MED LIFE S.A.

INDIVIDUAL UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021

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

Name of the issuing company: Med Life S.A.
Registered Office: Bucharest, 365 Calea Griviței, district 1, Romania
Fax no.: 0040 374 180 470
Unique Registration Code at the National Office of Trade Registry: 8422035
Order number on the Trade Registry: J40/3709/1996
Subscribed and paid-in share capital: RON 33.217.623
Regulated market on which the issued securities are traded: Bucharest Stock Exchange

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INDIVIDUAL UNAUDITED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED MARCH 31, 2021
(all the amounts are expressed in RON, unless otherwise specified)

	March 31, 2021	December 31, 2020	Variation 2021/2020
ASSETS			
Long Term			
Intangible assets	10,201,967	10,675,893	-4.4%
Tangible assets	245,232,137	244,998,068	0.1%
Right-of-use asset (IFRS 16)	66,594,752	71,462,302	-6.8%
Financial assets	237,575,518	237,335,288	0.1%
TOTAL NON-CURRENT ASSETS	**559,604,374**	**564,471,551**	**-0.9%**
Current Assets			
Inventories	9,925,195	13,224,013	-24.9%
Receivables	105,721,742	89,382,165	18.3%
Receivables with group companies	101,263,671	95,020,068	6.6%
Other receivables	10,489,944	11,780,770	-11.0%
Cash and cash equivalents	44,991,952	33,735,446	33.4%
	272,392,504	**243,142,462**	**12.0%**
Prepayments	**2,476,908**	**1,325,662**	**86.8%**
TOTAL CURRENT ASSETS	**274,869,412**	**244,468,124**	**12.4%**
TOTAL ASSETS	**834,473,786**	**808,939,675**	**3.2%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	104,720,940	96,605,850	8.4%
Overdraft	9,850,200	9,738,800	1.1%
Current portion of lease liability	20,270,692	21,416,526	-5.4%
Current portion of long term debt	36,494,927	34,881,989	4.6%
Intercompany payables	862,875	1,036,693	-16.8%
Current tax liabilities	3,548,991	3,829,499	-7.3%
Provisions	2,885,053	2,885,053	0.0%
Other liabilities	17,377,405	16,008,640	8.6%
TOTAL CURRENT LIABILITIES	**196,011,083**	**186,403,050**	**5.2%**
Long Term Debt			
Lease liability	62,997,212	67,027,513	-6.0%
Other long term debt	3,325,000	3,325,000	0.0%
Long term debt	336,813,737	333,649,420	0.9%
TOTAL LONG-TERM LIABILITIES	**403,135,949**	**404,001,933**	**-0.2%**
Deferred tax liability	11,457,413	11,457,413	0.0%
TOTAL LIABILITIES	**610,604,445**	**601,862,396**	**1.5%**
SHAREHOLDER'S EQUITY			
Issued capital	82,027,012	82,027,012	0.0%
Treasury shares	(666,624)	(666,624)	0.0%
Reserves	90,599,863	90,599,863	0.0%
Retained earnings	51,909,090	35,117,028	47.8%
TOTAL EQUITY	**223,869,341**	**207,077,279**	**8.1%**
TOTAL LIABILITIES AND EQUITY	**834,473,786**	**808,939,675**	**3.2%**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

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

	Period ended March 31, 2021	2020	Variation 2021/2020
Sales	160,938,169	118,354,285	36.0%
Other operating revenues	75,891	33,278	128.1%
Operating Income	**161,014,060**	**118,387,563**	**36.0%**
Consumable materials and repair materials	(30,518,698)	(17,146,273)	78.0%
Third party expenses (including doctor's agreements)	(46,275,619)	(37,195,555)	24.4%
Salary and related expenses	(34,966,750)	(36,278,921)	-3.6%
Social contributions	(1,208,734)	(1,463,919)	-17.4%
Depreciation	(11,801,387)	(12,574,445)	-6.1%
Impairment losses and gains (including reversals of impairment losses)	(1,769,038)	-	100%
Other operating expenses	(7,268,235)	(5,886,250)	23.5%
Operating expenses	**(133,808,461)**	**(110,545,363)**	**21.0%**
Operating Profit	**27,205,600**	**7,842,200**	**246.9%**
Finance income - interest revenue	324,684	534,994	-39.3%
Finance cost	(3,584,842)	(2,866,730)	25.0%
Other financial expenses	(3,489,771)	(2,799,916)	24.6%
Financial loss	**(6,749,929)**	**(5,131,652)**	**31.5%**
Result Before Taxes	**20,455,671**	**2,710,548**	**654.7%**
Income tax expense	(3,663,608)	(613,768)	496.9%
Net Result	**16,792,063**	**2,096,780**	**700.9%**
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	(879,767)	-100%
Deferred tax on other comprehensive income components	-	140,763	-100%
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**(739,004)**	**-100%**
TOTAL COMPREHENSIVE INCOME	**16,792,063**	**1,357,776**	**1136.7%**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

	3 Months ended March 31, 2021	2020
Profit/(loss) before taxes	**20,455,671**	**2,710,548**
Adjustments for		
Depreciation	11,801,387	12,574,445
Interest expense	3,584,842	2,866,730
Allowance for doubtful debts and receivables written-off	1,769,038	-
Other non-monetary gains	-	(164,414)
Unrealised exchange gain / loss on interest bearing obligatior	3,007,001	2,799,916
Interest revenue	(324,684)	(534,994)
Operating cash flow before working capital changes	**40,293,254**	**20,252,231**
Decrease / (increase) in accounts receivable	(16,817,789)	(1,781,812)
Decrease / (increase) in inventories	3,298,818	(609,523)
Decrease / (increase) in prepayments	(1,151,246)	(249,275)
Increase / (decrease) in accounts payable	9,912,683	1,906,947
Cash generated from WC changes	**(4,757,534)**	**(733,663)**
Cash generated from operations	**35,535,720**	**19,518,568**
Income tax paid	(3,944,116)	-
Interest received	324,684	534,994
Interest paid	(2,299,602)	(984,322)
Net cash generated from operating activities	**29,616,686**	**19,069,240**
Purchase of investments	-	3,750,144
Purchase of intangible assets	(775,467)	(653,042)
Purchase of property, plant and equipment	(5,845,003)	(2,363,127)
Loans granted	(6,243,603)	(2,186,793)
Net cash used in investing activities	**(12,864,073)**	**(1,452,818)**
Cash flow from financing activities		
Share capital contribution	-	-
Payment of loans	-	-
Lease payments	(5,322,289)	(6,156,407)
Increase in loans	-	26,444,000
Payments for purchase of treasury shares	-	(1,812,431)
Decrease in loans granted to group companies	(173,818)	(8,593)
Net cash from/ (used in) financing activities	**(5,496,107)**	**18,466,569**
Net change in cash and cash equivalents	**11,256,506**	**36,082,991**
Cash and cash equivalents beginning of the year	33,735,446	12,854,754
Cash and cash equivalents end of the year	**44,991,952**	**48,937,745**

Mihail Marcu,
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MED LIFE S.A.
INDIVIDUAL UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2021
(all the amounts are expressed in RON, unless otherwise specified)

	Share Capital	Treasury shares	Share premium	General reserves and other reserves	Revaluation Reserve	Accumulated Results	Total Equity
Balance at 31 December 2020	**33,217,623**	**(666,624)**	**48,809,389**	**24,010,989**	**66,588,874**	**35,117,028**	**207,077,279**
Share capital contribution	-	-	-	-	-	-	-
Net release of own shares used for acquiring additional NCI	-	-	-	-	-	-	-
Increase in premiums due to difference between fair value and cost of own shares when the exchange was made	-	-	-	-	-	-	-
Other reserves, including revaluation reserve	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**16,792,063**	**16,792,063**
Gain/loss from revaluation	-	-	-	-	-	-	-
Deferred tax related to other comprehensive income	-	-	-	-	-	-	-
Profit of the year	-	-	-	-	-	16,792,063	**16,792,063**
Balance as at March 31, 2021	**33,217,623**	**(666,624)**	**48,809,389**	**24,010,989**	**66,588,874**	**51,909,091**	**223,869,342**

Mihail Marcu,
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Adrian Lungu,
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MED LIFE S.A.
INDIVIDUAL UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2021
(all the amounts are expressed in RON, unless otherwise specified)

	Share Capital	Treasury shares	Share premium	General reserves and other reserves	Revaluation Reserve*	Accumulated Results	Total Equity
Balance as at January 1, 2020	**5,536,271**	**(2,699,804)**	**75,959,199**	**10,072,949**	**66,588,874**	**9,035,002**	**164,492,491**
Share capital contribution	-	-	-	-	-	-	-
Acquisition of own shares	-	(1,812,431)	-	-	-	-	**(1,812,431)**
Decrease from own shares valuation	-	879,767	-	-	-	-	**879,767**
Other reserves, including revaluation reserve	-	-	-	703,814	-	(703,814)	**-**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**1,357,776**	**1,357,776**
Gain/loss from revaluation	-	-	-	-	-	-	-
Deferred tax related to other comprehensive income	-	-	-	-	-	-	-
Profit of the year (loss)	-	-	-	-	-	1,357,776	**1,357,776**
Balance as at March 31, 2020	**5,536,271**	**(3,632,468)**	**75,959,199**	**10,776,763**	**66,588,874**	**9,688,964**	**164,917,602**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

1. DESCRIPTION OF THE BUSINESS

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

Med Life is one of the leading health care services providers in Romania, having a significant market share at a national level. The registered office of Med Life is located in Bucharest, Calea Grivitei, no. 365. The ultimate parent of the Med Life Group is Med Life SA.

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

	Name of subsidiary	Main activity	Location	March 31, 2021	January 1, 2021
1	Policlinica de Diagnostic Rapid SA	Medical Services	Brasov, Romania	83.01%	83.01%
2	Medapt SRL (indirect)	Medical Services	Brasov, Romania	83.01%	83.01%
3	Histo SRL (indirect)	Medical Services	Brasov, Romania	49.81%	49.81%
4	Policlinica de Diagnostic Rapid Medis SRL (indirect)	Medical Services	Sfantu Gheorghe, Romania	66.41%	66.41%
5	Bahtco Invest SA	Development of building projects	Bucharest, Romania	100%	100%
6	Med Life Ocupational SRL	Medical Services	Bucharest, Romania	100%	100%
7	Pharmalife-Med SRL	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
8	Med Life Broker de Asigurare si Reasigurare SRL	Insurance broker	Bucharest, Romania	99%	99%
9	Accipiens SA	Rental activities	Bucharest, Romania	73%	73%
10	Genesys Medical Clinic SRL (indirect)	Medical Services	Bucharest, Romania	73%	73%
11	Bactro SRL (indirect)	Medical Services	Deva, Romania	73%	73%
12	Transilvania Imagistica SA (indirect)	Medical Services	Oradea, Romania	73%	73%
13	Biofarm Farmec SRL (indirect)	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
14	RUR Medical SA (indirect)	Medical Services	Bucharest, Romania	83.01%	83.01%
15	Biotest Med SRL	Medical Services	Bucharest, Romania	100%	100%
16	Vital Test SRL	Medical Services	Bucharest, Romania	100%	100%
17	Centrul Medical Sama SA	Medical Services	Craiova, Romania	90%	90%
18	Ultratest SA (directly and indirectly)	Medical Services	Craiova, Romania	76%	76%
19	Diamed Center SRL	Medical Services	Bucharest, Romania	100%	100%
20	Prima Medical SRL	Medical Services	Craiova, Romania	100%	100%
21	Stem Cells Bank SA	Medical Services	Timisoara, Romania	100%	100%

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

22	Dent Estet Clinic SA	Dental healthcare	Bucharest, Romania	60%	60%
23	Green Dental Clinic SRL (indirect)	Dental healthcare	Bucharest, Romania	31%	31%
24	Dentist 4 Kids SRL (indirect)	Dental healthcare	Bucharest, Romania	31%	31%
25	Dent A Porter SRL (indirect)	Dental healthcare	Bucharest, Romania	31%	31%
26	Dentestet Kids SRL (indirect)	Dental healthcare	Bucharest, Romania	32%	32%
27	Aspen Laborator Dentar SRL (indirect)	Dental healthcare	Bucharest, Romania	45%	45%
28	Centrul Medical Panduri SA	Medical Services	Bucharest, Romania	90%	90%
29	Almina Trading SA	Medical Services	Targoviste, Romania	80%	80%
30	Anima Specialty Medical Services SRL	Medical Services	Bucharest, Romania	100%	100%
31	Anima Promovare si Vanzari SRL (indirect)	Medical Services	Bucharest, Romania	100%	100%
32	Valdi Medica SA	Medical Services	Cluj, Romania	55%	55%
33	Clinica Polisano SRL	Medical Services	Sibiu, Romania	100%	100%
34	Solomed Clinic SA	Medical Services	Pitesti, Romania	80%	80%
35	Solomed Plus SRL (indirect)	Medical Services	Pitesti, Romania	80%	80%
36	Ghencea Medical Center SA	Medical Services	Bucharest, Romania	100%	100%
37	Sfatul medicului SRL	Medical Platform	Bucharest, Romania	100%	100%
38	RMC Dentart (indirect)	Dental healthcare	Budapest, Hungary	51%	51%
39	RMC Medical (indirect)	Medical Services	Budapest, Hungary	51%	51%
40	RMC Medlife	Holding	Budapest, Hungary	51%	51%
41	Badea Medical SRL	Medical Services	Cluj, Romania	65%	65%
42	Oncoteam Diagnostic SA	Medical Services	Bucharest, Romania	75%	75%
43	Centrul medical Micromedica SRL	Medical Services	Piatra Neamt, Romania	100%	100%
44	Micromedica Targu Neamt SRL (indirect)	Medical Services	Targu Neamt, Romania	100%	100%
45	Micromedica Bacau SRL (indirect)	Medical Services	Bacau, Romania	100%	100%
46	Micromedica Roman SRL (indirect)	Medical Services	Roman, Romania	100%	100%
47	Medrix Center SRL (indirect)	Medical Services	Roznov, Romania	100%	100%
48	Spitalul Lotus SRL	Medical Services	Ploiesti, Romania	100%	100%
49	Labor Maricor SRL	Medical Services	Bacau, Romania	100%	100%
50	Centrul Medical Matei Basarab SRL	Medical Services	Bucharest, Romania	100%	100%
51	Farmachem Distributie SRL*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	75%	75%

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

52	CED Pharma SRL*	Distribution of Pharmaceutical Products in specialised stores	Bucharest, Romania	100%	100%
53	KronDent SRL (indirect)	Dental healthcare	Brasov, Romania	36%	36%
54	Medica Sibiu*	Medical Services	Sibiu, Romania	60%	0%

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

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

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

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

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

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

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

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

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

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

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

The practical expedient has been applied to all qualifying rent concessions received for buildings. The management elected not to apply the practical expedient for rent concessions received for vehicles.

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

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

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

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

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

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at 31 December 2020 (the effective dates stated below is for IFRS as issued by IASB):

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Statement of compliance

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

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

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

3.2 Basis of preparation

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

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

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

3.3 Going concern

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

3.4 Accounting estimates and judgments

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

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

Impact of COVID 19 in respect of untaken holidays balance

In order to mitigate the effects generated by COVID 19, the Company took a series of measures to protect the business and address potential liquidity management risks by applying a series of cost cutting measures in relation to personnel costs and enrolled a significant number of its personnel into technical unemployment procedures. As a side effect, but also generated by the long period of lock down measures applied by the Romanian Government, the demand for vacation leaves has decreased significantly within the Company.

Impact of COVID 19 in respect of IFRS 9

The Company observed that the medical crisis has determined a slowdown in collection of its receivables as a result of the working capital challenges encountered by its clients.
In order to counter this risk, the management decided to apply a prudent approach to future cashflows an recognized an allowance for bad and doubtful debts of RON 1.7 million as at March, 31 2021.

3.5 Foreign currency translation

Functional and presentation currency

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

The exchange rates on March 31, 2021 were RON 4.9251 for EUR 1 (March 31, 2020: RON 4.8254 for EUR 1), respectively 1.3542 for HUF 100 (March 31, 2020: RON 1.3462 for 100 HUF).

The average exchange rates for the period of 3 months 2021 were 4.8787 RON for 1 EUR (3 months 2020: 4.7968 RON for 1 EUR), respectively 1.3508 RON for 100 HUF (3 months 2020: 1.4146 for 100 HUF).

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

3.6 Investments in subsidiaries

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

3.7 Property, plant and equipment

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

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

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

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

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

The depreciation is calculated at the values of the tangible assets by the linear method up to the estimated residual values of the assets. Estimated useful lives, residual values and depreciation method are reviewed at the end of each year, and the effects of changes in estimates are recorded prospectively.

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

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

3.8 Assets held under finance leases

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

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

3.9 Intangible assets

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

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

De-recognition of intangible assets

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

Impairment of tangible and intangible assets other than goodwill

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.10 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, being valued on a first in first out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The Company applies FIFO as a costing method.

3.11 Trade receivables

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

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

Write-off policy

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

Measurement and recognition of expected credit losses

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

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

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

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

3.12 Cash and cash equivalents

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

3.13 Financial instruments

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

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

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

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

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

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

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

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

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

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

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

Impairment of financial assets accounting policy is presented in note 3.2.

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

Financial liabilities and equity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.15 Taxation

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

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

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

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

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

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

3.16 Share capital

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

3.17 Share premiums

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

3.18 Revaluation reserve

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

3.19 Provisions for risks and charges

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

3.20 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is recognised over time where (i) there is a continuous transfer of control to the customer; or (ii) there is no alternative use for any asset created and there is an enforceable right to payment for performance completed to date. Other revenue contracts are recognised at a point in time when control of the service transfers to the customer. Contract assets are advances received from customers. The Company does not operate loyalty programs.

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

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

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

Clinics

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

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

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

Stomatology

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

Laboratories

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

Hospitals

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

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

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

Corporate

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

The HPPs offered by Med Life consist of the following:

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

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

Contract assets and liabilities

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

A contract liability (deferred income) is the obligation to transfer services to a customer for which the Company has received consideration from the customer. Where the customer pays consideration before the Group transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. Contract liabilities are presented within trade and other payables (Note 11 – Account payables) on the Company Balance Sheet.

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

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

3.21 Employee benefits

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

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

3.22 Fair value

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

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

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

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

3.23 IFRS 8

IFRS 8 disclosures are meant to enable users of financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
(c) for which discrete financial information is available.

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

3.24 IFRS 16 „Leases"

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

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

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

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

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

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

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

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

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

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

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

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

3.25 Subsequent events

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

3.26 Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in assessing the impairment of financial assets

When accounting for its investments in subsidiaries, the Company's management has concluded that the investments shall be maintained and presented at cost.

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

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

Critical judgements in determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).
For leases of buildings, cars and equipment, the following factors are normally the most relevant:
• If there are significant penalty payments to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
• If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
• Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.
• If the Company considers that some of the lease agreement shall be terminated earlier, then the assumption of the tenor shall be reassessed accordingly in order to fairly represent the management's view of the leased asset's impact to the Financial Statements.

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

Key sources of estimation uncertainty

Calculation of loss allowance

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

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

4. FINANCIAL ASSETS

The Company holds significant investments in other companies.

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

Carrying amount	**31 March 2021**	**31 December 2020**
Cost of investments in other companies	222,209,791	222,209,791
Long-term loans granted to group companies	12,664,436	12,497,232
Other financial assets	2,701,291	2,628,265
TOTAL	**237,575,518**	**237,335,288**

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

- 60% of the shares in Medica Sibiu SRL.

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

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

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

Long-term loans granted to other Group companies
As of March, 31, 2021, the Company presents long-term loans granted to Bahtco Invest SA and Medlife Ocupational SRL of RON 11.783.113 (January 1, 2021: RON 11.651.985).

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

5. TANGIBLE AND INTANBILES FIXED ASSETS

	31 March 2021	**31 December 2020**
Gross book value	480,620,808	473,927,132
Accumulated depreciation	(225,186,704)	(218,253,171)
Net book value	**255,434,104**	**255,673,961**

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

6. INVENTORIES

	31 March 2021	31 December 2020
Consumable	9,848,802	13,144,957
Materials in the form of inventory items	75,844	78,288
Inventory in transit	549	768
TOTAL	**9,925,195**	**13,224,013**

7. ACCOUNTS RECEIVABLE

	31 March 2021	31 December 2020
Customers	126,564,372	108,560,823
Advances to suppliers	2,415,584	2,310,518
Allowance for bad debt	(23,258,214)	(21,489,176)
TOTAL	**105,721,742**	**89,382,165**

Credit risk for the Company primarily relates to trade receivables in the ordinary course business. Customers' compliance with agreed credit terms is monitored regularly and closely. Where payments are delayed by customers, steps are taken to restrict access to services or contracts are terminated. Certain customers, which are public or quasi-public institutions, may have longer payment terms and services may be continued to be delivered when amounts are overdue due to management's assessment of a lower credit risk.

The average receivable period for the services offered is 95 days. There is no interest on commercial receivables within the first 95 days from the date of issue of the invoice.

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

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

8. CASH AND BANKS

	31 March 2021	31 December 2020
Cash in bank	43,242,168	32,531,266
Cash in hand	1,424,552	946,719
Cash equivalents	325,232	257,461
TOTAL	**44,991,952**	**33,735,446**

9. PREPAYMENTS

As of March 31, 2021 the Company has prepayments in amount of RON 2.476.908 (RON 1.325.662 as of January 1, 2021). The prepayments balance as of March 31, 2021 consists mainly of deferred commissions for financing related to the Club loan for undrawn facilities and amounts such as insurance policies for professionals and tangible assets.

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

10. ACCOUNTS PAYABLE

	31 March 2021	31 December 2020
Suppliers	93,991,479	85,659,132
Fixed assets suppliers	8,294,742	8,240,800
Advances paid by customers	2,434,719	2,705,918
TOTAL	**104,720,940**	**96,605,850**

11. OTHER SHORT-TERM LIABILITIES

	31 March 2021	31 December 2020
Salary and related liabilities (incl. contributions)	10,533,804	9,195,331
Other liabilities	6,843,601	6,813,309
TOTAL	**17,377,405**	**16,008,640**

12. LEASING LIABILITIES

	31 March 2021	31 December 2020
Long term portion – Leasing	62,997,212	67,027,513
Current portion – Leasing	20,270,692	21,416,526
TOTAL	**83,267,904**	**88,444,039**

13. FINANCIAL DEBT

	31 March 2021	31 December 2020
Current portion of long-term loans	36,494,927	34,881,989
Non-current portion of long-term loans	336,813,737	333,649,420
TOTAL	**373,308,664**	**368,531,409**

At March 31, 2021, the Company's financing facilities, drawn and not drawn up, included the following:

• On September 24, 2019 Med Life SA (together with the co-debtors Policlinica de Rapid Diagnostic SA, Bahtco Invest SA, Accipiens SA, Genesys Medical Clinic SRL, Clinica Polisano SRL, Medical Center Sama SA, Dent Estet Clinic SA and Valdi Medica SRL) signed with the Banca Comerciala Romana, Raiffeisen Bank, BRD Groupe Societe Generale and Banca Transilvania the refinancing of the existing facilities, the extension of the financing period, the rearrangement of the terms and conditions, as well as for an additional credit limit of EUR 28 million, which will be in the form a term facility, being used by Medlife, along with other liquidities of the Company, for possible new purchasing opportunities in the market. On April 29, 2021, this facility was extended with 40 million euro.
• a guaranteed overdraft facility concluded between Garanti Bank S.A. and Med Life SA the amount drawn on March 31, 2021 is RON 9.850.200.

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

14. ISSUED CAPITAL

The issued share capital in nominal terms consists of 22,145,082 ordinary shares as at 31 December 2020 (31 December 2019: 22,145,082) with a nominal value of RON 0,25 per share. The holders of ordinary shares are entitled to one vote per share in the shareholders' meetings of the Company, except for the treasury shares bought back by the Company as part of the share buy-back program. All shares rank equally and confer equal rights to the net assets of the Company, except for treasury shares.

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

In accordance with the Decision of the Extraordinary General Meeting of Shareholders of the Company dated 15.12.2020, the share capital of the Company was increased with RON 27,681,352.50, from RON 5,536,270.5 to RON 33,217,623, by issuance of a number of 110,725,410 new shares with a nominal value of RON 0.25/share. The Share Capital Increase was made with the incorporation of share premium reserves, and the newly issued shares (5-for-1) were allocated without a monetary compensation to all shareholders registered in the shareholders' register of the Company as at 04 of January 2021 (Registration Date).

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

The total number of issued ordinary shares of the Company after the share capital increase is 132.870.492.

	Number of shares	**%**	**Value**
Legal entities	71,455,241	53.78%	17,863,810
Marcu Mihail	21,557,520	16.22%	5,389,380
Cristescu Mihaela Gabriela	18,660,690	14.04%	4,665,173
Marcu Nicolae	14,204,400	10.69%	3,551,100
Others	6,992,641	5.26%	1,748,160
TOTAL	**132,870,492**	**100.00%**	**33,217,623**

15. RESERVES

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

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

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

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

Turnover for the period ended March 31, 2021 was 160.938.169 RON (as at 31 march 2020: 118.354.285 RON) and consists of medical services, including revenues from prevention packages of corporate customers and fees for services rendered within Med Life's clinics and various hospitals within Romania.

17. OTHER OPERATING REVENUES

Other operating revenues caption comprises:

	3 months 2021	**3 months 2020**
Other operating revenues	75,891	2,224,434
Capitalized cost of intangible assets	-	1,869,134
TOTAL	**75,891**	**4,093,568**

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

18. OTHER OPERATING EXPENSES

	3 months 2021	3 months 2020
Commodities	-	-
Utilities	1,332,334	1,238,597
Repairs maintenance	1,545,433	1,065,419
Rent	1,010,017	911,341
Insurance premiums	573,475	482,326
Promotion expense	1,384,107	1,144,861
Communications	534,701	522,755
Other administration and operating expenses	888,168	520,951
TOTAL	**7,268,235**	**5,886,250**

19. EVENTS AFTER THE BALANCE SHEET DATE

Greenfield acquisition and investment plans

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

Mihail Marcu,
CEO

Adrian Lungu,
CFO

MED LIFE S.A.

FIRST QUARTER 2021 REPORT

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

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

Fax no.: 0040 374 180 470

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

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

Subscribed and paid-in share capital: RON 33.217.623

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

CONTENTS:

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

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

The following financial statements are unaudited.

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

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

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

	March 31, 2021	December 31, 2020	Variation 2021/2020
ASSETS			
Long Term			
Intangible assets	10,201,967	10,675,893	-4.4%
Tangible assets	245,232,137	244,998,068	0.1%
Right-of-use asset (IFRS 16)	66,594,752	71,462,302	-6.8%
Financial assets	237,575,518	237,335,288	0.1%
TOTAL NON-CURRENT ASSETS	**559,604,374**	**564,471,551**	**-0.9%**
Current Assets			
Inventories	9,925,195	13,224,013	-24.9%
Receivables	105,721,742	89,382,165	18.3%
Receivables with group companies	101,263,671	95,020,068	6.6%
Other receivables	10,489,944	11,780,770	-11.0%
Cash and cash equivalents	44,991,952	33,735,446	33.4%
	272,392,504	**243,142,462**	**12.0%**
Prepayments	**2,476,908**	**1,325,662**	**86.8%**
TOTAL CURRENT ASSETS	**274,869,412**	**244,468,124**	**12.4%**
TOTAL ASSETS	**834,473,786**	**808,939,675**	**3.2%**
LIABILITIES & SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade accounts payable	104,720,940	96,605,850	8.4%
Overdraft	9,850,200	9,738,800	1.1%
Current portion of lease liability	20,270,692	21,416,526	-5.4%
Current portion of long term debt	36,494,927	34,881,989	4.6%
Intercompany payables	862,875	1,036,693	-16.8%
Current tax liabilities	3,548,991	3,829,499	-7.3%
Provisions	2,885,053	2,885,053	0.0%
Other liabilities	17,377,405	16,008,640	8.6%
TOTAL CURRENT LIABILITIES	**196,011,083**	**186,403,050**	**5.2%**
Long Term Debt			
Lease liability	62,997,212	67,027,513	-6.0%
Other long term debt	3,325,000	3,325,000	0.0%
Long term debt	336,813,737	333,649,420	0.9%
TOTAL LONG-TERM LIABILITIES	**403,135,949**	**404,001,933**	**-0.2%**
Deferred tax liability	11,457,413	11,457,413	0.0%
TOTAL LIABILITIES	**610,604,445**	**601,862,396**	**1.5%**
SHAREHOLDER'S EQUITY			
Issued capital	82,027,012	82,027,012	0.0%
Treasury shares	(666,624)	(666,624)	0.0%
Reserves	90,599,863	90,599,863	0.0%
Retained earnings	51,909,090	35,117,028	47.8%
TOTAL EQUITY	**223,869,341**	**207,077,279**	**8.1%**
TOTAL LIABILITIES AND EQUITY	**834,473,786**	**808,939,675**	**3.2%**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

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

	Period ended March 31,		Variation
	2021	**2020**	**2021/2020**
Sales	160,938,169	118,354,285	36.0%
Other operating revenues	75,891	33,278	128.1%
Operating Income	**161,014,060**	**118,387,563**	**36.0%**
Consumable materials and repair materials	(30,518,698)	(17,146,273)	78.0%
Third party expenses (including doctor's agreements)	(46,275,619)	(37,195,555)	24.4%
Salary and related expenses	(34,966,750)	(36,278,921)	-3.6%
Social contributions	(1,208,734)	(1,463,919)	-17.4%
Depreciation	(11,801,387)	(12,574,445)	-6.1%
Impairment losses and gains (including reversals of impairment losses)	(1,769,038)	-	100%
Other operating expenses	(7,268,235)	(5,886,250)	23.5%
Operating expenses	**(133,808,461)**	**(110,545,363)**	**21.0%**
Operating Profit	**27,205,600**	**7,842,200**	**246.9%**
Finance income - interest revenue	324,684	534,994	-39.3%
Finance cost	(3,584,842)	(2,866,730)	25.0%
Other financial expenses	(3,489,771)	(2,799,916)	24.6%
Financial loss	**(6,749,929)**	**(5,131,652)**	**31.5%**
Result Before Taxes	**20,455,671**	**2,710,548**	**654.7%**
Income tax expense	(3,663,608)	(613,768)	496.9%
Net Result	**16,792,063**	**2,096,780**	**700.9%**
Other comprehensive income items that will not be reclassified to profit or loss			
Gain / Loss on revaluation of properties	-	(879,767)	-100%
Deferred tax on other comprehensive income components	-	140,763	-100%
TOTAL OTHER COMPREHENSIVE INCOME	**-**	**(739,004)**	**-100%**
TOTAL COMPREHENSIVE INCOME	**16,792,063**	**1,357,776**	**1136.7%**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

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

UNAUDITED STANDALONE STATEMENT OF CASH FLOW FOR THER PERIOD ENDED MARCH 31, 2021 (“**STANDALONE CASHFLOW**”)

	3 Months ended March 31, 2021	2020
Profit/(loss) before taxes	**20,455,671**	**2,710,548**
Adjustments for		
Depreciation	11,801,387	12,574,445
Interest expense	3,584,842	2,866,730
Allowance for doubtful debts and receivables written-off	1,769,038	-
Other non-monetary gains	-	(164,414)
Unrealised exchange gain / loss on interest bearing obligatior	3,007,001	2,799,916
Interest revenue	(324,684)	(534,994)
Operating cash flow before working capital changes	**40,293,254**	**20,252,231**
Decrease / (increase) in accounts receivable	(16,817,789)	(1,781,812)
Decrease / (increase) in inventories	3,298,818	(609,523)
Decrease / (increase) in prepayments	(1,151,246)	(249,275)
Increase / (decrease) in accounts payable	9,912,683	1,906,947
Cash generated from WC changes	**(4,757,534)**	**(733,663)**
Cash generated from operations	**35,535,720**	**19,518,568**
Income tax paid	(3,944,116)	-
Interest received	324,684	534,994
Interest paid	(2,299,602)	(984,322)
Net cash generated from operating activities	**29,616,686**	**19,069,240**
Purchase of investments	-	3,750,144
Purchase of intangible assets	(775,467)	(653,042)
Purchase of property, plant and equipment	(5,845,003)	(2,363,127)
Loans granted	(6,243,603)	(2,186,793)
Net cash used in investing activities	**(12,864,073)**	**(1,452,818)**
Cash flow from financing activities		
Share capital contribution	-	-
Payment of loans	-	-
Lease payments	(5,322,289)	(6,156,407)
Increase in loans	-	26,444,000
Payments for purchase of treasury shares	-	(1,812,431)
Decrease in loans granted to group companies	(173,818)	(8,593)
Net cash from/ (used in) financing activities	**(5,496,107)**	**18,466,569**
Net change in cash and cash equivalents	**11,256,506**	**36,082,991**
Cash and cash equivalents beginning of the year	33,735,446	12,854,754
Cash and cash equivalents end of the year	**44,991,952**	**48,937,745**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

II. FINANCIAL ANALYSIS

ANALYSIS OF THE STANDALONE PL

Sales for the 3 months period ended 31 March 2021 ("3 months 2021") amounted to RON 160,938,169, higher by 36,0 % compared to sales recorded in the 3 months of 2020 ("3 months 2020"). This increase was mainly the result of a growth in all of the business lines determined by a mixture of increase in prices and volume.

Other operating revenues recorded a decrease of 128.1 % during 3 months 2021 as compared to 3 months 2020, amounting to RON 75,891 as at 31 March 2021.

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide services. Med Life SA recorded operating expenses of RON 133,808,461 during 3 months 2021, representing an increase of 21.0%, or RON 23,263,097, as compared to 3 months 2020. The increase is mainly linked to overall business increase.

Operating profit recorded a 246.9% increase in 3 months 2021 as compared to 3 months 2020, from RON 7,842,200 in 3 months 2020 to RON 27,205,600 in 3 months 2021.

Financial loss increased in 3 months 2021 by RON 1,618,277 from a loss of RON 5,131,652 in 3 months 2020 to a loss of RON 6,749,929 in 3 months 2021.

Net result increased in 3 months 2021 by RON 14,695,283 from a profit of RON 2,096,780 in 3 months 2020 to a profit of RON 16,792,063 in 3 months 2021.

ANALYSIS OF THE STANDALONE BS

Non-current assets amount to RON 559,604,374 as of 31 March 2021, recording a decrease of 0.9% as compared to 31 December 2020. The decrease is linked with the decrease in tangibles and right-of-use asset.

Current assets increased by RON 30,401,288 or 12.4% from RON 244,468,124 in 31 December 2020 to RON 274,869,412 in 31 March 2021.

Current liabilities (excluding interest-bearing debt items), increased by RON 9,029,529, or 7.5%, from RON 120,365,735 as at 31 December 2020 to RON 129,395,264 as at 31 March 2021.

Interest bearing debt decreased by RON 287,480, from RON 470,039,248 as of 31 December 2020 to RON 469,751,768 as of 31 March 2021.

III. IMPORTANT EVENTS 1 JANUARY – 31 MARCH 2021 PERIOD

Greenfield acquisition and investment plans

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

IV. IMPORTANT SUBSEQUENT EVENTS

Acquisition of Medica Sibiu

MedLife Medical System announces the acquisition of the majority stake of 60% in Medica Sibiu, one of the important providers of private medical services in Sibiu County. With this acquisition, MedLife is consolidating its largest network of private medical units with national coverage. Medica Sibiu has been operating on the private medical services market since 2001 and consists of a large outpatient unit, a medical analysis laboratory and an occupational health center. In addition, Medica Sibiu is one of the providers under contract with Sibiu County Health Insurance House (CJAS), covering a wide range of laboratory tests and medical consultations, for specialties such as endocrinology, internal medicine, neurology, psychiatry, clinical psychology. According to the company's representatives, in 2020, Medica Sibiu registered a turnover of 3.7 million RON.

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

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

Current ratio			**Period ended at March 31, 2021**
Current assets / Current liabilities	274,869,412 / 196,011,083	=	1.40

Debt to equity ratio			**Period ended at March 31, 2021**
Long Term Debt / Equity	403,135,949 / 223,869,341	=	180%
Long Term Debt / Capital Assets	403,135,949 / 627,005,290	=	64%

Trade receivables turnover (days)			**Period ended at March 31, 2021**
Average receivables / Sales	97,551,954 / 160,938,169	=	54.55

Fixed assets turnover			**Period ended at March 31, 2021**
Sales / Net Fixed Assets	160,938,169 / 559,604,374	=	0.29

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

VI. EBITDA EVOLUTION

	For the period ended March 31, 2021	2020	Variation 2021/2020
Sales	160,938,169	118,354,285	36.0%
Other operating revenues	75,891	33,278	128.1%
Operating Income	**161,014,060**	**118,387,563**	**36.0%**
Operating expenses	**(133,808,461)**	**(110,545,363)**	**21.0%**
Operating Profit	**27,205,600**	**7,842,200**	**246.9%**
EBITDA	**39,006,986**	**20,416,645**	**91.1%**
Finance income - interest revenue	324,684	534,994	-39.3%
Finance cost	(3,584,842)	(2,866,730)	25.0%
Other financial expenses	(3,489,771)	(2,799,916)	24.6%
Financial result	**(7,074,613)**	**(5,666,646)**	**24.8%**
Result Before Taxes	**20,130,987**	**2,175,554**	**825.3%**
Income tax expense	(3,663,608)	(613,768)	496.9%
Net Result	**16,792,063**	**2,096,780**	**700.9%**

Mihail Marcu,
CEO

Adrian Lungu,
CFO

Declaration of management of MedLife SA

We confirm to the best of our knowledge that the Standalone Interim Financial Statements of MedLife SA for the 3-month period ended March 31, 2021, which were prepared in accordance with the applicable accounting standards, provide a true and fair view of the assets, liabilities, financial position, profit and loss account of the Company, and of the main events that took place during the 3-month period ended March 31, 2021 and their impact on the Standalone Interim Financial Statements of MedLife SA.

Mihail Marcu,
CEO

Adrian Lungu,
CFO