year</b>	<b>63,063,166</b>	<b>55,094,193</b>
Movements	19,670,441	7,968,973
<b>Balance at the end of the year</b>	<b>82,733,607</b>	<b>63,063,166</b>
<b>(iii) Revaluation reserves</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Balance at beginning of the year</b>	<b>149,497,049</b>	<b>149,497,049</b>
Decrease arising revaluation correction	-	-
Increase due to revaluation	-	-
Deferred tax related to revaluation	-	-
<b>Balance at the end of the year</b>	<b>149,497,049</b>	<b>149,497,049</b>

Other reserves have increased in 2024 with 18,918,860 RON (2023: RON 7,147,653) in order to re-invest the profits earned during the year, in order to benefit from fiscal facilities granted according to the national legislation.

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.

When revalued land or buildings are sold or otherwise disposed of, the portion of the properties revaluation reserve that relates to that asset, and that is effectively realized, is transferred directly to general reserves.

The effects of taxes on income, if any, resulting from the revaluation of property, plant and equipment are recognized and disclosed in accordance with IAS 12 Income Taxes (please see Note 26).

## 18. NON-CONTROLLING INTEREST

	December 31, 2024	December 31, 2023
<b>Balance at beginning of year</b>	<b>78,900,725</b>	<b>65,257,412</b>
Share of profit/(loss) for the year	(8,283,560)	(7,849,149)
NCI arising on the acquisition of subsidiaries	3,065,788	27,511,565
Subsequent acquisition of NCI	197,920	(4,118,682)
Distribution of dividends	(1,861,916)	(1,900,421)
<b>Balance at year end</b>	<b>72,018,957</b>	<b>78,900,725</b>

### Changes in ownership interest without loss of control

#### Increased participation in SC M-Profilaxis SRL

In October 2024, MedLife SA completed the acquisition of additional 20% shares in SC M-Profilaxis SRL company, reaching a 100% stake. In 2022, MedLife SA acquired a majority stake of 80% in SC M-Profilaxis SRL.

#### Increased participation in Sanopass SA

In October 2024, MedLife SA completed the acquisition of additional 37.5% shares in Sanopass SA company, reaching a 100% stake. In 2022, MedLife SA acquired a majority stake of 51% in Sanopass SA, one of the most active Romanian startups in the healthcare area, which offers medical, wellness and fitness services on a subscription and individual basis.

### **Increased participation in Pro Life Clinics SRL**

In October 2024, MedLife increased its participation with 18% shares in Pro Life Clinics SRL, reaching a stake of 78%. Pro Life Clinics SRL has been part of MedLife System since 2022, when representatives announced the acquisition of 60% of its shares.

As a result of the acquisition of the additional 18% of the issued shares in Pro Life, an additional 37.5% of the issued shares in Sanopass and acquired additional 20% in shares in Profilaxis, for a total consideration of RON 6,424,755, out of which RON 371,815 was made in cash, the remaining amount was 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 (197,920) RON. The Group recognised a increase in non-controlling interests of (197,920) RON and a decrease in equity attributable to owners of the parent of 6,622,675 RON. The effect on the equity attributable to the owners of Group during the year is summarised as follows:

	December 31, 2024	December 31, 2023
Carrying amount of non-controlling interests acquired	(197,920)	4,118,682
Consideration paid to non-controlling interests	(371,815)	(6,984,284)
Consideration to be paid to non-controlling interests	(6,052,940)	(1,819,509)
Consideration as a result of release of own shares	-	(2,717,890)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	<b>(6,622,675)</b>	<b>(7,403,001)</b>

There is no individually Non-controlling interest when assessed at an individual level.

Please refer to Note 1 Description of the business where a list with all subsidiaries in the Group is provided, with details on the name of the subsidiary, the principal place of business and the proportion of ownership interests held in those subsidiaries.

## **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 on each business line.

Business Line	12 months 2024 Sales	% of Total Sales	12 months 2023 Sales	% of Total Sales	Variation 2024/2023
Clinics	1,022,354,056	37.6%	831,236,066	37.6%	23.0%
Stomatology	125,518,088	4.6%	121,778,348	5.5%	3.1%
Hospitals	661,486,735	24.4%	480,454,826	21.7%	37.7%
Laboratories	295,352,374	10.9%	230,656,316	10.4%	28.0%
Corporate	296,968,035	10.9%	259,493,546	11.7%	14.4%
Pharmacies	69,239,459	2.5%	60,709,968	2.7%	14.0%
Others	244,655,964	9.0%	226,106,278	10.2%	8.2%
<b>TOTAL SALES</b>	<b>2,715,574,711</b>	<b>100%</b>	<b>2,210,435,348</b>	<b>100%</b>	<b>23%</b>

The Group has only one reportable segment, the Healthcare segment, for which the total revenues disaggregated into categories by timing of revenue comprise services transferred at a point in time, in a total amount of RON 2,127,708,089 (12 months 2023 : RON 1,680,270,282) and services transferred over time, in a total amount of RON 296,968,035 (12 months 2023 : RON 259,493,546).

On the Other category, the Group obtains revenues from goods transferred at a point in time mainly from Pharmacies and Others business lines, through the Group's distribution line.

The Group has around 32% of its sales during 2024 (27% during 2023) deriving from the treatment of NHIH insured patients.

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 2024.

## 20. OTHER OPERATING INCOME

	12 months 2024	12 months 2023
Other operating income	7,055,929	8,663,169
Income from operating grants	1,794,334	2,637,466
<b>TOTAL</b>	<b>8,850,263</b>	<b>11,300,635</b>

## 21. THIRD PARTY EXPENSES

	12 months 2024	12 months 2023
Medical services PFA / SRL / CMI	676,842,843	549,773,038
Consulting services	8,795,923	8,243,239
Cleaning and laundry	17,781,753	14,239,586
Legal services	6,742,569	5,811,609
Other services	1,090,115	3,582,027
Waste collection and sanitation	6,343,519	4,926,184
Security and safety	4,675,825	4,371,462
IT services	6,409,744	4,961,917
Logistics and telecommunications services	5,699,139	5,122,958
Accreditations and authorizations	2,062,506	2,812,640
Storage and archiving services	797,750	855,125
Others	28,380,803	20,609,323
<b>TOTAL</b>	<b>765,622,489</b>	<b>625,309,108</b>

Around 88% of total Third party expenses incurred during 2024 and 2023 refer to collaboration contracts concluded with doctors.

The amounts included in the "Others" category represent Third party expenses cumulated from all Group entities, that cannot be further itemised and they represent 4% out of the total Third party expenses (2023: around 3%).

## 22. OTHER OPERATING EXPENSES

	12 months 2024	12 months 2023
Utilities	34,988,497	34,016,431
Repairs maintenance	22,419,581	19,369,183
Rent	16,481,797	12,823,124
Insurance premiums	6,982,497	5,962,658
Promotion expense	47,269,456	37,019,353
Communications	6,584,857	6,030,747
Other administration and operating expenses	27,348,695	29,081,116
<b>TOTAL</b>	<b>162,075,380</b>	<b>144,302,612</b>

On the Other administration and operating expenses it is included an amount of RON 6,960,206 (2023: RON 10,539,331) related to other (fiscal) taxes for the state budget, an amount of RON 4,511,144 (2023: RON 5,282,510) related to transportation and travel expenses, the remaining amounts representing other operating expenses incurred by the Group.

## 23. MANAGEMENT AND STAFF PERSONNEL EXPENSES

The structure of Med Life personnel is described below:

	December 31, 2024	December 31, 2023
Management	234	242
Staff	7,159	6,755
<b>Total</b>	<b>7,393</b>	<b>6,997</b>

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

	December 31, 2024	December 31, 2023
Management	73,821,887	62,758,533
Staff	595,641,457	499,746,678
<b>Total</b>	<b>669,463,344</b>	<b>562,505,211</b>



For key management personnel expenses, please refer to Note 25 (b).

## 24. NET FINANCIAL RESULT

	12 months 2024	12 months 2023
Finance cost	(95,576,053)	(76,309,357)
Bank fees	(7,054,935)	(5,861,338)
Interest income	2,175,920	3,423,077
Other income	462,070	1,221,841
(Loss)/Gain from foreign exchange rate	(1,346,241)	(9,692,103)
<b>FINANCIAL NET PROFIT/(LOSS)</b>	<b>(101,339,241)</b>	<b>(87,217,880)</b>

## 25. RELATED PARTIES

### (a) Main shareholders

As of December 31, 2024, the shareholders' structure of Med Life SA is as presented below:

	Number of shares	%	Value
Cristescu Mihaela Gabriela	74,642,760	14.04%	18,660,690
Marcu Mihail	72,944,828	13.72%	18,236,207
NN privately administered Pensions Fund	70,356,940	13.24%	17,589,235
Marcu Nicolae	54,631,600	10.28%	13,657,900
AZT Viitorul Tau privately administered Pensions Fund (Allianz Tiriac)	46,219,200	8.70%	11,554,800
Metropolitan Life privately administered Pensions Fund	34,763,991	6.54%	8,690,998
International Finance Corporation (IFC)	24,110,400	4.54%	6,027,600
Other Legal persons	125,066,423	23.53%	31,266,606
Med Life S.A.	427,042	0.08%	106,761
Other Individuals	28,318,784	5.33%	7,079,696
<b>TOTAL</b>	<b>531,481,968</b>	<b>100%</b>	<b>132,870,492</b>

As of December 31, 2023, the shareholders' structure of Med Life SA was 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
<b>TOTAL</b>	<b>531,481,968</b>	<b>100.00%</b>	<b>132,870,492</b>

Please refer to Note 15 and Note 16.

### (b) Executive Committee and Board of Directors' compensation - key management personnel expenses

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

	<u>12 luni 2024</u>	<u>12 luni 2023</u>
Comitetul Executiv	8,179,674	7,709,531

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 January 1, 2024, the Company's Executive Committee consisted of ten managers remunerated based on mandate agreements.

Considering the expiration of the mandates of the members of the Executive Committee of the Company on October 21, 2024, the mandates of the following members were extended, starting from October 21, 2024, until October 20, 2028:

- Mr. Mihail Marcu as Chief Executive Officer and Member of the Executive Committee;
- Mr. Nicolae Marcu as Director of Health and Operations and Member of the Executive Committee;
- Mr. Dorin Preda as Deputy Chief Executive Officer and Member of the Executive Committee;

- Ms. Oana-Alina Irinoiu as Chief Financial Officer and Member of the Executive Committee.  
The new Executive Committee of the Company is reduced from 10 to 5 members, with 4 members appointed as stated above and one position remaining vacant.

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

	<b>12 months 2024</b>	<b>12 months 2023</b>
Board of Directors	4,099,181	3,840,591
out of which:		
Indemnity	3,860,308	3,840,591
Benefits	238,873	-

The Directors do not benefit from a variable remuneration component.

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 with 22 December 2024, according to the Ordinary General Shareholders Meeting no. 1 / 21.11.2024.

The composition of Medlife's Board of Directors remained the same:

Mihail Marcu – Executive Director – Chairman of the BoD  
Nicolae Marcu – Executive Director – Member of the BoD  
Dorin Preda – Executive Director – Member of the BoD  
Ana Maria Mihaescu – Non-executive Director – Member of the BoD  
Dimitrie Pelinescu-Onciul – Non-executive Director – Member of the BoD  
Voicu Cheta – Non-executive Director – Member of the BoD  
Ovidiu Fer – Non-executive Director – Member of the BoD

During the year 2024 there have been no amendments to the composition of Medlife's Board of Directors.

### (c) Related parties

The related parties identified are as follows:

	<b>Receivables from</b>		<b>Payables to</b>	
	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Shareholders	-	-	116,345	116,429
Minority Shareholders	3,801	-	25,710,480	23,296,795
Other related Parties	24,373	21,717	119,934	4,242,935
<b>Total</b>	<b>28,174</b>	<b>21,717</b>	<b>25,946,758</b>	<b>27,656,159</b>

	<b>Sales in 2024</b>	<b>Sales in 2023</b>	<b>Purchases in 2024</b>	<b>Purchases in 2023</b>
Shareholders	-	-	700,800	700,800
Minority Shareholders	1,463	1,414	-	-
Other related Parties	26,991	13,833	182	80,115
<b>Total</b>	<b>28,454</b>	<b>15,247</b>	<b>700,982</b>	<b>780,915</b>

## 26. TAXATION

	December 31, 2024	December 31, 2023
Current income tax expense	26,449,100	13,541,391
Deferred tax income	(4,132,397)	(5,077,050)
<b>Total income tax expense</b>	<b>22,316,703</b>	<b>8,464,341</b>
<b>Profit before tax</b>	<b>39,069,130</b>	<b>4,299,484</b>
Tax expense using the statutory rate of 16% (2023: 16%)	6,251,061	687,917
Fiscal effect of non-deductible expenses	6,244,894	2,632,208
Fiscal effect of non-taxable income	(271,099)	(4,770,402)
Fiscal effect of deductible legal reserve	-	(54,602)
Sponsorship/other compensation	(3,100,260)	(953,559)
Reinvested profit and other fiscal facilities	(2,678,305)	(1,318,674)
Adjustments in respect of current income tax of previous years	(431,308)	(399,387)
Other elements (including different fiscal treatment)	16,301,720	12,640,840
<b>Income tax for the current year</b>	<b>22,316,703</b>	<b>8,464,341</b>
	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Income tax liabilities as at 1 January	321,242	814,508
Income tax liabilities through acquisitions	(167,553)	137,102
Income tax paid in the current year	(22,280,461)	(14,171,759)
Income tax payable in the current year	26,449,100	13,541,391
<b>Current tax liabilities as at 31 December</b>	<b>4,322,327</b>	<b>321,242</b>

Components of deferred tax	31 December 2024	Change in deferred tax	31 December 2023
<b>Deferred tax assets</b>			
Non-current assets	-	-	-
Impact of IAS 12 amendments, in relation to lease transactions	28,084,113	3,095,275	31,179,388
Amount related to untaken holidays provisions	2,785,548	(1,006,900)	1,778,648
<b>Total deferred tax asset</b>	<b>30,869,660</b>	<b>2,088,376</b>	<b>32,958,036</b>
<b>Deferred tax liability</b>	<b>31 December 2024</b>	<b>Change in deferred tax</b>	<b>31 December 2023</b>
Assets acquired in a business combination	22,331,116	1,338,294	20,992,822
Other elements	104,870	-	104,870
Impact of IAS 12 amendments, in relation to lease transactions	28,497,034	(2,791,419)	31,288,453
Land and buildings revaluation	25,173,236	(296,429)	25,469,666
<b>Total deferred tax liability</b>	<b>76,106,257</b>	<b>(1,749,554)</b>	<b>77,855,811</b>
<b>Net deferred tax liability</b>	<b>45,236,597</b>	<b>338,822</b>	<b>44,897,775</b>
<b>Components of deferred tax</b>	<b>31 December 2023</b>	<b>Change in deferred tax</b>	<b>31 December 2022</b>
<b>Deferred tax assets</b>			
Non-current 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
<b>Total deferred tax asset</b>	<b>32,958,036</b>	<b>(31,625,852)</b>	<b>1,332,184</b>
<b>Deferred tax liability</b>	<b>31 December 2023</b>	<b>Change in deferred tax</b>	<b>31 December 2022</b>
Assets acquired in a business combination	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
<b>Total deferred tax liability</b>	<b>77,855,811</b>	<b>32,273,467</b>	<b>45,582,344</b>
<b>Net deferred tax liability</b>	<b>44,897,775</b>	<b>647,615</b>	<b>44,250,160</b>

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, 2024, 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 2024, the Group has recognised a deferred tax liability from business combination in the amount of RON 4,471,220 (please refer to Note 27) and decreased the same account with RON 3,132,926.



## **27. BUSINESS COMBINATIONS**

### **27.1. Acquisition of subsidiaries**

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

- Acquisition of 100% shares in Provita 2000 in January 2024
- Acquisition of 56% shares in Med Varix SRL in May 2024
- Acquisition of 100% shares in Personal Genetics SRL in April 2024
- Acquisition of 100% shares in VP-MED Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság in September 2024
- Acquisition of 100% shares in Centrul Medical Antares SRL in September 2024
- Acquisition of 80.33% shares in grup Euromedica (Euromedica Hospital SA and Euromedica Administrator SA) in September 2024.

#### **Provita 2000 Medical Center acquisition (Sfanta Maria Group acquisition)**

In January 2024, MedLife, through the Sfanta Maria network, acquired the Provita 2000 Medical Center in Constanta. Established in 1992, Provita 2000 Medical Center quickly became one of the traditional medical centers for the people of Constanta, offering its clients a very wide range of medical services.

#### **Personal Genetics acquisition**

In April 2024, MedLife announced the acquisition of Personal Genetics, a human medical genetics center with national coverage, established in 2011, thus becoming the operator with the greatest expertise in the field of genetic sequencing and molecular biology, and one of the largest networks of laboratories and collection centers at national level. Personal Genetics, through its extensive network of 18 centers throughout the country and multiple international certifications, offers advanced genetic diagnostic services for a wide range of conditions, in oncology, onco-hematology, gynecology and rare diseases, being actively engaged in the development and application of new methods to improve patients' quality of life.

#### **Medvarix Clinic acquisition (Medici's acquisition)**

In May 2024, MedLife, through Medici's, acquired Medvarix Clinic in Timisoara, a center of excellence in the treatment of varicose veins and hemorrhoids. Along with these main specializations, the clinic offers plastic surgery, aesthetic surgery and general and minor surgery consultations, dermatology and ultrasound, as well as obesity consultations, and uses the most modern, minimally invasive treatment methods as well as the latest generation of devices, both in the field of investigation and diagnosis, as well as treatment.

#### **Antares Clinic Group acquisition (Micromedica acquisition)**

In July 2024, MedLife, through Centrul Medical Micromedica, announced the signing of the acquisition of the entire package of the Antares Clinic Group, one of the most important providers of private medical services in the Moldova region. The Group offers patients a wide range of investigations, from multidisciplinary consultations for more than 25 medical specialties and laboratory services to complex imaging investigations and has 3 large outpatient units located in Piatra Neamt, Botosani and Onesti, as well as 2 laboratories in Piatra Neamt and Botosani. The transaction was finalized in September 2024.

#### **Euromedica Baia Mare Group acquisition (Polisano acquisition)**

In September 2024, MedLife, through Polisano, acquired 80% of Euromedica Baia Mare Group (Euromedic Hospital and Euromedic Administrator). The Euromedica Baia Mare Group operates a medium-sized hospital offering multidisciplinary services, an outpatient clinic, a laboratory, and an imaging department, with a team of over 40 employed and affiliated doctors. The hospital is equipped with 50 beds and two operating rooms, while the outpatient area offers 14 medical specialties and an imaging unit.

#### **VP-Med Hungary acquisition (Grup Genesys acquisition)**

In September 2024, MedLife, through the Genesys Group in Arad, acquired the VP-MED Health and Education Centre in Hungary, which primarily offers modern varicose vein surgical procedures, such as laser surgery and radiofrequency surgery, as well as interventions that do not require anesthesia.

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

Assets acquired and liabilities recognized at the date of acquisition	31 December 2024	31 December 2023
<b>Non-current assets</b>	<b>50,380,157</b>	<b>255,118,244</b>
out of which		
- Intangible assets	4,558,686	21,313,560
- Property, plant and equipment	42,238,796	136,140,627
- Right-of-use assets	3,582,675	97,664,058
- Others	-	-
<b>Current assets</b>	<b>12,173,932</b>	<b>37,741,647</b>
out of which		
- Inventories, cash and prepayments	6,516,987	30,106,969
- Trade Receivables and other receivables	5,656,944	7,634,678
<b>Current liabilities</b>	<b>29,730,935</b>	<b>167,950,250</b>
out of which		
- Overdraft	2,240,453	2,616,150
- Current tax liabilities	(167,553)	137,102
- Trade and other liabilities	17,963,266	38,124,829
- Lease liabilities	3,658,139	120,884,820
- Current portion of long term debt	-	-
- Provisions	1,565,410	462,682
- Deferred tax arising at acquisition	4,471,220	5,724,666
<b>Non-current liabilities (Borrowings on long term)</b>	<b>2,165,715</b>	<b>38,657,131</b>
<b>Net assets</b>	<b>30,657,439</b>	<b>86,252,510</b>

All business combination during 2024 are not material when individually assessed.

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.

If these acquisitions would have been completed on the first day of the financial year, Group revenues for the year would have been RON 2,760,521,060 and Group profit would have been RON 20,349,745.

## 27.3. Acquisition related costs

The Group incurred acquisition-related costs of RON 1,765,635 on legal fees and due diligence costs. These costs have been included in Other operating expenses.

## 27.4. Goodwill arising on acquisition

	31 December 2024	31 December 2023
Consideration transferred	79,180,559	135,463,957
Less: fair value of identifiable net assets acquired	(30,657,439)	(86,252,510)
Less: fair value of loan receivable	(9,940,000)	-
minus: the value of other recognized liabilities	4,990,453	
Plus non-controlling interest	3,065,788	27,511,565
<b>Goodwill arising on acquisition</b>	<b>46,639,362</b>	<b>76,723,011</b>

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 2024, the difference between consideration transferred (as stated here in Note 27.4.) and consideration paid in cash (as stated in Note 27.5.) represents deferred consideration for business combination in 2024, in the amount of RON 23,772,554 and prepayment for business combination in 2023, in the amount of RON 44,465,251.

## 27.5. Net cash outflow on acquisition of subsidiaries

	31 December 2024	31 December 2023
Consideration paid in cash	55,151,931	90,998,706
Less: cash and cash equivalent balances acquired at acquisition date	(3,645,572)	(24,454,041)
<b>Total</b>	<b>51,506,359</b>	<b>66,544,664</b>

In 2023, 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 2024 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, 2024	December 31, 2023
Interest-bearing loans and borrowings without overdraft	1,262,491,670	1,122,936,983
Cash and cash equivalents	112,808,224	100,271,093
Loans payable net of cash	1,149,683,446	1,022,665,890
Total Equity	504,644,731	494,192,023
<b>Ratio total equity to loans payable (without overdraft) net of cash</b>	<b>0.44</b>	<b>0.48</b>

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.

The gross carrying amounts of financial assets (before credit loss allowances) included in Note 5.3. and Note 7.1. represent the Group's maximum exposure to credit risk in relation to these assets.

The Group has only 32% of its sales during 2024 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 2024 and 31 December 2023, 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 5.3 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 2024), any change with more than 10% is not expected.

According to forecasts available and euribor-rates.eu, the EURIBOR level is predicted to slowly decrease during 2025 (from around 2.5% as of 31 December 2024 to a predicted 2% by mid-2025). This decrease is already supported as of March 2025 when the EURIBOR reached a level of around 2.4%. 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. Please see Note 14 Net Financial Debt, where the exposure is disclosed to the interest rates.

If interest rates had been 10% higher and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would decrease by RON 9,230,795 (2023: decrease with RON 9,726,021). This is mainly attributable to the Group's exposure to interest rates on its borrowings and leases.



Amounts exposed to interest rate risk							
LIABILITIES	Total	Out of which included in the sensitivity analysis	%	Interest expenses per year at the current interest rate for the selected portion	Interest expenses per year at the interest rate increased by 10% for the selected portion	Variation that affects the profit and loss account when the interest rate increases by 10%	
<b>2024</b>							
Overdraft	29,076,066						
Short-Term and Long-Term portions of loans	1,262,491,670	Club loan	1,129,646,367	87%	62,947,452	69,242,197	6,294,745
Short-Term and Long-Term portions of leases	394,313,610	Contracts that refer to rent of buildings, equipment and vehicles which fall under IFRS 16	320,508,978	81%	17,234,834	20,170,883	2,936,050
<b>2023</b>							
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 vehicles which fall under IFRS 16	336,545,420	82%	14,089,369	18,658,325	4,568,957
	<b>December 31, 2024</b>	<b>December 31, 2023</b>					
Profit or loss	9,230,795	9,726,021					

**(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.

Liquidity risk refers to the risk that a Group may also not be able to meet its short-term financial obligations due to insufficient liquid assets. One key metric for assessing liquidity risk is the Current Ratio, followed by Operating Cash Flow Ratio, which are presented below.

**Current ratio**

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current assets	658,905,448	533,508,611
Current liabilities	976,224,339	699,674,033
Ratio Current assets to Current liabilities	<b>0.67</b>	<b>0.76</b>

The current ratio is a vital starting point for assessing liquidity risk, but not sufficient. As the Current ratio is between 0.5 and 1, with a slight decrease in 2024, this indicates a moderate level of liquidity risk.

Given the Group's underlying operating cash flows, its relationships with its banking counterparties, with multiple refinancing or increase in facility arrangements performed in the recent years and the financial strength, the Group does not expect any obstacles to fulfill its financial obligations on short term. Increase in Cash and cash equivalents with 12.5% in 2024 compared with 2023, along with the undrawn facilities ensures sufficient liquidity for the next period.

The following table details the Group's remaining contractual maturity for financial liabilities as of December 31, 2024 and December 31, 2023. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(all amounts are expressed in RON, unless otherwise specified)

## 2024

	Weighted average effective interest rate	Carrying amount	Total	Year 1	Year 2	Year 3	Year 4	Year 5	> Year 5
<b>Non-interest bearing instruments</b>									
Trade payables		571,552,330	571,552,330	571,552,330	-	-	-	-	-
<b>Interest bearing instruments</b>									
Overdraft		29,076,066	29,076,066	29,076,066	-	-	-	-	-
Borrowings	EURIBOR 6M / ROBOR 6M + margin	1,262,491,670	1,483,208,638	228,864,423	176,212,765	181,863,865	241,489,725	626,779,800	27,998,061
Lease contracts		394,313,610	511,922,141	109,878,218	83,795,110	63,031,748	43,613,710	27,834,178	183,769,177
<b>Total</b>		2,257,433,676	2,595,759,175	939,371,037	260,007,874	244,895,613	285,103,435	654,613,978	211,767,237

## 2023

	Weighted average effective interest rate	Carrying amount	Total	Year 1	Year 2	Year 3	Year 4	Year 5	> Year 5
<b>Non-interest bearing instruments</b>									
Trade payables		404,553,771	404,553,771	404,553,771	-	-	-	-	-
<b>Interest bearing instruments</b>									
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
<b>Total</b>		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

**(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:

		1 EUR =	100 HUF =	
2024	RON	4.9741 RON	1.2106 RON	Total
<b>ASSETS</b>				
Cash and cash equivalents	99,432,769	11,887,667	1,487,788	112,808,224
Trade receivables	322,382,720	-	1,724,140	324,106,860
Other receivables	55,880,250	-	-	55,880,250
Financial assets	473,440	53,664,971	290,532	54,138,411

**LIABILITIES**

Trade payables	557,411,940	9,847,215	4,293,175	571,552,330
Overdraft	19,127,866	9,948,200	-	29,076,066
Other long term debt	69,109,052	-	-	69,109,052
Short-Term and Long-Term portions of loans	18,573,120	1,243,918,550	-	1,262,491,670
Short-Term and Long-Term portions of leases	4,365,479	389,174,295	773,836	394,313,610

		1 EUR =	100 HUF =	
2023	RON	4.9746 RON	1.2995 RON	Total
<b>ASSETS</b>				
Cash and cash equivalents	82,878,300	17,392,793	-	100,271,093
Trade receivables	260,178,448	-	1,485,962	261,664,410
Other assets	50,216,243	-	-	50,216,243
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

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.

	31 decembrie	31 decembrie
	2024	2023
Profit or loss	158,733,562	146,975,744



## **(e) Sustainability**

**MedLife identifies two major categories of climate-related risks: physical risks and transition risks.** Acute physical risks include extreme weather events such as heatwaves, storms, floods, and wildfires. Chronic risks refer to long-term climate changes that impact temperature, precipitation, and environmental conditions. These can generate cumulative effects on public health, medical infrastructure, and the financial and material resources needed for the healthcare system to function effectively.

The Group is exposed to the following **transition risks**: European and national climate regulations that impose strict standards for energy efficiency and emissions reduction, with a direct cost impact; technological transition, which requires significant investments in efficient equipment and digitalization; changing preferences of consumers and investors toward sustainable providers, which may affect competitiveness; rising energy prices and carbon taxes (ETS2), which increase financial pressure; and wastewater treatment regulations (UWWTD), which may indirectly impact the availability of essential medicines.

**As at 31 December 2024, the Group does not consider that these risks will have a material financial impact in the near term.**

Starting with 2024, the Group calculated its first carbon footprint and initiated a comprehensive analysis of the factors influencing its environmental impact. Although MedLife did not yet have a dedicated formal action plan aimed at reducing its carbon footprint and strengthening climate resilience, certain initiatives with these objectives—direct or indirect—had already been implemented in previous years.

The carbon footprint analysis included emissions across all three categories in line with international standards:

- **Scope 1 (6,189.7 tCO<sub>2</sub>e)** covers direct emissions from the Group's activities, including fuels used by company-operated vehicles or generators, natural gas consumption for company facilities, and fugitive emissions from cooling equipment refrigerants.
- **Scope 2 (3,486.5 tCO<sub>2</sub>e, market-based)** refers to indirect emissions from purchased energy, including both electricity and thermal energy, with electricity being the dominant source.
- **Scope 3**, with the highest share at **178,220.7 tCO<sub>2</sub>e**, covers indirect emissions across the company's value chain. This includes categories such as purchased goods and services, capital goods, upstream transport and distribution, employee commuting, waste generated in operations, business travel, leased assets (both upstream and downstream), end-of-life treatment of products, and fuel- and energy-related activities. For some categories, a breakdown was made between **upstream activities** (from suppliers to the company) and **downstream activities** (from the company to clients).

For more detailed information on the main sustainability impacts, risks and opportunities, as well as related policies, actions, indicators and targets, we invite you to consult the **Group's Sustainability Statement**, which will be included in the **Annual Report**.

## **(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. 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.

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, 2024.

## **(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. In 2024, Romania's macroeconomic environment experienced notable shifts compared to 2023, marked by changes in GDP growth, inflation, and unemployment rates.

**GDP Growth:** Romania's real GDP growth decelerated to approximately 1.4% in 2024, down from 2.1% in 2023. This slowdown was primarily due to subdued export performance and a significant current account deficit. However, private consumption remained robust, bolstered by rising disposable incomes and EU-financed investments.

Inflation: Inflationary pressures persisted in 2024, contributing to the deceleration of economic growth. The government implemented budget cuts and froze public sector pay and pensions in an effort to reduce the budget deficit and address high inflation.

Unemployment Rate: Romania's labor market faced challenges amid fiscal austerity measures. Protests from state railway and power grid workers over job and pay cuts indicate labor market tensions during this period.

All in all, 2024 presented economic challenges for Romania, including slowed GDP growth, persistent inflation, and labor market unrest, necessitating structural reforms to stabilize and rejuvenate the economy.

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 2024, the discount rates used in the impairment tests have remained at the same levels, compared with the previous year (between 8.6% and 24% compared with the prior year, between 8.7% and 18.9%). 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 two renegotiations of the syndicated loan signed in 2024 and 2025, 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 2024:

ASSETS	Classification under IFRS 9	Carrying amount	Fair value	Level 1	Level 2	Level 3
Cash and cash equivalents	Amortized cost	112,808,224	112,808,224	112,808,224	-	-
Trade Receivables	Amortized cost	324,106,860	324,106,860	-	-	324,106,860
Other financial assets	Amortized cost	54,138,411	54,138,411	-	-	54,138,411
<b>LIABILITIES</b>						
Trade and other payables	Amortized cost	571,552,330	571,684,040	-	-	571,552,330
Overdraft	Amortized cost	29,076,066	29,076,066	-	-	29,076,066
Other long term debt	Amortized cost	69,109,052	69,327,548	-	-	69,109,052
Lease liability	Amortized cost	394,313,610	394,313,610	-	-	394,313,610
Long term debt	Amortized cost	1,262,491,670	1,262,491,670	-	-	1,262,491,670

In March 2025 (please refer to Note 33) the Group has 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 was prolonged with 2 years and the interest rate margin remained the same. Therefore, the Group considers that the fair value of Long term debt is similar with the carrying amount.

### 31. FAIR VALUE OF NON-FINANCIAL ASSETS

#### 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 into the three levels prescribed under the international financial reporting standards. An explanation of each level is provided in note 3.23. 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

### 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. The assessment of contingencies inherently involves the exercise of judgment and estimates of the outcome of future events.

#### **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, 2024 and December 31, 2023, 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, Pharmachem Distributie S.A., Pharmalife MED S.R.L. and Policlinica de Diagnostic Rapid S.A. in total amount of RON 27,251,550, out of which, in foreign currency, EUR 1,986,737 as of December 31, 2024 (December 31, 2023: RON 16,884,456, out of which EUR 61,309).

#### **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 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, 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 2024, the auditor of the Group is Deloitte Audit SRL.

The fee for the audit services of the consolidated financial statements as of December 31, 2024 of the Group prepared in accordance with IFRS as adopted by EU and the separate financial statements as of December 31, 2024 of Med Life SA prepared in accordance with IFRS as adopted by EU 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 348,480 excluding VAT and other expenses.

The fee for other non-audit services performed in 2024 was EUR 71,700, excluding VAT.

### 33. EVENTS AFTER THE BALANCE SHEET DATE

On February 13th, 2025, the Convening Notice for the Extraordinary and Ordinary General Meetings of Shareholders (EGSM & OGSM) scheduled for March 18 /19, 2025 was published. The main points subject to MedLife shareholders' approval were:

- Extension of the credit limit by an additional amount of up to EUR 50 million, with the possibility of adding an additional "Accordion Facility" of up to EUR 25 million.
- The shareholders registered in the shareholders' register kept by Depozitarul Central S.A., at the end of March 6, 2025, established as the Reference Date for the EGMS and OGMS, have the right to vote in the GSM.
- On 25 March 2025, the Group has signed for the increase in facility of the syndicated loan contract, which will be used for possible new acquisition opportunities on the market as well as organic development projects.

#### Routine Med acquisition

In October 2024, MedLife announced the acquisition of a 60% majority stake in the Routine Med Group from Tulcea. The Routine Med Group owns a healthcare facility equipped with an operating room, a unit with day and continuous hospitalization and an outpatient unit, and offers over 20 medical and surgical specialties, including dentistry and optical services. The hospital and outpatient services are complemented by laboratory and medical imaging services. According to company representatives, Routine Med's revenue in 2023 exceeded RON 15 million. Through this acquisition, MedLife expands its national footprint in the southeastern region of Romania. Control is gained in January 2025.

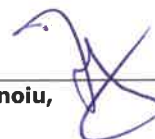
#### All Clinic acquisition

In March 2025, MedLife announced the acquisition of a majority stake in All Clinic, a private healthcare provider in the Republic of Moldova. Established in 1999, All Clinic operates three multidisciplinary clinics under contract with the National Health Insurance House of Moldova. These clinics offer outpatient services across 20 medical specialties, including family medicine, ENT, pediatrics, gastroenterology, cardiology, neurology, and gynecology. In the previous year, All Clinic reported a turnover of EUR 800,000 with a double-digit EBITDA margin. This strategic move marks MedLife's second international expansion, following its 2019 acquisition of a majority stake in Hungary's Rózsakert Medical Center and reinforces its position as a private healthcare operator in the region.

*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 28, 2025.*



**Mihail Marcu,**  
CEO



**Alina Irinoiu,**  
CFO



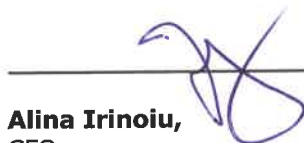
### **Declaration of management of MedLife Group**

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, 2024, 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, 2024, and of its consolidated financial performance and its consolidated cash flows for the period then ended.



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**Mihail Marcu,**  
CEO



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**Alina Irinoiu,**  
CFO