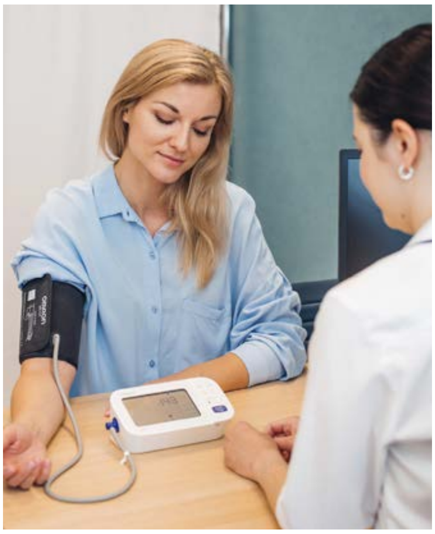
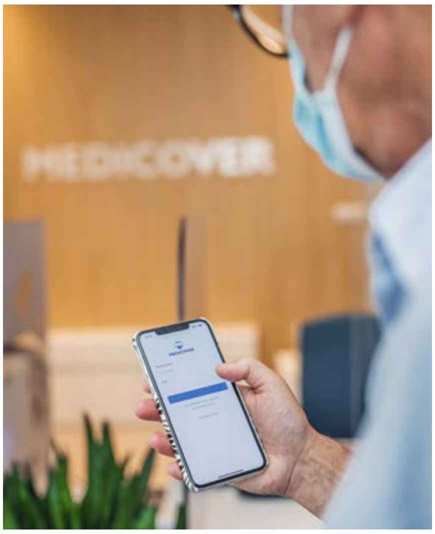
MEDICOVER

CARING FOR YOUR HEALTH IS ALL WE DO

ANNUAL REPORT 2022

CONTENT





44,707
co-workers

1.7 million
members

119.3 million
laboratory tests

12.7 million
medical visits

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

Caring for your health is all we do.

Medicover in brief

What we do

Diagnostic Services

Diagnostic Services – offers a broad range of laboratory testing in all major clinical pathology areas. The business is conducted through a network of 104 laboratories, 876 blood-drawing points (BDPs) and 27 clinics. Largest markets are Germany, Romania, Poland and Ukraine.

40%

Share of revenue

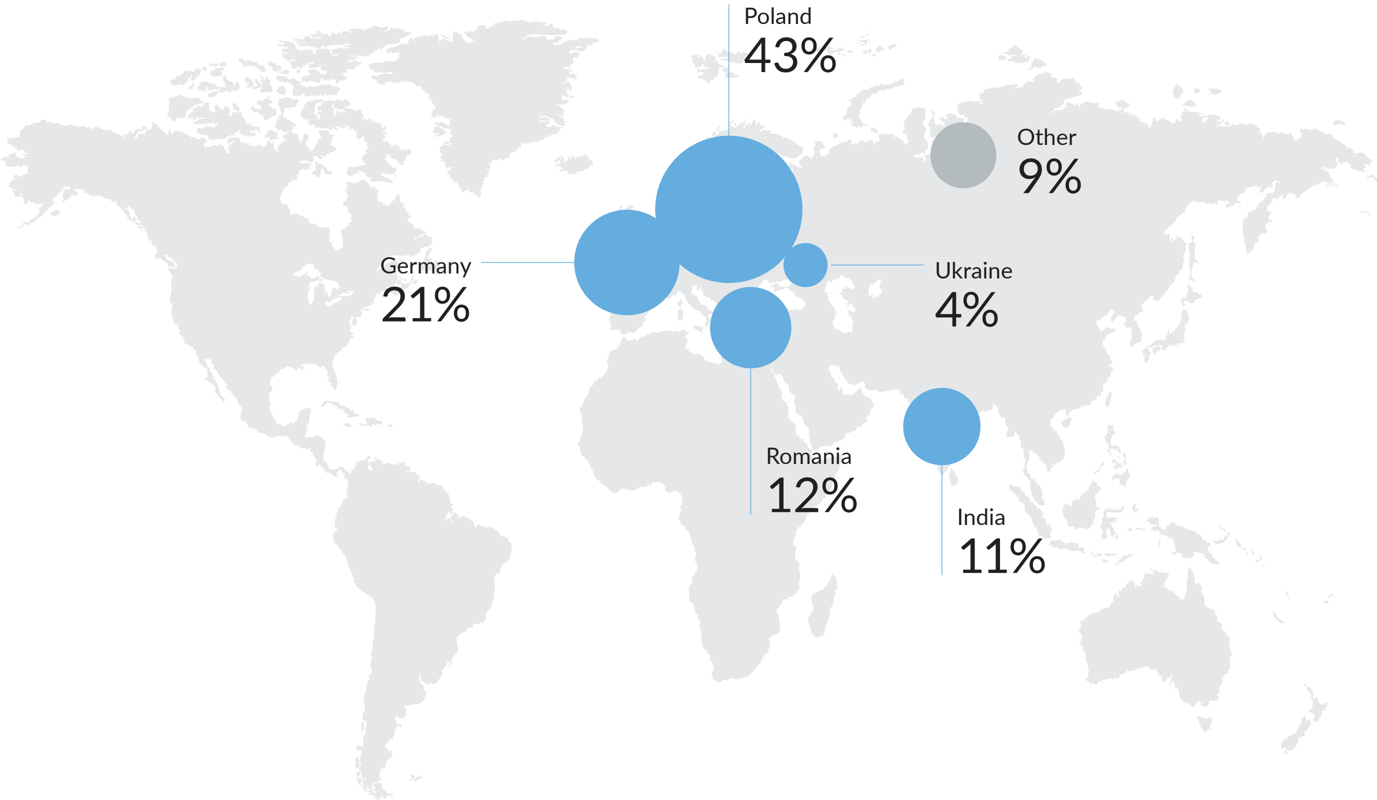
Healthcare Services

Healthcare Services – offers high-quality care based on an Integrated Healthcare Model and Fee-For-Service. The business is based on a network of 41 hospitals, 175 medical clinics, 107 dental clinics, 28 fertility clinics, 15 mental health centres, 49 pharmacies and 126 gyms. Largest markets are Poland, India and Romania.

60%

Share of revenue

Where we are – the largest markets



We are Medicover

"A place for nursing excellence"

Anca Paunescu, general practitioner and clinic manager, Romania

With 23 years in the company, Medicover represents my extended family and a defining part of my life and profession. I have known and advised many of the patients for 10, 15 and even 20 years.

As a doctor and manager, communication with patients and sharing experience with colleagues are essential in the proper conduct of daily activity, but also to identify new directions of development, new specialties or competencies to introduce in current medical practice or as new services.

If I were to find a common word between Medicover and myself, it would be SERVING – a word that embodies integrity, quality and team spirit.

B Jyothsna Devi, nurse, Medicover Hospitals India

Being a nurse means ensuring patient safety and providing comprehensive care to all. I'm proud to be part of Medicover Hospitals – "a place for nursing excellence" meaning; to respect the dignity of patients, treat them with kindness, be empathetic with patients and family members, educate them about care and treatment. These are the most important things for all nurses at Medicover.

Mihai Ghinea, Software Delivery Manager, Medicover Tech, Romania

Even if I joined recently and just passed the 1-year anniversary celebration, I discovered a passionate and professional team that can transform any business idea into a software product.

I am happy to be part of an open-minded technology department that is continuously keeping up to date with the latest software delivery methodologies.

With ambitious goals and great collaboration, we can constantly deliver value that helps the business grow.

Konstanze Hörtnagel, MD, Medical Head, MVZ Martinsried Germany

Since high school I have been fascinated by genetics: Mendel's laws, the DNA double helix, the genetic code, inherited traits and diseases.

Today, genetic analyses have become a powerful tool for diagnosing inherited diseases as well as identifying the molecular basis of tumours, increasingly leading to personalised treatments. I am happy to already see a change along the diagnostic journey: genetic tests are advancing from being the last diagnostic option to be considered more often and earlier.

I feel privileged to be a part of this exciting field and I trust that the new generation of physicians will continue to innovate solutions to increasingly guide personalised treatment options for patients.

Continued growth in a challenging year

Medicover continued to deliver good growth despite an external environment that has rarely been as challenging as in 2022. At the same time, we have made historically large investments that give us a good platform for future growth.

The basis for Medicover's growth journey is a growth-oriented strategy that also contributes to balanced risk. We are present in attractive markets with good underlying growth in health financing and we have a diversified revenue base – individuals, companies and publicly funded – which gives us access to a larger share of the healthcare market. Finally, we have a wide and growing offering of high-quality care services for all stages of life.

People build our success

Above all, our success is based on the great people in our company who live our culture every day. Their commitment and efforts to provide high-quality, accessible and patient-centred care every day, despite major challenges from the coronavirus pandemic, have been crucial to our successful development in recent years. During the year, Russia's war of aggression has caused destruction and unspeakable suffering in Ukraine. With thousands of employees and operations across the country, we have been deeply affected and have committed ourselves to supporting employees and their families in every way we can, both within and beyond the country's borders. I am proud and grateful for the solidarity, unity and determination that has characterised our entire organisation in these times. It is also admirable to see how our staff on the ground in Ukraine have managed to operate in these terrible conditions.

Financial targets achieved

I am pleased to sum up another year of strong growth. We have achieved all our financial targets for the period 2020–2022, which is a sign of strength as we face the challenges of Russia's invasion of Ukraine, high cost inflation and reduced Covid-19 testing. Organic revenue growth for the period was 14.6 per cent and the adjusted EBITDA margin was 15.5 per cent. We have maintained a strong balance sheet, with a debt/equity ratio of 3.2 times, despite historically large growth investments. In February 2023, we communicated new, and even more ambitious, growth targets for the next three-year period. Our target is to reach organic revenue of at least EUR 2.2 billion and adjusted organic EBITDA of at least EUR 350 million by the end of 2025.

> I am pleased to sum up another year of strong growth. We have achieved all our financial targets for the period 2020–2022.

Cost inflation in our markets has had a negative impact on profitability. We are confident that we can compensate for higher costs by increasing prices in our private pay business. For the Group as a whole, this compensation will have a delay of between six and nine months, mainly due to contractual structures. The biggest challenge for us, like other players in the market, is the publicly funded business. In our case, this mainly concerns the diagnostic business in Germany, which is reliant on how the reimbursement rates are regulated by the authorities. We do not currently know what rate adjustment will be made in Germany or when. However, the Polish authorities made an upward revision of the reimbursement rates during summer, which was higher than expected.

Historically large growth initiatives

We have never invested as much growth capital as in 2022. This is a measure of our strong confidence in the future, our business model and our ability to generate return on capital, even though the high rate of expansion will have a short-term margin impact until the businesses mature. During the year, we invested EUR 140.6m in growth investments and EUR 229.1m in acquisitions.

Investments in existing operations are central to our ability to continue to grow. These are mainly investments in new medical infrastructure, such as clinics and hospitals, which contribute to increased revenue growth as these become utilised.

The major investments during the year mean that growth-related investments have been higher than normal. Over the next 1–2 years, we will focus on developing these new businesses in the best possible way and delivering on the potential we have created. This means that growth investments will return to what have been normal levels historically, corresponding to around 3–4 per cent of revenue.

Reorganisation for Diagnostic Services

Diagnostic Services has adapted its operations in recent years to handle extreme demand for Covid-19 tests. With a decreasing need for these tests, the division reorganised to meet increased demand in its regular operations. Excluding the effects of Covid-19 services and the war in Ukraine, organic growth was 5 per cent. We chose to remain on standby for a continued need for Covid-related

> The historically high level of investment during the year sets us up for continued growth.

services during autumn. The cost of this has had a negative impact on the margin as the need was largely absent. We have continued to expand our network of blood-drawing points. The acquisition of NIPD Genetics in Cyprus was also completed during the year. This is an exciting acquisition that further broadens and strengthens our offering in advanced genetic testing, one of our priority development areas.

High demand in Healthcare Services

We are seeing very good demand in Healthcare Services and have experienced strong membership growth in the corporate funded business. Revenue growth amounted to 29 per cent, including organic growth of 16 per cent. Membership grew by almost 12 per cent, underlining the attractiveness of our offering.

The high rate of expansion during the year was largely linked to Healthcare Services, where we expanded the hospital network in India, opened a record number of new dental clinics and expanded the gym network in Poland. Sport and wellness is an important and sought-after part of our funded offering in Poland, which is why we are expanding in this area.

The acquisition of CDT Medicus, with both hospitals and outpatient clinics, has enabled us to add further capacity and delivery capability to the existing customer base in Poland. For several years, we have been developing a successful dental care concept in Poland and are currently the market leader. During the year, we made two acquisitions as a first step in expanding the concept to the German market, in addition to 11 dental acquisitions and new openings in Poland. The acquisitions of MeinDentist and DDent give us a large-scale growth platform in the German market, which is the largest in Europe.

Creating sustainable values

We are proud of the work we do in line with our sustainability framework. We create significant value through concentrated efforts aimed at positively impacting health and well-being – with preventive measures and broad access to high-quality care services. This has positive effects on people's daily lives, while bringing economic benefits for society and companies in the form of reduced sick leave and healthier, more motivated employees, for example. We have initiated an exciting collaboration with McKinsey & Company on measurable health outcomes of different types of care and treatments within the activity models we offer, with an ambition to be able to quantitatively measure and describe the positive impact our work has on customers' lives and wellbeing. As we build new medical infrastructure to provide care for more people, and positively impact the health and wellbeing of all our customers, we are contributing to an increased climate impact. Our climate work is therefore focused on a battery of tools aimed at minimising this negative impact.

Although 2022 has been a challenging year in many respects, we feel strong confidence in the future at Medicover. We offer services that meet important needs of many people, and this is reinforced by the strong demand we have experienced during the year. With committed co-workers, a strong brand and a clear focus on quality, we are well placed to continue strengthening our market position. The historically high level of investment during the year sets us up for continued growth and our focus in the coming year will be to take advantage of the opportunities we have created.

Stockholm, March 2023

Fredrik Rågmark
CEO

2022 in brief

Achieved the financial targets for 2020–2022.

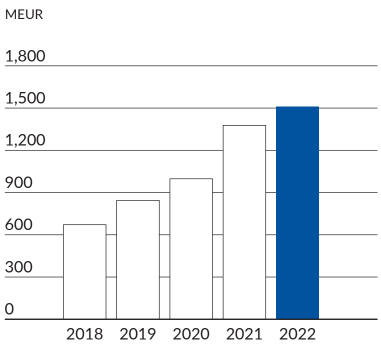
Continued strong revenue growth despite multiple headwinds – rising inflation and costs, reduced demand for Covid-19 services, and Russia's war of aggression in Ukraine.

Record-high growth investments. EUR 140.6m invested in new capacity, expanded footprint and EUR 229.1m in acquisitions in existing and new markets.

Strong member growth in the corporate funded Integrated Healthcare Model of 11.8 per cent, with 177,000 new members added.

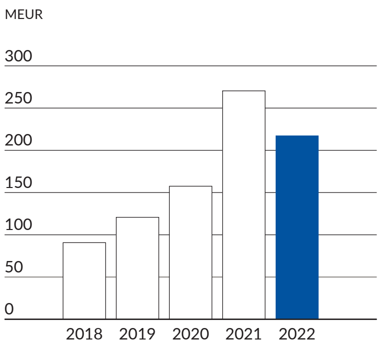
Revenue, EURm

1,510.2



EBITDA, EURm

217.4



KEY FIGURES

	2022	2021	2020	2019	2018
Revenue, EURm	1,510.2	1,377.4	997.8	844.4	671.6
EBITDA, EURm	217.4	270.4	157.5	120.7	90.7
Earnings per share, EUR	0.081	0.686	0.182	0.168	0.167
Revenue growth, %	9.6	38.0	18.2	25.7	15.8
EBITDA growth, %	-19.6	71.7	30.6	33.0	11.3

Medicover in Ukraine

Ukraine today

- EUR 55.1m (117.4) revenue representing 4 per cent (9) of the total Group
- 2,771 employees (3,650)
- 317 BDPs operationalised
- 6 labs
- 3 fertility clinics

Medicover has been present in Ukraine since 2007, annually serving more than 2 million customers. We asked Nikolay Skavronsky, Commercial Director of Synevo, Ukraine, five questions about the situation and challenges in Ukraine as a result of Russia's war of aggression.

What was your immediate reaction on 24 February?
We didn't really believe in a full-scale Russian invasion until we heard the massive explosions from Russian missiles in Kyiv and other Ukrainian cities at 4:30 am on 24 February.

Considering the huge risks involved for people in Kyiv and other cities in the eastern parts of Ukraine, we asked our staff there to close operations and leave the cities with their families if they wished to do so. Later that evening we closed all operations in the entire country. We also decided to pay full February salary upfront to help our staff with money for their evacuation needs.

What were your priorities during the first weeks?
The first was to close operations to enable our people, and their families, to take care of themselves and stay as safe as possible. Supported by the entire Medicover organisation, we offered those who decided to leave Ukraine to be received in Poland, Romania and Moldova – a big help for many people.

In the first weeks, Synevo and our people supported the Ukrainian Army and city defenders, primarily in Kyiv and Kharkiv – with logistics (using company cars), food (which we bought, cooked, and delivered to the front line), and donations to hospitals of medical equipment such as tubes and gloves, etc.

Operations were restarted already after two weeks. How was that possible?
We received many requests from customers to reopen, as there was a medical need for lab diagnostics. Our employees also wanted to resume their work and have as normal a life as possible under the circumstances.

When we had a better understanding of where the front lines and attack vectors were located, we were able to restart operations in the "safe" areas. We restarted in the western and central parts after two weeks. One week later, we restarted in Odessa, Dnipro and some other eastern cities. Operations in the Kyiv region restarted in May. Operations in the Kharkiv and Kherson regions are still closed as these regions are not safe.

What have been the major challenges?
There are, of course, many challenges in these circumstances. One is to staff our operations with managers and leading specialists as many have left the country. A large number of clients have also left Ukraine. We estimate that the lab market has decreased by 30–40 per cent.

From May to July there was no fuel and there were huge problems with electricity outages from October to December. And since mid-October we have had the permanent threat of missile and drone attacks. All of this has caused severe difficulties to operate.

We are also challenged by the currency devaluation that has increased cost for imported goods. Rising inflation has, in turn, increased both salary and rental costs.

What does it mean to society that you have been able to keep operations running?
Synevo's blood-drawing points in more than 150 Ukrainian cities are an essential part of the infrastructure, much like the main banks and leading retailers. At the start of the war especially, the public healthcare services could not continue their normal pre-war operations. That meant a gap between demand and supply of lab diagnostic services. As private labs, like Synevo, are often more flexible we could play an important role in bridging that gap.

Financial targets

Medicover has successfully achieved the ambitious medium-term financial targets for 2020–2022. We have also communicated new, and even more ambitious, growth targets for the next three-year period.

MEDIUM-TERM TARGETS FOR 2020–2022

	Target	Outcome
Revenue Revenue growth in 2022 was 9.6 (38.0) per cent, of which 1.9 (38.1) per cent represented organic growth. Compound annual organic growth rate for the period 2020–2022 was 14.6 per cent.	9–12% Organic revenue growth	14.6% Organic revenue growth
Profitability Adjusted EBITDA amounted to EUR 234.2m (280.5), corresponding to an adjusted EBITDA margin of 15.5 (20.4) per cent.	15.5–16.5% Adjusted EBITDA margin (at year-end 2022)	15.5% Adjusted EBITDA margin
Capital structure Medicover had a strong financial position at the end of 2022, allowing room for further organic as well as acquired expansion.	≤3.5x Loans payable net of cash and liquid short-term investments / adjusted EBITDAaL	3.2x Loans payable net of cash and liquid short-term investments / adjusted EBITDAaL
Dividend The target is a dividend payout ratio of up to 50 per cent of net profit for the year. For 2022, the board has proposed a dividend of EUR 0.12 (0.12) per share, corresponding to 148 per cent of net profit for the year.	≤50% of net profit for the year	0.12 EUR per share

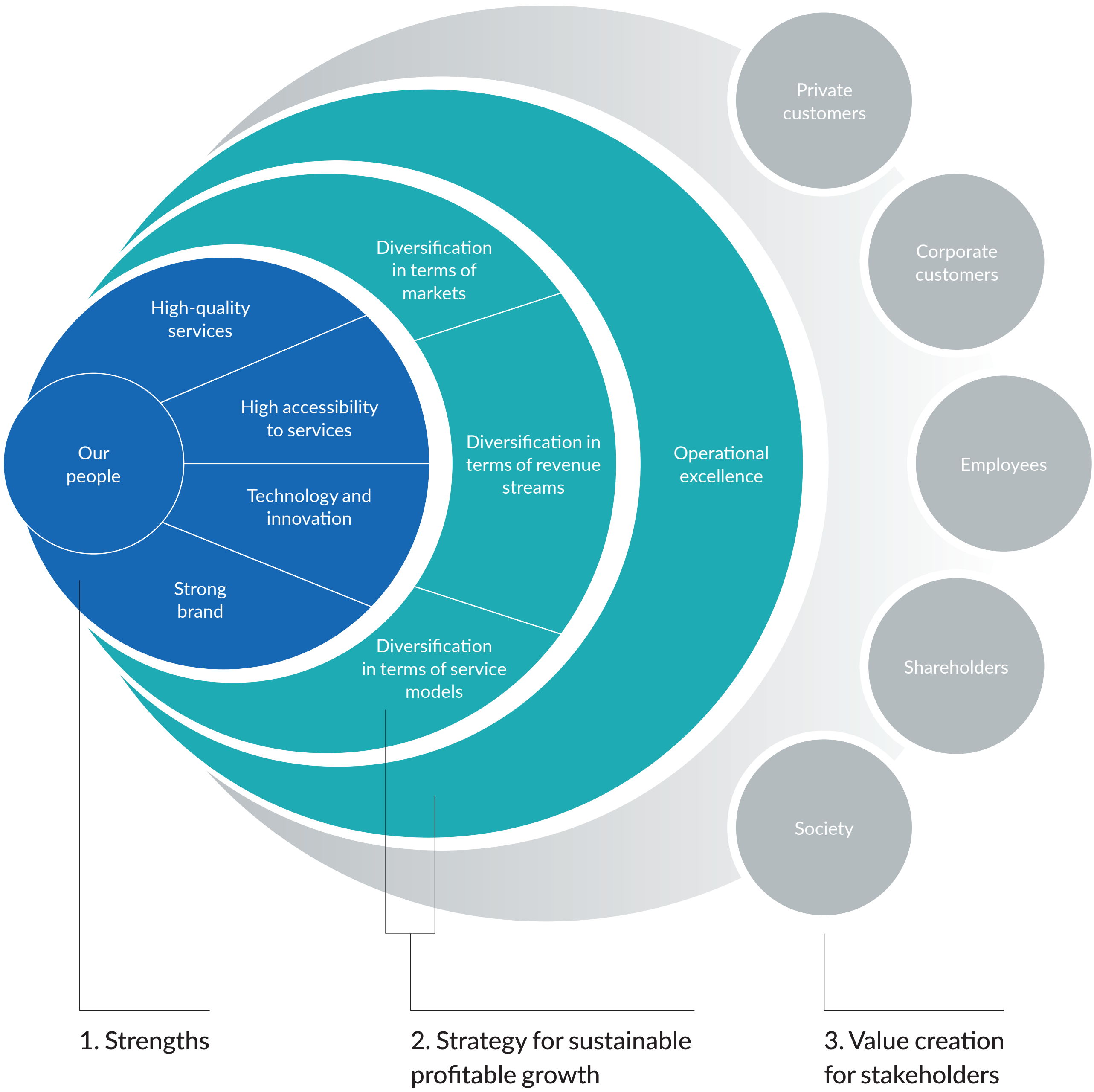
The new medium-term financial targets for the period 2023–2025 confirm the continued ambition to maintain strong organic revenue growth alongside sustainable profitability. Inorganic activity will add to the growth and be more weighted to the second half of the target period.

NEW FINANCIAL TARGETS

	Base year 2022	Target 2025
Organic revenue	EUR 1.5bn	>EUR 2.2bn
Adjusted organic EBITDA	EUR 234m	>EUR 350m
Loans payable net of cash and liquid short-term investments/ adjusted EBITDAaL	3.2x	≤3.5x
Dividend payout ratio		≤50% of net profit for the year

Value creation and growth strategy

A value creating business model



Medicover's mission is to improve and sustain health and wellbeing. At the core of our value creation and growth are our dedicated people providing high-quality healthcare services when and where customers require these. Growth opportunities are further enhanced by a strategy of diversification in terms of attractive markets, revenue streams and healthcare service offerings.

1. Strengths

Our people, strong brand recognition, passion for quality and focus on further expanding access to a comprehensive healthcare offering are differentiators that help us strengthen the position in a competitive private healthcare market. We invest in new technology and innovation to increase access and develop the offering.

Our people
Our value creation and strong growth begin with the employees. Medicover is the largest private employer of qualified clinical staff in Central Europe. Competition for the best talent is fierce and we are working relentlessly to create attractive opportunities for employees and to sustain a strong and inclusive culture. We have a top-class healthcare workforce and provide them with tools and systems that support their productivity and their aim of delivering high-quality healthcare services.

Easy access to high-quality healthcare
Medicover's core aim is to ensure easy access to high-quality healthcare services. Within Diagnostic Services we offer laboratory tests in all major clinical pathology areas, ranging from routine to advanced tests and from prevention to diagnosis and monitoring of treatments. In Healthcare Services we offer high-quality care based on the Integrated Healthcare Model, a prepaid healthcare package purchased primarily by employers as an employee benefit, and through a Fee-For-Service (FFS) model, where customers pay for healthcare services as they use them. The offering ranges from preventive and primary care to specialist outpatient and hospital care. Medicover also offers services in specific areas such as dental care, mental health, orthopaedics, health and wellness as well as infertility diagnosis and treatment.

We invest in further improving customers' experience, with a strong focus on supporting our patients' needs at all stages of life. This ensures long relationships with patients and increases their satisfaction and loyalty. Surveys show that the majority are satisfied with Medicover's services, and that customers are willing to recommend Medicover. Long customer relationships drive organic growth in our main markets in Central and Eastern Europe, Germany and India.

2. Strategy for sustainable profitable growth

Over the last five years, Medicover's revenue has grown at an average annual rate of 21.1 per cent. The strong track-record is based on a strategy of diversification in terms of attractive markets, revenue streams and healthcare service offerings, that also provides risk diversification. The aim is to strengthen margins through a focus on operational efficiency in all aspects of the business and benefit from a growing scale of operations.

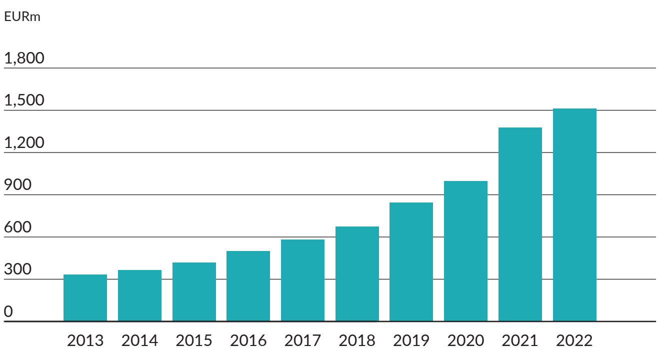
Present in attractive markets
Being present in markets with strong underlying growth in healthcare spending is an important factor behind the growth. Most countries where we operate spend less on healthcare than the EU-27 average. As economies mature and GDP increases, a greater share of GDP is usually devoted to healthcare.

In most of our countries, market growth is also stronger in privately funded than in publicly funded healthcare. There is usually some entitlement to universal healthcare, but as public healthcare spending is limited by budgetary restrictions, private funding plays a vital role in filling the gap between supply and demand.

We have a history of outperforming market growth in the markets where we operate and have significant opportunities to continue doing so. Our strong brand recognition, premium quality and focus on further expanding the service offering are differentiators that help us strengthen the position in a competitive private healthcare market. In Poland, for example, Medicover's market share of employer-funded healthcare is approximately 18 per cent. Within fee-for-service healthcare, a market valued at approximately PLN 23.5 billion (EUR 4.9 billion) in Poland, Medicover's market share is around 3–4 per cent. This translates into continued growth opportunities.

Multiple revenue streams
Medicover combines three sources of funding: public funding, corporate funding through the prepaid Integrated Healthcare Model, and Fee-For-Service (FFS) from individuals. By targeting different payers, we gain access to a larger share of the healthcare market in the countries where we operate, while at the same time benefiting from risk diversification. Public and corporate payers provide volume and stable revenue over time, while individual customers bring solid, however less predictable, revenue at higher margins.

LONG-TERM GROWTH TRACK-RECORD
Revenue



Broad service offering
Medicover offers a broad range of healthcare services through the two divisions Diagnostic Services and Healthcare Services. We continuously expand our services offering both organically and by acquiring new capabilities. Examples include Diagnostic Services adding further advanced diagnostic testing capabilities and Healthcare Services expanding the FFS offering to include infertility treatment, dental care, as well as health, wellness and sports.

By providing customers with services in many areas of care, we can leverage the existing customer base as well as attracting new customers. It also means we can strengthen the position as customers' preferred healthcare partner at all stages of life – from birth, through adulthood and professional life, to healthcare needs as seniors. This creates long customer relationships, benefiting both the customer and Medicover.

Spurring growth through acquisitions
Acquisitions are an important complement to our growth strategy. Businesses are typically acquired to expand in existing markets and to add new segments of specialty care. Some acquisitions have been made to enter and develop new countries with high long-term growth potential, with India as a prime example. Medicover has a strong balance sheet and robust internal capabilities in all areas of M&A – from maintaining a strong pipeline of opportunities to executing transactions.

Increased profitability through operational excellence
Medicover's main keys to margin expansion are optimal use of existing infrastructure and capacity, network efficiency, and cost management. Optimal use of the company's infrastructure includes all resources. For Healthcare Services, it is essential that doctors spend as much time as possible in supporting patients. Diagnostic Services improves efficiency by concentrating large test volume in highly specialised units. Technology and innovation play a major role in reducing costs and at the same time increasing service levels. For instance, digital technology helps Healthcare Services to develop its ways of interacting with patients, while Diagnostic Services can process a growing number of tests more efficiently and minimise administration with automation of booking and payment of tests.

3. Value creation for stakeholders

Medicover's operations generate significant value for all stakeholders. The Upright Platform's science-based model highlights Medicover's total value creation by quantifying the net impact on Environment, Health, Society and Knowledge. We received a highly positive net impact score of +75, driven by a significant positive impact within Health, Society and Knowledge (see sustainability report on page 39 for more information).

Health impacts – the most important part of value creation
A positive impact on people's health is the most important part of Medicover's value creation and permeates the value created for all stakeholders. Besides positively affecting people's lives, it brings economic gains for employers and society at large.

The fact that access to quality healthcare brings measurable savings in the form of reduced employee sick leave, is emphasised by our annual and comprehensive analysis of the health of Polish employees that use Medicover healthcare services. The 2022 edition uses data from 471,081 employees from the year 2021. The analysis finds that an employer whose personnel is under Medicover care can save at least PLN 1,245 (approximately EUR 260) annually per employee. Thanks to preventative medicine and better access to healthcare, Medicover clients on average almost have four additional healthy and productive days per employee compared to the working population in Poland.

Medicover's objective is to increase healthcare funding in the countries where we operate, and to extend access to care and early diagnosis, for customers and communities. We actively promote prevention and early detection of diseases to help people stay healthy. In 2022, we provided services for close to 11 million people in the Diagnostic Services division and more than 6 million people in the Healthcare Services division. The ambition is that the number of people to whom services are provided will grow at least as fast as the targeted organic revenue growth.

Summary of value creation for stakeholders:

Private customers
- Deliver the highest standards of healthcare based on patients' needs.
- Provide high access to care through continuous capacity building and digitalisation, broadening the virtual care and telemedicine offering.
- Health impacts that positively affect people's lives.

Corporate customers
- Increased employer attractiveness by offering Medicover's integrated healthcare model as employee benefit.
- Positive health impacts that save costs through lower work absence among employees.

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

Shareholders
- Deliver financial value through sustainable profitable growth and dividend.

Society
- Contribute to meeting society's increased need for healthcare.
- Constitute an important part of the total healthcare solution in the markets where Medicover operates.
- Provide high-quality and affordable healthcare.
- Create new employment opportunities.
- Further promote health and wellbeing through the Medicover Foundation.

3 GOOD HEALTH AND WELL-BEING

Aligned revenue goal 3

86.5%

86.5 per cent of Medicover's revenue is aligned with UN SDG 3 according to the Upright Platform's science-based model.

Strategic direction in the divisions

Medicover is dedicated to generating sustainable profitable growth. To secure a development in line with the sustainable profitable growth strategy, the two divisions work according to a strategic agenda based on three main areas.

1. Retain and grow the customer base

Diagnostic Services	Medicover aims to be the preferred partner to referring physicians. This is important as doctors are primarily responsible for referring patients for diagnostic testing. A prerequisite is the ability to offer a broad range of tests, from routine to advanced tests across all major clinical pathology areas, thereby meeting doctors' entire testing needs. Geographical coverage is critical to growing the business, as there is a need to be close to both doctors and patients. We are expanding our network of strategically located blood-drawing points (BDPs) as well as growing the clinical referral network and the number of referral doctors. We are also growing our digital presence with digital platforms, chatbots, e-shops and using technology and innovation to find new ways to interact and enhance the customer experience.	**Progress in 2022** • 24 new BDPs. • Invested in new laboratory capacity in Frankfurt (Oder). • Acquired a lab in Poland. • 5 acquisitions and investments for a total of EUR 100.1m.
Healthcare Services	Medicover's solid reputation as a high-quality healthcare services provider is fundamental to ensure client loyalty and retention. It is also the obvious springboard for further organic growth. We keep growing by attracting the best clinical practitioners, maintaining premium quality and improving access to services. We are adding capacity and increasing access to care, health and wellbeing facilities in strategic locations, often close to public transport. Healthcare Services has invested significantly in digitalisation to develop new ways of meeting, diagnosing, and treating patients. Healthcare Services is also working to grow its Fee-For-Service (FFS) business in existing markets, for instance within dental services, and sport and wellness, thereby broadening the offering to the existing customer base as well as attracting new customers.	**Progress in 2022** • 15 acquisitions and investments of a total of EUR 269.6m, in the field of dental care, mental health, sports, inpatient/outpatient facilities and eye-care. • 177,000 new members in the integrated healthcare model. • 43 new dental clinics. • Expanded gym network with 49 gyms. • 4 new hospitals in India, adding over 700 beds.

2. Expand service offering

Diagnostic Services

Medicover is continuously developing new and more complex in vitro diagnostic (IVD) tests, in accordance to the growing medical demand. These are important drivers of growth, as more and more medical specialties require sophisticated diagnostic testing to adequately define the required treatment for the patients. Advanced tests now represent 45 per cent of revenue while only 8 per cent of volume. Medicover is committed to invest into diagnostic areas where a significant demand of advanced testing is expected, these areas include genetics and pathology but also specialised areas of clinical pathology such as immunology and allergology. Medicover aims to expand in this area by strengthening our expertise and diagnostic capacity through selective investments in advanced laboratories. These investments allow us to expand the service offering to new customer groups including pharmaceutical companies. Furthermore, Medicover is now in the position to enable partner laboratories around the world to perform highly complex genetic tests through tech transfer offerings. As diagnostics is developing rapidly, it is crucial to continue informing and educating clinicians about the uses and advantages of new tests. Medicover put significant efforts into keeping clinicians up to date through physical and digital meetings and seminars.

Progress in 2022

- Entered three new markets: Bosnia-Herzegovina, Cyprus, and Greece through acquisitions.
- Expanded the offering to Finland.
- Medicover Integrated Clinical Services (MICS) strengthened its position as prime partner for life science companies. MICS expanded its capabilities in patient recruitment by the acquisition of Nasz Lekarz and increased cooperation with Healthcare Services.
- Several proprietary technology transfers completed.

Healthcare Services

Healthcare Services continues to expand its specialty-care offering based on the FFS model. Expansion takes place in existing and new markets, both organically and by acquisitions. The specialty-care/FFS offering includes hospital care, dental care, mental health, orthopaedics, infertility diagnosis and treatment, eye-care, and sport and wellness. By adding new healthcare services, we reach new customers and broaden the offering to the existing customer base, for example users of the Integrated Healthcare Model who can buy services not included in standard plans. This way, customers can turn to a single healthcare provider and get the expected quality. For Healthcare Services, this means stronger and longer customer relationships, and growth.

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

Progress in 2022

- Expanded dental care offering into Germany with the acquisitions of two dental chains.
- Invested in a greenfield multidisciplinary state-of-the-art hospital in Bucharest, Romania.

3. Pursue operational excellence

Diagnostic Services

Diagnostic Services benefits from a growing scale of operations. With a large number of tests there are significant opportunities for centralisation and automation. We work in a hub-and-spoke model where test volume is collected in central and regional labs. This is supported by a proprietary laboratory information system, which achieves optimal laboratory process efficiency, interlab referrals and distributed analysis, as well as results-reporting and post-analytical customer service. The division continues to focus on optimising the cross-border lab cooperation to best utilise and commercialise the capabilities within the network. We also seek scale effects and better purchasing terms by centralising procurement of diagnostic reagents and other consumables. These are the main cost components besides staff.

Progress in 2022

- Invested in facilities, both owned and leased, increasing total medical space to 134,345 m^2.

Healthcare Services

Clinical staff and facilities are the main cost items in the Healthcare Services division. Consequently, an essential element of increasing both productivity and quality is to ensure that clinical staff devote time to direct patient interaction rather than administration. Proprietary information systems support healthcare service provision whilst ensuring optimal patient care, clinical service quality and efficiency. Medicover own some of the facilities (primarily highly specialised facilities such as hospitals), while others are leased on long-term contracts. We have a good reputation among real-estate developers and landlords, which makes it possible to influence the initial design and secure competitive rent. This supports productive use of space and efficient operations.

Progress in 2022

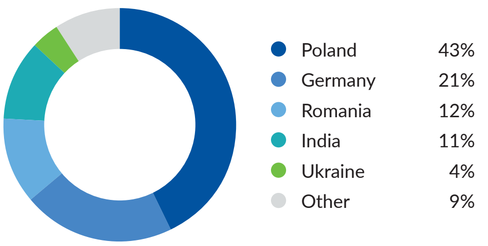
- Invested in facilities, both owned and leased, increasing total medical space to 686,969 m^2.

Attractive markets with growth opportunities

Most markets where Medicover is present are characterised by strong growth, under-funded public healthcare systems and a large proportion of Fee-For-Service. The largest markets are Poland, Germany, India, Romania and Ukraine (before the outbreak of war).

Many of the countries in Central and Eastern Europe have an undersupply of well-developed state-funded healthcare that offers high-quality health and patient services. Private healthcare is quite well developed in most markets where Medicover is present, and it functions as an effective and valued complement to publicly funded care. The market characteristics for Medicover's market are a low amount of healthcare spending related to GDP, fast-growing markets, under-funded public healthcare systems and increasing demand from a more health-aware population. In the second half of the year, we have seen increasing inflation, reaching the highest inflation levels for over twenty years in many markets. GDP growth in the EU reached 3.5 per cent in 2022.

REVENUE BY COUNTRY



Key drivers for growth

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

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

Poland

Total market
Poland's economy is the second largest in eastern Europe after Russia and one of the fastest growing in the EU. However, economic growth is expected to be weak in 2023, starting to bounce back in 2024 according to the EIU. Inflation reached 16.7 per cent at the end of 2022 and will remain in double digits until at least late 2023. Real GDP growth is forecasted at an annual average of 2.7 per cent in 2022–2030. The unemployment rate in Poland is one of the lowest in the EU and amounted to 2.9 per cent in December 2022.

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

The overall private healthcare market is forecasted to reach close to PLN 69 billion (EUR 14.5 billion) in 2022. The private healthcare market is split into a Fee-For-Service (FFS) segment and a funded segment. The FFS market is five to six times larger than the funded market. Dental care generates the largest portion of FFS spending. The typical FFS customer is a woman under 34 years of age and living in a city. Over 60 per cent of all Poles used private healthcare at least once in 2021.

Position and competitors
Both divisions are present on the Polish market. Poland is the largest market for Healthcare Services representing 65 per cent of the division's revenue, and a major market for Diagnostic Services representing 11 per cent of the division's revenue. Poland represents 43 per cent of the Group's total revenue.

Medicover's main competitors in Healthcare Services are LuxMed, Enel-Med and PZU, while in Diagnostic Services these are Diagnostyka and ALAB.

Growth and outlook
In 2021, the private healthcare market grew by more than 12 per cent. Nominal growth in 2022 is estimated at 11 per cent and is expected to slow down in the following years. Medicover's revenue in Poland grew by 26.3 per cent in 2022, and its compound annual growth rate for the last five years is 20 per cent.

Population	38 million
GDP per capita, USD	17,999.9
Annual GDP growth in 2022, %	4.9
Healthcare spending, % of GDP	7.2
Unemployment rate, %	2.9

Germany

Total market
The German economy is the fourth largest in the world (after US, China and Japan) and Germany has the largest economy and population in the EU. Its healthcare spending per head is the highest in the EU. 86 per cent of total health expenditure was publicly funded in 2021. Germany has the oldest social health insurance system in the world, consisting of statutory health insurance (SHI) and private health insurance (PHI). Health insurance is compulsory. The level of income determines whether a person belongs to SHI or PHI. About 88 per cent of the population is covered by SHI and 10 per cent by PHI. The multi-payer system currently consists of 110 SHI sickness funds and 41 PHI companies. The price and the scale of reimbursement for healthcare and diagnostic services are regulated by the State for patients insured under SHI, and by regional associations for patients insured under PHI. In the inpatient sector, private laboratories invoice hospitals for testing services under contracts based on freely negotiated prices; these normally include flat rates or fees per test based on a 'percentage of applicable fee' scale, set for example by the regional health authority (Kassenärztliche Vereinigungen, KV).

Due to the Covid-19 pandemic, demand for in vitro diagnostic products has increased and the in vitro diagnostic market is estimated to have a compound annual growth rate of 5.6 per cent for the years 2022–2027. In 2020, the in vitro diagnostic market was valued at USD 3,709 million.

Position and competitors
Medicover operates primarily in the north-eastern part of Germany and in Bavaria with its laboratories, and throughout Germany with its network of clinics. Germany is Diagnostic Service's largest market and represents 21 per cent of the Group's total revenue.

In 2022, Healthcare Services entered the German dental market, operating 31 dental clinics in the Berlin and Hamburg area. Germany is the largest dental market in Europe.

The main competitors in Diagnostic Services are Sonic Healthcare, Limbach Gruppe, Synlab and Amedes.

Growth and outlook
Inflation reached 11.6 per cent in October and is expected to remain elevated throughout the year, with full-year inflation averaging an estimated 8.4 per cent in 2022 and 6.4 per cent in 2023 according to the EIU. The EIU estimates that GDP will have grown by only 1.6 per cent in 2022 and forecasts that it will shrink by 0.6 per cent in 2023. Annual average healthcare spending increased to 12.8 per cent of GDP in 2020–2021 and is forecasted to gradually rise to 13.1 per cent by 2026 as a result of increasing demand, rising digitalisation costs and an ageing population. Medicover's revenue grew by 2.5 per cent in 2022 and its compound annual growth rate for the last five years is 17 per cent.

Population	83 million
GDP per capita, USD	51,204.5
Annual GDP growth in 2022, %	1.9
Healthcare spending, % of GDP	12.9
Unemployment rate, %	2.9


synevo

Romania

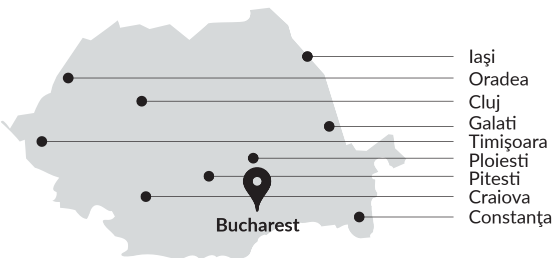
Total market
Economic growth was robust in the first half of 2022. However, the growth outlook for the second half of the year and 2023 worsened. Inflation peaked in November (the highest rate since 2003). The year ended at 16.4 per cent and the rate is expected to ease. Inflation for 2023 is expected to average at 10.3 per cent. The EIU forecasts that real GDP will grow at an average annual rate of 2.6 per cent in 2022–2030. Romania's total expenditure on healthcare amounted to 5.9 per cent of GDP in 2021, which is the lowest healthcare spending by an EU state as a share of GDP. The Romanian health system is organised at two main levels: the national level responsible for the implementation of governmental health policy, and the district level responsible for ensuring service provision according to the rules set centrally. The private healthcare market represents 20 per cent of the total healthcare market. The unemployment rate is estimated at 5.6 per cent in 2022 and is forecasted to decline over the next five years.

Position and competitors
Both divisions are present on the Romanian market and represents 12 per cent of total revenue.

Within Healthcare Services, Medicover is the third-largest provider in Romania, with a business-to-business model and an FFS focus serving both corporates and individuals and offering comprehensive benefit plans. Romania is also the third-largest market for Healthcare Services, representing 10 per cent of the division's revenue. Diagnostic Services under the Synevo brand is market leader in Romania and represents 14 per cent of the division's revenue.

Medicover's main competitors for both Diagnostic Services and Healthcare Services are Regina Maria and MedLife.

Growth and outlook
The private healthcare market has developed considerably during the last few years. As the economy continues to recover from the slowdown in the wake of the pandemic in 2020, the EIU expects total healthcare spending to increase by a compound annual growth rate of approximately 8 per cent in local currency terms in 2022. Medicover's compound annual growth rate in Romania for the last five years is 19 per cent.



Population	19 million
GDP per capita, USD	14,858.2
Annual GDP growth in 2022, %	4.6
Healthcare spending, % of GDP	5.8
Unemployment rate, %	5.6

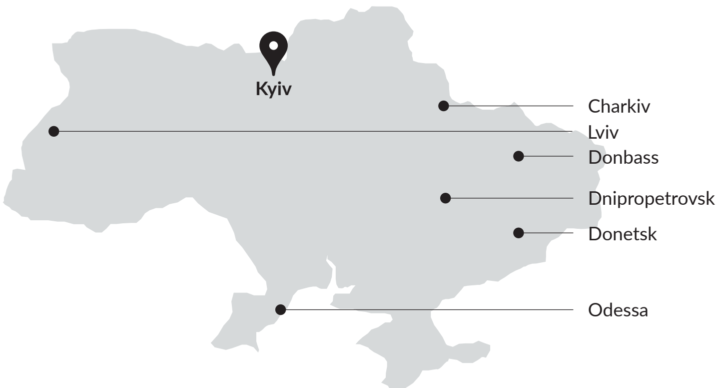
Ukraine

Total market
The EIU estimates that the Ukrainian healthcare market was around USD 15,400m in 2021, boosted by pandemic related spending. Less than half of the total was publicly financed. The Russian invasion in February 2022 significantly disrupted both further healthcare reforms and the Covid-19 vaccination programme.

Position and competitors
Medicover entered the Ukrainian market in 2007. Diagnostic Services has a nationwide network of blood-drawing points and is the laboratory market leader. Healthcare services also has a small presence in Western Ukraine. Both divisions continue to provide healthcare services in Ukraine outside the currently occupied territories.

Medicover's main competitors in Diagnostic Services are Dila and Smartlab and in Healthcare Services BioTexCom Clinic and Mother & Child.

Growth and outlook
Whilst it is currently impossible to forecast when the war will end, Medicover is well positioned to contribute to the development of healthcare in Ukraine once peace returns.



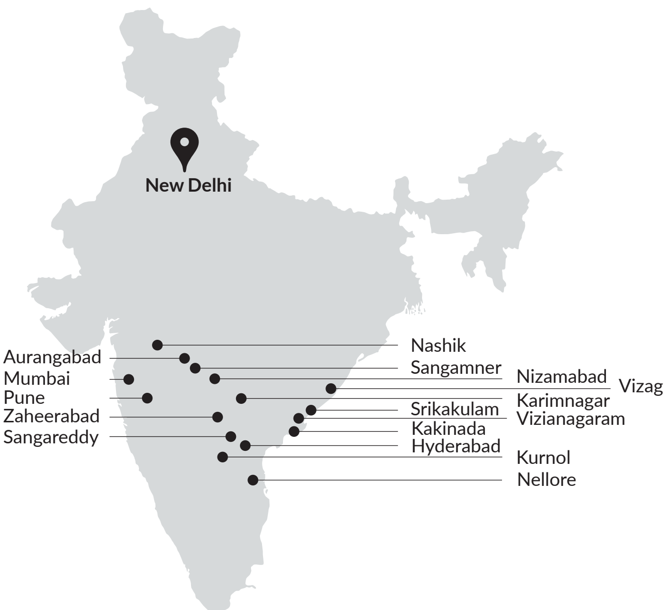
Population	36 million
GDP per capita, USD	4,835.6
Annual GDP growth in 2022, %	-35.5
Healthcare spending, % of GDP	7.8
Unemployment rate, %	19.9

India

Total Market
The Indian healthcare system is underfunded, despite the world's largest government-funded programme being launched in September 2018, aimed at covering 40 per cent of the population. In August 2022, about 14 per cent of the population had been issued with e-cards to use services. The healthcare system is divided into two main sectors, public and private. The private sector provides the majority of more complex services and is concentrated in the major cities. The public sector covers mainly basic healthcare. The funding model is mostly private pay with a high proportion of FFS and private insurance with limited public funding. In 2021, the hospital industry represented 70 per cent of the total healthcare market. The healthcare market was valued at INR 21.14 Trn in 2021, with an estimated annual compound growth rate of around 30 per cent for the years 2022–2027. The EIU estimates that India spent 3.2 per cent of its GDP on healthcare in 2021. Public healthcare spending rose to 2.1 per cent in 2021/2022 and the aim is to increase to 2.5 per cent in fiscal year 2024/2025. The increasing proportion of wealthy people in the Indian population, together with the higher standard of medical care now expected, has expanded the opportunities for premium services.

Position and competitors
Medicover Hospitals is the eighth-largest hospital provider in terms of number of beds and operates 23 hospitals with a total of 4,378 beds and a strong presence in the states of Andhra Pradesh, Maharashtra and Telangana. Medicover also operates 12 fertility clinics, mostly located in the Delhi area. India is Healthcare Services' second-largest market, representing 18 per cent of the division's revenue and 11 per cent of the Group's total revenue.
Medicover's main competitors in Healthcare Services are Apollo Hospitals, Fortis Healthcare and Manipal Hospitals.

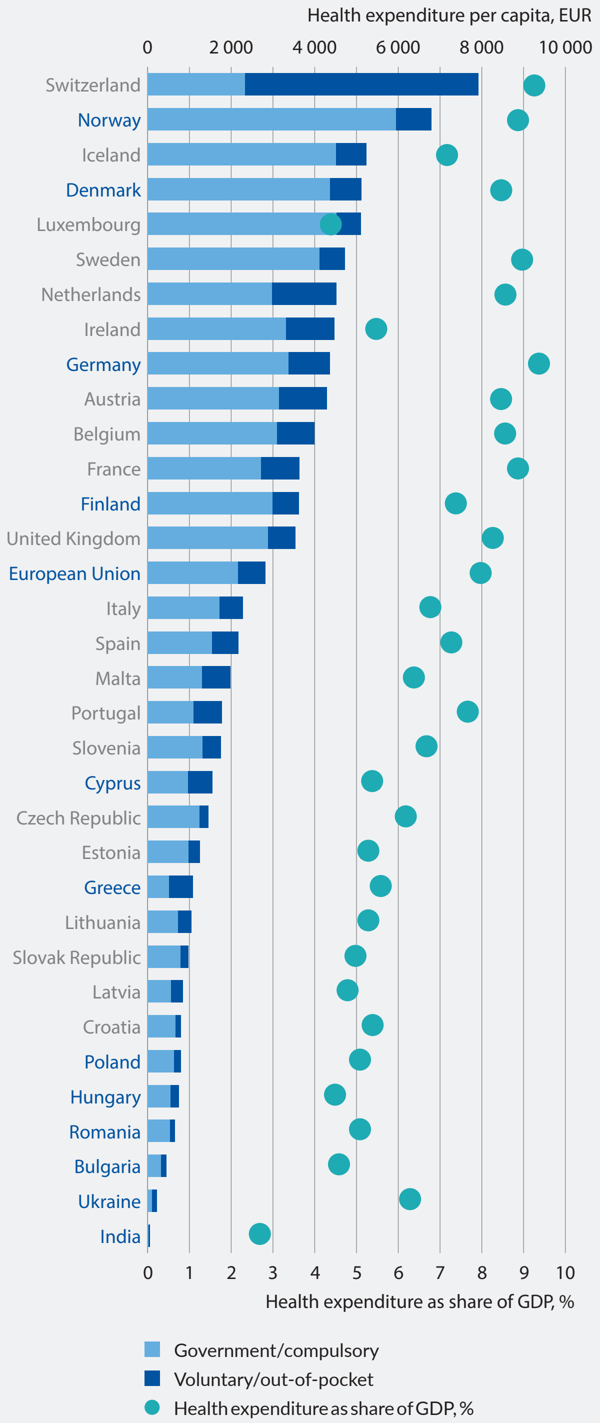
Growth and outlook
The Indian economy is one of the largest and fastest growing economies in the world. The Indian healthcare sector is growing at a rapid rate due to the increase in population, rising income levels, better health awareness, lifestyle diseases and the development of previously less urbanised regions, resulting in more public spending and investments by private healthcare providers.



Population	1,380 million
GDP per capita, USD	2,256.6
Annual GDP growth in 2022, %	6.9
Healthcare spending, % of GDP	3.2
Unemployment rate, %	7.0

Health expenditure growth in Medicover's markets

Medicover operates in markets where healthcare spending is below, and economic growth is above, most western European countries. Healthcare as a percentage of GDP is growing faster in these markets, with private spend on healthcare showing even faster growth. This contributes to continued growth opportunities for Medicover.

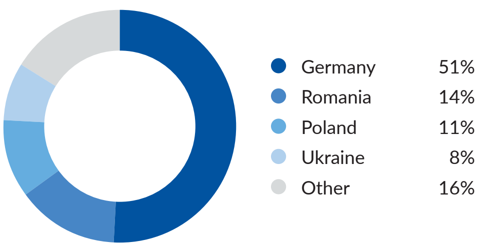


Source: The World Bank; Report: Health at a glance – Europe 2022; Report: Private Healthcare Market in Poland 2022

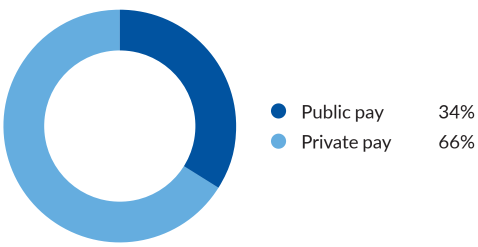
Diagnostic Services

Medicover is a comprehensive supplier of diagnostic testing services. Laboratory diagnostic testing is a key element in the process of medical decision-making and plays a pivotal role in guiding physicians to providing better medical care for patients. More than 70 per cent of all medical decisions are based on diagnostic testing. Focus is shifting from healthcare alone to health and wellbeing, promoting healthy lifestyles, vitality and wellness.

REVENUE BY COUNTRY

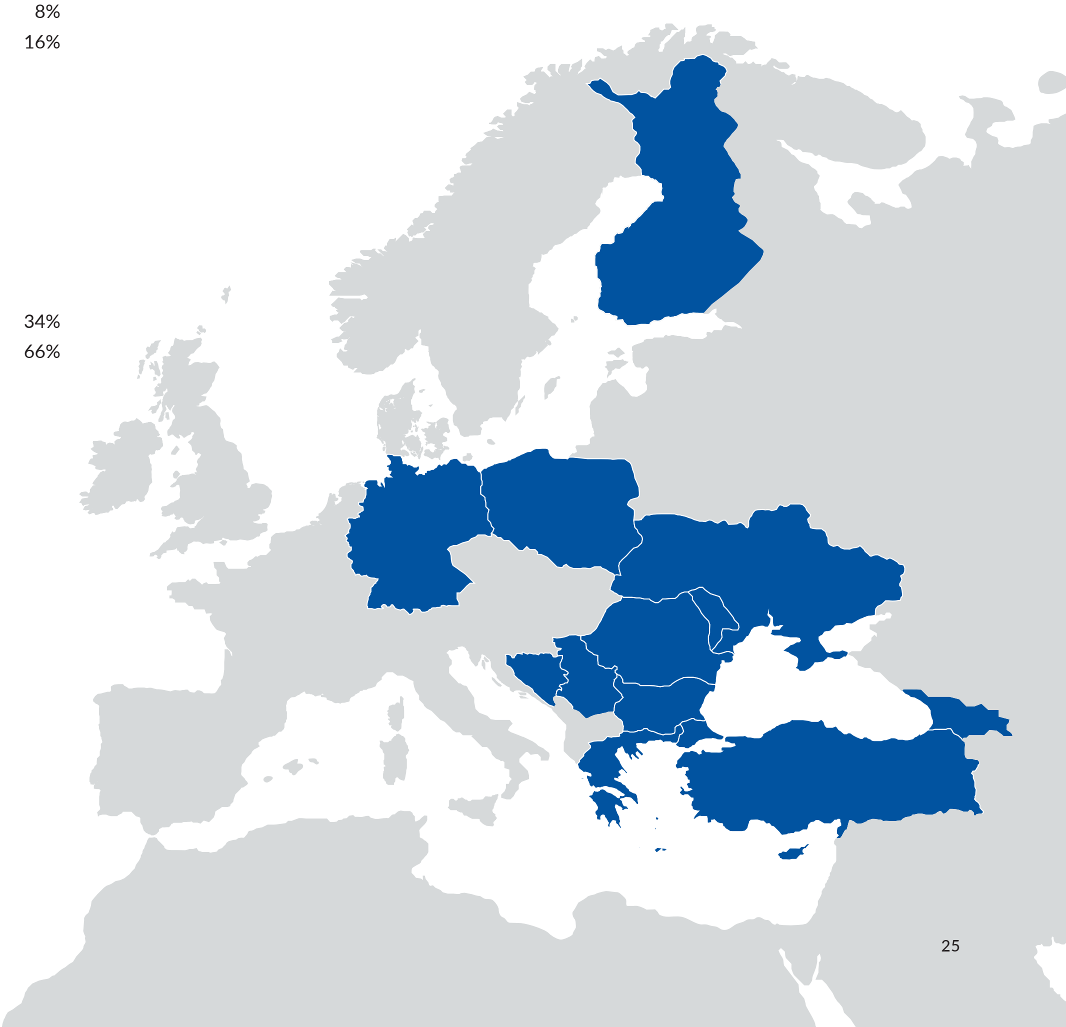


REVENUE BY PAYER



KEY FACTS

- EUR 612.5m revenue
- 119.3 million laboratory tests
- 11 million people served
- 876 blood-drawing points
- 104 laboratories
- 27 clinics
- 13 countries
- 10,429 co-workers
- 8,000 tests in the portfolio



A challenging year
During 2022, we have seen Covid-19 testing unwind and on 24 February, Diagnostic Services' second-largest market was heavily impacted by the Russian Federation invasion and war. Initially the operations were closed. However, after a few weeks these restarted where possible outside the war zone. The services provided are an essential part of the healthcare system in Ukraine. In December, the business operated at around 60–65 per cent of the 2021 level excluding Covid-19 and represented 8 per cent of the division's total revenue in 2022.

Revenue for 2022 amounted to EUR 612.5m (686.8m) and represented 40 per cent of total revenue. 119.3 million tests were performed, a decrease of 10.6 per cent in 2022. A total of 5.2 million tests were related to Covid-19 testing. Diagnostic Services' base consists of a network of 104 clinical laboratories, 876 blood-drawing points (BDPs) and 27 clinics in 13 markets.

> Diagnostic tests play an important role at every step of the disease management, from screening and diagnosis to monitoring.

Services
The division offers more than 8,000 parameters ranging from routine blood tests to highly advanced diagnostics, covering the entire span from early diagnosis to prevention. Diagnostic tests play an important role at every step of disease management, from screening and diagnosis to monitoring. Furthermore, there is an increasing trend for the general population to focus on well-being and prevention.

Diagnostic Services works in a hub-and-spoke model to enable efficient delivery of services to customers and to benefit from scale effects.

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

Business model – Diagnostic Services

REVENUE BASE	PRIVATE PAY 66% of revenue	PUBLIC PAY 34% of revenue
SERVICES	Broad range of tests from routine to advanced • Services delivered through proprietary BDPs, clinics and laboratories • Bio-chemistry; immunology; serology; genetics; cytology; and other specialities • Technology transfer	
CUSTOMERS	Physicians, patients, pharmaceutical research sponsors, clinics, hospitals, CROs	Physicians prescribing tests on individuals under the public insurance scheme
COUNTRIES	• Germany • Romania • Poland • Ukraine • Others	• Germany • Romania • Poland

Operations by key markets	Revenue EURm	Total number of labs	Central labs	Regional labs	Hospital labs	Specialised labs	BDPs	Medicover clinics	Lab tests (million)
Germany	313.4	18	3	4	6	5	12	24	40.2
Romania	86.1	22	1	17	3	1	168	–	18.6
Poland	66.0	34	1	13	13	7	144	3	28.3
Ukraine	48.8	6	1	5	–	–	317	–	15.4
Others	98.2	24	6	15	3	–	235	–	16.8
Total	**612.5**	**104**	**12**	**54**	**25**	**13**	**876**	**27**	**119.3**

Medicover Genetics
Medicover Genetics is a leading network of laboratories and medical institutions with over two decades of expertise within genetic testing. Medicover Genetics offers an ever-expanding portfolio of genetic testing services which includes predictive and diagnostic testing for thousands of indications in a wide range of categories, such as oncology, reproductive health, rare diseases, whole exome and genome sequencing. Having a strong scientific team, Medicover Genetics has developed its own proprietary technology and protocols that can be deployed, as a technology transfer model, to enable other laboratories to set up high fidelity in-house genetic tests, along with next generation sequencing-based multigene kits that can run simultaneously on the same platform. Taken together, Medicover Genetics is making comprehensive and meaningful genetic tests accessible to people all around the world, while providing accurate, fast and cost-efficient solutions.

Medicover Integrated Clinical Services (MICS)
With over 20 years of experience, Medicover Integrated Clinical Services (MICS) contributes to the acceleration and development of innovative therapies and diagnostics, and serves the needs of international life-science partners. MICS benefits from the latest equipment and methods used by both Medicover divisions and is fully equipped and uniquely capable of taking on any challenge along the full spectrum of clinical development needs of the demanding life sciences, medical and pharmaceutical industry. Services are offered in the areas of central lab services, patient recruitment, biospecimen management and precision medicine, together with companion diagnostics development services and commercialisation.

Markets and customers
The key markets of the division are Germany, Romania, Poland and Ukraine. The division is also present in a number of smaller markets, including Bosnia-Herzegovina, Bulgaria, Cyprus, Finland, Georgia, Greece, Moldova, Serbia, and Turkey.

Diagnostic Services provides laboratory testing to hospitals, private medical facilities as well as directly to individual patients and doctors.

WHAT IS GENETICS?

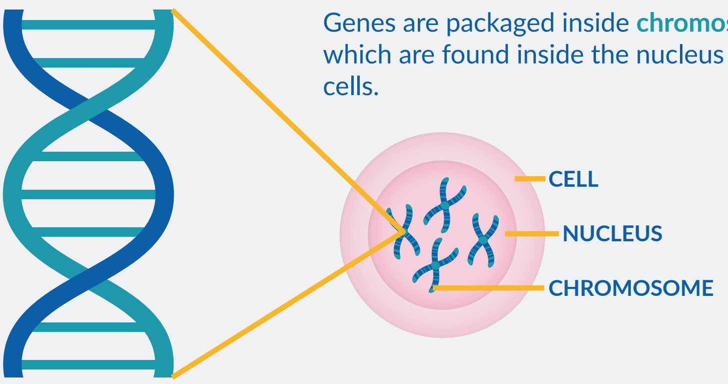
Genetics is the study of genes and inheritance. Genetics influences how we look and why certain traits and diseases run in families. The study of genetics allows us to understand how our genes are involved in the development of disease. To understand genetics, you need to know a bit about **DNA**, **genes and chromosomes**.

DNA (deoxyribonucleic acid) is a long molecule with a twisting ladder-like structure, called a double helix, that carries the instructions for making the human body. DNA is made of a chain of molecules called bases. There are four types of bases represented by the letters A, T, C and G and the order in which they occur is called the DNA sequence.

Genes are sections of DNA with a unique code (specific base sequence) and most genes contain the instructions to produce proteins in our bodies which carry out specific functions in the cell.

All the genetic material within our cells makes up the **human genome**. Each chromosome contains many genes and the human genome is estimated to contain **20,000 to 25,000 genes.**

Genes are packaged inside **chromosomes**, which are found inside the nucleus of our cells.



Strategic initiatives
Medicover's strategic agenda for sustainable profitable growth consists of three main areas:
1. Retain and grow the customer base
2. Expand service offering
3. Pursue operational excellence

Diagnostic Services has delivered on its strategic agenda to grow in existing markets by retaining and growing the customer base, as well as expanding the service offering by investing in new capabilities and expanding to new markets through acquisitions. For more detailed information, see the section "Strategic direction in the divisions".

Funding
Most of the markets have a strong dependency on private payers with the exception of Germany which is predominantly publicly funded.

Private pay – Fee-For-Service (FFS)
Fee-For-Service represented 66 per cent of the division's total revenue and amounted to EUR 404.5m.

Public pay
Public pay represented 34 per cent of the division's total revenue and amounted to EUR 208.0m. Public pay mainly relates to testing in Germany.

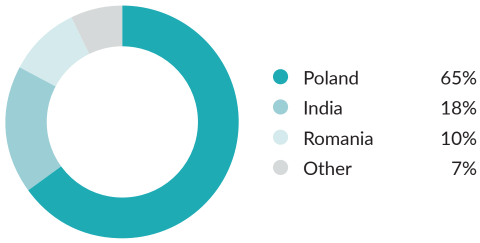
Brands

Strong local brands remain an inherent part of the company's strategy, combining local trust and historical recognition with the strength of Medicover overall. Brands such as Synevo in Romania, Poland, Ukraine, Moldova, Bulgaria, Georgia and Turkey, Beo-Lab in Serbia and IMD Laboratories in Germany are firmly tied to Medicover's values and purpose, while also having their own unique strengths.

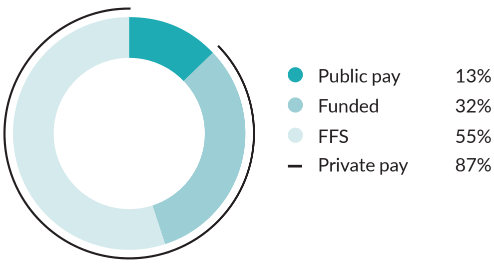
Healthcare Services

Medicover is an integrated healthcare provider with a holistic proposition for individuals and corporate customers spanning the life journey. Services range from prevention, specialist healthcare and inpatient care through state-of-the-art dental services to innovative wellbeing solutions, including sports, wellness and diet. The division's cause is to enable life, save life, maintain life and improve life.

REVENUE BY COUNTRY

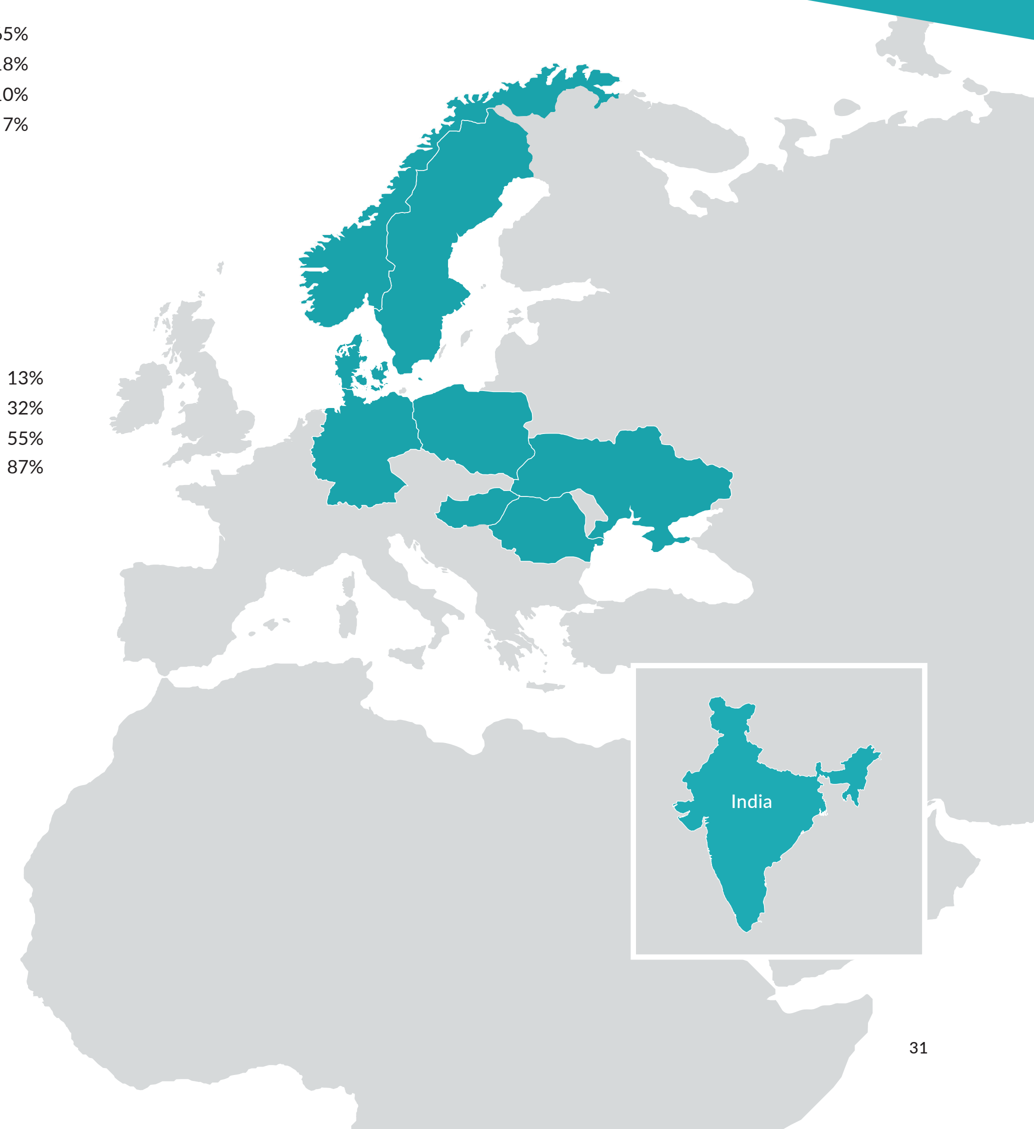


REVENUE BY PAYER



KEY FACTS

- EUR 917.1m revenue
- 1.7 million members
- 9 countries
- 41 hospitals
- 12,311 babies born
- 8,596 IVF cycles (excluding India)
- 34,116 co-workers



Healthcare Services offers high-quality care and accompanies its patients at every stage of life

2022 has been a year in which we have invested and expanded the care delivery footprint more than ever. In total, EUR 269.6m was invested in new facilities and through acquisitions in many different areas, such as hospitals in Poland and Romania, and dental, gym and eye-care businesses in Poland. During the year, 4 hospitals opened in India. The investments constitute a robust platform for meeting customer demand and ensuring access to care, as well as a foundation for future growth.

Revenue for 2022 amounted to EUR 917.1m (711.6m) and represented 60 per cent of Medicover's total revenue. We experienced very strong member growth, increasing by 11.8 per cent to 1,672 thousand members and adding 177,000 new members – a record. Poland is the largest market, followed by India and Romania.

Services

Medicover offers a strong business-to-business and business-to-consumer offering. The Covid-19 pandemic has changed customer behaviour and expectations, which has led to an approach that is more holistic and focused on prevention. Healthcare Services offers high-quality care based on the Integrated Healthcare Model and Fee-For-Service and accompanies its patients at every stage of life, encouraging a healthy lifestyle, keeping people in good health from birth and helping patients to stay in the best possible shape for a long time.

Care is delivered through a network consisting of 175 medical clinics, 41 hospitals, 28 fertility clinics, 107 dental clinics, 126 gyms, 49 pharmacies, 15 mental health centres and 38 optic showrooms.

Business Services

The ambition is to improve customers' physical fitness and health, ensure wellbeing and act as a comprehensive service provider that supports disease prevention and wellbeing. Medicover has a strong business-to-business position with integrated healthcare and sport services in the Integrated Healthcare model and Medicover Sport.

Integrated Healthcare Model – offers subscription and medical insurance to companies, employers, individuals and families. Medicover offers various types of contracts ranging from basic needs to more comprehensive contracts covering all forms of healthcare and wellbeing. Care is provided within Medicover's own network of health centres, hospitals and laboratories and by partner networks. Growth is driven by adding new members at existing customer companies and by new corporate clients. Full services are offered in Poland and Romania and insurance-only in Hungary.

Medicover Sport – offers a wide range of sport and online packages for corporates and individuals with access to a network of over 4,600 sport and wellbeing facilities in Poland.

Business model – Healthcare Services

	PRIVATE PAY		PUBLIC PAY
REVENUE BASE	FUNDED 32% of revenue	FEE-FOR-SERVICE 55% of revenue	PUBLIC PAY 13% of revenue
SERVICES	• Primary care • Specialist care • Hospital care • Dental care • Online services • Sport packages • Cafeteria programmes	• Primary care • Specialist care • Hospital care • Rehabilitation • Dental care • Online services • Fertility • Pharmacies • Eye-care	• Hospital care • Dental care
CUSTOMERS	Companies and employers Individuals and families	Individuals	Individuals under the public insurance scheme
COUNTRIES	• Poland • Romania • Hungary (insurance only)	• Poland • India • Romania • Denmark • Norway • Germany • Ukraine	• Poland • India • Romania • Germany

Operations by key markets	Revenue EURm	Medical clinics	Hospitals	Beds	Fertility clinics	Dental clinics	Dental chairs	Gyms	Other facilities	Members (thousands)	Visits (millions)
Poland	593.1	103	12	725	6	76	454	126	78	1,206	9.1
India	166.0	2	23	4,378	12	–	–	–	33	–	2.2
Romania	95.7	66	5	612	–	–	–	–	1	249	1.3
Other	62.3	4	1	90	10	31	215	–	–	217	0.1
Total	**917.1**	**175**	**41**	**5,805**	**28**	**107**	**669**	**126**	**112**	**1,672**	**12.7**

Dental

Medicover is present with its dental business in Poland and also entered the German market by acquiring two dental chains in northern Germany in 2022. In Poland, Medicover is the largest dental provider with a national network. There were 13 new openings and acquisitions during the year and dental services are now offered in 107 state-of-the-art clinics with 669 dental chairs and more than 1,080 experienced dentists. The ambition is to continue to grow the dental network in both Poland and Germany. Germany is the largest dental market in Europe.

Dental services range from prevention to orthodontics and implantology. The care is patient-centred and technology-based with a focus on patient satisfaction and engagement, which has resulted in a higher NPS score. Medicover's specialists work constantly to improve procedures and recently introduced artificial intelligence supports the regularly performed intraoral scans at the dental clinics. The scans are the virtual equivalents of dental impressions and on that basis, proper braces or dental implants can be made.

Fertility

Medicover offers a portfolio of premium fertility services, e.g., IVF procedures, egg donation and sperm bank, across our markets in Europe (Denmark, Norway, Poland, Ukraine) and India.

Medicover Hospitals India

India is Healthcare Services' second-largest market and is present in three states: Andra Pradesh, Maharashtra and Telangana, treating millions of patients every year with a clear focus on raising the standards of healthcare in India.

Services are provided in healthcare facilities that meet international standards and care is delivered by highly skilled medical teams, surgeons, specialist doctors and compassionate staff, supported by cutting-edge technologies and equipment.

The hospitals are multispecialty hospitals with specialities such as cardiology, gastroenterology, oncology, kidney transplantation, neurology, emergency care etc. The strive is to establish Medicover Hospitals as a centre of hope and excellence through dedicated services.

Medicover has 8,608 co-workers in India and runs 23 hospitals and two cancer centres. During 2022, 4 hospitals opened. More new openings are scheduled in 2023.

Medicover owns 64.2 per cent of Medicover Hospitals India.

Markets and customers

The division is present in Denmark, Germany, Hungary, India, Norway, Poland, Romania, Ukraine and with headquarters and an insurance company in Sweden.

Healthcare Services' customers include companies and employers, individuals who pay out-of-pocket and individuals enrolled in countries' public insurance schemes.

Funding

Healthcare Services' funding consists mainly of private pay – funded payment and Fee-For-Service (FFS) – while a smaller proportion is public pay.

Funded pay

Funded pay amounted to EUR 301.8m, representing 32 per cent of the division's revenue and is related to the Integrated Healthcare Model and Sports benefits. The Integrated Healthcare Model is medical insurance offered as a subscription to corporate clients and employees or to individual clients.

Fee-For-Service (FFS)

FFS revenue increased to EUR 500.2m, representing 55 per cent of the division's revenue. The patient or any other customer pays for each specific service provided and normally at the same time or shortly after the service is provided.

Public pay

Public pay amounted to EUR 115.1m, representing 13 per cent of the division's revenue. Public pay mainly relates to acute hospital services in the multidisciplinary hospital in Warsaw, maternity care in the Neomedic neonatology and obstetrics hospital in Poland, CDT Medicus, as well as Medicover Hospitals India.

Strategic initiatives

Medicover's strategic agenda for sustainable profitable growth consists of three main areas:

1. Retain and grow the customer base
2. Expand service offering
3. Pursue operational excellence

Healthcare Services has delivered on its strategic agenda and grown the customer base, as well as expanding the service offering through acquisitions. For more detailed information see the section "Strategic direction in the divisions".

Brands

Services are provided under the following strong local brands.

BUSINESS SERVICES

DENTAL SERVICES

FERTILITY SERVICES

HOSPITAL SERVICES POLAND

HOSPITAL SERVICES INDIA

HOSPITAL SERVICES ROMANIA

Sustainability Report 2022

To remain resilient and fulfil its mission, to improve and sustain health and wellbeing, Medicover works diligently to be a profitable and sustainable business, using robust governance to balance responsibility for people, planet, and profit.

CONTENTS

This report covers the reporting period 1 January to 31 December 2022. Medicover prepares and publishes the Annual and Sustainability Report every year in accordance with the Swedish Annual Accounts Act. The previous report was issued in March 2022. All entities included in Medicover's financial statements are covered in this report. This report contains material information about the Group's sustainability efforts and commitments, including environment, social conditions, personnel, respect for human rights and countering corruption. Statutory information on the business model on pages 12–15. Supplemental information on risk management starts on page 78.

2022 at a glance

Impact

In 2022, Medicover has successfully improved the healthcare infrastructure and improved access to care and early diagnosis in markets where it is present. Medicover has also grown healthcare funding in those markets, improving its holistic value proposition for every life stage to enable and support a full circle of healthy life and wellness.

Medicover has a 75% positive net impact ratio on the world in terms of health, society, knowledge and environment.

Medicover's net impact ratio ranks in the top 3% of 20,000 companies assessed globally.

87% of Medicover revenue is aligned with UN SDG 3, Good health and wellbeing.

Growth target

Growth in number of people to whom services have been provided exceeds the target.

Emission target

-15% CO_2 in Scope 1 & 2 per EURm revenue compared to 2020.

Supplier target

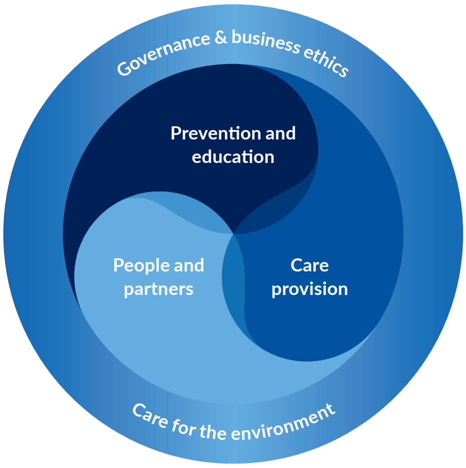
89% of purchasing value of the 10 largest suppliers in each market have committed to the principles of the supplier code of conduct.

We are over 44,700 co-workers of 79 different nationalities. Of the total, 72% are women. In 2022, we created 3,769 new positions in Medicover and welcomed in total 17,000 new co-workers.

Medicover provides access to care in 18 countries via 589 facilities, 104 labs, 876 blood-drawing points and in over 3,000 partner clinics. In 2022, over 119 million lab tests were provided.

Medicover's view on sustainability

To remain resilient and fulfil its mission to improve and sustain health and wellbeing, Medicover works diligently to be a profitable and sustainable business, using robust governance to balance its corporate responsibility for people, planet and profit. Medicover is guided in this work by its sustainability framework, which is integrated into the core of the business.



Value creation by Medicover
At Medicover's core is continuous investment into easier access to healthcare, availability of a more complete range of healthcare services, and the information and advice needed for people to stay healthy and access the right care in the event of illness.

This approach is aligned with the World Bank's (WB) objective of affordable, quality healthcare as the foundation for people to lead productive and fulfilling lives and for countries to have strong economies. Universal health coverage (UHC) is about ensuring that people have access to healthcare without suffering financial hardship. UHC is key to achieving the WB's twin goals of ending extreme poverty and increasing equity and shared prosperity, the driving force behind all WB health and nutrition investments[1)]. Medicover is also a signatory to the UN Global Compact.

A positive health impact is the most important part of Medicover's value creation. Besides positively affecting people's lives, it also brings economic gains for employers and society at large.

Medicover's health services contribute to fulfilling the unmet health needs in the countries where it is present. In 2022 we provided diagnostic services to nearly eleven million people and healthcare services to more than six million people.

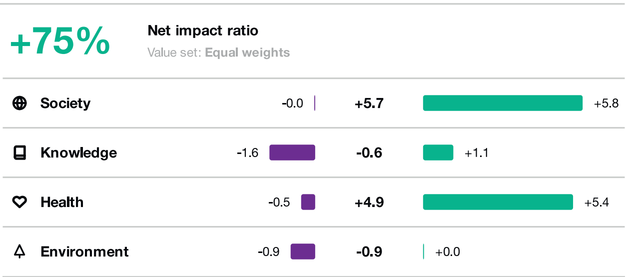
The impact of quality healthcare
Many people do not have easy access to affordable, high-quality healthcare. In many more cases there is a lack of health services to support the prevention and early detection of disease. The McKinsey Health Institute has estimated that the global disease burden could be reduced by about 40 per cent by applying known interventions in broader segments of populations.

Improving healthcare can also bring huge economic benefits. Almost two thirds of the years lost to poor health occur in the working age population, so reducing this burden enables more people to contribute more. For example, the services Medicover provides to its members in Poland equals more than 7,000 work years of productivity each year[2)]. The longer-term impact of reducing disease and disability will be many times greater.

Measuring and quantifying Medicover's impact
In general, quantification of healthcare service impacts is a challenge. However, a new holistic value creation assessment model, provided by the Upright Project[3)], has now made it possible to visualise comparable scientific data on a company's total impact, along the full value chain, in terms of their output of services and products, and the resources used in the process.

1) The WB's commercial arm, IFC, supported Medicover with credit funding in its early years.
2) More information on page 44.
3) Upright produces data on companies' net impact. See methodology on page 66.

Medicover's net impact ratio, according to Upright Project



The net impact ratio is a comprehensive overview of the holistic impact created by Medicover's business. The analysis is based on the core business, meaning the products and services offered by Medicover's business units and subsidiaries. The ratio is calculated and produced by the Upright Project's net impact quantification model, using a machine learning algorithm to process knowledge in millions of scientific articles.

> "To be able to demonstrate such a high positive net impact, and that 87% of our revenue is aligned with UN SDG #3 makes us very proud."
>
> Fredrik Rågmark, Medicover CEO

Science-based evaluation model using AI

Using AI, the Upright Project has applied its science-based evaluation to more than 20,000 companies globally, covering over 95 per cent of global market capitalisation. The outcome is a net impact ratio assessing a company's impact on society, knowledge, health and environment. The model also shows the amount of revenue aligned with the UN SDGs. The model offers a unique opportunity to demonstrate the positive impacts of Medicover's healthcare and diagnostic services.

Medicover's highly positive net impact on the world

Medicover's result is a net impact ratio of +75 per cent, which means that our core business has a positive impact on the world that is four times higher than the resources we consume. This ranks Medicover in the top three per cent of 20,000 companies assessed.

Medicover's positive net impact on health

Medicover's strongest positive impact is from contributing to physical health by treating and preventing physical diseases and injuries. This impact aggregates all Medicover's products and services – from surgeries to specialist appointments, from diagnostic tests to vaccination services. A minor negative impact stems from the possibility of complications.

Medicover also treats and prevents mental health issues through its psychotherapy and psychiatry services. Fertility treatment services bring meaning and joy to treated couples. Many other medical services also contribute to the impact. For example, diagnoses or treatments usually improve quality of life and bring feelings of joy to patients and their families.

Medicover's positive net impact on society

Job creation and tax payments have a positive impact and services such as ambulances, laboratory couriers and health insurance have a minor positive impact on societal infrastructure. Few companies manage to contribute to equality and human rights but Medicover has a minor positive impact due to services contributing to reproductive health and rights of individuals.

Medicover's net impact on knowledge

Medicover contributes positively to creating knowledge with its variety of diagnostic services. There is also a connection to medical research, as many services enable research in different medical fields. Medicover's employment of highly educated doctors and surgeons, scarce human capital, has a significant impact. However, this is also its main resource, used to create all positive impacts.

Strong alignment with UN's goal on good health and wellbeing

The Upright model also estimates alignment with the UN SDGs. Based on the sub-target definitions and Medicover's services, the percentage of aligned revenue is estimated for each of the 17 goals.

The outcome shows that close to 87 per cent of Medicover's revenue is aligned with SDG 3, Good health and wellbeing. Basically all the business lines contribute to the goal. Interestingly, Medicover services also support other important global goals, for example SDG 5.6, "Ensure universal access to sexual and reproductive health" and SDG 9 "Industry, innovation and infrastructure" with its research and lab services.

3 GOOD HEALTH AND WELL-BEING

Aligned revenue

86.5%

Close to 87 per cent of Medicover's revenue is aligned with UN SDG 3 according to the Upright Project assessment.

Sustainability governance and management approach
Medicover has a strong, active sustainability agenda and roadmap thanks to its committed sustainability committee, chaired by board chairman Fredrik Stenmo. Members also include CEO Fredrik Rågmark and board member Sonali Chandmal. The committee meets a minimum of twice yearly to monitor development and progress. The head of sustainability provides information about progress and guidance on forward-looking topics. The committee makes decisions on strategic and structural matters. The CEO is actively involved in between committee meetings and ensures that the operational divisions are aligned with the direction.

Strategy
To keep fulfilling its mission, it is essential to maintain resilience to continue contributing to society. Medicover works diligently to remain a profitable and sustainable business. The mission approach involves balancing our corporate responsibility for people, planet and profit with robust, credible governance and ethical behaviour.

For guidance on where to minimise or maximise inputs and actions Medicover is guided by insights from the Upright impact model as well as regulatory initiatives, global trends and expectations in terms of climate change, inefficient use of finite resources and an increased disease burden. Work is ongoing and dynamic. Progress is monitored and actions adjusted accordingly.

Materiality assessment
Medicover's most material sustainability topics are the result of an independent group-wide materiality assessment conducted in 2017. Medicover's board reviewed the result and decided to align the sustainability framework with the outcome. Relevant key performance indicators are connected to each area. See page 63 for this year's outcome.

However, Medicover is preparing an update of its sustainability roadmap to meet, and stay aligned with, the increasingly changing and complex regulatory and standards landscape. This includes a double materiality analysis in line with the EU Corporate Sustainability Reporting Directive (CSRD). The outcome will form the basis for potential updates to the current sustainability framework.

Medicover is also preparing for adoption of ESRS[1], part of the CSRD and the next steps of the EU Taxonomy reporting.

Outcome of Medicover's materiality analysis
The 2017 materiality assessment showed that external and internal stakeholders were unanimous on the most relevant sustainability topics for Medicover to manage. The top five were:
1. Extend access to care and early diagnosis
2. Develop an appropriately trained healthcare workforce equipped with the right tools at the right time
3. Help people stay healthy by promoting prevention and early detection of diseases
4. Minimise negative impact on the planet
5. Maintain and uphold a culture and business that is open, inclusive and ethical at all times

The five topics map up to the reporting requirements of the NFRD[2]; respect for human rights, social conditions, countering corruption, employer responsibilities and care for the environment.

Main challenges and opportunities
Each materiality topic represents a wide spectrum of challenges and opportunities that fit well against the business' risk chart and the processes of risk management[3].

One constant challenge, is to increase healthcare funding, to improve access to essential healthcare services, in support of human rights and social conditions world wide.

Another is the ever-increasing competition for talent and the shortage of appropriately qualified healthcare staff to maintain high-quality medical services, which keeps us alert regarding our employer responsibilities .

A third is the rapidly growing unhealthy population. This challenge on deteriorating social conditions is shared with other healthcare services companies as well as national and global societies.

Also, like Covid-19 previously, the year has brought new, specific challenges, such as war and an energy crisis in Europe. Medicover has had business in Ukraine for many years. Our co-workers and their families and friends are being exposed to the atrocities of war due to Russia's attack. Some of Medicover's support efforts are described on pages 45 and 50.

Some challenges come in the form of opportunities. The unstable planet crisis has piqued our awareness levels and sense of urgency regarding immediate adaptation strategies and mitigation. The energy crisis has created new ideas on energy efficiency and accelerated the transition to energy from cleaner sources, supporting our green roadmap.

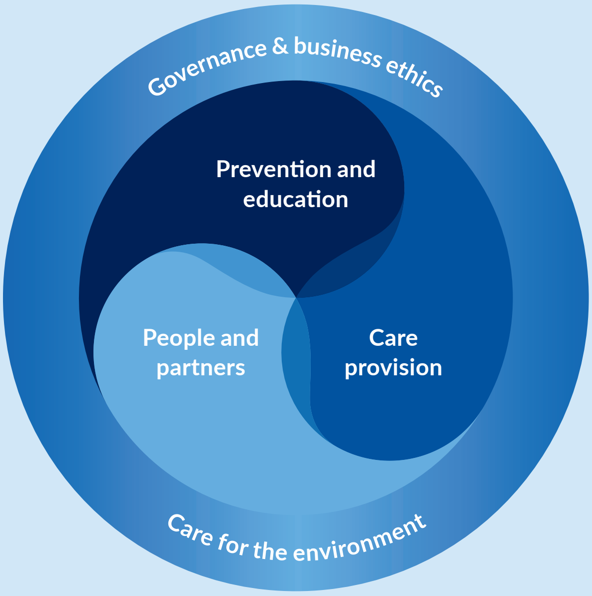
The wider corporate social responsibility also includes stakeholder dialogue on the importance of increased health funding, staff training, and expanding our services with preventive activities and early detection methods.

[1] European Sustainability Reporting Standards.
[2] Non-Financial Reporting Directive
[3] Medicover risk and risk management report on page 78.

Medicover's sustainability framework

The intersection of the three core areas ensures that when care is needed and Medicover is the provider, it can be accessed quickly, conveniently, safely and effectively.

The World Bank, the UN SDGs, the UN Global Compact and the materiality assessment have shaped the principles of Medicover's sustainability framework and societal impact model. Medicover group policies[1] and values govern and steer the operational implementation. Presently Medicover has three targets connected to the framework. With an updated double materiality analysis more targets will be added.



Area	Scope	Purpose	Desired outcome	UN SDG
Care provision	To increase healthcare funding where Medicover is present, and to improve access to healthcare and early diagnosis. An improved healthcare infrastructure will yield wider access to care and early diagnosis.	***Target*** Grow the number of people to whom services are provided at least as fast as targeted organic revenue growth, 9–12% per annum from a 2020 baseline.	Support basic human rights and social conditions with wider access to care and early diagnosis. Support UN SDG 3 by promoting healthy lives and wellbeing.	3 GOOD HEALTH AND WELL-BEING
People and partners	Our people are Medicover's most important asset. Medicover strives to develop the workforce and support them with the right tools and systems.	To ensure that Medicover workforce is qualified, equipped, trained and empowered to do their jobs well.	A skilled workforce and new jobs created to improve health outcomes in society. Support UN SDG 8.	8 DECENT WORK AND ECONOMIC GROWTH
Prevention and education	Part of Medicover's mission is to help people stay healthy by promoting prevention, health awareness and early detection.	For people to lead healthier lives and require health treatment less often.	Support social conditions. Support the World Bank's UHC to improve education and health outcomes as well as UN SDG 4.	4 QUALITY EDUCATION
Care for the environment	A healthy planet is as important as a healthy population. Immediate actions are needed to support a stable planet by minimising negative impacts.	***Target 2030*** -50% CO_2e in Scope 1 & 2 per EURm revenue, from a 2020 baseline.	Support the environment and the Paris Agreement. Support UN SDG 13.	13 CLIMATE ACTION
Governance and business ethics	The way Medicover works is as important as the results achieved. The aim is to be open, inclusive and ethical at all times.	***Target 2030*** Suppliers representing at least 70% of purchasing value have committed to the principles in the supplier code of conduct.	Support basic human rights and counter corruption. Maintain our trust as a partner and care provider. Support UN SDG 16.	16 PEACE AND JUSTICE STRONG INSTITUTIONS

[1] Operational implementation is through the following policies that cover, and sometimes overlap, all the above areas: Medicover code of conduct, Medicover code of medical ethics, Medicover supplier code of conduct, Medicover environmental and climate change policy, Medicover anti-bribery policy, and Medicover whistleblower policy.

Care provision

Medicover strives to increase healthcare funding, improve access to healthcare and early diagnosis, mutually supporting the World Bank's Universal Health Coverage and UN SDG 3, Good health and wellbeing.

GOOD HEALTH AND WELL-BEING

Target

Grow the number of people to whom services are provided at least as fast as targeted organic revenue growth, 9–12% per annum, from a 2020 baseline.

Desired outcome

Support respect for basic human rights and social conditions through providing care that ensures healthy lives and wellbeing for all at all ages.

Scope
Medicover's mission is to improve and sustain health and wellbeing. The scope of the work has three cornerstones:

1. To increase healthcare funding
2. To improve access to healthcare
3. To improve access to early diagnosis

The positive impact of this work mutually supports the World Bank's (WB) work towards Universal Health Coverage and UN SDG 3, Ensure healthy lives and promote wellbeing. Through this work Medicover also supports the improvement of essential social conditions and basic human rights.

Target
Medicover's target is to grow the number of people to whom services are provided at least as fast as targeted organic revenue growth, 9–12 per cent per annum, from a 2020 baseline. This is a key performance indicator regularly monitored and reported on.

Main challenges and opportunities
Affordable, quality healthcare is a basic human right and foundation for people to lead productive and fulfilling lives. Universal health coverage (UHC) means that all people have access to the full range of quality health services they need, when and where they need them, without financial hardship. Participating in this global challenge has always been at the core of Medicover. In its 27-year-long commitment, Medicover has made supplementary and complementary healthcare more affordable to ensure stable and adequate financing for the care provided.

Management principles
With its code of medical ethics, Medicover aims to maintain the highest quality of care. The Medical Advisory Council, chaired by the Chief Medical Officer, brings together medical leadership from all Medicover's businesses with external experts to set standards, measure results achieved for patients and follow up on any adverse events. Please refer to page 46 for the clinical quality report.

Medicover aims to be as transparent as possible in its way of working, without compromising any of the personal and confidential data held for patients, customers and employees, always seeking full compliance with data protection regulations in our markets and using systems and processes that offer high levels of security and stability. Refer to page 62 for privacy governance.

Medicover care provision
In support of improving and sustaining health and wellbeing, Medicover works to increase healthcare funding and improve access to healthcare and early diagnosis. Most of the markets where Medicover is present have a strong dependency on private payers[1] and Medicover has managed to impact how healthcare is financed over the years. Through its various care models, Medicover has increased affordability with elimination of claims administration and associated costs, passing on these savings to customers with lower costs and increased convenience.

[1] Except for Germany which is predominantly publicly funded.

To improve access to quality healthcare, Medicover extends its reach via acquisitions and organic growth, and also by continuously expanding its service offering and increasing its consultation capacity in existing facilities and via online access.

Improving access to early diagnosis is vital, as early detection of many diseases allows for a sufficient intervention window that can lead to a cure or management plan that greatly improves quality of life. Through the growth and expansion of its diagnostic services and network of labs, Medicover improves early diagnosis for a growing number of people.

Progress and outcome 2022

Since the baseline 2020, Medicover has grown the number of people to whom services have been provided by 45 per cent, exceeding the target of 9–12 per cent per annum.

Revenue aligned with UN SDG 3, according to Upright Project

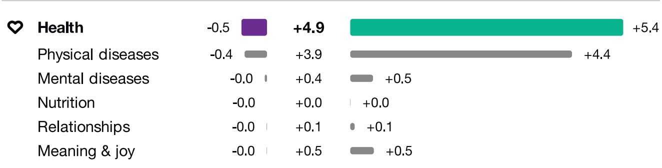
Aligned revenue

86.5%

Close to 87 per cent of Medicover's revenue is aligned with UN SDG 3 according to the Upright Project assessment.

Close to 87 per cent of Medicover's revenue, coming from almost all of Medicover's products and services, is aligned with UN SDG 3. It is especially rewarding to see the strong alignment to sub-target 3.8, which is directly linked to the indicator on achieving UHC, including financial risk protection, access to quality essential healthcare services, and access to safe, effective, quality and affordable essential medicines and vaccines for all. Medicover's revenue is also strongly aligned to sub-target 3.4, to reduce premature mortality from non-communicable diseases through prevention and treatment, and promote mental health and wellbeing.

Medicover's positive health impact, according to Upright Project



The Upright Project models Medicover's impact on global health.

The score from the Upright Project shows that Medicover has a strong positive contribution to health impacts in society, +4.9.

The largest impact is from contributing positively to physical health by treating physical diseases and injuries and preventing long-term conditions. This impact comes from all Medicover's products and services: from surgeries to specialist appointments, from diagnostic tests to vaccination services. The minor negative impact stems from possible complications that some medical operations, such as surgery, might have.

As Medicover also directly treats and prevents mental health problems through its psychotherapy and psychiatry services, these services have a positive impact in the mental diseases category.

In the meaning and joy category, Medicover fertility treatment services create a positive impact for couples unable to produce children without support. Many other services also contribute to this impact as diagnoses or treatments usually improve quality of life and bring feelings of joy to patients and their loved ones.

Care provision progress
2022 achievements on the three care provision cornerstones:

1. To increase healthcare funding
As a key performance indicator for care provision Medicover reports on total non-public healthcare spending channelled through healthcare- and diagnostic services. In 2022 the group channelled EUR 1,187m in non-public healthcare spending, corresponding to an increase of 8.4 per cent compared with 2021. When adding the public funding the total amounts to EUR 1,510m of public and non-public healthcare spending channelled through Medicover services.

2. To improve access to healthcare
In December 2021, Medicover raised EUR 277m under a social finance framework, with the proceeds being exclusively allocated to finance projects linked to the principal social bond category: *Improving access to essential healthcare services* and the social benefit principle: *Access to a safe, qualitative, convenient, affordable and dignified healthcare service infrastructure*. All proceeds were allocated in a five-year look-back investment exercise.

Between January 2021 and September 2022, Medicover has continued to invest (EUR 217m) in social eligible projects. These investments have not yet been allocated under the use of proceeds principle. As a result, there is a possibility of raising additional funds under the framework to use these investments as a base for further social financing. The projects have contributed to growth in care services provided. A table of KPIs achieved follows on the next page.

In terms of facilities, Medicover grew its hospital base in 2022, bringing high quality services to more people in the areas served. This is particularly true in India where new services were brought to communities in areas not well served by other private providers.

In terms of beds, access increased by ~700 beds in four newly commissioned centres in India (Vizianagaram, Begumpet, Navi Mumbai and Pune). In some units, such as Aurangabad and Kakinada, medical specialties have been added including sections for women and children's care services.

The number of ambulatory clinics also continues to expand in Europe, bringing access to effective, quality healthcare and secondary prevention services to more local communities.

Medicover's efficient on-line consultation service has continued to increase access for Medicover's ambulatory clinic customers that prefer on-line visits.

In Diagnostic Services, close to 11 million patients were served across 13 countries, with over 119 million tests performed.

To improve geographical access and cut waiting times, Diagnostic Services continues to expand the network of blood-drawing points (BDP). In 2022, 24 new BDPs were added, bringing the total to 876. The most significant expansion was in Romania.

Access to care has also been supported by the implementation of laboratory tests with user-friendly results and actionable advice from qualified medical professionals.

3. To improve access to early diagnosis

Medicover's mission to improve early diagnosis involves working in parallel across a wide spectrum, including, but not limited to, advanced R&D, clinical skills and expanding its outreach with services and awareness campaigns. The full consolidation of NIPD Genetics in 2022 is a good example of advanced R&D investments. With its leading, innovative biotechnology, Medicover is truly advancing in the field of early diagnosis improvements.

With proprietary technology, Medicover Genetics, uses cell-free DNA to discover novel biomarkers associated with certain cancers to improve early diagnosis. This can be realised by testing for known biomarkers that are correlated with disease onset and/or progression. For instance, certain genetic markers correlated with the onset of disease and its prognosis can be identified from DNA circulating in the blood.

It is interesting to note how the pandemic has changed people's behaviour. They are now used to, and have come to expect, easy and convenient diagnostic tests and getting a result without having to book an appointment. This is an opportunity for Medicover and is aligned with our mission. The way forward is to continue improving access to diagnostics, including point of care testing, self-testing kits and genomic testing.

Productivity increase with better health

The fact that access to quality healthcare brings measurable savings in the form of reduced sick leave is confirmed by the comprehensive annual analysis of the health of corporate clients in Poland using Medicover healthcare services.

The 2022 edition uses 2021 data from 471,081 employees of Medicover clients in Poland. The analysis concludes that Medicover clients on average have almost four additional healthy and productive days per employee, compared to the general working population in Poland. This equals a productivity increase of 7,097 work years in 2022 for Medicover's corporate clients in Poland.

ACHIEVED KPIS

Year	Number of hospitals	Number of operational beds	Number of clinics in DS and HS[1]	Number of lab tests	Total medical sqm
2020	25	3,185	140	103.9m	430,710
2021	32	4,028	153	133.4m	612,362
2022	41	5,805	202	119.3m	821,314

[1] HS number includes only ambulatory clinics.

2022 stories

Helping mothers at the border

When war broke out, the border crossing in Krościenko near Ustrzyki Dolne in Poland saw many women with children fleeing the war. Gynecologist Dr. Iwona Holcman-Fidor alerted Medicover to the precarious situation of women giving birth at the border crossing in Krościenko. Help was quickly mobilised by Medicover Foundation volunteers and friends, with shipments of hygiene products, food, blankets, clothing and gynaecological and obstetric materials.

Dental check-ups for evacuated children

To support evacuated children from Ukraine orphanages, Medicover Dental Services gave free dental check-ups in cooperation with Medicover Foundation and Happy Kids Foundation Help. In just a few days, more than 90 children were examined and helped by Medicover dental specialists.

Evacuation from Ukraine with three lines of support

When war broke out in Ukraine, our full focus was on evacuating our employees and their families. Three lines of support were quickly set up in the form of a Medicover support centre.

In the first line, ten consultants worked around the clock to answer calls and messages from colleagues in Ukraine. In the second line, we had 27 family coordinators operating out of Poland, Germany, Romania, and Moldova. The third line consisted of coordinators and a supply of volunteers ensuring transport, housing, food, medical care and jobs.

This support and organisation provided care, evacuation plans and transport from the border to help 986 people in 350 families to safely relocate and find housing in Poland, Germany, Romania, Moldova, and Bulgaria. We continued our support on a day-to-day basis, providing hygiene products, clothing and food where needed.

The entire project was a collaborative effort between Medicover, Synevo, Medicover Foundation and Medicover Association in all countries.

Shelter and support in Medicover clinics

Early on in the war, the clinic and health centre in Lviv gave shelter and support to evacuated families from other parts of Ukraine. Hundreds of volunteers from Medicover and the Medicover Foundation worked together to transport essential supplies, such as hygiene and baby care products, sleeping bags and clothing, into Ukraine and bordering areas from a temporary warehouse in Warsaw.

A leading healthcare facility in India

The new 300-bed multispeciality hospital in Navi Mumbai is set to become one of the leading healthcare facilities in India, offering high-quality diagnostics and medical care in cardiology, orthopaedics, oncology, paediatrics, gynaecology, pulmonology and more. The hospital will offer outpatient and inpatient care, consultations, with expert clinical professionals and modern facilities equipped with latest technology solutions, including radiology services with 160 Slice CT scan, 3T MRI, mammography, BMD[1], digital X-Ray, advanced ultrasound guided gastroscopes with a high-end endoscope and capsule endoscopy with eleven cameras. The hospital has eight advanced laminar airflow operation theatres, including a dedicated operation theatre for emergency, obstetrics and gynaecology.

[1] Bone mineral density.

Clinical quality

Achieving the highest medical standards requires strong clinical governance addressing the structures, systems and processes that ensure safety, quality, professional accountability and proper management in the operation and delivery of services.

Medicover's clinical governance is aimed at ensuring accountability for continuously improving the quality of healthcare and diagnostic services by maintaining an environment in which excellence in clinical care and diagnostic services will flourish, using the latest scientific and technological developments.

Medical advisory council

The Medicover board oversees this work together with its Medical Advisory Council (MAC), chaired by the Chief Medical Officer, who shares accountability for clinical quality with the Chief Operating Officers of Healthcare and Diagnostic Services. The MAC's mission is to work with the Medicover businesses to drive high level standards of ethics and clinical practice across all parts of the Group. The MAC brings together accountable medical leadership from Medicover's businesses and independent experts to advise on the expected standards in top companies providing healthcare and diagnostic services.

The MAC defines clinical quality as 'safe, appropriate, cost-effective advice, care, diagnostics and treatment, delivering an outcome that benefits the customer'. 'Appropriate' means the right clinical service, delivered at the right time and place by the right clinical professionals.

Clinical ethics

In addition to clinical quality, the MAC is also responsible for setting standards and ensuring a high level of clinical ethics across the Group. The Medicover code of medical ethics (the code) was agreed and approved by the board in 2021. The code is based on the four main principles existing in modern medicine: do no harm, beneficence, autonomy and justice. It covers all clinical professionals employed or contracted by Medicover. There are also codes of ethics for fertility centres and clinical genetics; both will be reviewed in 2023. Medicover encourages innovation, and guidance has been produced to assist those wishing to run clinical trials in Medicover facilities; this covers ethical requirements, regulation and governance.

Clinical quality

The principal targets of Medicover's clinical quality agenda are effective delivery of good health, optimal healthcare and diagnostics involving patient-centred advice and treatment, evidence-based medicine, and standardised, data-based measures of performance. There is a particular focus on patient safety, enabled through open reporting, encouraged by a 'no blame' learning culture and supported by an organised internal audit programme. It is well known that healthcare is not as safe as it should be. The WHO estimates that that one in ten patients in high income countries is harmed while receiving hospital care[1]. The harm is caused by a range of adverse events, with almost 50 per cent being preventable.

Like many other healthcare organisations, the MAC has set a target of 'zero avoidable harm', aimed at continuous improvement and safe care and diagnostics across the Group alongside its broader ambition to deliver appropriate, cost-effective healthcare and diagnostics, thereby maintaining and improving value to customers.

Quality management system

To enable this approach, the MAC, supported by the Group medical team, has implemented a clinical quality management system (CQMS). Its components include systematic registration of certification of all clinical and diagnostic facilities; key performance and clinical quality reporting, including open reporting of clinical incidents, near misses and serious medical complaints; medical risk assessment and management; and a formal programme of clinical audits. Key to this work has been the development of a clinical reporting platform monitoring 87 clinical quality indicators. This enables analysis of trends in the medical activities of businesses across Medicover, including identification of sources of variation and their nature, allowing appropriate decisions to be taken to promote best practice or minimise adverse events. The combination of monitoring clinical quality indicators, incident reporting, clinical risk management and audits means that issues can be picked up, their impact assessed and appropriate action taken. This drives continuous quality improvement and, with the introduction of patient-reported outcome measures, will enable better assessment of Medicover's impact on improving patients' quality of life.

CQMS effectiveness is confirmed by the number of facilities obtaining accreditation certificates with the highest care and treatment standards. One example is a Medicover hospital that achieved a 98 per cent score, the highest registered score in Poland, across both the public and private hospitals under the accreditation scheme conducted by the national Quality Monitoring Centre. Strong results were also achieved in both ambulatory clinics and hospitals in Poland, Romania, Germany and India.

[1] The World Health Organisation Newsroom. Patient Safety. 13.09.2019.

Clinical Quality Indicators, CQI

Medicover monitors 87 CQIs.
Some of these are:

- Cumulative Net Promotor Score, NPS
- Patient reported outcome measures
- Hospital acquired infections rate
- Ambulatory clinic health improvement indicators

Outcomes for the indicators for 2022

- **Net Promotor Scores:**
  - Hospital inpatients: 78%
  - Hospital outpatients: 74%
  - Ambulatory clinics: 68%
  - Dentists: 84% and dental hygienists: 91%
- **Patient reported outcome measures:** Ambulatory clinics in Poland and Romania achieved a high 75% health benefit score, despite the Covid-19 health debt.
- **Hospital acquired infections rate:** The rate decreased across the Group by 0.14% compared to 2021. This despite a 30% increase in hospitalisations.
- **Ambulatory clinic health improvement indicators:** Two examples from Romania and Poland: 65% of clinic patients with diabetes, and 78% of hypothyroid patients reached their targeted health improvement scores.

People and partners

Medicover will strive to develop its workforce and support them with the right tools and systems, mutually supporting the World Bank in creating jobs to improve health outcomes and support communities and UN SDG 8: Decent work and economic growth.

8 DECENT WORK AND ECONOMIC GROWTH

Purpose

To ensure that Medicover's workforce is equipped with the right tools, and qualified, trained and empowered to do their jobs well.

Desired outcome

A skilled workforce and new jobs created to improve health outcomes and support communities.

Scope

Our people are Medicover's most important asset, representing the foundation for Medicover's growth and the cornerstone of delivering quality care. Medicover is a large private sector employer of qualified clinical staff in Europe and India.

Purpose

Medicover strives to develop our workforce and ensure that they are equipped with the right tools, and qualified and empowered to their jobs well. In support of the World Bank and UN SDG 8, Medicover also creates jobs to improve health outcomes. A central KPI is the number of training hours for our co-workers (see page 51).

Main challenges and opportunities

In a risk approach Medicover recognises that its business performance, growth and brand value are dependent on its ability to develop the right culture to lead and engage its employees. Competition for talent is intense in all industries and the pandemic has escalated the fact particularly in the healthcare industry. In many markets, one of the biggest constraints on improving access to care is the shortage of qualified and experienced clinical personnel. With a long-standing presence in many markets, we have a reputation as a respected employer with a clear purpose to care for people's health. Competitive, market-based remuneration, a culture of accepting and embracing new ways of working, digitalisation and clear management principles enable us to attract and retain the right people.

> "The wellbeing of our co-workers is as important as caring for the health of our customers. Fostering an inclusive and value driven workplace culture is the base we work from."
>
> Fredrik Rågmark, CEO

Employer responsibility principles

Medicover has unified group HR processes, from recruitment to appraisals and leadership development. The group policies on code of conduct, anti-bribery policy and whistleblower policy steer the work. The management process follows these four principles:

1. Adhere to the Medicover values in all we do
2. Attract, retain and develop our people
3. Create a diversified, inclusive and equal opportunities workplace
4. Ensure safe work conditions, and employee health and wellbeing

1. Adhering to Medicover values in all we do

It is increasingly apparent that attracting people to Medicover is not only about job content or career development opportunities, which remain a priority for Medicover, but also alignment with the Medicover values. Everything we do at Medicover, including our HR management approach, stems from our values. Medicover attracts people who fundamentally recognise that this alignment is as important as everything else. Medicover emphasises this as part of its employer branding strategy, as this is a unique differentiating factor in hiring the right people, particularly those suited to leadership roles. Even performance management at Medicover starts with the values. Managers assess their people firstly on the five values. Only those employees who have no concerns with how they display or live-out the values are eligible for the highest performance ratings.

Our values

Passion for quality
We continuously seek excellence in all we do

Teamwork
We pool our talents, value diversity and share the credit for our successes

Entrepreneurship
We recognize and reward those people who invest time and money wisely to obtain the maximum benefit

Empowerment
We give our people the space and the support they need to make the right decisions for all our stakeholders

Integrity
We are direct and honest, and always fulfill our commitments

2. Attract, retain and develop our people

Being an attractive employer and ensuring that Medicover can differentiate from its competitors is a continuous focus. We consciously create working environments that encourage all levels of healthcare professionals to remain in the profession, and support them in providing care with optimal efficiency. One important factor is the ability to support employees with flexible working arrangements. Flexi-working policies now exist in all markets allowing people flexibility in where they work from. Due to the nature of our operations this is mainly applicable to those who work in back-office functions. Another factor is creating opportunities for younger professionals under 30 – the future of the healthcare profession.

A third is the continuous professional skills and qualification enhancement training offered to all staff. Some take place on the job every day, but investment in formal training courses is as important. These are held regularly, and tracked and documented. The courses include basic and essential training, as well as highly specialised training for senior professionals. In addition to internship and educational degrees, all healthcare professionals contracted by Medicover are certified in their specialisation fields.

Medicover conducts a credentialing process upon initial employment. This process continues throughout employment with Medicover to ensure that the individuals maintain their professional clinical qualifications. Medical directors have overall responsibility for all professional training for doctors, physiotherapists, radiographers etc. Medical doctors also conduct additional self-oriented development in their respective fields, following professional interests and requirements to provide services in their specialities.

Nursing directors report through the medical directors but have primary responsibility for nurse training. Nurses are always directly employed by Medicover, which brings direct responsibility for ensuring skills are maintained and developed. This is carried out via certified nurse training degree programmes – both internal, provided by Medicover, and external, provided by universities and professional centres of excellence.

A digital learning management system supports improvement of access, choice and quality of training available to all staff, based on corporate and local requirements and individual needs. Through the system and non-digital channels, Medicover runs a multitude of continuous training programmes to enhance and support clinical and non-clinical skills and qualification enhancements.

3. Diversity, inclusion and equal opportunities

As part of onboarding, all new co-workers must read and sign the code of conduct and anti-bribery policy. Within each of these policies the Medicover values lie at the foundation of all aspects. In living our values, we are committed to equal opportunities and have a zero tolerance to discrimination, bullying, sexual harassment or any other unethical behaviour. This is a part of the employer obligation. Medicover will continue to ensure that employees feel secure, valued and empowered to provide the best quality of care.

Having the right qualifications and experience for vacant positions is only one criterion that Medicover uses to hire new people. Attitude, values and purpose continue to be important elements of the selection criteria. As an employer, Medicover continues its commitment to diversity in its broadest sense.

4. Ensure safe work conditions, and employee health and wellbeing

Employee health & wellbeing is in the center of people policies and activities across Medicover. We provide access to medical care to our co-workers in form of medical insurance or pre-paid employer medical care plans. Workplace health and safety is part of the induction training for all employees. Some countries have H&S management systems certified under ISO 45001 and/or ISO 15189. Ensuring employees have a safe workplace is paramount. Compliance with legal requirements and industry standards is the minimum obligation. All operations are subject to building safety regulations, including evacuation standards, fire detection and suppression, safety standards on operation and shielding of medical equipment, building layout and infection control standards, sanitary regulations, air handling and separation. All sites have emergency plans appropriate to their specific risks and monitor these processes, reporting to the Group on their performance. The integration process for new business acquisitions includes a review of H&S management and improvement action plans.

Partners
Medicover is closely integrated with the healthcare systems in the countries where it is present. Healthcare services are subcontracted from ~3,000 partner clinics, while Diagnostic Services provides laboratory services to ~57,000 referring clinical professionals. Many of these partners are small businesses, i.e., the number of care providers that Medicover enables and supports is much greater than the number of employed care providers.

Progress and outcome 2022

In 2022, we were 44,700 co-workers in 23 countries representing 79 nationalities and 72 per cent women. This firmly establishes Medicover as a diverse company. In total we had over 17,000 new co-workers – 10,000 clinical and 7,000 non-clinical – joining Medicover during the year. We are also very proud to have created 3,769 brand new positions in 2022, 3,000 in Healthcare Services and 769 in Diagnostic Services. This is a testament to our evolving and growing business.

Around 65 per cent of our co-workers are clinical staff, such as nurses, doctors and lab specialists. As an investment in our people pipeline for clinical professionals, a key performance indicator is the number of job opportunities created for clinical professionals under the age of 30. In 2022 we employed over 4,800 new professionals matching that KPI. The number also include positions that were formerly filled by the 'over 30' age structure.

As part of the process in supporting the adherence to our values in all we do, all co-workers read and sign the Medicover code of conduct and anti-bribery policy. As of 2022, more than 32,000 active co-workers have signed the policies.

Another key performance indicator is the number of training hours provided to co-workers. 2022 was a year greatly impacted by the war in Ukraine. All the same training and skills development within Medicover continued. For 2022 it amounted to over 340,000 hours, up from 274,000 last year. For an overview of the different training categories see graph on the following page.

Employee health and wellbeing
The war in Ukraine not only affected our people living and working there. We provided a robust support and care for close to 1,000 of our Ukrainian colleagues along with their families (see page 45). Experience of war was for most of us a dramatic life-experience, also in the neighboring countries involved in support for Ukrainian war refugees and living in anxiety following on Russian invasion acts. Addressing stress and anxiety in other countries was a serious topic.

We maintain our people updated on the situation, on Medicover support and options for individual support opportunities our people could engage themselves. Dedicated info channels were developed.

In Poland we organised individual consultations and online live sessions with psychologists providing key fundamentals on reacting and managing oneself in crisis situations. In addition, in Romania, we partnered with an external provider to offer wellbeing services to our co-workers, such as:

- Self-assessment tools, science-based, in health (stress, burnout, depression, insomnia, anxiety, anger, happiness, etc.)
- Specialised educational content, 1 free individual session per employee and 10 specialised subject workshops
- Access to a 24/7 phone line for psychological support with licensed and validated specialists

Medicover's impact on knowledge, according to Upright Project

	Negative	Net	Positive
Knowledge	-1.6	**-0.6**	+1.1
Knowledge infrastructure		+0.0	+0.0
Creating knowledge		+1.0	+1.0
Distributing knowledge	-0.0	+0.0	+0.0
Scarce human capital	-1.6	-1.6	

Skilled human capital is considered a scarce resource, and when using that resource the company drives a negative net impact score on knowledge.

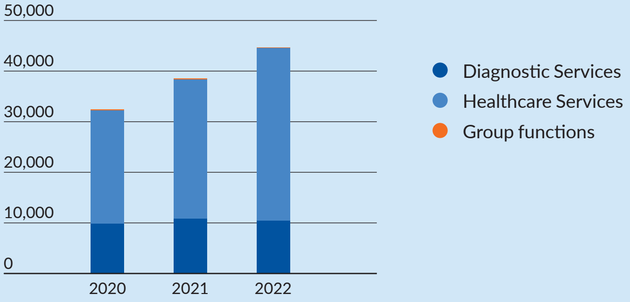
Medicover contributes positively to creating knowledge with its variety of healthcare and diagnostic services, e.g., tests and other laboratory activities create new clinical knowledge about the patient's health. There is also a connection between Medicover and clinical research, as many of the services enable research activities in different clinical fields.

According to the Upright Project, scarce human capital measures the opportunity cost of scarce human resources. The assessment includes the level and scarcity of the education required to produce the products and services offered. Medicover employs a highly educated and talented workforce, such as doctors and surgeons, which are scarcely available. This explains the negative impact score.

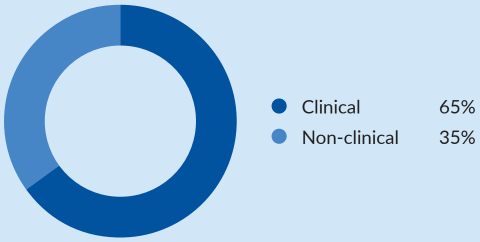
Working for diversity and equal opportunities
One way of demonstrating progress towards improving equal opportunities is to showcase examples, like Medicover Hospitals in India (MHI). First, MHI was awarded the prestigious Gold Standard certification "Great Place to Work" in 2022. A testament to successfully creating a people-centric environment committed to respect, diversity and equal opportunity for all employees. Then, MHI was certified as one of India's "Best Workplaces™ for Women" – another testament to gender equity and equality. And to top 2022, MHI was also awarded "Best Workplaces in Pharmaceuticals, Healthcare and Biotech". All three awards mark incredible efforts to build trust, pride and camaraderie in India.

Our people in numbers

NUMBER OF CO-WORKERS



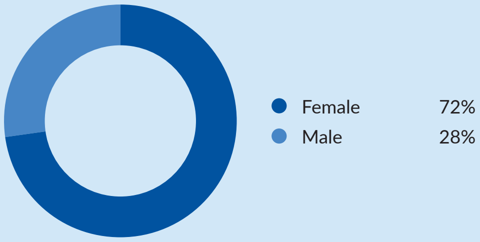
CO-WORKERS BY CATEGORY



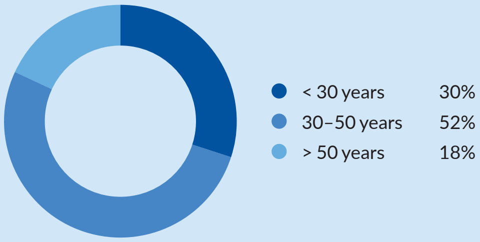
TRAINING HOURS FOR MEDICOVER CO-WORKERS

Training	Hours
E-learning	**20,121**
Clinical	8,637
Non clinical	11,484
Induction and integration and legal requirements	**107,058**
Clinical	51,779
Non clinical	55,279
Level I: Skills and competencies	**115,301**
Clinical	68,988
Non clinical	46,313
Level II: Qualification enhancement	**75,170**
Clinical	59,041
Non clinical	16,129
Level III: Personal development	**22,720**
Clinical	9,544
Non clinical	13,176
Total number of training hours	**340,370**

CO-WORKERS BY GENDER



AGE STRUCTURE



INJURIES

	2022	2021	2020
Number of fatalities as a result of work-related injury	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)[1)]	2	0	0
Number of recordable work-related injuries	124	120	98

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

MANAGEMENT BY GENDER

	Female	Male
Executive management team	14%	86%
Divisional/Group senior management	32%	68%
Country senior management	41%	59%
Director	48%	52%
Manager	64%	36%
All management	**59%**	**41%**

VOLUNTARY TURNOVER, MOVING ANNUAL TOTAL

	2022[1)]	2021	2020
Female	36%	23%	19%
Male	36%	28%	23%
Total	**36%**	**25%**	**20%**

[1)] The high level of voluntary turnover is largely driven by turnover in India, where the primary reasons for resignations are returning to education or personal/family reasons. Furthermore, the increase in voluntary turnover in 2022 can be associated to the following factors: In 2022 we terminated agreements with contractors, with a limited scope of services & with very low activity within our business in Poland as ongoing cooperation was not viable. Turnover due to "Covid fatigue" is being experienced across all main markets. Our strategy of mutual agreements to reduce headcount in Ukraine following the war has been reported as voluntary turnover.

Prevention and education

Medicover strives to help people stay healthy by promoting prevention and early detection. It also contributes through ongoing investment in educational initiatives aimed at improving health outcomes. With this purpose we mutually support the World Bank's Universal Health Coverage, communities and UN SDG 4: Quality education.

4 QUALITY EDUCATION

Purpose

To help people stay healthy by offering education and promoting prevention and early detection.

Desired outcome

Actively support the reduction of society's disease burden, as people leading healthier lives need health treatment less often.

Scope

It has been estimated that more than two thirds of the potential reduction in the global disease burden from known interventions would come from environmental, social, behavioural and preventative interventions. This illustrates why prevention and education are so important. High quality health education is needed to develop the healthcare workforce, but it is also critical to support educational initiatives which enable the general population to make better choices to protect their long-term health.

Purpose

Medicover's purpose in this respect is to help people stay healthy by offering education aimed at improving health outcomes, and promoting prevention and early detection.

Main challenges and opportunities

Over the past century, vaccines, antibiotics, sanitation and nutrition, among others, have doubled life expectancy. This has been a powerful catalyst for economic growth. Improvement in health over the last 100–200 years contributed to about one-third of GDP growth in that period. However, the increase has not been matched by a fully corresponding quality of life. Data shows that the increase is slowing down, but more importantly it also shows that a large proportion of the life expectancy gain is years of poor health, meaning we live longer but without the ability to carry out normal functions of daily living and live a full life.

One of the opportunities arising from Covid-19 is that health is now part of economic growth discussions. There is now talk about the economic values of people dying too young and suffering from conditions that keep them from being economically and socially active. The economic benefits of people following a healthy lifestyle at an early age to avoid developing lifestyle diseases over time have become abundantly clear. For Medicover, the opportunity to actively support the reduction of society's disease burden fits very well into its prevention and education scope.

Management principles

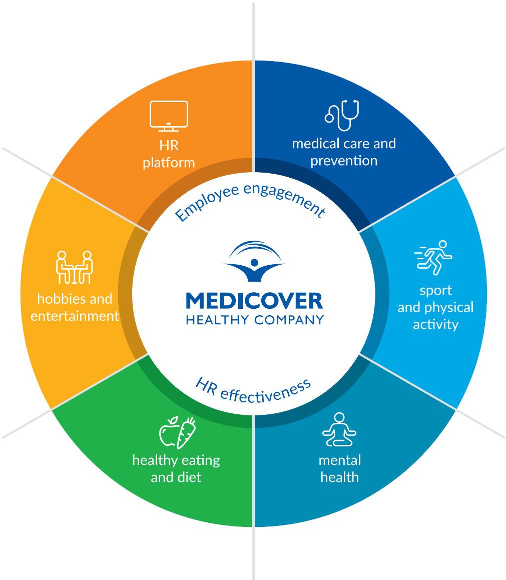
Working at Medicover entails having a positive impact on people's lives. Preventive care and health promotion is ingrained and well-integrated into Medicover's services to all customers. Medicover works diligently to ensure skills development for its staff and partners, so that they in turn may support customers and society at large to stay healthy by promoting prevention and early detection. In addition, many of our employees find it meaningful to contribute to the philanthropic projects managed by the Medicover Foundation.

Prevention, education and health promotion

Poor health reduces economic potential by keeping people out of the workforce, reducing productivity and lowering earning potential.

Health promotion that supports awareness is fundamentally important to success in improving preventive measures, early diagnosis and access to quality care. Through Diagnostic and Healthcare Services, Medicover has a holistic value proposition covering every stage of life to enable a full circle of healthy life and wellness.

In the diagnostic business, with laboratory tests in all major clinical pathology, customers are clearly seeking ways to learn and gain awareness of personal risk factors in developing a given disease, and this is driving a shift towards advanced diagnostic and genetic testing. The other trend is the rise of wellness in more markets and with new customer groups, increasing the need for our services for gyms, mental health facilities, fertility, dental, optics and nutrition habits.



Progress and outcome 2022

Genetics, early detection and disease prediction
The Medicover genetics oncology product Predict&Prevent is an example of the sequencing of specific genes that are highly correlated with the development of certain cancers, such as breast or colon cancer. In 2022 Medicover provided over 26,000 health screenings and close to 450,000 occupational health examinations in Poland and Romania.

Staying healthy – gyms, fitness and healthy habits
Medicover continued to grow and strengthen its sports and fitness offering during the year. The healthcare and sports offerings are a complementary combination, which explains the dynamic growth in the sports & fitness sector. At the end of 2022, Medicover had over 120 fitness clubs and gyms in the portfolio throughout Poland.

Holograms are changing the world of medicine

For surgeons at Medicover's Rehasport Clinic, this advanced technology became a reality in 2022. With the RSQ HOLO[1], surgeons look at a hologram of the operated area with goggles equipped with processors and sensor systems, displaying and freely moving around the holographic projections with hand gestures, and at the same time double-checking the medical documentation.

[1] RSQ HOLO is an augmented reality (AR) operating room.

Emotional wellness
Medicover's Mind Health mental health centres are growing steadily. These deploy a model of comprehensive, specialised psychological and psychiatric care, accommodating the growing needs for mental health care, and employ a wide spectrum of specialists. Medicover now has 15 centres in Poland.

In Romania, a new partnership on a corporate mental health programme started with Clinica Hope, the country's leader in private mental health clinics. According to Romania's National Institute of Public Health, the number of people with mental and behavioural problems has almost doubled in the last ten years.

Awareness campaigns
Prevention and wellness campaigns run throughout the year in all Medicover operations. Some are arranged in connection with national awareness days, such as World Cancer Day or World Mental Health Day, while others are conducted in association with local authorities or health bodies. They are also part of day-to-day communication to patients and family visiting Medicover facilities.

Examples of 2022 initiatives:
- **Road safety India**: fatal road accidents due to speeding, and not wearing helmets and seat belts are common in India. During 'World Trauma Day', Medicover emergency doctors educated the public on first aid in traffic emergencies.
- **Preserving fertility for oncological patients:** a local fertility clinic in Poland and the City Hall have launched a pilot to protect fertility, open to all residents aged 18–40 undergoing cancer treatment.
- **Digital health boards**: to raise awareness on malaria and vector borne diseases, ADHS Mumbai and Heart Foundation & Medicover Hospitals delivered digital health boards to 100 societies on various health issues, symptoms and precautions.
- **Fight the cancer monster**: cost campaign with breast cancer screening packages in rural Nellore, India, to support awareness and affordability for women on a low income.
- **The 'Just Ask' campaign**: created in response to the growing need for mental healthcare solutions in Poland and to mark 'World Mental Health Day'. As part of the campaign, specialists gave free psychological consultations and free webinars.
- **Other educational campaigns** included improving PAP smear take-up to enable earlier diagnosis of cervical cancer, a new panel of tests to pick up early signs of sexually transmitted diseases, tests for thyroid disease and tests to diagnose and monitor people suffering from diabetes in order to reduce complications.

Real and positive impact on youth's physical and mental wellbeing with accurate statistical data

When young people follow a healthy lifestyle, these positive behaviours become ingrained and significantly reduce the risk of developing many lifestyle diseases over time. One of the aims of the Medicover Foundation, established in 2007, is to fulfil this social mission.

The Medicover Foundation has therefore developed several large-scale public health programmes[1] aimed at recognising these risks and significantly reducing them through personal intervention, education and training.

More than 56,000 school children have undergone health screening over the last 10 years. Those with obesity problems or poor physical fitness were offered the opportunity to take part in comprehensive, accredited health coaching programmes, together with their families, to help them avoid these risks. The foundation is proud that most participants in these coaching programmes have achieved reductions in body mass index and improved their overall state of health[2][3].

The measurable success of these school screening programmes led Medicover Foundation to develop ESMS[4], a software-supported screening tool designed to assist school nurses by digitising the mandatory health check process at schools in Poland. Launched in 2018 in 10 schools, it has now expanded to 172 schools across the country.

A new and unique feature of ESMS is the individual health report card presented to each child with the results of their screening tests. It also contains clear, specific recommendations for parents to help to encourage continued health-promoting behaviour in their children and outlines areas to improve.

The application of the new digitisation process makes ESMS a first-of-its kind programme – by providing accurate statistical information on the health status of the primary school population. ESMS data provides schools – and by extension local authorities (and in the future central government agencies) – precise, accurate data-driven reports, which can act as the groundwork for several critical outcomes: Improved understanding of this population's health status and needs enables new decisions in health prevention and the development of targeted programmes tailored to the specific problems and needs of the school children.

A formal ESMS report, compiled by sources outside Medicover, and containing a summary of its history and capabilities, is being prepared and will be published mid-2023. This report will explain in greater detail the results of the programme to date and will be helpful to everyone involved in the health of children – both at school level and nationwide.

1) Including PoZdro! in Poland and InCerc in Romania
2) Nutrients, 2022: "Fitness, Food and Biomarkers: Characterizing Body Composition in 19,6343 Early Adolescents"
3) Obesity Research & Clinical Practice, 2022: "Getting them through the door: Social and behavioral determinants of uptake and engagement in an obesity intervention".
4) Electronic system for medical services in schools

McKinsey Health Institute and Medicover collaborate to add years to life and life to years

Medicover aims to contribute a lasting, long-term improvement in the health of people in the communities it serves. Measuring the health impact it is achieving is a vital part of the goal. To support this, Medicover is collaborating with the McKinsey Health Institute[1] (MHI) to identify opportunities for positive impacts on health as we seek to add years to life and life to years.

MHI was founded on the conviction that, over the next decade, humanity could add as much as 45 billion extra years of higher-quality life[2] (roughly six years per person on average, and substantially more in some countries and populations). MHI's mission is to catalyse the actions needed across continents, sectors and communities to realise this possibility.

Based on MHI's Scale What Works[3] interactive visualisation and its underlying model, we are jointly examining what health conditions, proven health interventions and patient populations could be at the heart of Medicover's action plans. These action plans will consider potential best-practice deployment of interactions, based on research MHI undertook to build the Scale What Works model. This initial project began in the fourth quarter of 2022 and will continue in 2023 and beyond.

The aim is that it will enable us to use Medicover's resources as efficiently and effectively as possible to improve people's lives. The initiative also addresses all three areas of Medicover's strategic agenda, retain and grow the customer base, expand our service offering and pursue operational excellence.

Medicover and MHI will publicly share the findings from the process. What we jointly learn is likely to be applicable to a broad set of global stakeholders who seek to alleviate the disease burden and improve health outcomes. Through this research collaboration, we hope others will be able to similarly apply this data and scale known interventions in an equitable way.

1) A non-profit-generating entity within McKinsey & Company.
2) https://www.mckinsey.com/mhi/our-insights/adding-years-to-life-and-life-to-years.
3) https://www.mckinsey.com/mhi/our-insights/scale-what-works-the-benefits-of-proven-health-interventions.

Care for the environment

A healthy planet is as important as a healthy population. Immediate actions are needed to support a stable planet by minimising negative impacts. Medicover is committed to the Paris Agreement and strives to minimise its environmental impact in support of UN SDG 13: Take urgent action to combat climate change and its impacts.

13 CLIMATE ACTION

Target 2030

-50% CO_2 in scope 1 & 2/EURm revenue, from a 2020 baseline.

Desired outcome

A healthy population on a healthy planet. Medicover seeks to minimise any negative impacts on the planet and, with its actions, to support UN SDG 13 and the Paris Agreement.

Scope

Medicover views environmental care as a prerequisite for human health and wellbeing. Medicover is committed to playing its part in the achievement of UN SDG 13. Medicover's mission to improve access to care means that its growth is mostly in markets where current access to healthcare is relatively weak. These are often markets that tend to be still more reliant on fossil fuels, which is reflected in the current profile of Medicover's CO_2 emissions.

Target

Medicover is committed to decarbonising its business activities in line with the Paris Agreement and completing the transition to a net zero business by 2050. The first step is the current 2030 target: -50% CO_2 in scope 1 and 2/EURm revenue, from a 2020 baseline.

Main challenges and opportunities

In a risk based approach it is vital to recognise that hospitals, clinics and laboratories need energy to operate healthcare and diagnostic services. Management of potential power cuts and energy shortages is covered, as hospitals and critical clinic facilities are exempt from power cuts. To bridge any short blackouts, backup energy generators are used to support operations continuity in critical facilities.

To fully understand its environmental impact, Medicover has screened its activities against the Greenhouse Gas (GHG) Protocol's three scopes. The result shows that the largest footprint, 82 per cent, is in supply chain emissions, i.e. scope 3. Use of energy in facilities, scope 2, is 16 per cent, and 2 per cent is in scope 1.

Any negative impact from energy usage is linked to the use of fossil sources in local energy grids. However, the majority of Medicover's operations are in countries committed to a roadmap aligned with the Paris Agreement, i.e., a transition to renewable energy sources to reduce emission volume.

If national governments keep to their commitments, Medicover will be able to transition in tune with that change.

Another area of impact is waste and water management. Both areas are strictly regulated for healthcare and diagnostic services in all Medicover markets, and will be reported on according to EU:s corporate sustainability reporting directive (CSRD). For risks pertaining to climate change please refer to the risk management report on page 78.

Management principles

Medicover's environmental and climate change policy aligns with the Paris Agreement and commits us to:

- Conduct all activities in compliance with relevant environmental legislation and regulations.
- Consider environmental opportunities and risks when making business decisions.
- Monitor, measure and seek to reduce emissions and pollution from operations.
- Follow a sustainable energy model based on efficiency and renewable energy sources where available.
- Optimise distribution and logistics processes to make these more environmentally friendly.
- Manage natural resources responsibly and sustainably, e.g., improve water management and efficiency.
- Progressively transition to a circular economy.
- Develop digital solutions and services with a lower environmental impact. Continue the roll-out of EMS[1] (e.g., ISO 14001, EMAS) to major businesses across all business units.
- Seek to minimise the indirect environmental impact of Medicover throughout its value chain.

A green roadmap

Medicover's green roadmap is connected to the alignment with the Paris Agreement. The mindset is to decarbonise and maintain growth in healthcare services.

Addressing what are the most pertinent, pragmatic collaborations with suppliers is a top priority. The second priority is to shift to greener and renewable energy in operations. With the falling cost and rising competitiveness of wind power, solar farms and other clean energy sources, this will become easier over time.

The third priority is to raise internal awareness so that all Medicover employees understand why and how environmental impacts arise from our operations in each division and country. The leadership teams in both divisions have been provided with training on environmental impacts and climate change risks, strengthening the Group's overall environmental management framework.

An environmental management group has been established with the objective to improve Medicover's environmental efforts and performance. The team's main responsibility is to measure, compile and analyse environmental performance data, with a focus on energy consumption and carbon emissions, to identify priorities and monitor progress.

The management of natural resources such as water efficiency and water harvesting, as well as waste management is also on Medicover's agenda. In the waste category, the main impact arises from medical and possibly infectious waste (such as discarded gloves or body fluids) created in the various types of medical operations and procedures. This waste is strictly regulated by authorities and controlled by legal bodies in all Medicover markets. However, Medicover recognises that, also with the upcoming CSRD, it is an area that needs to be tracked with indicators to be able to report on the activities according to future standardised metrics.

[1] Environmental Management Systems.

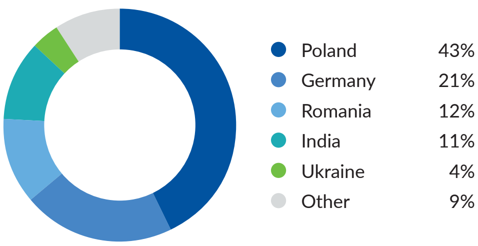
Progress and outcome 2022

Progress on the scope 1 and 2 target

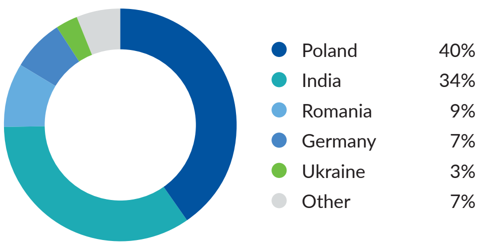
Progress on the 2030 target, -50% CO_2 in Scope 1 and 2/EURm revenue, resulted in a 15 per cent reduction, compared to the 2020 baseline. Compared to 2021, the reduction was 5 per cent.

Looking in more detail to the variables, both revenue and energy consumption (kWh) increased. However the relation between kWh and emissions is disproportionate, i.e. emissions are not up on par with kWh volume. The reasons explaining the increase in the kWh volume mirror the business growth in 2022 in India, Romania and especially in Poland. Only in Poland the business grew by nearly 50 per cent in terms of square metres.

REVENUE BY COUNTRY



EMISSIONS BY COUNTRY IN SCOPE 1 AND 2



Improving access to care means investing in some markets which are still heavily reliant on fossil fuels.
Therefore the geographical distribution of Medicover's emissions differs significantly from the distribution of revenue.

Energy intensity has increased compared to last year. This will be looked in to as we strive to improve the data collection on energy consumption. The challenge we are facing is that our facilities are mostly leased and for some rental agreements, energy is incorporated as part of the agreement leaving us to make qualified estimations on actual kWh volume.

The factor impacting the relatively minor increase in scope 2 emissions is an update of the source used for calculations. From 2022 the conversion of energy volume into emissions has been done by a third party, using standardised sources, the AIB[1)] for European countries and the IEA[1)] for remaining countries.

2022 saw a seismic increase in the cost of energy in the European markets. From an opportunities angle, this has speeded up projects aimed at increasing energy efficiency and/or shifting to renewable energy sources, such as solar panels. It is interesting to note that not all markets and landlords are as positive to the transition as one might hope. Still, the work is in progress and it is our hope that results from such improvements soon will be visible in our numbers.

The largest other challenge within Scope 2 emissions is the strong growth and expansion of healthcare and diagnostic services in geographically under-represented areas which, at the same time, have a high share of fossil energy in national energy grids. However, Medicover is not complacent and continues its green roadmap.

In 2022, Healthcare Services' share of Group emissions in Scope 1 and 2 was 75 per cent. Diagnostic Services' share was 25 per cent.

Net impact on the environment, according to UpRight Project

Environment	-0.9	**-0.9**	+0.0
GHG emissions	-0.4	-0.4	+0.0
Non-GHG emissions	-0.1	-0.1	+0.0
Scarce natural resources	-0.0	-0.0	+0.0
Biodiversity	-0.0	-0.0	+0.0
Waste	-0.4	-0.4	+0.0

Upright's modelling shows Medicover's relatively modest impact on the environment.

Medicover's environmental impacts are modest relative to its other impacts. Upright's model considers all parts of the value chain, which means upstream and downstream activities. To add to that information and ensure where to take climate action Medicover has screened its value chain emissions, i.e. scope 3.

Inventory of scope 3 emissions

In 2022, Medicover screened and analysed its supply chain emissions, going back to 2021. The screening was conducted by a third party, and based on a spend analysis. The first step was to identify the most relevant and material categories. Spend covering at least 70 per cent of the Group's purchases was the basis for the exercise. All selected spend was then screened against the GHG categories.

Although the outcome is not an exact science it does enable an identification of the most significant sources of scope 3 emissions in Medicover's value chain. From this it is now possible to develop a supply chain strategy where actions are prioritised based on impact and potential for reduction through collaboration with suppliers and other stakeholders in the value chain.

The most important inventory finding is that scope 3 represents 82% of the Group's total emissions in 2022 (86% in 2021).
A breakdown of the categories within scope 3 that are most material for Medicover shows the following outcome for 2022:

- Purchased goods and services: 84% (87%)
- Upstream transportation and distribution: 6% (6%)
- Capital goods: 3% (6%)
- Fuel- and energy related activities, i.e. production of the energy consumed: 5% (–)
- Business travel: 1% (0.5%)
- Waste generated in operations and upstream leased assets each represent <1% (<1%)

A 2022 breakdown of the largest category, purchased goods and services shows:

- Reagents (used in laboratories): 38% (47%)
- Pharmaceutical products: 28% (27%)

These new insights guide Medicover onwards in its ambition to collaborate with its suppliers regarding mitigating emissions.

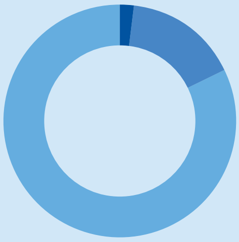
Can a visit to the dentist be green?

The answer is yes if you visit Medicover Dental Services in Warsaw. To minimise negative impact, the practice has installed special water taps that have managed to reduce the use of water by 50 per cent. New sensor LED lights save energy, 3D scans have replaced traditional impressions, use of plastics and chemicals has been cut to a minimum and the furniture is made from recycled materials, that also is recyclable.

1) AIB develops, uses and promotes a European, harmonised and standardised system of energy certification for all energy carriers: the European Energy Certificate System.
The IEA is the International Energy Agency, and a source for energy data on a global basis.

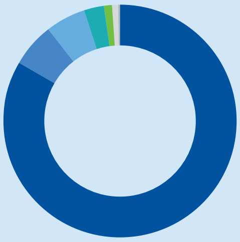
Carbon accounting 2020–2022

BREAKDOWN OF SHARE OF EMISSIONS IN SCOPE 1, 2 AND 3 IN 2022



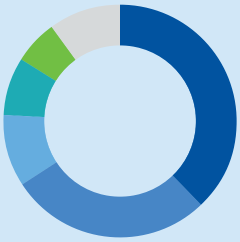
Scope 1	2%
Scope 2	16%
Scope 3	82%

BREAKDOWN OF SHARE OF SCOPE 3 EMISSIONS IN THE MOST MATERIAL CATEGORIES, 2022



Purchased goods and services	84%
Upstream transportation and distribution	6%
Fuel- and energy-related activities	5%
Capital goods	3%
Business travel	1%
Other (for instance, waste generated in operations and upstream leased assets)	1%

BREAKDOWN OF SHARE OF EMISSIONS IN THE SCOPE 3 CATEGORY: PURCHASED GOODS AND SERVICES, 2022



Reagents	38%
Pharmaceutical products	28%
Services & activities: professional, scientific and technical	10%
Other services & activities	8%
Uncategorised products and services	6%
Other	10%

EMISSIONS IN NUMBERS, ACCORDING TO THE GHG PROTOCOL

Category	Description	Unit	2022 [1)]	2021	2020
Emissions intensity	CO_2 in Scope 1 & 2/EURm revenue	tCO_2e/EURm	44.1	46.2	51.7
Energy intensity	Energy consumption/EURm revenue	kWh/EURm	82,788	77,401	91,400
Scope 1	Direct GHG emissions, scope 1	tCO_2e	6,773	4,997	4,928
Scope 2	Indirect GHG emissions, scope 2	tCO_2e	59,791	58,612	46,602
Energy use	Total energy consumption	MWh	125,027	106,613	91,147
Scope 3, category 1	Purchased goods and services	tCO_2e	262,937	341,767	–
Scope 3, category 4	Upstream transportation and distribution	tCO_2e	19,301	21,735	–
Scope 3, category 2	Capital goods	tCO_2e	9,387	21,760	–
Total scope 1 & 2	**GHG emissions in scope 1 & 2**	**tCO_2e**	**66,564**	**63,609**	**51,530**
Total scope 3	**GHG emissions in scope 3**	**tCO_2e**	**314,820**	**390,857**	**N/A**
Total all scopes	**GHG emissions, all scopes**	**tCO_2e**	**381,384**	**454,466**	**N/A**

[1)] Starting 2022 Medicover has used a third party supplier for its calculations of emissions in Scope 1, 2 and 3. The supplier has used the sources AIB, www.aib-net.org/aib, for European countries and IEA www.iea.org for other countries. For scope 3 in 2022, calculations were based on 10 months actual spend, and two months extrapolated spend.

Governance and business ethics

The way Medicover works is as important as the results achieved. Robust, effective governance is key to ensuring that the organisation delivers on its promises. This also reflects the support for UN SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Target

Ensure that suppliers representing at least 70% of total Group purchasing value have committed to the principles of the Medicover supplier code of conduct.

Desired outcome

An organisation that is ethical, inclusive, accountable and always deserving of its trust, at all times. Maintain our trust as a partner, and healthcare and diagnostic services provider.

Scope

The way Medicover works is as important as the results achieved: the organisation must be ethical, inclusive and accountable as well as effective. This also reflects the support for SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Target

Ensure that suppliers representing at least 70 per cent of Group purchasing value have committed to the principles in the Medicover supplier code of conduct, by 2030, either by signing Medicover's code or committing to follow an equivalent code.

Main challenges and opportunities

In the risk based approached Medicover acknowledges that any successful healthcare company is dependent on its ability to deliver high quality care to maintain trust with patients and stakeholders. It is therefore important to recognise that addressing old and new risks and opportunities in such a business, and in its organisation, is an ongoing process.

As Medicover operates in many different countries and cultures, a harmonised approach is needed in order to ensure the same minimum standards when addressing the most material sustainability governance topics: business ethics, corruption and cybersecurity.

Management principles

Robust, effective governance with key group policies are key to ensuring that the organisation delivers on its promises. The tone from the top, risk awareness, policies signed and communicated, training rolled out, zero tolerance to infringements and unethical behaviour and proactive compliance are all common minimum standards. Any and all reported incidents are to be appropriately addressed and managed.

The Medicover code of conduct (MCoC) is the foundation of the governance approach. The MCoC includes our commitment to employees and other key stakeholders, as well as the ethical standards expected of everyone working at Medicover. It also provides guidance in sound decision-making. Medicover follows all relevant frameworks including, but not limited to, the Swedish Corporate Governance Code and the Swedish Companies Act.

Also integrated into governance approach is the effective and dynamic risk management process, the backbone in a robust governance structure. The continuous process identifies, assesses, measures, manages and monitors company risks. Relevant risks are addressed contextually throughout the sustainability report. For more information on the corporate governance report and the risk management report, please refer to pages 87 and 78.

Sustainability governance

Medicover's sustainability model, strategy and roadmap are set and managed by the board's sustainability committee, comprising three board members. The committee ensures strong leadership and a well prepared and supervised sustainability model. Sustainability-related goals are integrated into strategic planning, risk management and daily operations. The executive management team has the operational responsibility to set targets, and monitor performance data to identify risks, leverage opportunities and set priorities.

Business ethics

Medicover operates in some countries that score low on the Transparency International's Corruption Perceptions Index. Medicover has zero tolerance for corruption and bribery. The anti-bribery policy, which is binding on all employees, expands on the principles in the MCoC and is supplemented by the anti-bribery manual, providing further guidance and practical examples. Medicover has developed anti-bribery and anti-corruption e-learning that is specifically tailored to its business and focused on key risks identified during group-wide risk-mapping.

Governing codes of conduct

Medicover has three codes of conduct. The main one, MCoC, covers all co-workers. It specifies our commitment and responsibilities to international and fundamental principles on human rights, labour rights, the environment and the fight against corruption. The MCoC is an integral and obligatory element to the onboarding of all employees into the organisation. The reading and signing of the policy is a standard for all new employees, and an important step in joining Medicover. To maintain a living culture of the code, training is available across all markets where the learning management system is implemented. This training forms the obligatory content of all co-workers to follow. The training covers all aspects of the policy and expected standards.

The second code is Medicover's code of medical ethics. All clinical staff are required to provide care in accordance with it, supplemented where necessary by additional more detailed codes (e.g., fertility services, clinical genetics). The code is based on the four main ethical principles existing in modern medicine: do no harm, beneficence, autonomy and justice. It covers all clinical professionals employed or contracted by Medicover and clearly states all responsibilities. Workshops to discuss the code and its implications for day-to-day practice will be run for clinical staff during 2023.

The third code is Medicover's supplier code of conduct (SCoC). It embeds the same principles as in MCoC, and all suppliers are expected to comply with it. Medicover seeks to partner with

suppliers with strong codes of conduct and accepts the codes as alternatives if these reflect the same principles as Medicover's code.

The first step in this process is to identify the ten largest suppliers in each market, and ensure that all have signed, or commit to follow an equivalent, supplier code of conduct covering the fundamental principles on human rights, labour rights, fair competition, protection of personal data, environmental care and anti-corruption. In this step we seek to also connect and collaborate with said suppliers to ensure full compliance with existing and upcoming regulations.

The Group's commitments are further set out in the environmental and climate change policy, the anti-bribery policy and the whistleblower policy. All policies are publicly available online in 14 languages. In the event of discrepancy between a Medicover policy and local law, the stricter shall prevail.

The whistleblower policy and channel
To further secure sound business ethics within the organisation, all employees are encouraged to report serious wrongdoing related to the business activities of Medicover or the life or health of individuals. Concerns can be raised to the employee's managers, division heads, HR or legal representatives, or through the Medicover whistleblower channel, a system provided by a third-party supplier. Concerns of serious wrongdoings can be raised anonymously and are promptly investigated. Anyone raising concerns in good faith is protected against retaliation under the Medicover whistleblower policy.

Information and cybersecurity governance
Medicover builds redundancy and robustness in its IT systems with a high focus on security and protection against external and internal threats. Information and cybersecurity governance is led by the Chief Information Security Officer, who reports to the Chief Information Officer (CIO).

The CIO is part of executive management and reports regularly to the company's board. The cybersecurity council, with representatives from key business units, coordinates and harmonises work on increasing the maturity level in cybersecurity. The state of cybersecurity is monitored with dedicated key risk indicators, regularly measured, reported to management, followed up and improved.

With increased digital care and cloud-based solutions, the demands on information and cybersecurity are increasing. Regulatory requirements, such as the GDPR, have also increased in recent years. Functioning processes and systems are of the utmost importance. Medicover has a comprehensive management system for information security that covers the entire Group and is based on ISO 27001. Several of Medicover's subsidiaries are certified. All employees are covered by a global information security policy.

Procedures for dealing with any incidents are in place and are adapted in line with the GDPR and reported to authorities when required. It is essential to remain up to date with developments and be at the forefront.

Progress and outcome 2022

The roll-out of the SCoC which started in 2020 has continued in 2022, reaching all markets where Medicover operates. As of 2022, suppliers representing 89 per cent of purchasing value of the 10 largest suppliers in each market – and 927 suppliers in total – have committed to the principles of the code, either by signing Medicover's code or committing to adhere to their own supplier code of conduct given that their code is equivalent to the Medicover supplier code of conduct.

Code of conduct
At year-end 2022, over 32,000 people had signed the MCoC, and with the continuing roll-out, Medicover will ensure that current and future employees have an even better understanding of the policy. A clear majority of Medicover's employees are already committed to the MCoC, and the Group continues to roll out e-learning for all.

Whistleblower channel
The Medicover whistleblower policy was updated in 2021 and Medicover's larger legal entities within the EU have set up, or are in the process of setting up, local whistleblower functions to ensure compliance with the requirements under the EU Whistleblower Protection Directive (EU) 2019/1937).

Information and cybersecurity
Medicover continues to increase its maturity in the area of cybersecurity and data privacy. During the year, cybersecurity standards and technologies have been consistently updated and rolled out to newly acquired businesses.

A central security operation centre monitors and reacts to security breaches 24/7 and initiatives such as data leak prevention, web application firewalls, automated social engineering testing and strong multifactor authentication have been implemented. The cybersecurity key risk indicators have significantly improved in areas like patching, elimination of "end of support" operating systems and unencrypted laptops.

Also, all data privacy agreements have been updated, further ensuring lawfulness of data transfer among Medicover entities and external parties. The Group did not experience any critical breaches during the year. Regulatory compliance with the upcoming NIS2[1] and DORA[2] is in preparation and ongoing.

1) The Directive on security of network and information systems which sets standards for critical infrastructure providers in EU.
2) Digital Operational Resilience Act.

Measuring our impact

Medicover's sustainability goals are in many cases complementary and mutually reinforcing. For example, investments in clinical training result in both more fulfilled, effective people and improved quality and scope of care provided. There are many metrics that are measured to keep track of progress. In the following table, key performance indicators are grouped according to Medicover's sustainability framework.

				Variance from 2020 baseline	
Care provision	**2022**	**2021**	**2020**	**↓ ↑**	**%**
Improve access to healthcare and early diagnosis					
Non-public healthcare spending channelled through Medicover	EUR 1,187m	EUR 1,095m	EUR 781m	↑	52%
Growth in number of people to whom services are provided at least 9–12% per annum from a 2020 baseline	45%	33%	12 million	↑	45%
Total number of people receiving Medicover services in:					
Diagnostic Services	<11 million	12 million	9 million	↑	
In Healthcare Services	>6 million	>4 million	>3 million	↑	
Growth in number of facilities in Healthcare Services	+196	+98	+39	↑	
Growth in number of BDPs in Diagnostic Services	+24	+119	+63	↑	
Productivity increase for Medicover's corporate clients in Poland through care provided to their employees	7,097[1] work years per annum	8,370 work years per annum	5,870 work years per annum	↑	
People and partners					
Workforce equipped, trained and empowered to perform well					
New employment opportunities created for clinical professionals under the age of 30	4,854	5,460	4,078	↑	
Number of clinical staff using Medicover's systems to interact with patients or check diagnostic results	30,947	27,285	23,598	↑	
Number of training hours provided to co-workers	340,370	274,000	185,000	↑	84%
Prevention and education					
People lead healthier lives					
Number of diagnostic tests provided	>119 million	>133 million	>103 million	↑	15%
Number of school children who have participated in Medicover sponsored health education or screening in Poland and Romania over the last 10 years	222,800	203,000	158,000	↑	
Number of times a Medicover site was accessed for free healthcare information	156 million	170 million	94 million	↑	
Care for the environment					
Minimise environmental impact[2]					
Energy consumption in scope 1 & 2/EURm revenue	82,788 kWh	77,401 kWh	91,400 kWh	↓	9%
GHG emissions in scope 1 & 2/EURm revenue	44.1 tCO_2e	46.2 tCO_2e	51.7 tCO_2e	↓	15%
Governance and business ethics					
Open, inclusive and ethical at all times					
Number[3] of active co-workers who have signed the Medicover code of conduct and anti-bribery policy	More than 32,000	More than 28,000	More than 16,000	↑	
Number of Medicover suppliers who have signed the supplier code of conduct	927	570	253	↑	

1) The number of productive days is based on absenteeism and presenteeism of Medicover's clients in Poland compared with the general working population. The analysis excludes Covid-19 infections. Population-wide absenteeism due to other infections declined in 2021 most likely because remote working and Covid-19 quarantines reduced other infection rates. As a result, the differential between Medicover and the general population also declined but is still significant.

2) The environmental metrics and other non-financial metrics in this report cover all of Medicover's business operations and are derived from Medicover internal data supplemented by estimates for locations and service lines where accurate source data was not available. Data on refrigerants is excluded.

3) As of December 31 2022. Gap to total number of co-workers is due to new co-workers via newly acquired businesses not having signed the policies yet.

EU Taxonomy Regulation

The EU regulation 2020/852, more commonly referred to as the Taxonomy Regulation, is aimed at giving clarity to companies, investors, and policymakers with appropriate definitions on which economic activities that can be considered environmentally sustainable.

In the first phase this has focused on the two environmental objectives: climate change mitigation and adaptation. The aim is to facilitate targeted investing and support, whether private or public, into those high impact areas. The regulations also seek to ensure certain minimum social standards and to ensure no significant harm to any of the six environmental objectives set out in the Taxonomy regulation.

With this in mind to prioritise impact, the EU has defined which economic activities that could contribute substantially to the first two climate-related environmental objectives. Hospitals and clinical services are not included among the economic activities covered by the taxonomy, although may be included in future scope expansions of the regulations, in particular by the forthcoming Social Taxonomy.

Therefore, Medicover has no taxonomy eligible economic activities and reports 100 per cent non-eligible turnover, capital and operational expenditure.

In the initial review of Taxonomy-eligible activities in 2021 Medicover considered that some internal activities could be subject to the regulation. However, as these are minor and internal only, Medicover's assessment for 2022 is that these are deemed to not be covered by the regulations in its current scope.

Medicover takes steps to identify areas where it can improve its climate related performance in respect to especially renewable energy, energy efficiency and waste management. For example, investments in solar panels, leasing buildings with higher energy efficiency and environmental standards, avoidance of unnecessary packaging and waste separation.

One of the areas where Medicover has a direct impact is in the quality, type and location of the facilities it operates. Over time Medicover seeks to transition its portfolio of operated facilities to improve its carbon intensity and mitigate the risks of an accelerated climate change environment, such as flooding risk or heat wave risks. Medicover feels that at this stage these steps are reflected in its carbon intensity KPI and uses this as its primary measure of progress.

The regulations will change over time to support the transition to a net zero carbon economy and Medicover will be part of this process.

	2022			2021 (restated)		
	Total (EURm)	Share of taxonomy-eligible activities	Share of taxonomy non-eligible activities	Total (EURm)	Share of taxonomy-eligible activities	Share of taxonomy non-eligible activities
Turnover	1,510.2	–	100%	1,377.4	–	100%
Operational expenditure	98.3	–	100%	72.0	–	100%
Capital expenditure	428.9	–	100%	326.1	–	100%

The following three tables present the proportion of turnover, capital expenditure and operational expenditure associated with economic activities covered by the taxonomy for 2022.

Turnover				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, year 2022	Taxonomy-aligned proportion of turnover, year 2021	Category (enabling activity)	Category (transitional activity)
		EURm	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	–	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	–	–	N/A	N/A
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy aligned activities) (A.2)		–	–																	
Total (A.1 + A.2)		–	–																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		1,510.2	100																	
Total (A+B) [1]		1,510.2	100																	

[1] Reporting of turnover corresponds to the Group's revenue in the consolidated income statement.

Capital Expenditure				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2022	Taxonomy-aligned proportion of CapEx, year 2021	Category (enabling activity)	Category (transitional activity)
		EURm	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	–	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	–	–	N/A	N/A
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		–	–																	
Total (A.1 + A.2)		–	–																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		428.9	100																	
Total (A+B) 1)		428.9	100																	

1) Reporting of capital expenditure pertains to additions including those from business combinations to intangible assets (excl. goodwill) of EUR 80.4m, property, plant and equipment of EUR 203.9m and right-of-use assets of EUR 144.6m. Refer to the consolidated financial statements, notes 10–12.

Operational Expenditure				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
Economic activities	Code(s)	Absolute OpEx	Proportion of mitigation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, year 2022	Taxonomy-aligned proportion of OpEx, year 2021	Category (enabling activity)	Category (transitional activity)
		EURm	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	–	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	–	–	N/A	N/A
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		–	–																	
Total (A.1 + A.2)		–	–																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		98.3	100																	
Total (A+B) 1)		98.3	100																	

1) Reporting of operating expenditure encompasses costs relating to building renovation measures, short-term leases, maintenance and repair and other direct expenditures relating to the day-to-day servicing of property, plant and equipment. This item does not correspond to the Group's total operational expenditure. Other direct costs relating to the day-to-day servicing of property, plant and equipment mainly include costs for heat and light, security, cleaning, fuel costs for vehicles and salaries for maintenance staff.

Methodology

Throughout the 2022 annual report Medicover refers to the Upright Project and to a third party supporting the business with the calculations on emissions in scope 1, 2 and 3. Here follows a description of each methodology.

Emission calculation methodology

Medicover has used the Normative Emission Accounting Engine for calculating its emissions in Scope 1, 2 and 3. Normative Emission Accounting Engine follows the Greenhouse Gas Protocol. The engine uses science-based emissions data and a combination of spend-based, activity-based, and supplier-specific methods to calculate a company's greenhouse gas emissions.

Each business activity that gets inserted into Normative is paired with a corresponding emissions factor to calculate the total carbon footprint: Σ (Business activity × Emission factor) = Company Carbon Footprint.

The Business activity is the input into Normative from our clients – liters, tonnes, kilometers, kWh, or €, for instance. Emission factors indicate the amount of greenhouse gasses emitted for each activity.

The results from the Normative Carbon Accounting Engine are always validated by Normative Sustainability Data Analysts and Climate Strategy Advisors. Normative's Carbon Accounting Engine uses emission data from government databases, peer-reviewed academic publications, company reports, and regulatory disclosures. These are regularly updated by Normative's Sustainability Engineers.

For Scope 1, vehicles and fuel use, UK Department of Environment, Food and Rural Affairs' most recent conversion factors are used.

For Scope 2, purchased electricity, the Normative Carbon Accounting Engine assesses the market-based and location-based emissions. The market-based approach makes use of supplier-specific residual mix emission factors where provided by the utility provider, renewable certificates if these were purchased, or residual mix emission factors and finally in the absence of all else grid emission factors. For location-based emissions, the average supplier mix of the country is used.

Scope 3: For spend-based calculations, EXIOBASE Multi-Regional Environmentally Extended Input Output (EEIO) Model is used to calculate upstream emissions for categories where this method is allowed. Based on every transaction with a supplier, that transaction's associated product category or service activity, and the Multi-regional EEIO emission factor, Normative estimates the 'cradle-to-gate' emissions generated by the purchase of the product or service. For the Scope 3 category "Use of Sold Products", a full inventory of all sold products in the reporting period, their country of installation, and lifetime energy consumption are used to assess the lifetime CO_2 impact of the use of these products.

The Upright Project

Explanation of Upright's model and methodology

Upright's quantification model is based on machine learning, open-source science, and the products and services that companies produce and offer. Using Natural Language Processing (NLP) techniques, the model has been taught to understand causality in scientific articles and summarise what science knows about all the impacts that the products and services have on the environment, health, society, and knowledge. Because all companies undergo the same methodology of analysis, the net impact profiles produced by the model are all comparable to one another.

Because the analysis is based on products and services, impacts here are defined strongly through what companies produce and offer, rather than how (i.e. governance and compliance). Net impact concentrates on the scientifically examined largest impacts a company's core business has on the surrounding world. It answers the question: "What does the company achieve with the resources it employs? How effectively does it turn its resources into desired outcomes?" Because of this, the net impact profile is a comprehensive picture of a company's value creation and can be interpreted as providing an overall picture of what resources a company uses and what it achieves by using them. Analysis of a net impact profile should focus on the shape – meaning the relative strengths of the various impacts and the resulting overall picture.

About the Upright Project

The Upright Project is a technology company based in Helsinki (www.uprightproject.com). Its mission is to create incentives for companies to optimise their net impact. Upright produces data on the comprehensive net impact of companies, with the aim of looking both at the negative as well as the positive impacts at the same time and enabling smarter decision-making for institutional investors, consumers and employees. In addition, Upright's data offering covers the SFDR PAI indicators, EU taxonomy metrics and UN SDG metrics for unlisted and listed companies. The Upright platform's data universe is +20,000 companies, and the clients include +200 organisations in 15 countries.

Financial information and reports

CONTENT

The Medicover share

Medicover's class B shares (MCOV B) have been listed on Nasdaq Stockholm since 23 May 2017. Market cap at year end was SEK 21.2bn.

Share capital and structure
The total share capital in Medicover was EUR 30.4m (EUR 30.4m). The quota value is EUR 0.2 per share. Medicover has three classes of shares: 77,374,876 class A shares which carry one vote, 71,578,691 class B shares which carry one tenth vote and 2,981,628 class C shares which carry one tenth vote. The total number of shares amounted to 151,935,195 and total number of votes is 84,830,907.9.

Share performance and volume
During the year the highest closing price paid was SEK 352.50 on 3 January and the lowest closing price paid was SEK 112.50 on 27 September. The highest bid price during the year was SEK 371.00. The Company's market capitalisation at year end amounted to SEK 21.2bn (SEK 56.2bn). The share price decreased by 62.2 (+125.6) per cent during the year. The total share turnover on Nasdaq Stockholm amounted to 4,591,669,021 SEK with a daily average volume of 101,571 shares. Trading on Nasdaq Stockholm amounted to 40 per cent of total trading.

Shareholders and ownership structure
On 30 December 2022 Medicover had 6,778 (7,233) shareholders, a decrease by 6.3 per cent. Ownership outside of Sweden corresponded to 25.6 per cent of the total share capital (333 shareholders) and 20.9 per cent of the voting rights. Financial and institutional shareholders held 90.4 per cent of share capital and 91.5 per cent of the voting rights and private shareholders 9.6 per cent of share capital and 8.5 per cent of voting rights.

Dividend
According to the Company's dividend policy the board of directors could consider an annual dividend of up to 50 per cent of net profit. A proposed dividend will take into account Medicover's long-term development opportunities and its financial position. Class A and class B shares are entitled to dividends, but class C shares are not entitled. The right to a dividend is granted to those persons who are listed as shareholders in the share register maintained by Euroclear Sweden AB on the record date. The board of directors proposes a dividend of EUR 0.12 (EUR 0.12) per share for 2022 and is subject to approval on the annual general meeting on 27 April 2023. The proposed dividend is 148 (17.5) per cent of the net profit, which is in excess of the dividend policy.

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

Long-term performance-based share programmes
The annual general meetings in 2022, 2021, 2020, 2019, 2018 and the extraordinary shareholders' meeting in 2017 have decided on long-term performance-based share programmes for key employees. The following table shows the main characteristics for the programmes. For more information, refer to note 33.

Why invest in Medicover?

- Compounded annual growth rate of 20.3 per cent since the year-end before the IPO
- Highly attractive markets with strong growth
- Diversified business model that reduces risk
- High-quality services and an increased focus on prevention, health awareness and healthy living
- Significant value creation for people and society through positive health impacts.
- Increase in lifestyle diseases and an ageing population leads to higher demand for our services

	Plan 2022	Plan 2021	Plan 2020	Plan 2019	Plan 2018	Plan 2017
Approval date, AGM	27 April 2022	29 April 2021	30 April 2020	3 May 2019	26 April 2018	31 March 2017
Maximum number of shares to be allotted	1,286,000	1,197,600	1,112,000	1,060,000	1,004,000	938,000
% of total shares	0.85	0.79	0.73	0.70	0.66	0.62
% of voting rights	0.15	0.14	0.13	0.12	0.12	0.11
Number of employees – offered to participate	91	73	58	53	50	45
Number of participants at inception date	77	67	54	46	43	32
Estimated number of B shares to be allotted, subject to possible recalculation	1,090,080	1,034,442	876,129	765,616	693,316	
as percentage of total shares	0.72	0.68	0.58	0.50	0.46	
as percentage of voting rights	0.13	0.12	0.10	0.09	0.08	
Number of participants at year-end 2022	75	67	50	38	29	
Vesting date						27 April 2022
Number of B shares allotted						596,664
Number of B shares allotted for dividend compensation						6,352
Total number of B shares allotted						**603,016**
% of total shares						0.40
% of voting rights						0.07
Number of participants at vesting date						22

	Number of shares	Capital, %	Voting rights, %
Class A shares	77,374,876	50.9	91.2
Class B shares	71,578,691	47.1	8.4
Class C shares[1)]	2,981,628	2.0	0.4
Total	**151,935,195**	**100.0**	**100.0**

[1)] Owned by Medicover
Source: Euroclear Sweden AB, 31 December 2022

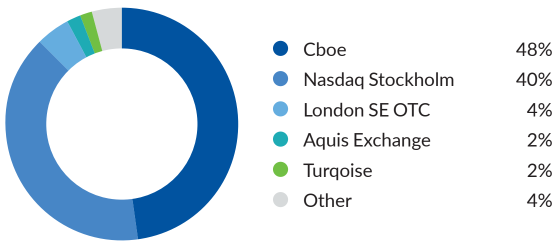
	Number of shareholders	% of shareholders	Capital, %	Votes, %
Private shareholders	6,269	92.5%	9.6%	8.5%
– of which based in Sweden	6,213	91.7%	9.5%	8.5%
Institutional shareholders	509	7.5%	90.4%	91.5%
– of which based in Sweden	232	3.4%	64.9%	70.6%
Total	**6,778**	**100.0%**	**100.0%**	**100.0%**
– of which based in Sweden	6,445	95.1%	74.4%	79.1%

Source: Euroclear Sweden AB, 31 December 2022

Number of shares	Number of shareholders	% of shareholders	Capital, %	Votes, %
1–500	5,821	85.9	0.3%	0.05%
501–1,000	332	4.9	0.2%	0.03%
1,001–5,000	319	4.7	0.5%	0.10%
5,001–10,000	84	1.2	0.4%	0.09%
10,001–50,000	107	1.6	1.5%	0.35%
50,001–100,000	29	0.4	1.4%	0.44%
100,001–	86	1.3	95.7%	98.94%
Total	**6,778**	**100.0**	**100.0**	**100.00**

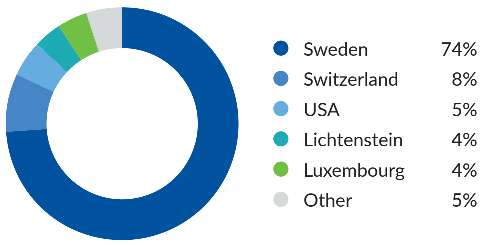
Source: Euroclear Sweden AB, 31 December 2022

SHARE TRADING ON DIFFERENT MARKET PLACES



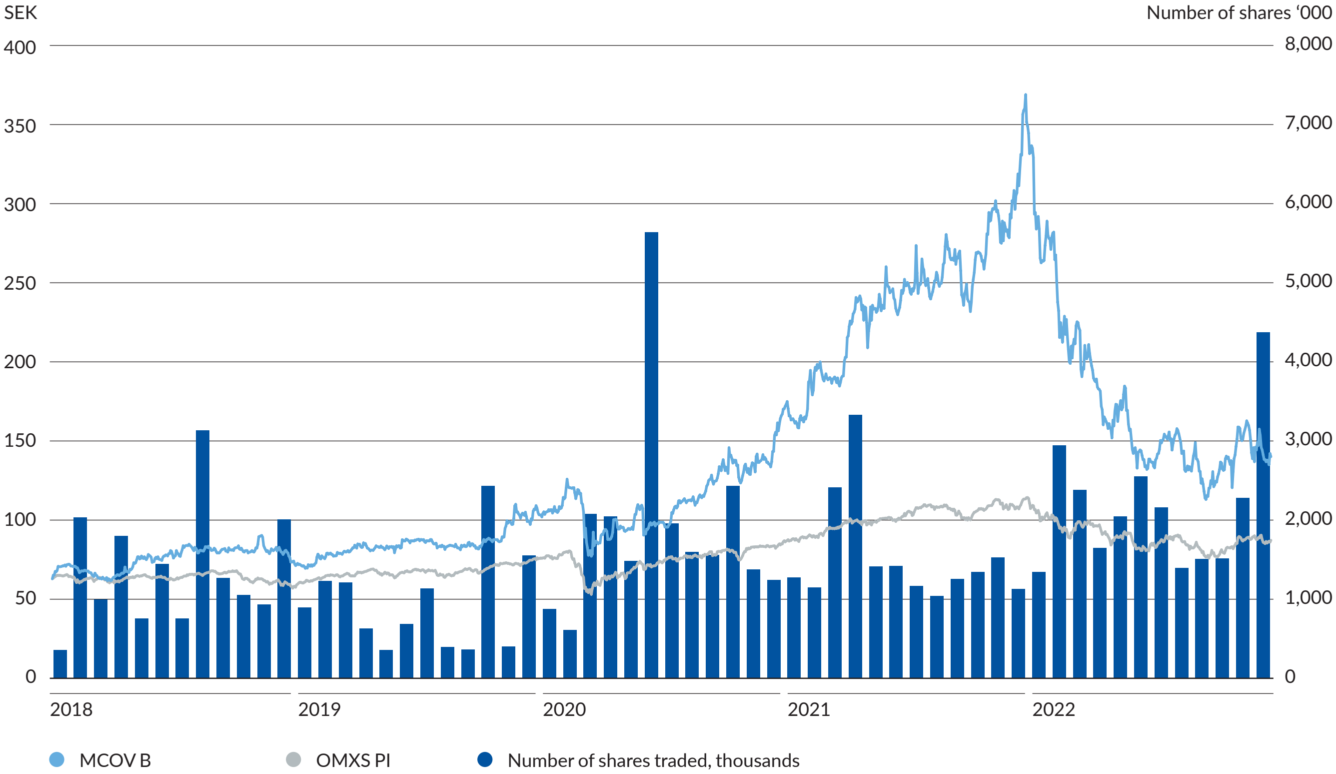
Source: Bloomberg, 1 January – 31 December 2022

SHARE CAPITAL BY COUNTRY



Source: Euroclear Sweden AB, 31 December 2022

THE SHARE



Source: Bloomberg

15 LARGEST SHAREHOLDERS

	Class A shares	Class B shares	Class C shares	Total shares	Capital, %	Votes, %
Celox Holding AB	47,157,365			47,157,365	31.0	55.6
Christina af Jochnick Family	18,880,915	238,210		19,119,125	12.6	22.3
Robert af Jochnick Family[1)]	9,909,861	4,045,884		13,955,745	9.2	12.2
Fjärde AP-Fonden		13,540,921		13,540,921	8.9	1.6
AMF Aktier och Fonder		7,750,046		7,750,046	5.1	0.9
Lannebo Fonder		2,354,792		2,354,792	1.6	0.3
Enter Fonder		2,350,468		2,350,468	1.5	0.3
Vanguard		1,967,291		1,967,291	1.3	0.2
Fredrik Rågmark		1,845,751		1,845,751	1.2	0.2
SEB Investment Management		1,812,466		1,812,466	1.2	0.2
Mertzig Equity Fund Sweden		1,810,000		1,810,000	1.2	0.2
Norges Bank		1,669,187		1,669,187	1.1	0.2
Worldwide Asset Management		1,456,090		1,456,090	1.0	0.2
ING Luxembourg SA		1,378,007		1,378,007	0.9	0.2
Handelsbanken Fonder AB		1,333,798		1,333,798	0.9	0.2
Others	1,426,735	28,025,780	2,981,628	32,434,143	21.3	5.2
Total	**77,374,876**	**71,578,691**	**2,981,628**	**151,935,195**	**100.0**	**100.0**
Of which shares held by Medicover			2,981,628			

1) Including NG Invest Beta AB.Source:Vantage by Euroclear Sweden AB, 31 December 2022.

		Number of shares			Share capital		
Date	**Event**	**Change in number of class A shares**	**Change in number of class B shares**	**Change in number of class C shares**	**Number of shares following the transaction**	**Change, €**	**Total, €**
22/08/2016	Foundation		6,500		6,500	6,500	6,500
02/01/2017	Share issue in kind	17,539,222	1,873,923		19,419,645	19,413,145	19,419,645
02/01/2017	Reduction of share capital		-6,500		19,413,145	-6,500	19,413,145
10/03/2017	Share split (5:1)	70,156,888	7,495,692		97,065,725		19,413,145
30/03/2017	Share issue in kind		6,970		97,072,695	1,394	19,414,539
22/05/2017	New share issue in connection with the Offering		36,262,500		133,335,195	7,252,500	26,667,039
2017	Conversions[1)]	-6,347,949	6,347,949		133,335,195		26,667,039
31/10/2018	Share issue			2,400,000	135,735,195	480,000	27,147,039
2018	Conversions[1)]	-2,143,365	2,143,365		135,735,195		27,147,039
2019	Conversions[1)]	-433,365	433,365		135,735,195		27,147,039
30/06/2020	Share issue		15,000,000		150,735,195	3,000,000	30,147,039
2020	Conversions[1)]	-219,550	219,550		150,735,195		30,147,039
2020	Conversion[2)]		15,356	-15,356	150,735,195		30,147,039
03/11/2021	Share issue			1,200,000	151,935,195	240,000	30,387,039
2021	Conversions[1)]	-982,605	982,605		151,935,195		30,387,039
2022	Conversions[1)]	-194,400	194,400		151,935,195		30,387,039
2022	Conversion[2)]		603,016	-603,016	151,935,195		30,387,039

1) Conversion from A to B shares.
2) Conversion from C to B shares.

Management report

The board of directors and CEO for Medicover AB (publ) hereby present the annual report and consolidated financial statements for the financial year 2022.

Operations
Medicover is a healthcare and diagnostic services provider mainly operating in Poland, Germany, Romania, India, Ukraine, and other smaller markets, in Central and Eastern Europe as well as the Nordic countries.

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

Operations and organisation
Market
Medicover's services can be sub-divided into two main private payment models depending on the relationship between the amount to be paid and the services to be provided: Fee-For-Service ("FFS") with each of the services paid out of pocket by individuals and funded pay subscriptions/health plans under insurance contracts or prepaid arrangements. As much as 79% of the Group's revenue in 2022 originated from private pay, reflecting Medicover's low reliance on public funding. The Group has a strong position in Poland and Germany with these two markets accounting for 64% of the Group's revenue.

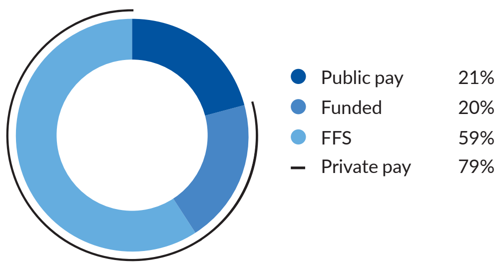
Diagnostic Services
Offers a broad range of diagnostic laboratory testing across all major clinical pathology specialties. The division generated 40% of the Group's revenue. Of this, 66% was generated from private pay and the remaining 34% through public pay, out of which 31% from the German market.

Healthcare Services
Offers services ranging from primary care to specialist out-patient and inpatient care as well as prevention, sports and wellbeing. The division generated 60% of the Group's revenue. 32% of total Healthcare Services revenue was generated by Medicover's integrated healthcare model, which is predominantly an employer funded employee benefit healthcare package (subscription/health plan). 55% of the division's revenue was generated through the strong and expanding FFS and other services and the remaining 13% from public funded sources.

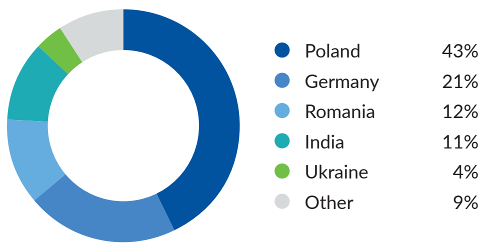
Important events during the financial year
The Group has invested some €370 million (€190 million) in organic and inorganic expansion capital. The main acquisitions included NIPD Genetics – a specialised genetics company in Cyprus – CDT Medicus – a leading regional provider of medical services in the south-west of Poland – as well as several gym chains in Poland. In addition, Healthcare Services has expanded into the German dental market, added hospitals in India, Romania and Poland as well as eye-care and dental businesses in Poland. Diagnostic Services has furthermore expanded its laboratory business in Poland, Bosnia-Herzegovina and Greece and its clinical trial business in Poland.

The business has been disrupted by the ongoing war in Ukraine. Revenue in Ukraine amounted to €55.1 million (€117.4 million). The EBITDA impact on the contribution of that market was €8.0 million (€28.4 million), in addition the war had a negative impact on other business units resulting in an estimated EBITDA reduction of €1.2 million. During the year, the Group has recognised an impairment of €-4.9 million relating to damaged and destroyed assets as well as assets not under its control in occupied regions of Ukraine.

REVENUE BY PAYER



REVENUE BY COUNTRY



Subsequent events

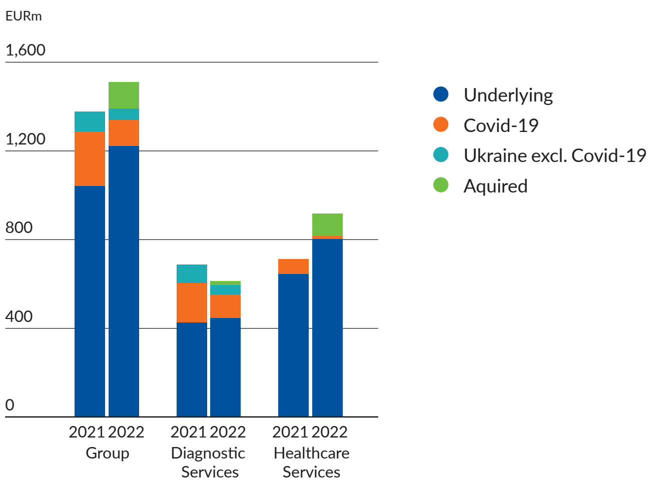
The sale transaction related to the Group's business in Belarus was closed in February 2023. The transaction price for Medicover's holdings in Synevo FLLC and Nedvizhimost Vostok LLC amounts to €14.6 million net of transaction costs. The Group's revenue in Belarus was €20.5 million for the year 2022.

Financial Overview

Revenue

The Group's revenue was €1,510.2 million (€1,377.4 million), a growth of 9.6%. Organic growth was 1.9% and organic growth excluding Ukraine and Covid-19 revenue amounted to a strong 18.3%. Growth has continued and investments and new capacity are contributing. Demand levels are robust with strong employment markets driving demand for healthcare. Acquired revenue amounted to €120.1 million. Foreign exchange fluctuations had a negative impact of 1.0% with weakness mainly for the Polish zloty and the Ukrainian hryvna offsetting the strengthening of the India rupee.

REVENUE



Diagnostic Services

Revenue amounted to €612.5 million (€686.8 million), down 10.8% with an organic reduction of 12.7%. Revenue from Covid-19 services was €106.3million (€179.4 million). Revenue in Ukraine amounted to €48.4 million (€109.5 million). Organic growth excluding Ukraine and Covid-19 revenue amounted to 5.2%. The laboratory test volume was 119.3 million (133.4 million) of which Covid-19 tests were 5.2 million (7.0 million). Acquired revenue amounted to €18.4 million. Foreign exchange fluctuations had a negative impact of 0.8% with weakness mainly for the Polish zloty and the Ukrainian hryvna.

Healthcare Services

Revenue increased to €917.1 million (€711.6 million), up 28.9%, with an organic growth of 15.8%. Organic growth excluding Covid-19 revenue was up a very strong 25.7%, boosted by the fast growth in Medicover Hospitals India. Members in the integrated healthcare model grew by 11.8% to 1,672K (1,495K). Acquired revenue amounted to €101.7 million. Foreign exchange fluctuations had a negative impact of 1.2% with weakness for the Polish zloty offsetting strengthening of the India rupee.

Operating profit and EBITDA

Operating profit was €55.5 million (€159.4 million), impacted by the war in Ukraine, a related impairment of €-4.9 million, high inflation in core markets and increased medical costs, lower contribution from Covid-19 services and several projects in early stages and new launches. The Group recognised total expenses of €-9.6 million (€-6.9 million) as costs related to equity settled share-based payment transactions. Acquisition related expenses were €-7.2 million (€-3.2 million). Medical costs were €-1,174.6 million (€-982.4 million) corresponding to 77.8% of revenue. Distribution, selling and marketing costs increased by €8.4 million to €-66.5 million (€-58.1 million). Administrative costs increased by €36.1 million to €-213.6 million (€-177.5 million).

REVENUE GROWTH 2022

Growth components (€ million)	Revenue 2021	Organic growth	Acquisition growth	Currency effects	Total growth	Revenue 2022
Medicover	1,377.4	26.6	120.1	-13.9	132.8	1,510.2
As % of revenue		*1.9%*	*8.7%*	*-1.0%*	*9.6%*	*9.6%*
Diagnostic Services[1)]	686.8	-87.3	18.4	-5.4	-74.3	612.5
As % of revenue		*-12.7%*	*2.7%*	*-0.8%*	*-10.8%*	*-10.8%*
Healthcare Services[2)]	711.6	112.3	101.7	-8.5	205.5	917.1
As % of revenue		*15.8%*	*14.3%*	*-1.2%*	*28.9%*	*28.9%*

1) Including inter-segment revenue of €18.5 million in 2022 (€20.2 million).
2) Including inter-segment revenue of €1.1 million in 2022 (€1.1 million).

EBITDA was €217.4 million (€270.4 million), an EBITDA margin of 14.4% (19.6%). Adjusted EBITDA amounted to €234.2 million (€280.5 million), a margin of 15.5% (20.4%).

Adjusted EBITDAaL decreased to €148.0 million (€220.9 million), a margin of 9.8% (16.0%).

Net financial items

Net financial result amounted to €-32.7 million (€-17.3 million). €-34.5 million (€-20.1 million) was related to interest expense and commitment fees on the Group's debt and other discounted liabilities. €-22.1 million (€-14.0 million) of the interest expense was related to lease liabilities. As the Group has expanded its capacity and facilities significantly, including its leased premises, the cost of interest allocated to lease liabilities has increased. Foreign exchange losses were €-3.3 million (€1.8 million) of which €-2.3 million (€0.2 million) related to euro-denominated lease liabilities mainly in Poland. In addition, other financial income/(expense) included a gain on early repayment of debt obligations of €2.4 million (–).

Profit for the year

Profit before income tax decreased to €19.8 million (€143.8 million). Income taxes amounted to €-5.8 million (€-37.2 million) with an effective tax rate of 29.3% (25.8%). The effective tax rate has increased due to a larger proportion of development/early stage projects and non-recognition of deferred tax on the related losses. Other income/(costs) of €-3.2 million mainly included a gain of €4.4 million relating to the revaluation of the NIPD investment offset against a loss on bond funds of €-6.3 million. Profit for the year was €14.0 million (€106.6 million).

Cash flow from operating activities

Cash flow from operating activities before working capital changes amounted to €210.1 million (€257.6 million), being 96.7% of EBITDA (95.3%). Net working capital increased by €39.9 million (increased by €40.9 million). Income tax paid was €19.1 million (€18.3 million). The net cash flow from operating activities was €170.2 million (€216.7 million).

Cash flow used in investing activities

The net cash flow used in investing activities amounted to €184.8 million (€333.6 million). Payment for acquisition of intangible assets and property, plant and equipment was €140.6 million (€102.2 million). Cash flow for acquisitions of subsidiaries amounted to €229.1 million (€87.5 million) relating to acquisitions closed in the year and payments for earlier closed transactions. Proceeds from the sale of short-term investments amounted to €186.4 million (€40.3 million).

Cash flow from/(used in) financing activities

Acquisition of non-controlling interests amounted to €7.7 million and mainly related to a hospital in India and a Serbian laboratory business. Net loans drawn amounted to €89.4 million (net loans drawn €239.0 million). Lease liabilities repaid were €50.6 million (€38.5 million). Interest paid amounted to €32.4 million (€19.7 million), of which €22.1 million (€14.0 million) related to lease liabilities. A dividend of €17.8 million (€10.4 million) was distributed to shareholders. The net cash outflow from financing activities amounted to €24.3 million (net cash inflow from financing activities amounted to €164.1 million).

Financial position

The Group's equity amounted to €510.8 million (€562.1 million). The decrease in equity included a negative movement of €19.9 million on translation reserves mainly relating to the weakness of the Polish zloty, the Indian rupee and the Ukrainian hryvna. In addition, total equity attributable to owners of the parent included a negative movement of €18.1 million relating to fair value changes of put option liquidity obligations with non-controlling interests and €11.9 million relating to acquisition of non-controlling interests mainly in the Indian and Serbian businesses.

Loans payable amounted to €515.7 million (€418.2 million) and lease liabilities to €424.3 million (€345.9 million). Debt at fixed interest rates was €235.5 million (€135.5 million), €36.0 million (€26.6 million) was non-interest bearing (deferred/contingent consideration payable) and the balance being at floating interest rates. The lease liabilities increased by €78.4 million of which 74.7% related to acquisitions mainly in Poland, Romania, Germany and India. The remaining increase reflected the expansion of leased facilities in the same markets. The total financial debt amounted to €940.0 million (€764.1 million).

The Group has utilised €13.4 million (€19.5 million) under its commercial paper programme. The total size is SEK 2 billion with possibilities to issue in both Swedish krona and euro. Net financial debt was €890.9 million (€489.3 million).

The Group has undrawn committed credit facilities of €214.2 million, liquid short-term investments and cash and cash equivalents of €49.1 million, in total €263.3 million (€504.8 million) at the end of the year.

5-year financial summary

For a 5-year financial summary of the consolidated income statement, statement of financial position, cash flow statement and key financial data, refer to pages 151 and 152.

Share capital

The share capital as at 31 December 2022 was €30.4 million (€30.4 million) represented by 151,935,195 shares divided into

77,374,876 class A shares, 71,578,691 class B shares and 2,981,628 class C shares. All C shares are held by the Company for the purposes of fulfilment of the long-term performance-based share programmes.

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

The five-year vesting period for one of the Group's equity settled share-based programme, Plan 2017, was completed during the year. The performance conditions were achieved in full and 603,016 class C shares were converted to class B shares and distributed to the participants.

Celox Holding AB, the largest shareholder, owned 47,157,365 shares with 31.0% of the capital and 55.6% of the voting rights. The Christina af Jochnick family owned 19,119,125 shares with 22.3% of the voting rights. The Robert af Jochnick family owned 13,955,745 shares with 12.2% of the voting rights.

Co-workers

Medicover recognises that its business performance, growth and brand value are dependent upon its ability to develop the right culture to lead and engage its employees. For more information about Medicover's co-workers, refer to "People and partners" section. As at 31 December 2022, Medicover had 44,707 co-workers, split into 72% women and 28% men, and 28,220 FTE's on average over the year. Within the positions of managerial responsibility in the Group, such as managers, directors and others in a leading position, women held 59% and men 41% of the positions.

Sustainability report

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

The statutory sustainability report is available on the following pages:

- Business model: 12–15
- Risks and risk management: 78–86
- Sustainability: 36–63, 66
- EU Taxonomy regulation: 64–65

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

The auditor's report on the statutory sustainability report can be found on page 150.

Remuneration to the board members

Fees and other remuneration to the members of the board of directors are resolved by the annual general meeting (AGM). At the AGM held on 27 April 2022, it was resolved that remuneration for the time until the end of the next AGM for board members elected by the general meeting shall be paid to cover duties and responsibilities of all board and committee members. For details, refer to note 32.

The board of directors' proposal for guidelines for executive remuneration

The board of directors proposes that the AGM resolves to adopt the following guidelines, without change in all material respects, for remuneration to senior executives.

The executive management fall within the provisions of these guidelines. The guidelines are forward-looking, i.e. these are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the AGM 2023. Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines. The guidelines do not apply to any remuneration decided or approved by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interest and sustainability

For information regarding the company's business strategy, refer to "Strategy" section.

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

Long-term share-related incentive plans have been implemented in the Group. Such plans have been resolved by the general meeting and are therefore excluded from these guidelines. The long-term share-related incentive plan proposed by the board of directors and submitted to the AGM 2023 for approval is excluded for the same reason. The proposed plan is similar to existing plans however it has an additional performance feature in respect of return on invested capital. The plans include among others executive management in the Group. The performance criteria used to assess the outcome of the plans are linked to the business strategy and thereby to the Group's long-term value creation, including its sustainability. The proposed plan performance criteria comprises growth in EBITDA and average return on invested capital over a 5-year period. The plans are further conditional upon the participant's own investment and certain holding periods of several years.

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

Types of remuneration

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

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

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

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

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines. Executives who are expatriates may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the expat arrangement, taking into account, to the extent possible, the overall purpose of these guidelines. Such benefits may not in total exceed 75 per cent of the fixed annual cash salary.

Termination of employment

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

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

Criteria for variable cash remuneration

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

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

Salary and employment conditions for employees

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

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

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programmes for variable remuneration for executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Group. The members of the remuneration committee are independent of Medicover and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve Medicover's long-term interests, including its sustainability, or to ensure the Group's financial viability.

As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Research and development

Medicover has over many years developed its inhouse systems to support medical and business operations, driving effectiveness, safety and efficiency. These tools have driven higher satisfaction and retention. These systems are developed with Medicover's experienced software development teams. In addition, the Group develops in-vitro genetic testing solutions. During 2022 €18.0 million (€4.9 million) relating to development expenditure has been capitalised as intangible assets. Medicover researches novel tests and test protocols for laboratory tests, as well as new approaches for delivery of medical services with a strong focus on digital health care. All such research costs are expensed in the period incurred.

Parent company

The parent company's business mainly consists of corporate management and holding company functions. Revenue for 2022 was €0.7 million (€0.7 million). Loss for the year amounted to €-4.2 million (€2.0 million). Equity amounted to €596.9 million (€609.9 million) at 31 December 2022.

Dividend policy

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

Proposed distribution of earnings

The board of directors proposes to the AGM that a dividend of €0.12 per share is distributed for the financial year 2022. The decision is subject to the shareholders' approval at the AGM on 27 April.

The proposed dividend is 148% of the net profit, and in excess of the stated dividend policy, corresponding to a total of €17.9 million. The board of directors are of the opinion the company's financial position and future development will be able to sustain same dividend payout as last year. If the proposal is accepted, the expected record date for the dividend will be 2 May and the dividend is expected to be paid out by Euroclear on 9 May. More information is included in note P13.

Risks and risk management

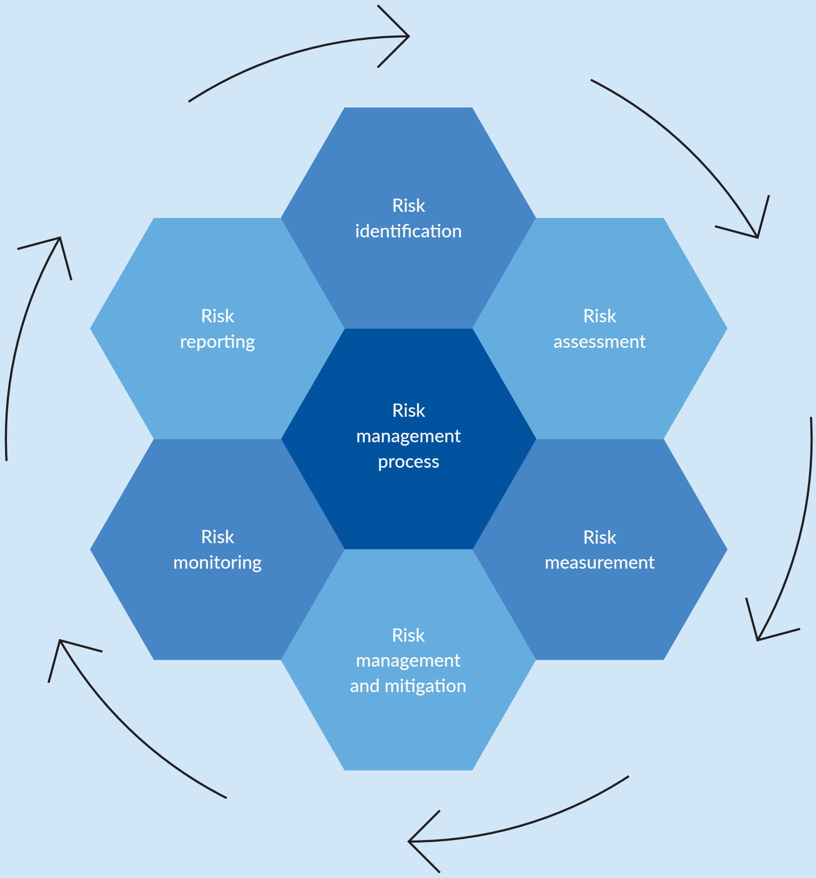
As a company with global operations, Medicover is naturally exposed to risks associated with the business activities in the countries and sectors it operates. These risks can impact the company's operations, performance and financial position. Management of these risks, enables the Group to execute its strategy, maintain its ethical reputation, reach its financial targets and secures continuous development and profitability in the long term.

Medicover's risk management framework comprises corporate governance processes and procedures and a robust risk management process. It aims to ensure a thorough and consistent risk management approach, which is embedded in the decision making process across the Group.

RISK MANAGEMENT PROCESS

The risk management process is the tool that supports the effective management of the risks faced. It is used to identify, assess, measure, manage, mitigate, monitor and report risks, utilising the internal risk models. The central risk registry is the backbone of this process, where all risks are recorded and categorised in clusters.

This ensures that risks are managed within the acceptable limits and mitigating actions are implemented where necessary. It also ensures the timely notification and reporting to the respective stakeholders, and encourages dynamic risk based decision making and effective day-to-day risk management.



Risk identification, assessment and measurement
Systematic risk identification is performed by risk owners at the operational level, supported by the risk management function. The objective is to record in a structured way all risks that may impact the Group. Once risks are identified, assessment is applied to understand how and why each risk is material, considering the co-interactions between individual risks and the specific circumstances that apply for Medicover. Based on information available, assessment, and ranking of each risk is performed according to the potential impact and likelihood of materialising. An aggregate inherent risk score is the outcome of these first steps of the process.

Risk management and mitigation
The inherent risk score forms the basis, upon which the mitigating efforts are based. Controls and mitigating measures are deployed in an effort to minimise the inherent risk, both in terms of impact and likelihood. The measures in place are constantly evaluated and adapted, keeping pace with the evolving business environment and the new threats that emerge. A residual risk score is the outcome, which is considered against the company's risk appetite, to prioritise on the most significant risks and the risks that deviate from the company's risk appetite. The executive management and the risk management function regularly evaluate the need for new or additional measures, in cooperation with the operational functions, to further improve the Group's overall risk position.

Risk monitoring and reporting
The process and the progress regarding specific risks is monitored on an ongoing basis. As the risk landscape changes, risks are added to the portfolio as soon as these are identified and reported, while risks that become obsolete are removed or graded down. The risk management function monitors the internal and external risk scene regularly and remains in an open dialogue with key stakeholders to keep the risk registry updated. Risks graded as "High or Critical" at the residual level are reported to the executive management and to the board, both to raise awareness, and also to initiate the necessary measures to mitigate these risks as soon as possible. This structured process ensures that ad-hoc and systematic risk reporting is provided to management. The annual risk management report is prepared by the Group risk manager and approved by the board's audit committee.

RISK REGISTRY AND PRINCIPAL RISKS

All risks identified are separated into risk clusters and presented in the following table. There are no critical risks, a number of risks are categorised as high risk at the inherent level, however proper risk management and mitigation result in almost all risks being medium and low at the residual stage. 2 risks are rated as high, 27 risks are rated as medium and the rest are rated as low at the residual risk scoring stage.

Operational risks	Ability to recruit and retain staff	Access to medical services and continuity of care	Armed conflict
	Business continuity	DDoS-attack (Distributed denial of service attack)	Energy risk
	Health and safety policy violation	Health data loss	Innovation lag
	Insider threat	Insurance risk	Insurance cover risk
	Internal and external fraud	Internal control environment	IT systems failure (hack, virus, bugs)
	Management succession gap	Market risk	Medical license, certification and accreditation
	Medical quality	Natural disaster/force majeure	Not implementing medical and diagnostic innovation trends
	Outdated hardware or software	Over-dependence on key personnel	Pandemic and disease contagion
	Pandemic (restrictions on activity due to lockdowns)	Patient safety and medical quality	Physical security
	Physical threats	Policies and procedures unawareness	Premises availability
	Reputational risk	Suppliers and outsourcing risk	Supply chain
	Terrorist attack	Third party failure	Training and development gap
	Workplace violations		
Strategy and M&A risks	Acquisition execution failure	Competitive position	M&A due diligence
	Market competition	Post acquisition integration	Vision and strategy failure
Financial risks	Budget and forecasting errors	Credit rating	Credit risk
	Currency risk	Interest rate risk	Liquidity and financing risk
	Reporting errors	Tax compliance	Tax law and regulation change
Legal, compliance and political risks	Anti-money laundering	Anti-bribery and corruption	Competition law
	GDPR	Healthcare policy change	Non EU data protection
	Other legislative and regulatory compliance	Political risk	Public liability
	Sanctions		
Environmental risks	Climate change	Environmental risk	

22 risks in darker shade are analysed in detail in the next section.

Risk rating

A risk matrix is used to measure and evaluate the significance of the risks identified. All risks are rated (scores in the range of 1–25) and categorised in one of the four risk profiles: Low, Medium, High or Critical. The rating and classification is performed first at the inherent risk level and after careful evaluation of the mitigating measures and controls in place, at the residual risk level.

Risk profile

Critical
Risks that will have a substantial impact. These will severely restrict the ability to achieve strategic objectives and even endanger the existence of the company if left untreated. Action is required immediately.

High
Risks that will have a serious impact. These will restrict the ability to achieve some objectives, require action, systematic monitoring and management.

Medium
Manageable risks with some sizeable impact. These still require action and management, however are lower in the priority line.

Low
Risks that are at an acceptable level, that the Group can manage with little overall impact. Some action might still be required, with periodic evaluation.

PRINCIPAL RISKS AND RISK MANAGEMENT

Operational risks

DESCRIPTION OF RISK	RISK MANAGEMENT AND MITIGATION
Ability to recruit and retain staff	**Ranking:** ○ ● ○ ○ **Trend:** ↑
It is important for Medicover to be able to recruit and retain qualified and well-educated staff, such as physicians, nurses, technicians and other healthcare and diagnostic professionals as well as administrative employees, to fulfil its growth projections. There is a risk that Medicover, in some geographies, could suffer from a lack of supply of suitable staff and high turnover due to reduced funding for education, emigration of skilled staff and competition for the available staff with other private and state providers, as well as organisations from other industries for the back-office roles (i.e. IT, finance). This increases wage inflation, especially for medical staff above general inflation, and creates higher pressure on margins. Recent high inflation levels put more upward pressure on general wage costs, and this impacts further the ability of the company to recruit and retain. Mobility & hybrid working is another factor that makes the situation even more dynamic. Especially for back-office functions, the ability to attract and retain people can be very influenced by the willingness and capability to allow and encourage hybrid working.	Medicover strives to be a workplace where all staff feel respected and recognised, and as a place where professional aspirations can be met. This is achieved through investment in systems to facilitate work, continuing education and development and peer-based networks providing support and advice. The company has taken initiatives to be a training and development centre for medical staff, with programmes in Poland, Romania, India and Ukraine. The Group's continued work with digitalisation and automation, ensures that medical staff's time is more leveraged, and the working environment is safer, enabling staff to serve a greater number of patients. Medicover strives to keep people happy, motivated and productive, and aims to provide competitive market-based remuneration levels, and also maintain its reputation as a respected employer. A culture of accepting and embracing new ways of working (i.e. hybrid, remote etc) is an added tool in the efforts to attract and retain people. The company also reviews and expands where it recruits, as existing operational markets, might not provide with adequate staffing needed for Medicover's growing business. In addition, a programme to move experts from one country to another (including the support for accreditation and language training) is assessed.
Armed conflict	**Ranking:** ○ ○ ● ○ **Trend:** ↑
Medicover operates in some countries which are currently experiencing, or may experience armed conflict, most notably Ukraine. During armed conflicts there is a risk that facilities and assets are requisitioned, damaged or destroyed; that staff are killed, injured, or displaced. Impacts are likely to be negative affecting the ability to continue operations, the economy, funding, currency stability and ultimately impairment of assets and curtailment of operations. Disruptions to operations and to supply chains may also occur as a direct or indirect result due to issues such as international embargos, sanctions or other issues arising from the conflict.	The Group's diversification across several countries and within those countries in several areas of the broad healthcare sector, mitigates to a degree individual country risk. As a healthcare service provider, in most conflict situations Medicover's facilities and staff are not directly targeted. Furthermore, healthcare activities are almost always exempted from embargos and sanctions. This mitigates the risks to a degree. Medicover takes an approach to protect staff whilst also considering the essential nature of many of its services, hence seeking to maintain services even in difficult circumstances.
Energy risk	**Ranking:** ○ ○ ● ○ **Trend:** ↑
In some countries or regions there is a risk of power failures and unavailability of energy due to recent disruptions and shortages. The risk is higher in Central European countries like Poland and Germany, due to higher dependency on Russian natural gas. In addition, the recent destruction of electricity generating facilities in Ukraine, increases the risk for extended black outs in the country, and Medicover's facilities can be affected. Another element of energy risk is the increased cost of energy, which puts a higher financial burden on the company to run its facilities around the world.	Hospitals and critical clinical facilities are exempted from power cuts, and thus it is expected that whatever the seriousness of power shortages, such facilities will continue to be provided with mains power. Furthermore most of Medicover's core facilities such as hospitals and laboratories have their own generating power capacity. However, the situation is more complex in Ukraine due to the destruction of energy facilities, hence the company is taking extra measures to secure energy availability as much as possible. All key laboratories have full backup energy generators to be used in case of black outs and to support the operations continuity. The company also works to secure adequate supplies of fuel, especially in Ukraine where black outs can be more extensive and fuel supply shortages due to the war are common. With regards to the increased cost of energy, the Group has taken energy consumption reduction programmes and is reviewing investment to install more renewable energy sources, mainly solar panels to reduce its dependence on conventional energy and also to reduce the company's energy bills and carbon footprint.
Health data loss	**Ranking:** ○ ● ○ ○ **Trend:** ↑
Health data loss is the risk of losing control over sensitive patient medical data. It can either be data loss, data leak, unauthorised use of data or data unavailability and may result in operational issues or serious treatment complications as well as compliance, contractual and reputational impact. Under EU's GDPR regulation, and other national codes any sensitive health data loss or abuse can potentially have extensive consequences, particularly in the case of neglicence or disregard for obligations.	Medicover has several controls in place to protect against data loss, noticeably: regular testing for internet faced applications and web application firewall (WAF) to protect critical internet facing systems, hard disk encryption for laptops, data encryption in transit and others. All controls are complemented by data protection policies and rigorous testing to ensure data availability and protection. In addition Medicover has policies and processes in place which stipulate who can access sensitive medical data and for what reasons, and actively monitors data access for compliance.

Risk profile

● Low ● Medium ● High ● Critical

Expected trend within the next 12 months

↓ Decreasing — Stable ↑ Increasing

DESCRIPTION OF RISK	RISK MANAGEMENT AND MITIGATION
Insurance risk	**Ranking:** ●○○○ **Trend:** —
The Group is exposed to medical insurance underwriting risk. Part is through insurance contracts which are written by the Group's regulated insurance entity and thereby subject to regulatory oversight and part is conducted by other commercial entities as activities which do not explicitly fall under regulation however still contain elements of insurance risk. Insurance risk includes the underwriting and pricing of new insurance contracts (subscription risk). It also includes the risk that the provision for unearned premiums will not cover the future payments for claims and expenses incurred (provision risk).	The company has extensive experience in assessing the risk of medical insurance contracts. The Group assesses both new business and renewals against internally generated actuarial risk profiles and has procedures in place to estimate future profitability and cash flows on both proposed and existing business. The risk profiles are adapted for each market the Group operates. Benefits which could lead to larger individual claims are capped. Certain benefits incorporated into the insurance contracts issued are backed by other insurers on a non-recourse basis, mainly in the area of travel insurance. Reinsurance is not used to transfer insurance risk as the scope of large scale losses is naturally limited by the facility based medical service model and the restrictions incorporated into the insurance contracts. The Group's insurance contracts are heavily dispersed across a wide range of employers in Poland, Hungary and Romania, with no large concentrations of risk. Provision risk is very low as premiums are usually paid in advance and in cases of non-payment contracts are considered void and can be cancelled.
IT systems failure (hack, virus, bugs)	**Ranking:** ○●○○ **Trend:** ↓
There is a risk that the IT systems (local and group) may suffer interruptions or disturbances as a result of hacker attacks, infringements, computer viruses, bugs, technology failures or other factors, resulting in unavailability, disruption or unauthorised access to sensitive information. Any improper functioning of Medicover's IT systems may prevent staff from providing medical services, entail the loss or corruption of data, or generally cause disruptions to the Group's activities. It could also lead to reputational losses.	Medicover builds redundancy and robustness to its IT systems with a high focus on security and protection against external and internal threats. Regular testing of IT systems (disaster recovery testing, security testing) and processes are conducted to ensure contingency and backup plans are effective. Firewalls, endpoint detection and response as well as incident response plans are in place to safeguard the security of the systems. In house software is developed following and operating under best practice standards with extensive testing and quality control procedures. Infrastructure and dedicated staff are available for providing central services, complemented with offsite remote facilities. Group policies and procedures are maintained centrally. Medicover continuously upgrades and invests in its IT system equipment and software solutions, to maintain an environment that is able to resist new and developing threats.
Market risk	**Ranking:** ○●○○ **Trend:** ↑
Economic factors are an important driver for demand and pricing of services. In Healthcare Services, employer funded healthcare packages are a significant source of revenue. A competitive employment market supports demand for employment and retention benefits such as healthcare packages. Also, economic growth increases disposable income and the ability to afford healthcare services. Recent high inflation levels, pose a significant risk for the company, with regards to whether it can pass this additional inflation cost to the customers, without losing market share and in due time. It also poses a risk to recruit and retain staff and keep paying employees a fair and competitive salary.	Medicover has grown through more than 25 years of economic cycles of strong growth and retrenchment and has developed the ability to manage such cycles. Medicover's approach is to maintain the affordability of its services to match the local markets' ability to pay for them. These are to a large degree the services of local medical professionals providing healthcare exposed to the same economic cycles, hence there is a natural matching to local affordability. Economic crises also impact funding for publicly paid healthcare which leads to more people seeking treatment from private providers as healthcare is an inelastic expense, which mitigates the impact of economic downturns on Medicover. Having international scale and geographical spread across several markets, both developing and mature, helps diversify and spread the risk of any one country's economy. The Group has also diversified its revenue sources to avoid over-dependence on either public payors or the employer funded segments. 59 per cent of revenue derives from Fee-For-Service in a wide range of markets, providing a high degree of diversification against market risk. In addition, the company is confident, that with a short time lag, it can successfully pass inflation cost to the final customers in line or above national levels.
Medical license, certification and accreditation risk	**Ranking:** ●○○○ **Trend:** —
The risk relates to non-compliance with legal requirements, failure of re-certification or re-accreditation. Not having relevant quality improvement programmes, implementation/monitoring of the effectiveness of corrective and preventive actions nor audit programmes supporting quality management processes increases this risk.	Medicover has a well-organised quality control system ensuring constant monitoring of compliance with internal and external requirements, which allows it to maintain or obtain new certifications confirming compliance with the legal and highest industry standards. Regular compliance and clinical quality audits are carried out in accordance with the prepared and approved audit plan. All activities are recorded and analysed in order to improve the processes. All post-audit recommendations and corrective or preventive actions taken are monitored and results assessed and analysed. There is an embedded information exchange and management system to ensure a consistent approach to the quality process and compliance with applicable legal requirements. All identified non-conformities are analysed and corrective actions are taken immediately.

DESCRIPTION OF RISK	RISK MANAGEMENT AND MITIGATION
Medical quality	**Ranking:** ○ ● ○ ○ **Trend:** ↓
The risk relates to providing services not compliant with the applicable standards of medical, nursing and other clinical care and diagnostic services in accordance to evidence-based medicine. Non-compliance with Medicover Clinical Governance Policy and Medicover Code of Conduct and Code of Medical Ethics can result in delivery of unsafe, inappropriate or ineffective healthcare and diagnostics.	Medicover has a strong reporting culture and a structure that enables monitoring of compliance with high medical standards. All employees are required to familiarise themselves with the applicable rules in accordance with the company's policies. There are embedded reporting systems for key performance indicators and clinical quality indicators. Policies, standards and algorithms of conduct are regularly reviewed and updated in accordance to the latest recommendations of international organisations and national state institutions. The process of providing medical services, including the process of treatment, diagnostics and nursing services, is subject to constant monitoring and periodic audits; corrective actions are implemented and effectiveness is assessed. There are training programmes embedded in the structures of the organisation aimed at improving the qualifications of staff in order to ensure the continuous improvement of standards of care and ensuring the safety of patients and staff. Both, clinical and non-clinical personnel, in accordance with the applicable organisational culture and procedures, are involved in the improvement and monitoring of the delivery of high-quality medical, diagnostic, pharmacy and nursing services.
Natural disaster/force majeure	**Ranking:** ○ ● ○ ○ **Trend:** ↑
The risk relates to a natural disaster such as earthquake, fire, flooding or any force majeure situation incurring loss of access to premises, destruction of equipment, or even life-threatening situations. As Medicover's operations expand in a number of countries, and in various locations within those countries the risk is not universal and cannot be universally quantified. Some locations are more prone to natural catastrophes (i.e. floods). The risk is greater in operational facilities, (i.e. hospitals) where business continuity and physical presence is essential and cannot be replaced by remote work. The risk is steadily rising in recent years, as extreme weather conditions are increasing around the world, due to global warming and climate change.	All risks insurance cover is in place to effectively cover the financial cost of possible property and equipment damage, or loss of life after a natural catastrophe. Local operational teams screen foreseeable threats like flooding or earthquake risk, and take preventive measures, where possible. Due to the critical nature of the majority of Medicover's operations, the major facilities located in areas with higher risk of earthquakes are designed for continuity of operations. Employees in non-operational roles can work fully remotely if a natural catastrophe damages office space, not affecting day to day work. Cloud-based servers and data storage, ensure that any destruction of local IT facilities will not result in loss of data and inability to operate. Power generators are in place where deemed necessary, to support operations in case of power failures as a result of a natural catastrophe.
Pandemic and disease contagion	**Ranking:** ○ ● ○ ○ **Trend:** ↓
This risk is associated with any pandemic, dangerous antibiotic resistant pathogens or biological attacks. The risk arises from non-compliance to procedures or risk of failure to develop and prepare appropriate procedures (including staff training, securing personal protective equipment, provision of pharmacological and chemical agents to fight pathogens and preparation of facilities to work in a high sanitary regime according to evidence-based medicine). Disease contagion includes exposure of staff to infections while working and exposure of patients to illness during the treatment process in institutions, especially during a pandemic.	Medicover constantly monitors the situation with the help of appropriate registers, and takes action at all organisational levels. It regularly updates procedures in line with the latest recommendations from the World Health Organisation, local state authorities and the healthcare system. Medicover monitors the level of knowledge of employees and conducts regular trainings and cooperates with local representatives of state authorities in particular areas of competence.
Supply chain	**Ranking:** ○ ● ○ ○ **Trend:** ↑
The risk of disruption in supply chain and shortages in medical consumables or equipment affect the company's ability to operate and serve its customers. Over the last 12–18 months, supply chain disruptions are wide spread across all industries and sectors, and this risk has become more important to monitor and manage correctly.	To mitigate supply chain risk, the company periodically acquires and stocks excess inventories. The aim is to always keep sufficient medical inventories, to be covered in case of delays in deliveries and short-term shortages. There is a central oversight over essential medical supplies and the situation is monitored continually.

Strategy and M&A risks

DESCRIPTION OF RISK	RISK MANAGEMENT AND MITIGATION
M&A due diligence	**Ranking:** ○ ● ○ ○ **Trend:** —
Growth through acquisitions is important for Medicover's development. M&A due diligence risk includes inadequate assessment/analysis or conclusions. There is a risk that Medicover will not identify suitable acquisition targets available at acceptable terms. Growth through acquisition also entails risks that Medicover will be exposed to unforeseen obligations or issues in the acquired companies.	Medicover has central oversight over all acquisition processes and experienced teams executing acquisitions. The company completes thorough due diligence when performing acquisitions. It assesses risks and may negotiate guarantees and retain payments to protect against unknown risks. In many cases Medicover mitigates risk by linking the acquisition price to future development and performance of the target acquired. Medicover has established and implemented a structured acquisition process that requires analysis, documentation and approval prior to each acquisition. The businesses acquired operate in markets Medicover knows well or has analysed carefully in advance. For larger acquisitions due diligence assistance is performed by external advisors, to ensure appropriate resourcing and experience to manage the risk.
Post acquisition integration	**Ranking:** ○ ● ○ ○ **Trend:** ↑
There is a risk that it might not be possible to integrate the acquired operations as planned, thus incurring higher costs than projected or not achieving synergies in full or within the anticipated time frame. Also, there is the risk of lack of controls and procedures in the acquired businesses, in line with the existing group controls, which increases subsequent risk management, reporting and requires additional investments to upgrade standards.	Medicover establishes a detailed integration plan in connection with each acquisition decision, whereby the risk of increased costs related to integration is measured and managed. Specific persons are appointed, when and where necessary to oversee successful integration. The internal audit function performs regular audits of the newly acquired businesses to make sure sufficient controls are in place, and in line with the existing group controls. Where deficiencies are detected, corrective actions are proposed and swift implementation is required. The board after the initial approval, reviews after one year major acquisitions to assess performance compared to initial projections. This increases accountability regarding integration and in case of underperformance identifies the reasons and suggests solutions.

Financial risks

DESCRIPTION OF RISK	RISK MANAGEMENT AND MITIGATION
Credit risk	**Ranking:** ● ○ ○ ○ **Trend:** —
Credit risk is the risk of losses if a counterparty does not fulfil its commitments towards the company. The credit risk that the Group is exposed to, mainly relates to trade receivables that are not paid, and assets held by counterparties that are not paid or recoverable, including credit risk in the banking institutions the company works with.	Customers' compliance with agreed credit terms is monitored closely. A wide diversification of customers reduces the relative size of any individual customer's balances outstanding at any point in time. Where concentrations do exist is with government or quasi government institutions which are either guaranteed by the state or have an implied state guarantee. The largest customer credit concentrations are with the Kassenärztliche Vereinigungen, the German system for compensation of healthcare services, and the state reimbursement schemes for Telangana and Andhra Pradesh in India. This reduces the risk of irrecoverable amounts significantly. Counterparties with whom assets are deposits or loaned, such as banks or custodians are monitored for credit worthiness and ratings. Also, treasury avoids large cash concentrations on a single financial institution and diversifies assets where possible into two or more banks. In addition, treasury avoids keeping excess cash locally and tries to manage it centrally in the Group cash pool resulting in better oversight over the available cash and minimising excess local cash concentrations.

DESCRIPTION OF RISK	RISK MANAGEMENT AND MITIGATION
Currency risk	**Ranking:** **Trend:** ↑
The Group operates across several countries and undertakes transactions denominated in foreign currencies. It is consequently exposed to exchange rate fluctuations. Changes in exchange rates can affect the Group's profits when revenue from sales and costs for providing services are denominated in different currencies (transaction risk). The Group's operations and equity are exposed to currencies in the several markets it operates. In case of local currency devaluation, net equity of the Group could be impacted by a reduction in the euro value of the Group's net investment in those countries. Also, an adverse effect may be recorded in the financial results when income statements of foreign subsidiaries are translated into euro and on the value of the Group's equity when net assets of foreign subsidiaries are translated into euro (translation risk). All in all, the Group is exposed to considerable currency risk, especially in emerging markets, with higher risk concentration in Polish zloty, Romanian leu, Ukrainian hryvna and Indian rupee.	The Group operates in each country predominantly in local currency and the exposure to transaction risk is reduced by matching inflows and outflows of the same currencies. Most of the Group's foreign businesses operate in a local market with staff employed providing services to the local population. Staff is the largest cost and as such a natural hedge of the transaction risk is achieved to a large degree. Property leases in certain markets, mainly Poland and Romania are often denominated in euro which introduces another element of volatility in foreign exchange results, however generally a non-cash transaction. Lease indexation for euro-denominated leases is based on eurozone CPI, which over time has proven to be balancing out with any losses due to local currency devaluation against the euro. The Group's policy is that foreign currency risks related to larger business combinations are closely monitored and often hedged, while smaller currency risks are not actively hedged. The Group does not actively hedge the net investment position in foreign subsidiaries (translation risk). The Group's view, is that the ability to earn income and the ability to increase prices in line or above inflation, within the relevant markets compensates over time for currency devaluation. Although an immediate impact or reduction in operating cash flows can be felt, over a period of 12–24 months, these effects are compensated through the relatively fast flow of import cost inflation. With this in mind, the Group's policy is not to actively hedge the net investment position in local subsidiary operations. The Group's multinational operations act as a diversification tool for the currency risk, as some currencies may appreciate and some may depreciate against the euro in the same period, balancing out the risk to a degree.
Interest rate risk	**Ranking:** **Trend:** ↑
The risk that changes in interest rates have a negative impact on the Group's financials. Medicover borrows money under fixed and floating interest rates. Recent interest rate hikes and monetary tightening increase the borrowing cost and interest rate risk becomes of much higher importance.	Group treasury monitors interest rate projections with a view to decision-making regarding investments and acquisitions, and how these would be financed in the future. In the current climate of rising interest rates, treasury increases the scrutiny of loan facilities and intensifies the efforts to correctly forecast and fund future needs. The combination of fixed and floating interest rates on the loan facilities compensates to a degree the recent increase in the cost of borrowing for the company. At year-end more than 50 per cent of the Group's total debt is at fixed interest rate terms in the medium to long-run.
Liquidity and financing risk	**Ranking:** **Trend:** ↑
Liquidity risk relates to the ability to pay obligations as these become due, and financing risk relates to the ability to refinance loans or other debt as it matures.	The Group minimises the liquidity risk by maintaining a sufficient cash position, centralised cash management, investments in liquid securities and by having sufficient credit lines in place to meet potential funding needs. Medicover is in a position where it does not have significant liabilities coming due in any concentration. The Group is cash generative at an operating cash flow level and has central control over investment activity. This provides a large degree of control over managing cash flows in the short term and enables the Group to match its investment plans to available financing resources. The Group also maintains a revolving credit facility, to be used at times that the liquidity is running low as an extra safety measure against liquidity risk. At year-end the revolving credit facility amounted to €300 million of which €200 million was unutilised.

Legal, compliance and political risks

DESCRIPTION OF RISK	RISK MANAGEMENT AND MITIGATION
Anti-bribery and corruption	**Ranking:** ○ ● ○ ○ **Trend:** —
The risk arises from the failure to comply with anti-bribery and corruption laws and regulations, as employees are tempted to pay or accept bribes or become involved in other corrupt practices. Many of the countries where the Group conducts business have low scores in the transparency international's corruption perceptions index. Being in violation of international laws and regulations exposes the company to a financial, litigation and reputational risk, not only in the countries where the Group is operating but also internationally.	Medicover's Anti-Bribery Policy together with Medicover Code of Conduct and Medicover Supplier Code of Conduct set the rules to be followed in order to prevent bribes and misconduct in all activities under Medicover's control. Medicover does not tolerate any form of bribery and prohibits its employees and business representatives from giving or receiving bribes of any kind. Medicover conducts antibribery training for its employees. The Group has rolled out e-learnings on Medicover Code of Conduct and Medicover Anti-Bribery Policy for employees. Risk assessments and periodic audits are used to deter corruption and identify any instances of non-compliance. Employees are encouraged to report serious wrongdoings in accordance with Medicover Whistleblower Policy. All employees are required to read and sign the Anti-Bribery Policy and the Code of Conduct.
Political risk	**Ranking:** ○ ● ○ ○ **Trend:** ↑
Medicover operates across several countries and is exposed in each of these markets to political risks such as reimbursement structures and tariffs, legislative frameworks and enforcement of contracts and permits, corruption, weak institutions and conflicts. These factors may make it difficult to operate, delay investments, increase costs and impact financial returns and business stability.	The company takes a neutral political view in the countries it operates and avoids being involved in any form of political issues. The Group's diversification across several countries and within those countries in several sectors mitigates to a degree individual country political risk. Healthcare is an area which fortunately is not often used as a target area for political interference, resulting in a reduced risk exposure. The Group is committed to keep a politically neutral stance.

Environmental risks

DESCRIPTION OF RISK	RISK MANAGEMENT AND MITIGATION
Climate change	**Ranking:** ● ○ ○ ○ **Trend:** —
Climate change is already having an impact in the world and in the coming years will impact Medicover's customers, its operations, services provided and suppliers. This could be experienced through extreme weather events, as was the case in India in 2022. Climate change in terms of sea level rise, extreme heat, flooding and or rain/storms may influence the viability of Medicover's facilities or those of Medicover's customers, forcing adaptation or even relocation. Furthermore, changes in temperature or pollution levels might lead to changing patterns of illness for Medicover's customers and patients, requiring Medicover to provide new services, increase capacity or develop new skills.	The Group identifies, assesses, monitors and takes actions to anticipate and mitigate climate-related risks and opportunities throughout the organisation and the entire value chain, integrating these within the overall risk assessment management and reporting system. This process is overseen by the sustainability committee of Medicover's board. The executive management team discusses these risks on an ongoing basis in order to be prepared, to strengthen its adaptation capacity and create a resilient business model. Assessment is performed considering the severity and likelihood of negative impacts. The Group seeks to increase the ability of its operations and premises to adapt to and be resilient to climate change. The climate change risk is assessed to not have a significant impact on the business short-term. The longer-term effects will require significant adaptation across society. The Group's environmental and climate change policy is a core factor in how Medicover sets its direction for the operations.
Environmental risk	**Ranking:** ● ○ ○ ○ **Trend:** —
This is the risk that Medicover may harm the environment through its activities, whether emissions, GHG, pollution of water, air or soil, or degradation of natural environments.	To manage environmental risks and mitigate any negative impact, Medicover is striving to improve its energy and resource efficiency as well as transition away from fossil fuel reliance in the long-term. Mapping the Group's carbon footprint in the entire value chain is part of this risk management. The carbon footprint data clearly shows that Scope 3 emissions upstream in Medicover's supply chain, is by far the largest share of total volume of emissions (approximately 80%). To mitigate and reduce that carbon footprint, the company aims to collaborate with its suppliers in alignment with the Paris Agreement, as both parties are striving for the same outcome. For suppliers not actively committed, part of the process is to raise awareness and actionability. Regarding the carbon footprint for Scope 1 and 2 Medicover mitigates the impact, by fully complying with all environmental and sanitary regulations applicable to its activities. Medicover transparently monitors and reports on progress towards achieving carbon footprint reduction as a signatory to the UN Global Compact. Medicover is subject to stringent regulations as to waste handling and disposal as certain categories of waste are infectious or could cause other harm. Medicover not only uses licensed and regulated waste handling contractors but also conducts due diligence upon selection and monitoring of continuing licensing. Although Medicover does not have a high water use intensity it ensures treatment of its waste water in accordance with local regulations.

Corporate governance report

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

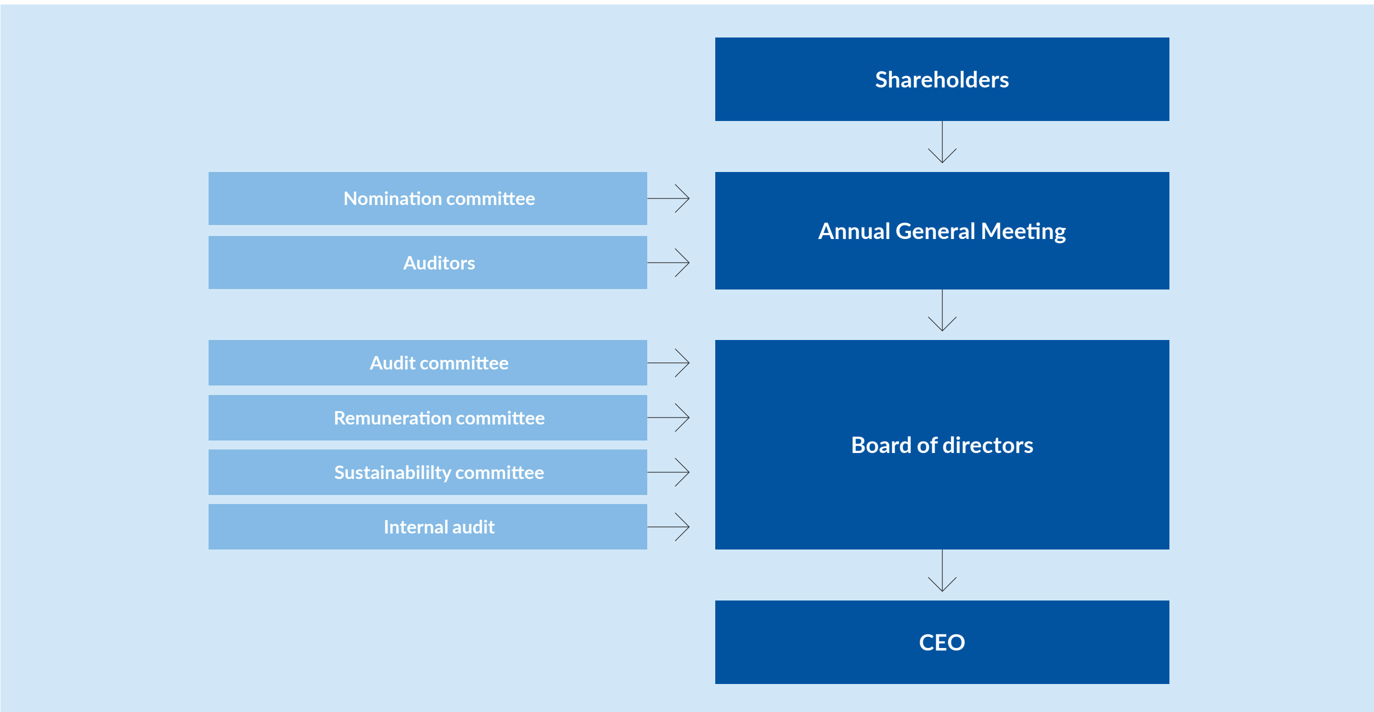
Corporate governance
The external framework for Medicover's corporate governance includes the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Nordic Main Market Rulebook for Issuers of Shares and the Swedish Corporate Governance Code (the "Code"). The current version of the Code is available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

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

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

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

GOVERNANCE MODEL



Shares and shareholders

As at 31 December 2022, Medicover AB (publ) had 151,935,195 shares, consisting of 77,374,876 class A shares, 71,578,691 class B shares and 2,981,628 class C shares.

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

The Company had a total of 6,778 shareholders at the end of 2022 (as compared to 7,233 at the end of 2021). The largest shareholder is Celox Holding AB with 47,157,365 class A shares, equivalent to 31.0 per cent of the total number of shares and share capital and 55.6 per cent of the total number of votes. The second largest shareholder is NG Invest Beta AB with 10,574,760 shares in total (8,443,571 class A shares and 2,131,189 class B shares), equivalent to 7.0 per cent of the total number of shares and share capital and 10.2 per cent of the total number of votes. No other shareholder than Celox Holding AB and NG Invest Beta AB has a direct or indirect shareholding that represents 10 per cent or more of the total number of votes in the Company. On 31 December 2022, the Company held all 2,981,628 class C shares. For additional information on the share and owners, see pages 68–71 and Medicover's website www.medicover.com.

General meetings

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

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

Only shareholders who are listed in the share register and that have notified the Company of their intention to attend before the deadline stipulated in the convening notice are entitled to participate at the general meeting and vote for their shares. Shareholders who are unable to attend in person may be represented by an authorised proxy. The Company's articles of association allows the board to collect powers of attorney in accordance with the Swedish Companies Act and to decide before a general meeting that shareholders shall be able to exercise their right to vote by post in advance of the general meeting.

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

The AGM is the general meeting at which the annual report is presented. Among other matters, the Company's board and the chairman of the board are elected at the AGM. The AGM also appoints the Company's auditors, and resolves upon fees for the auditors, and fees for the board and committee work. The Company's financial year runs from 1 January to 31 December, and the AGM must be held within six months of the end of the financial year. The meeting date and venue is announced on Medicover's website no later than in connection with the publication of the third quarter interim report.

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

2022 AGM

The most recent AGM was held on 27 April 2022 in Stockholm (the "2022 AGM"). Due to the spread of the coronavirus in the community and in order to mitigate the spread of Covid-19, the board had decided that the 2022 AGM would be conducted by advance voting only, on the basis of temporary statutory rules, without physical presence of shareholders, proxies and third parties. As a consequence and in deviation from what is otherwise the case, neither the board or the executive management nor the company's auditor or the nomination committee were present at the 2022 AGM but only the individuals necessary to hold the AGM.

In total, 111,757,017 shares and 79,484,028.6 votes were represented at the meeting, out of which 75,898,141 were class A shares (representing 50.0 per cent of the shares and 89.3 per cent of the votes in the Company) and 35,858,876 were class B shares (representing 23.6 per cent of the shares and 4.2 per cent of the votes in the Company).

The following main resolutions were passed:

- Adoption of the annual report, allocation of the result and discharge from liability with respect to the board members and the CEO.
- Approval of the remuneration report for the financial year 2021 prepared by the board.
- Determination of the number of board members to be elected by the AGM (increase from eight to ten) and remuneration to the board members and the auditor.
- Election of the members of the board (re-election of eight members and election of two new members) and re-election of the auditor.
- Adoption of instructions to the nomination committee.
- Adoption of guidelines for remuneration to senior executives.
- Adoption of a long term performance-based share programme (the "Plan 2022") (for further information regarding the Plan 2022, see note 33), authorisation for the board to issue and repurchase class C shares and decision to – following conversion into class B shares – transfer such shares to participants in the Plan 2022 and in order to secure possible social charges arising as a result of the Plan 2022, and approval of the inclusion of the CEO (who is also a board member of the Company) in the Plan 2022.
- Authorisation for the board to issue class B shares.
- Authorisation for the board to repurchase class B shares.

Authorisations – approved by the 2022 AGM
At the 2022 AGM, resolutions authorising the board to issue class B shares, to issue class C shares and repurchase all class C shares, and to repurchase class B shares were passed:

- Authorisation for the board to, on one or several occasions, increase the Company's share capital by issuing new class B shares. Such share issue resolutions may be made with or without deviation from the shareholders' preferential rights and with or without provisions for contribution in kind, set-off or other conditions. The authorisation may only be utilised to the extent that it corresponds to a dilution of not more than 10 per cent of the total number of shares outstanding at the time of the 2022 AGM, after full exercise of the authorisation. The purpose of the authorisation is to increase the financial flexibility of the Company and the acting scope of the board. If the board resolves on an issue in deviation from the shareholders' preferential rights, the reason for this must be to strengthen the financial position of the Company in a time and cost-effective manner or in connection with acquisition agreements, or, alternatively, to procure capital for such acquisitions. In case of such deviation from the shareholders' preferential rights, the new share issue shall be made at market terms and conditions.
- Authorisation for the board to resolve, on one or several occasions, to increase the Company's share capital by not more than EUR 268,888.00 by the issue of not more than 1,344,440 class C shares, of which not more than 58,440 class C shares may be issued to secure social charges arising as a result of the Plan 2022, each with a quota value of one fifth of a EUR (0.2). With deviation from the shareholders' preferential rights, the participating bank shall be entitled to subscribe for the new class C shares at a subscription price corresponding to the quota value of the shares. The purpose of the authorisation and the reason for the deviation from the shareholders' preferential rights in connection with the issue of shares is to ensure delivery of shares to employees under the Plan 2022, as well as to secure potential social charges arising as a result of the Plan 2022.
- Authorisation for the board to resolve, on one or several occasions, to repurchase its own class C shares. The repurchase may only be effected through a public offer directed to all holders of class C shares and shall comprise all outstanding class C shares. Repurchases shall be effected at a purchase price corresponding to the quota value of the share. Payment for the acquired class C shares shall be made in cash. The purpose of the repurchase authorisation is to ensure delivery free of charge of the class B shares that the participants in the Plan 2022 will be granted the opportunity to receive (so called performance shares) as well as to secure potential social charges arising as a result of the Plan 2022.
- Authorisation for the board to resolve, on one or several occasions, to repurchase its own class B shares. The repurchase shall maximum comprise so many class B shares that the Company's holding does not at any time exceed ten per cent of the total number of shares in the Company, and may only take place on Nasdaq Stockholm and only at a price within the price range applicable at any given time, i.e. the range between the highest purchase price and the lowest selling price. The purpose of the authorisation for such repurchase is to promote efficient capital usage in the Company and to provide flexibility as regards the Company's possibilities to distribute capital to its shareholders.

The authorisations are valid until the next AGM. As of 31 December 2022, none of the mentioned mandates has been utilised.

2023 AGM
Medicover's 2023 AGM will be held on Thursday 27 April 2023 in Stockholm. The notice of the 2023 AGM was published in March 2023. Shareholders wishing to have a matter addressed by the AGM must submit a request in writing to the board well in advance of the AGM. Further information is available on Medicover's website www.medicover.com.

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

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

The 2022 AGM resolved that the nomination committee will consist of the chairman of the board and one representative of each of the four largest shareholders. According to the instructions to the nomination committee adopted at the 2022 AGM, the representative of the largest shareholder shall be appointed as chairman of the nomination committee, unless the nomination committee unanimously appoints another member. If any of the largest four shareholders renounces its right to appoint one representative to the nomination committee, such right shall transfer to the shareholder who then in turn, after these four, is the largest shareholder in the Company.

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

As announced in a press release on 14 September 2022, the current nomination committee consists of:

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

Independence of the nomination committee

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

Nomination committee's work in preparation for the 2023 AGM

The nomination committee has held two meetings in 2022 and two in 2023, and has in addition to the meetings had contact by email and phone. The work has been conducted in a good and friendly spirit of broad consensus. The chairman of the board has provided the nomination committee with information on the board and board committee work during the year. The chairman of the board has also accounted for the board evaluation performed. The committee has discussed the board's composition, addressing the existing and possible future requirements with respect to new experience and expertise. The nomination committee suggests no changes to the board's composition. Special attention has been paid to the importance of diversity and gender balance when preparing the proposal on board members for the 2023 AGM, and the nomination committee has applied point 4.1 of the Code as diversity policy when preparing the proposal. Medicover's board consists of 40 per cent women and the nomination committee's ambition is to strive to reach a more equal gender distribution on the board over time. The committee has concluded that the Company fulfills the Code's independence requirements as a majority of the proposed board members are independent in relation to the Company and its executive management, and as at least two of the board members who are independent of the Company and its executive management are also independent in relation to the Company's major shareholders. Furthermore, when making its proposal regarding the appointment of the external auditor, the recommendation from the audit committee has been taken into account.

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

The shareholders have had the possibility to submit proposals to the nomination committee. The nomination committee's proposals to the 2023 AGM are presented in the convening notice to the AGM on Medicover's website www.medicover.com, where also the nomination committee's statement explaining its proposal regarding the board, information regarding the proposed board members and further information about the nomination committee's work are available.

Board of directors

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

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

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

Composition of the board

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

At the 2022 AGM it was determined that the number of members of the Company's board shall be increased from eight to ten members elected by the AGM, including the chairman of the board. All eight board members at the time were re-elected at the 2022 AGM; Fredrik Stenmo (chairman), Peder af Jochnick, Robert af Jochnick, Arno Bohn, Sonali Chandmal, Michael Flemming, Margareta Nordenvall and Fredrik Rågmark (CEO), and Anne Berner and Azita Shariati were elected as new board members. Apart from the CEO, none of the board members are employed by Medicover. All board members have attended Nasdaq's stock market training course for boards and management.

The average age of the board members elected by the 2022 AGM was 62 at year-end 2022. Information about remuneration for board members resolved upon at the 2022 AGM is available in the table on page 91.

Independence of the board

According to the Code, the majority of the board members elected by the general meeting must be independent of the company and its executive management and at least two of these must also be independent of the company's major shareholders. As for the Company's ten board members, all but one (the CEO) are independent of the company and its executive management and seven are independent of the company's major shareholders. This means that the independence requirements of the Code regarding board members are fulfilled. The independence status of each board member is indicated on pages 96–97.

The board's rules of procedure and written instructions

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

The chairman of the board

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

The chairman shall in cooperation with the CEO secure that well adapted information is communicated to the board before board decisions are made.

Structure of the board work

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

The ordinary meetings address established reporting and decision items. The CEO provides ongoing information about Medicover's progress. The board makes decisions on general matters such as strategic, structural and organisational issues as well as on large investments, acquisitions and divestments. The chairman is also actively involved in these issues in between board meetings. The Company's auditor attends at least one board meeting per year and meets with the board without the CEO or any other member of the executive management present.

The board has delegated authority to approve smaller acquisitions within specified parameters to the investment committee, see under "Investment committee" on page 94.

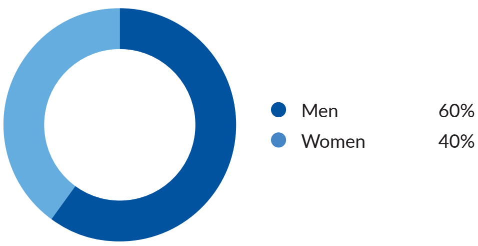
Work of the board in 2022

In 2022, 15 board meetings were held. Focus was given primarily to interim reports, the impact of Covid-19 and of Russia's invasion of Ukraine on the business and employees, and the M&A activity of Medicover, in addition to the usual reporting and decision items. The attendance of the board members at the board meetings is indicated in the following table:

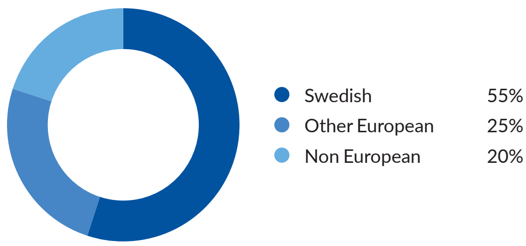
	Attendance				Fees[1] (EUR)			
Member	Board	Audit committee	Remuneration committee	Sustainability committee	Board	Audit committee	Remuneration committee	Sustainability committee
Fredrik Stenmo, chairman	15/15	5/5	4/4	2/2	74,000	11,250	8,200	5,100
Peder af Jochnick	15/15				53,000			
Robert af Jochnick	14/15				53,000			
Anne Berner[2]	10/10				53,000			
Arno Bohn	15/15		4/4		53,000		8,200	
Sonali Chandmal	15/15	5/5		2/2	53,000	11,250		5,100
Michael Flemming	15/15	5/5			53,000	23,000		
Margareta Nordenvall	15/15	5/5			53,000	11,250		
Fredrik Rågmark, CEO	14/15			2/2				
Azita Shariati[2]	10/10				53,000			

1) Fees approved by the 2022 AGM for the period from the 2022 AGM until the next AGM.
2) Was appointed at the 2022 AGM and has participated in all 10 board meetings following such appointment.

GENDER SPLIT BOARD OF DIRECTORS



BOARD OF DIRECTOR'S NATIONALITIES



Board work evaluation
The chairman of the board is responsible for evaluating the board's work. This includes gaining an understanding of the issues that the board thinks warrant greater focus, as well as determining areas where additional competence is needed within the board and whether the board composition is appropriate. The evaluation also serves as guidance for the work of the nomination committee. In 2022 the board has evaluated its work through a so called self-assessment, and in the end of 2022 an external professional consultant firm was engaged to perform an independent evaluation of the board and the board's work based on several parameters. The result from these evaluations is that the board is performing well and that the board is well composed with good competencies.

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

Audit committee
The audit committee has in 2022 comprised four members; Michael Flemming (chair), Fredrik Stenmo, Sonali Chandmal and Margareta Nordenvall. The audit committee has the following main responsibilities:

- Preparations for the board's work on assuring the quality of the Company's and the group's accounting, financial reporting and internal control as well as financial risk and risk management.
- Monitoring and addressing issues concerning the efficiency of the Company's internal controls, regulatory compliance and risk management, in general as well as, in particular, in respect of the financial reporting.
- Monitoring and evaluating the work of the auditor, and monitoring the impartiality and independence of the auditor.
- Informing the board of the outcome of the auditors' audit and explaining how the audit contributed to the integrity of financial reporting and what the role of the committee was in that process.
- Assisting in conjunction with preparation of, and recommending the nomination committee, proposals to the AGM's resolution regarding election of an auditor, including administering the selection procedure.
- Monitoring accounting developments in areas that may affect Medicover.

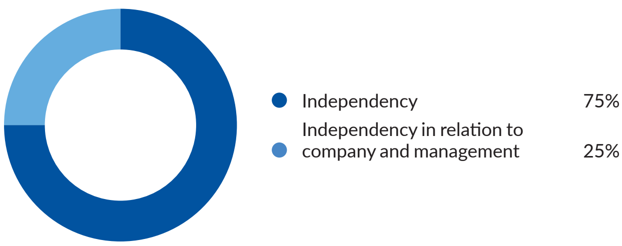
The committee held five meetings in 2022 with particular emphasis on interim reports, audit reports, the impact of Covid-19 and of Russia's invasion of Ukraine on the business, internal control and audit (internal and external). The attendance of the committee members is indicated in the table on page 91.

According to the Code, if the board has established an audit committee, the majority of the audit committee's members must be independent in relation to the company and its executive management. At least one of those members who are independent in relation to the company and its executive management must also be independent in relation to the company's major shareholders. As for the four members of the Company's audit committee, all are independent of the company and its executive management and all but one (Fredrik Stenmo, chairman of the board) are independent of the company's major shareholders. This means that the Code's

INDEPENDENCY

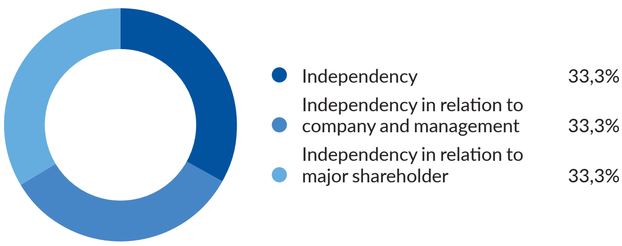
Board of directors

Audit committee



Remuneration committee

Sustainability committee



BOARD AND AUDIT COMMITTEE (AC) ACTIVITIES 2022

JAN

February

FEB

- **Ordinary AC meeting.** Q4 and FY 2021 interim report; audit wrap up; recommendation re auditor.
- **Ordinary board meeting.** Business update; report from audit committee; Q4 and FY 2021 interim report; budget update; report from sustainability committee; acquisition approval; evaluation, succession planning and remuneration review for CEO and EMT; board evaluation.
- **Extra board meeting.** Ukraine update.

March

MAR

- **Ordinary AC meeting.** Audit report 2021; annual report 2021; report from internal audit; Ukraine update.
- **Ordinary board meeting.** Audit report 2021; annual report 2021 and proposal for allocation of the results; report from audit committee; Ukraine update; Plan 2022 proposal to AGM; convening notice to AGM and related documents, including remuneration report.
- **Extra board meeting.** Business update; financial update; approval of revised delegation of certain acquisition decisions to the investment committee; acquisition approval.

April

APR

- **Ordinary AC meeting.** Q1 2022 interim report.
- **Ordinary board meeting.** Investment approval; business update; financial update; Ukraine update; report from audit committee; Q1 2022 interim report; people / organisation update.
- **2022 AGM**
- **Ordinary board meeting (inaugural).** Confirmation of the board's composition following the AGM; authority to sign for the company; election of members of board committees; adoption of rules of procedure for the board and related policies and instructions; delegation of certain acquisition decisions to M&A/investment committee.

May

MAY

- **Extra board meeting.** Plan 2017 conditions fulfilment assessment; calculation and allocation to participants.
- **Extra board meetings.** Facility agreement; acquisition approval.

June

JUN

- **Extra board meeting.** Acquisition approvals; financial update.

July

JUL

- **Ordinary AC meeting.** Q2 2022 interim report; lease liabilities risk review.
- **Ordinary board meeting.** Business update; financial update; report from audit committee; Q2 2022 interim report.

August

AUG

- **Extra board meeting.** Divestment approval.

SEP

OCT

November

NOV

- **Ordinary AC meeting.** Auditor review report re. Q3 2022 interim report, Q3 2022 interim report; internal audit update YTD 2022 and plan (incl. budget) 2023; risk self-assessment; risk overview and risk management.
- **Ordinary board meeting.** Annual review of policies adopted by the board; business update; financial update; report from audit committee; Q3 2022 interim report; investment update; report from sustainability committee; report from remuneration committee; report from internal audit; review and evaluation of committee work; risk management review.

December

DEC

- **Ordinary board meeting.** Budget 2023; acquisition proposal.
- **Extra board meeting.** Approval of budget 2023; acquisition approvals; termination of M&A delegation.

independence requirements regarding the audit committee members are fulfilled. The independence status of each committee member is indicated on pages 96–97.

Remuneration committee

The remuneration committee has in 2022 comprised two members; Fredrik Stenmo (chair) and Arno Bohn. The remuneration committee has the following main responsibilities:

- Preparing the board's decisions on issues concerning principles for remuneration, remuneration amounts and other terms of employment for executive management.
- Monitoring and evaluating programmes for variable remuneration to the executive management, both on-going programmes as well as such that have ended during the year.
- Monitoring and evaluating the application of the guidelines for remuneration to the executive management that the general meeting is legally obliged to establish, as well as the current remuneration structures and remuneration levels within the Company.
- For each financial year prepare the board's report disclosing, with respect to the relevant individuals, remuneration covered by the guidelines for remuneration to the executive management established by the AGM that has been paid or that is due.

In 2022, the committee held four ordinary meetings focusing on remuneration policies within the group, proposals for the long term performance-based share programme approved by the 2022 AGM (Plan 2022), evaluation of the outcome for the long term performance-based share programme approved by a general meeting in 2027 (Plan 2017) and preparation of the remuneration report from the board. The attendance of the committee members is indicated in the table on page 91.

The Code states that, if a remuneration committee has been established by the board, the chairman of the board may chair the remuneration committee but all other general meeting elected members of the committee must be independent in relation to the company and its executive management. As for the Company's remuneration committee, the chairman of the board also chairs the remuneration committee. Both committee members are independent of the company and its executive management. This means that the Code's independence requirements regarding the remuneration committee members are fulfilled. The independence status of each committee member is indicated on pages 96–97.

Sustainability committee

The sustainability committee has in 2022 consisted of three members; Fredrik Stenmo (chair), Sonali Chandmal and Fredrik Rågmark (board member and CEO). The purpose of the committee is to ensure an aligned and well prepared and supervised sustainability model of the Company, with an emphasis on supervision of strategy, implementation of strategy and monitoring and evaluation of Medicover's work within the sustainability area. The sustainability committee has the following main responsibilities:

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

The committee held two meetings in 2022, focusing on reviewing organisation and responsibilities, group policies and proposed goals within the sustainability area and on setting priorities for 2022. The attendance of the committee members is indicated in the table on page 91.

Executive management

The group's executive management team consists of seven members; in addition to the CEO, the team comprises the CFO, the COO for the Diagnostic Services division, the COO for the Healthcare Services division, the General Legal Counsel, the CIO and the CMO. See pages 98–99 for more information on the individuals in the executive management team. The executive management team holds meetings on a regular basis at which the main topics discussed are the Group's financial progress, projects in process and other strategic issues. The meetings have following the outbreak of the coronavirus pandemic been held via video conference.

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

For principles, remuneration and other fees for the CEO, see note 32 and the Company's remuneration report which is available on www.medicover.com.

Investment committee

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

Auditor

Medicover's auditor is the accounting firm BDO Sweden AB, with the authorised auditor Jörgen Lövgren as auditor-in-charge. BDO Sweden AB was re-appointed at the 2022 AGM for the period until the end of the next AGM.

Control environment

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

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

Risk assessment, control activities, information, communication and monitoring

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

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

The managers of the Company's divisions and business units, together with their respective organisation, have a responsibility for internal control (including operational, compliance and financial monitoring). The Company has established common reporting standards across all entities of the Company, overseen by dedicated controlling finance personnel with monthly reviews against plans and budgets and monitoring of variances and unusual or unexpected amounts or exceptions. Combined with monthly and periodic management reviews by the CEO and operational managers within the business units this regular information and communication across the business and close monitoring is part of the process of assurance that the objectives set by the board are achieved.

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

Internal audit

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

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

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

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

Board of directors

Fredrik Stenmo

Chairman of the board since 2017.
Board member since 2005.
Member of the audit committee, the remuneration committee, sustainability committee and nomination committee.
Born 1971.
Nationality: Swedish.
Education: Law Degree, Lund University. Business Administration, Lund School of Economics.
Other assignments: Chairman of the board of ORESA Ltd. Board member of the Jonas and Christina af Jochnick Foundation, Celox Group Ltd and Celox Holding AB.
Professional experience: Partner at FSN Capital and earlier experience from Bank Boston Capital and SEB.
Independency in relation to major shareholders: No.
Independency in relation to the company and management: Yes.
Shareholding in the company[1]: 6,396,050 class A shares and 123,210 class B shares.

Peder af Jochnick

Board member since 2012.
Born 1971.
Nationality: Swedish.
Education: Graduate from Lund School of Economics. Graduate of Royal Swedish Naval Academy and National Defence Staff College.
Other assignments: Chairman of the board of Grafair Flight Management AB, Grafair Bromma AB and Viceroy AB. Board member of Celox Holding AB and Scandinavian Risk Solutions AB.
Professional experience: CEO Scandinavian Risk Solutions AB, COO and Accountable Manager Air Express. Helicopter Pilot Scandinavian Air Ambulance.
Independency in relation to major shareholders: No.
Independency in relation to the company and management: Yes.
Shareholding in the company[1]: 3,820,965 class A shares and 54,500 class B shares.

Robert af Jochnick

Board member since 2007.
Born 1940.
Nationality: Swedish.
Education: Graduate from Stockholm School of Economics and Law Degree, Stockholm University.
Other assignments: Chairman of the board of NG Invest Alpha AB, NG Invest Beta AB and af Jochnick Foundation.
Professional experience: Co-founder of Oriflame and board member.
Independency in relation to major shareholders: No.
Independency in relation to the company and management: Yes.
Shareholding in the company: 250,000 class A shares and 1,569,545 class B shares.

Anne Berner

Board member since 2022
Born 1964
Nationality: Finnish and Swiss
Education: Master of Science, Hanken School of Economics in Helsinki and an MBA in leadership.
Other assignments: Board member of SEB, Calefactio Investments HoldCo AB, Calefactio Investments AB, Avesco AG (Swiss), Finnish Cancer Institute and Foundation for Cardiovascular Research.
Professional experience: Founder of the Association for the Support of the New Children's Hospital in Helsinki and chair of the board. Member of Finnish Parliament and Minister of Transport and Communications in the Finnish government. Director of Ilmarinen, Soprano Oyi, Koskisen Oy, Karelia/ Kährs Holding AB and European Family Businesses (GEEF). Chair and CEO of Vallila Interior Oy.
Independency in relation to major shareholders: Yes
Independency in relation to the company and management: Yes
Shareholding in the company: –

Arno Bohn

Board member since 2001.
Member of the remuneration committee.
Born 1947.
Nationality: German.
Education: Executive ISMP, Harvard Business School.
Other assignments: Vice Chairman of the Supervisory Board of Hueck Folien GmbH. Member of the Supervisory Board of Market Logic Software AG. Board member of Segera Ltd.
Professional experience: Deputy CEO Nixdorf Computer AG, CEO Porsche AG, Corporate VP General Electric Co.
Independency in relation to major shareholders: Yes.
Independency in relation to the company and management: Yes.
Shareholding in the company: 122,640 class A shares and 177,360 class B shares.

1) Including holding of closely related parties.

Sonali Chandmal

Board member since 2017.
Member of the audit committee and sustainability committee.
Born 1968.
Nationality: Belgian, Indian.
Education: MBA Harvard Business School and, BA (economics) University of California, Berkeley.
Other assignments: Partner at A Lamot & Company. Board member of Ageas SA/NV, Ageas Portugal Holdings SGPS, S.A., BW LPG Pte Ltd., Climate Governance asbl and of Harvard Club of Belgium.
Professional experience: Bain & Company from 1997–2017.
Independency in relation to major shareholders: Yes.
Independency in relation to the company and management: Yes.
Shareholding in the company: 25,000 class B shares.

Michael Flemming

Board member since 2015.
Chair of the audit committee.
Born 1957.
Nationality: South African.
Education: Bachelor of Commerce, Bachelor of Law and B Proc; AMP, Harvard Business School.
Other assignments: Board member of True North Development Ltd.
Professional experience: Board member and CEO of Life Healthcare Ltd. Board member of Sanyati Holding Ltd, Capio AB (publ) and Metair Investments Limited.
Independency in relation to major shareholders: Yes.
Independency in relation to the company and management: Yes.
Shareholding in the company: –

Margareta Nordenvall

Board member since 2001.
Member of the audit committee.
Born 1954.
Nationality: Swedish
Education: MD, PhD, The Karolinska Institute and MBA, Sloan, Massachusetts Institute of Technology.
Other assignments: Several assignments board of Swedish Parliament's Veterans.
Professional experience: CEO Sophiahemmet AB. Board member of Feelgood AB and Focal Point AB. Mando AB. Member of Swedish Parliament. Board member of Swedish Medical Science Ethic Council and National Institute of Public Health.
Independency in relation to major shareholders: Yes.
Independency in relation to the company and management: Yes
Shareholding in the company: 78,830 class A shares.

Fredrik Rågmark

CEO
Board member since 1997.
Member of the sustainability committee.
Employed since 1995.
Born 1963.
Nationality: Swedish.
Education: Law Degree, Stockholm University and BA Economics, Stockholm School of Economics.
Other assignments: Several assignments within the company.
Professional experience: Managing Director Oresa Ventures, Business Development Manager, Oriflame Eastern Europe.
Independency in relation to major shareholders: Yes.
Independency in relation to the company and management: No.
Shareholding in the company: 1,845,751 class B shares.

Azita Shariati

Board member since 2022
Born 1968
Nationality: Iranian and Swedish
Education: Degree in nutrition economics from the University of Gothenburg.
Other assignments: –
Professional experience: CEO Anicura AB. CEO Sodexo Nordic and long experience with several senior executive positions at Sodexo. Chair Almega FM, board member Almega Tjänsteförbunden, Almega Serviceentreprenörerna, Visita, Anna Lindh academy, Collector Bank, Proffice, Rädda Barnen, member of the council for the Swedish Agency for Participation, and member of Government Analysis Group "Work in the Future".
Independency in relation to major shareholders: Yes
Independency in relation to the company and management: Yes
Shareholding in the company: –

Executive management

Fredrik Rågmark

CEO

Board member since 1997.
Member of the sustainability committee.
Employed since 1995.
Born 1963.
Nationality: Swedish.
Education: Law Degree, Stockholm University and BA Economics, Stockholm School of Economics.
Other assignments: Several assignments within the company.
Professional experience: Managing Director Oresa Ventures, Business Development Manager, Oriflame Eastern Europe.
Shareholding in the company: 1,845,751 class B shares.

Jenny Brandt

General Legal Counsel

Employed since 2010.
Born 1974.
Nationality: Swedish.
Education: Master of Laws, Stockholm University and Master of Laws, Queen Mary & Westfield College, London.
Other assignments: –
Professional experience: Attorney at Law at Mannheimer Swartling law firm and Law Clerk at the District Court of Stockholm.
Shareholding in the company: 39,213 class B shares.

Joe Ryan

CFO

Employed since 1996.
Born 1965.
Nationality: Irish.
Education: BSc. and BEng., University of Manchester. Fellow of the Institute of Chartered Accountants of England and Wales (FCA). ACT Association of Corporate Treasurer. Senior Executive Programme, London Business School.
Other assignments: Several assignments within the company.
Professional experience: UK. Chartered Accountant BDO Binder Hamlyn. Internal audit, Philip Morris Inc. Switzerland.
Shareholding in the company: 1,272,634 class B shares.

John Stubbington

COO, Healthcare Services

Employed since 2010.
Born 1968.
Nationality: British.
Education: Accelerated Development Programme, London Business School.
Other assignments: Several assignments within the company.
Professional experience: Spent 18 years at BUPA in a number of varied positions including nine years working globally for their International Arm.
Shareholding in the company: 443,825 class A shares and 181,064 class B shares

Staffan Ternström

COO,
Diagnostic Services

Employed since 2021.
Born 1965.
Nationality: Swedish.
Education: Bachelor degree in marketing from Gothenburg School of Economics and a degree in mechanical engineering from Polhems in Gothenburg
Other assignments: Chair of Ondosis, Non Executive board member Ferrosan Medical Devices.
Professional experience: President and CEO Handicare Group, Executive VP for Global Commercial Operations & Strategy at Mölnlycke Health Care AB, and several senior Executive positions at Johnson & Johnson.
Shareholding in the company: 36,070 class B shares

Jaroslaw Urbanczyk

CIO

Employed since 2019.
Born 1968.
Nationality: Polish.
Education: University degree, Warsaw University of Technology, Warsaw School of Economics and IMD Top Executive Programme.
Other assignments: –
Professional experience: CIO American Home Products and Group CIO Skanska.
Shareholding in the company: 4,114 class B shares.

Dr. Andrew Vallance-Owen

CMO

Employed since 2017.
Born 1951.
Nationality: British.
Education: MBE, DUniv (B'ham), MBA, FRCS Ed.
Other assignments: Chair of the boards of Fitness Genes and Cerina (mental health).
Professional experience: Chief Medical Officer and Group Medical Director, Bupa, Chair of UKTI's Healthcare Business Group and Specialist Medical Advisor to Healthcare UK. Senior Independent Director at the Royal Brompton and Harefield NHS Foundation Trust, Chair of UK's Private Healthcare Information Network. Chief Medical Officer, TestCard Ltd.
Shareholding in the company: –

Financial reports

CONTENTS

Consolidated income statement

€m, for the years ended 31 December	Note	2022	2021
Revenue	3	**1,510.2**	**1,377.4**
Operating expenses			
Medical provision costs	5	-1,174.6	-982.4
Gross profit		**335.6**	**395.0**
Distribution, selling and marketing costs	5	-66.5	-58.1
Administrative costs	5	-213.6	-177.5
Operating profit (EBIT)		**55.5**	**159.4**
Other income/(costs)	7	**-3.2**	**0.7**
Interest income		2.7	1.0
Interest expense	8	-34.5	-20.1
Other financial income/(expense)		-0.9	1.8
Total financial result		**-32.7**	**-17.3**
Share of profit of associates		0.2	1.0
Profit before income tax		**19.8**	**143.8**
Income tax	9	-5.8	-37.2
Profit for the year		**14.0**	**106.6**
Profit attributable to:			
Owners of the parent		12.1	101.8
Non-controlling interests		1.9	4.8
Profit for the year		**14.0**	**106.6**
Earnings per share			
Basic/diluted, €	30	0.081	0.686

Consolidated statement of comprehensive income

€m, for the years ended 31 December	2022	2021
Profit for the year	**14.0**	**106.6**
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to income statement:		
Exchange differences on translating foreign operations	-19.9	9.1
Cash flow hedge	1.3	–
Income tax relating to these items	0.3	-0.5
Other comprehensive income/(loss) for the year, net of tax	**-18.3**	**8.6**
Total comprehensive income/(loss) for the year	**-4.3**	**115.2**
Total comprehensive income/(loss) attributable to:		
Owners of the parent	-4.1	107.7
Non-controlling interests	-0.2	7.5
Total comprehensive income/(loss) for the year	**-4.3**	**115.2**

Consolidated statement of financial position

€m	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Goodwill	10	495.9	371.7
Other intangible assets	10	126.0	75.1
Property, plant and equipment	11	445.0	319.3
Right-of-use assets	12	395.6	327.4
Deferred tax assets	9	15.7	11.9
Investments in associates	14	0.8	8.5
Other financial assets	15	17.5	18.8
Total non-current assets		**1,496.5**	**1,132.7**
Current assets			
Inventories	16	58.2	72.0
Other financial assets		0.0	3.1
Trade and other receivables	17	227.9	201.7
Short-term investments	18	8.7	192.9
Cash and cash equivalents	18	40.4	81.9
Total current assets		**335.2**	**551.6**
Total assets		**1,831.7**	**1,684.3**
EQUITY			
Equity attributable to owners of the parent	28	474.7	517.6
Non-controlling interests	29	36.1	44.5
Total equity		**510.8**	**562.1**
LIABILITIES			
Non-current liabilities			
Loans payable	19	473.4	375.3
Lease liabilities	23, 26	364.7	299.8
Deferred tax liabilities	9	42.0	35.3
Provisions		1.9	2.8
Other financial liabilities	24	82.4	78.3
Other liabilities	20	2.9	5.7
Total non-current liabilities		**967.3**	**797.2**
Current liabilities			
Loans payable	19	42.3	42.9
Lease liabilities	23, 26	59.6	46.1
Unearned premiums/deferred revenue	21	23.1	20.2
Corporate tax payable		25.5	28.8
Other financial liabilities	24	20.5	4.6
Trade and other payables	22	182.6	182.4
Total current liabilities		**353.6**	**325.0**
Total liabilities		**1,320.9**	**1,122.2**
Total equity and liabilities		**1,831.7**	**1,684.3**

Consolidated statement of changes in equity

€m	Share capital	Treasury shares	Share premium	Retained earnings	Non-controlling interests put option reserve	Translation reserve	Hedging reserve	Other reserves	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Opening balance as at 1 January 2021	**30.1**	**-0.4**	**458.7**	**50.9**	**-45.1**	**-55.1**	**–**	**8.9**	**448.0**	**35.5**	**483.5**
Profit for the year	–	–	–	101.8	–	–	–	–	101.8	4.8	106.6
Other comprehensive income/(loss)	–	–	–	–	–	5.9	–	–	5.9	2.7	8.6
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**101.8**	**–**	**5.9**	**–**	**–**	**107.7**	**7.5**	**115.2**
Transactions with owners in their capacity as owners:											
Issue of shares	0.3	–	–	–	–	–	–	–	0.3	–	0.3
Acquisition of treasury shares	–	-0.3	–	–	–	–	–	–	-0.3	–	-0.3
Business combinations	–	–	–	–	–	–	–	–	–	3.8	3.8
Changes in interests in subsidiaries	–	–	–	-1.0	–	–	–	–	-1.0	-0.4	-1.4
Share capital increase in non-controlling interests	–	–	–	–	–	–	–	–	–	1.8	1.8
Changes in put option and liquidity obligation with non-controlling interests	–	–	–	–	-33.1	–	–	–	-33.1	-3.7	-36.8
Dividend	–	–	–	-10.4	–	–	–	–	-10.4	–	-10.4
Share-based payments	–	–	–	–	–	–	–	6.4	6.4	–	6.4
Total transactions with owners in their capacity as owners	**0.3**	**-0.3**	**–**	**-11.4**	**-33.1**	**–**	**–**	**6.4**	**-38.1**	**1.5**	**-36.6**
Closing balance as at 31 December 2021	**30.4**	**-0.7**	**458.7**	**141.3**	**-78.2**	**-49.2**	**–**	**15.3**	**517.6**	**44.5**	**562.1**
Opening balance as at 1 January 2022	**30.4**	**-0.7**	**458.7**	**141.3**	**-78.2**	**-49.2**	**–**	**15.3**	**517.6**	**44.5**	**562.1**
Profit for the year	–	–	–	12.1	–	–	–	–	12.1	1.9	14.0
Other comprehensive income/(loss)	–	–	–	–	–	-17.5	1.3	–	-16.2	-2.1	-18.3
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**12.1**	**–**	**-17.5**	**1.3**	**–**	**-4.1**	**-0.2**	**-4.3**
Transactions with owners in their capacity as owners:											
Business combinations	–	–	–	–	–	–	–	–	–	3.5	3.5
Changes in interests in subsidiaries	–	–	–	-11.9	–	–	–	–	-11.9	-5.4	-17.3
Share capital increase/distribution of dividend in non-controlling interests	–	–	–	–	–	–	–	–	–	-0.9	-0.9
Changes in put option and liquidity obligation with non-controlling interests	–	–	–	–	-18.1	–	–	–	-18.1	-5.4	-23.5
Dividend	–	–	–	-17.8	–	–	–	–	-17.8	–	-17.8
Distribution of performance shares to employees	–	0.1	-0.1	3.5	–	–	–	-3.5	–	–	–
Share-based payments	–	–	–	–	–	–	–	9.0	9.0	–	9.0
Total transactions with owners in their capacity as owners	–	**0.1**	**-0.1**	**-26.2**	**-18.1**	**–**	**–**	**5.5**	**-38.8**	**-8.2**	**-47.0**
Closing balance as at 31 December 2022	**30.4**	**-0.6**	**458.6**	**127.2**	**-96.3**	**-66.7**	**1.3**	**20.8**	**474.7**	**36.1**	**510.8**

Consolidated cash flow statement

€m, for the years ended 31 December	Note	2022	2021
Profit before income tax		**19.8**	**143.8**
Adjustments for:			
Depreciation, amortisation and impairment	5, 10, 11, 12	161.9	111.0
Share-based payments		9.6	6.4
Net interest expense		31.8	19.1
Unrealised foreign exchange (gain)/loss		3.9	-2.6
Other non-cash transactions		2.2	-1.8
Income tax paid		-19.1	-18.3
Cash generated from operations before working capital changes		**210.1**	**257.6**
Changes in operating assets and liabilities:			
(Increase)/decrease in inventories		12.7	-17.1
Increase in trade and other receivables		-26.7	-49.5
Increase/(decrease) in trade and other payables		-25.9	25.7
Net cash from operating activities		**170.2**	**216.7**
Investing activities:			
Payment for acquisition of intangible assets and property, plant and equipment		-140.6	-102.2
Proceeds from disposal of intangible assets and property, plant and equipment		3.0	2.1
Dividends received from associates		0.1	0.1
Payment for other financial assets		-0.5	-2.0
Proceeds from other financial assets		0.5	–
Payment for acquisition of subsidiaries, net of cash acquired	13	-229.1	-87.5
Payment of loans granted		0.0	-2.8
Payment for short-term investments		-6.3	-182.5
Proceeds from short-term investments		186.4	40.3
Interest received		1.7	0.9
Net cash used in investing activities		**-184.8**	**-333.6**
Financing activities:			
Issue of shares, net of transaction cost	28	–	0.3
Acquisition of treasury shares	28	–	-0.3
Acquisition of non-controlling interests		-7.7	-1.5
Repayment of loans	23	-434.7	-54.7
Proceeds from loans received	23	524.1	293.7
Repayment of leases		-50.6	-38.5
Interest paid		-32.4	-19.7
Dividend paid		-17.8	-10.4
Distribution to non-controlling interests	23	-6.0	-6.7
Proceeds from non-controlling interests		0.8	1.9
Net cash from/(used in) financing activities		**-24.3**	**164.1**
Total cash flow		**-38.9**	**47.2**
Cash and cash equivalents			
Cash balance as at 1 January		81.9	46.7
Net effects of exchange loss on cash balances		-2.6	-12.0
Cash balance as at 31 December	18	40.4	81.9
Increase/(decrease) in cash and cash equivalents		**-38.9**	**47.2**

Notes to the consolidated income statement

1. General information

Medicover AB (publ) ("the Company") is a company registered in Sweden with registered address at P.O. Box 5283 Riddargatan 12A, SE-102 46 Stockholm and company registration number 559073-9487. The principal activity of the Company and its subsidiaries ("the Group") is to provide diagnostic and healthcare services, focusing on markets mainly in Central and Eastern Europe and India. The consolidated financial statements for 2022 were approved by the board of directors on 22 March 2023 and are subject to adoption by the annual general meeting on 27 April 2023 in Stockholm, Sweden.

2. Significant accounting policies, accounting estimates and judgements

2.1 Basis of preparation

(a) Statement of compliance

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

(b) Historical cost convention and presentation currency

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

The consolidated financial statements are presented in euro, rounded to the nearest tenth of a million, unless otherwise stated.

(c) New and amended standards and interpretations

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. Some amendments to existing IFRS standards became applicable as from 1 January 2022, however none of these have had a material impact on the accounting policies or the consolidated financial statements.

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

New standards and amendments to standards issued but not effective until after financial year 2022 have not been early adopted. The Group's assessment of the impact of the new standards and amendments to standards is set out as follows:

IFRS 17 *Insurance Contracts* (including the June 2020 and December 2021 amendments to IFRS 17) establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*. The standard is effective for annual reporting periods beginning on or after 1 January 2023. As the Group's insurance contracts are short-term contracts and the criteria for applying the premium allocation approach is met, there are no material changes to the amounts recognised. The transition impact on the opening balance for 2022 will be recognised as a decrease in equity by €2.0 million, the adjustment relates to the measurement of the liability for incurred claims due to recognition of the risk margin relating to non-financial risks. IFRS 17 will also lead to some reclassifications in the Group's statement of financial position and increased disclosures. Refer to note 38 for additional information.

Amendments to IAS 1 *Presentation of Financial Statements* change the requirement with regard to disclosure of accounting policies and replace 'significant accounting policies' with 'material accounting policy information'. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively.

No other amendments to standards that are issued but not yet effective are expected to have a material impact on the consolidated financial statements when applied for the first time.

(e) Accounting estimates and judgements

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

Accounting estimates and judgements	Note
Recognition and measurement of deferred tax assets on losses carried forward	Note 9 Income tax
Impairment testing of goodwill and other intangible assets including determination of cash generating units	Note 10 Intangible assets
Interest rate when discounting future lease payments	Note 12 Right-of-use assets
Determination of extension and termination options in lease contracts	Note 12 Right-of-use assets
Identification and measurement at fair value of assets and liabilities as part of a business combination	Note 13 Business combinations
Measurement of liquidity obligations with non-controlling interests and contingent considerations	Note 24 Financial assets and liabilities
Measurement of share-based payments	Note 33 Share-based payments Note 20 Other liabilities

(f) Climate related matters

Climate change risk is the risk of climate change impacting the business and environmental risk is the risk of Medicover's business harming the environment thus contributing to climate change. The Group's risk trend refers to a short-term outlook of 12 months. Climate change is assessed to not have a significant impact on the business short-term. The long-term effect is to be evaluated going forward. The current assessment is that climate related matters are not material in the context of the Group's financial statements.

2.2 Principles of consolidation

(a) Subsidiaries

The Group prepares consolidated financial statements, which aggregate the assets and liabilities, revenue and expenses of the Company and its subsidiaries. A listing of the Group's principal subsidiaries is set out in note 35. A subsidiary is an investee over which the Company exercises control through ownership or otherwise. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company has power over an investee when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns. All inter-company balances, results and transactions are eliminated upon consolidation.

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

(b) Associates

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

2.3 Foreign currencies

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate ruling at the time of the transaction. Foreign currency monetary assets and liabilities are retranslated into the functional currency at rates of exchange ruling at the reporting date. The foreign exchange differences arising on translations are recognised as other financial income/expense in the income statement. Non-monetary items carried at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items carried at fair value are retranslated at the rate that existed when the fair values were determined. Property, plant and equipment, intangible assets and inventory are examples of non-monetary items.

(b) Translation of foreign operations

Assets and liabilities of foreign operations are translated from the foreign operation's functional currency to the Group's reporting currency, euro, at the exchange rates ruling at the end of the reporting period with the exception of goodwill and fair value adjustments arising on consolidation dating prior 1 January 2005, which are kept at historical cost. Foreign operations' income statements and cash flows are translated into euro using average rates of exchange. Foreign exchange differences arising on translation are recognised in other comprehensive income and are accumulated in the translation reserve in equity. Monetary non-current receivables or monetary non-current liabilities to a foreign operation for which no settlement is planned or is not likely to take place in the foreseeable future are, in practise, part of the Group's net investment in foreign operations. Exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation are recognised in other comprehensive income and accumulated in the translation reserve in equity. When a foreign operation is divested, the accumulated translation difference attributable to the divested foreign operation is reclassified from equity to profit or loss.

2.4 Revenue

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

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

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

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

2.5 Insurance contracts

The Group provides medical services through its owned and controlled facilities and medical staff to treat its members who subscribe to Medicover's insurance policies or commercial fixed rate contracts. The Group assumes the risk in relation to the member's health demand needs. Both regulated insurance contracts and commercial contracts fall under the definition of insurance contract under IFRS 4 Insurance contracts. The revenue earned on the contracts (earned premiums) is apportioned over the term of the contract on a straight-line basis. A risk apportioned basis of allocating insurance revenue would not be materially different from a straight-line apportionment. Costs of servicing these contracts are incurred mainly in respect of operating the Group's own medical facilities. The cost expensed in the income statement at the end of each period is an estimate based on historical experience and cost incurred but not yet invoiced by suppliers and contractors. A liability is recognised in respect of unearned premiums to defer these to future periods for future release to the income statement as revenue (earned premiums).

2.6 Insurance contract acquisition costs

Insurance contract acquisition costs represent commissions, salaries and direct costs associated with selling and acquiring fixed fee medical contracts where the contract is not a regulated insurance contract written by a regulated insurer. All of these costs are expensed in the period when incurred.

2.7 Segment reporting

Segment reporting has been determined by reference to the information used by the chief operating decision maker of the Group (CODM) to review the performance of the Group and in making decisions on allocation of resources, the nature of the activities and the management structure and accountabilities. The Group's CEO has been identified as the CODM. The Group's management is organised and accountable on reporting lines reflecting the two reportable segments: Healthcare Services and Diagnostic Services with a management head for each reportable segment who is part of executive management. The CODM periodically reviews the Group's segments, budgeting and investment decisions and is in regular contact in relation to business performance with the two segment management heads (COOs). These reviews concentrate on segment level performance EBITDAaL and on segment's sales based upon geography.

2.8 Share-based payments

(a) Equity settled plans

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

(b) Cash settled plans

The Group has entered into agreements where third parties may receive payments in the future based upon the equity value of Group entities. A liability is recognised initially where these obligations have been assumed for services already rendered or where vesting conditions have not been fulfilled completely the proportion not yet vested is recognised in line with the vesting conditions. The liabilities are measured on a fair value basis, revised over time to reflect best estimates of the likely cash amount to be settled. At each reporting date subsequent changes to the fair value are recognised in the income statement.

2.9 Business combinations

At the acquisition date, i.e. the date on which control is obtained, each identifiable asset acquired and liability assumed is recognised at its acquisition date fair value. The consideration transferred, measured at fair value, includes assets transferred by the Group and liabilities to the former owners of the acquiree in exchange for control of the acquiree. Any subsequent change in such fair value is recognised in profit or loss, unless the contingent consideration is classified as equity. Transaction costs attributable to the acquisition are expensed as incurred and included in administrative expenses.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of acquisition-date fair value amounts of the identifiable assets acquired and liabilities assumed. Final amounts are established within one year after the transaction date at the latest.

Non-controlling interest is initially measured either at fair value, or at the non-controlling interest's proportionate share of the fair value of identifiable net assets. Acquisitions of non-controlling interests are recognised as a transaction between equity attributable to owners of the parent and non-controlling interests.

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

2.10 Intangible assets

(a) Goodwill

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

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

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

(b) Software

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

(c) Other intangibles

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

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

The Group capitalises expenses for certain own development of new products provided that the level of certainty of their future economic benefits is high. The intangible asset is only recognised if the product is sellable on existing markets and that resources exist to complete the development. Only expenditures which are directly attributable to the new product's development are recognised.

The estimated useful lives are as follows:

Brand	2–20 years
Patent	18 years
Product development	20 years
Customer relations	2–10 years
Operating licenses	3–10 years
Regulatory licenses	indefinite
Intangible assets under development	not depreciated

2.11 Property, plant and equipment

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

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

2.12 Impairment of non-financial assets

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

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

2.13 Cash and cash equivalents

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

2.14 Inventories

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

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

2.15 Financial assets

(a) Measurement on initial recognition

A financial asset is recognised when the Group becomes party to the contractual provisions of the instruments. A receivable is recognised when the company has performed and there is a contractual obligation for the counterparty to pay, even if the invoice has not been sent. Trade receivables are recognised in the balance sheet when the invoice is sent to the customer.

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

(b) Subsequent measurement

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

Financial assets at amortised cost are subsequently measured using the effective interest method, less provision for impairment. This category mainly includes trade and other receivables. These assets are short-term in nature, which is why they are recognised at nominal amounts without discounting. In addition, investments in government bonds within the 'hold to collect' business model are measured at amortised cost.

Financial assets at fair value through profit or loss are carried at fair value with net changes in fair value recognised in profit or loss. This category mainly includes bond funds, government bonds (not within 'hold to collect' business model), financial investments and derivatives not classified as hedging instrument.

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

(c) Derecognition of financial assets

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

2.16 Financial liabilities

(a) Measurement on initial recognition

A financial liability is recognised when the Group becomes party to the contractual provisions of the instruments. A liability is recognised when the counterparty has performed and the contractual obligation is payable, even if the invoice has not been received. Trade payables are recognised when the invoices have been received.

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

(b) Subsequent measurement

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

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

(c) Derecognition of financial liabilities

Financial liabilities are derecognised when the obligations are discharged, cancelled or have expired. Gains and losses from derecognition are recognised in profit or loss.

2.17 Put options over non-controlling interests

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

2.18 Derivatives and hedge accounting

(a) Derivatives not classified as hedging instrument

Derivatives, such as currency swaps, are used to hedge foreign currency risks. Such derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in fair value are recognised in profit or loss.

(b) Derivatives classified as hedging instrument

Interest swaps are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The interest rate coupon is recognised on an on-going basis in the consolidated income statement as a component of interest expense. Unrealised changes to the fair value of interest swaps are recognised in other comprehensive income and are included as a component of the hedging reserve in equity until the hedged item has an effect on the income statement and as long as the criteria for hedge accounting and effectiveness are met.

2.19 Leases

The Group as a lessee

The Group's leases are in respect of real estate, equipment and vehicles. The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset comprises the initial measurement of the corresponding lease liability with the addition of any lease payments made at or before the commencement day and any initial direct costs. The right-of-use asset is subsequently depreciated using a straight-line basis over the period from commencement to the end of the lease or the useful life of the asset, whichever is shorter.

The lease liability is initially measured as the discounted value of the future identified contractual lease payments to be paid over the life of the lease. The lease liability is subsequently measured at amortised cost using the effective interest method. The discount rate used, if not implicit in the lease, is determined as the specific Group entity's incremental borrowing rate. The lease liability is remeasured (with a corresponding adjustment to the related right-of-use asset) whenever there are changes relating to:

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

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

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

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in 2.12.

2.20 Government grants

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

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

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

2.21 Income tax

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

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

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

- there is a legally enforceable right to offset current tax assets against current tax liabilities;
- these relate to income taxes levied by the same taxation authority; and
- the Group intends to settle its current tax assets and liabilities on a net basis.

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

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

3. Revenue

	2022	2021
Healthcare Services		
Public pay	115.1	74.8
Private pay		
Funded payments (note 4)	301.3	261.5
Fee-For-Service	405.3	336.5
Other services	94.3	37.7
Total	916.0	710.5
Diagnostic Services		
Public pay	208.0	207.9
Private pay		
Fee-For-Service	335.9	415.4
Other services	50.1	43.3
Total	594.0	666.6
Central/other	0.2	0.3
Total	1,510.2	1,377.4

4. Insurance contracts

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

2022	Regulated	Non regulated	Total
Revenue earned in the period	81.6	219.7	301.3
Claims	-64.5	-171.6	-236.1
Expenses	-9.7	-8.3	-18.0
Assets	191.0	88.1	
Liabilities	18.2	66.4	

2021	Regulated	Non regulated	Total
Revenue earned in the period	71.9	189.6	261.5
Claims	-56.6	-141.4	-198.0
Expenses	-7.9	-7.2	-15.1
Assets	212.8	76.4	
Liabilities	14.3	65.7	

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

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

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

5. Nature of expenses

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

2022	Medical provision costs	Distribution, selling & marketing costs	Administrative costs	Total
Staff costs	-524.6	-40.4	-106.5	-671.5
Property lease costs, heat and other establishment costs	-63.3	-0.5	-16.4	-80.2
Depreciation and amortisation	-111.3	-1.9	-42.4	-155.6
of which:				
Intangible assets/property, plant and equipment (business combinations)	*-1.5*	*0.0*	*-17.9*	*-19.4*
Intangible assets/property, plant and equipment (excluding business combinations)	*-52.0*	*-0.8*	*-19.3*	*-72.1*
Right-of-use assets	*-57.8*	*-1.1*	*-5.2*	*-64.1*
Impairment	-4.8	–	-1.5	-6.3
Medical services and other non-salary medical related costs	-434.7	–	–	-434.7
Expected credit losses	–	–	-6.3	-6.3
Other	-35.9	-23.7	-40.5	-100.1
Total	**-1,174.6**	**-66.5**	**-213.6**	**-1,454.7**

2021	Medical provision costs	Distribution, selling & marketing costs	Administrative costs	Total
Staff costs	-416.7	-35.9	-98.8	-551.4
Property lease costs, heat and other establishment costs	-46.8	-0.5	-9.3	-56.6
Depreciation and amortisation	-76.6	-1.5	-32.9	-111.0
of which:				
Intangible assets/property, plant and equipment (business combinations)	*-0.2*	*0.0*	*-11.6*	*-11.8*
Intangible assets/property, plant and equipment (excluding business combinations)	*-36.7*	*-0.6*	*-16.3*	*-53.6*
Right-of-use assets	*-39.7*	*-0.9*	*-5.0*	*-45.6*
Impairment	0.0	–	0.0	0.0
Medical services and other non-salary medical related costs	-412.4	–	–	-412.4
Expected credit losses	–	–	-2.0	-2.0
Other	-29.9	-20.2	-34.5	-84.6
Total	**-982.4**	**-58.1**	**-177.5**	**-1,218.0**

6. Segment information

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

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

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

Revenue is disclosed on the basis of location of the legal entity providing the services, which is materially the same as the location of clients. Central costs that are specific to a segment have been allocated to that segment and the remaining balance of central costs is presented separately. Unallocated items represent non-specific items whose allocation to a segment would be arbitrary and mainly comprise corporate expenses.

2022	Healthcare Services	Diagnostic Services	Central/ other	Group Total
Revenue	917.1	612.5	0.8	
Inter-segment revenue	-1.1	-18.5	-0.6	
Revenue from external customers	**916.0**	**594.0**	**0.2**	**1,510.2**
By payer:				
Private	800.9	386.0	0.2	1,187.1
Public	115.1	208.0	–	323.1
By country:				
Poland	592.7	51.7	0.0	644.4
Germany	10.8	313.4	–	324.2
Romania	95.2	82.3	–	177.5
India	166.0	–	–	166.0
Ukraine	6.7	48.4	–	55.1
Sweden	–	–	–	–
Other countries	44.6	98.2	0.2	143.0
Operating profit	**25.7**	**58.9**	**-29.1**	**55.5**
Margin	2.8%	9.6%		3.7%
Depreciation, amortisation and impairment	100.2	59.8	1.9	161.9
EBITDA	**125.9**	**118.7**	**-27.2**	**217.4**
Margin	13.7%	19.4%		14.4%
Right-of-use depreciation/ impairment	-41.8	-22.0	-0.3	-64.1
Interest on lease liabilities	-18.3	-3.8	0.0	-22.1
Segment result: EBITDAaL	**65.8**	**92.9**	**-27.5**	**131.2**
Margin	7.2%	15.2%		8.7%
Other income/(costs)				-3.2
Net interest expense				-31.8
Other financial income/ (expense)				-0.9
Share of profit of associates				0.2
Income tax				-5.8
Profit for the year				**14.0**
Additions to non-current assets:				
Goodwill	92.0	39.3	–	131.3
Intangible assets	38.3	39.9	2.2	80.4
Land and buildings	33.2	1.3	–	34.5
Leasehold improvements	43.8	14.4	–	58.2
Equipment and vehicles	51.2	19.1	0.0	70.3
Assets under construction and advances	35.1	5.8	–	40.9
Right-of-use assets	114.3	30.3	0.0	144.6
Investments in associates	–	0.2	–	0.2
Total	**407.9**	**150.3**	**2.2**	**560.4**

Included in revenue from Diagnostic Services is €195.0 million (€184.0 million) arising from sales to the Group’s largest customer. No other single customer contributed 10% or more to the Group’s revenue in 2022 or 2021.

2021	Healthcare Services	Diagnostic Services	Central/ other	Group Total
Revenue	711.6	686.8	0.3	
Inter-segment revenue	-1.1	-20.2	0.0	
Revenue from external customers	**710.5**	**666.6**	**0.3**	**1,377.4**
By payer:				
Private	635.7	458.7	0.3	1,094.7
Public	74.8	207.9	–	282.7
By country:				
Poland	450.0	60.1	0.0	510.1
Germany	–	316.4	–	316.4
Romania	83.8	87.8	0.0	171.6
India	134.9	–	–	134.9
Ukraine	7.9	109.5	–	117.4
Sweden	–	–	–	–
Other countries	33.9	92.8	0.3	127.0
Operating profit	**45.4**	**135.5**	**-21.5**	**159.4**
Margin	6.4%	19.7%		11.6%
Depreciation, amortisation and impairment	65.3	44.2	1.5	111.0
EBITDA	**110.7**	**179.7**	**-20.0**	**270.4**
Margin	15.6%	26.2%		19.6%
Right-of-use depreciation/ impairment	-25.9	-19.4	-0.3	-45.6
Interest on lease liabilities	-10.8	-3.2	0.0	-14.0
Segment result: EBITDAaL	**74.0**	**157.1**	**-20.3**	**210.8**
Margin	10.4%	22.9%		15.3%
Other income/(costs)				0.7
Net interest expense				-19.1
Other financial income/ (expense)				1.8
Share of profit of associates				1.0
Income tax				-37.2
Profit for the year				**106.6**
Additions to non-current assets:				
Goodwill	72.7	6.3	–	79.0
Intangible assets	22.4	4.4	2.4	29.2
Land and buildings	2.8	4.4	–	7.2
Leasehold improvements	8.3	5.4	0.0	13.7
Equipment and vehicles	28.3	23.0	0.1	51.4
Assets under construction and advances	23.9	7.9	–	31.8
Right-of-use assets	162.1	30.7	–	192.8
Investments in associates	–	0.9	–	0.9
Total	**320.5**	**83.0**	**2.5**	**406.0**

Non-current assets by location of assets	2022	2021
Poland	649.0	448.0
Germany	291.2	236.2
India	225.3	211.6
Romania	161.3	115.2
Ukraine	19.9	30.0
Cyprus	62.0	3.7
Sweden	2.5	2.6
Other	69.6	73.5
Total	**1,480.8**	**1,120.8**

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

7. Other income/costs

	2022	2021
Revaluation of NIPD investment (note 13)	4.4	–
Revaluation of financial asset	-1.3	0.4
Loss on bond funds	-6.3	–
Other	0.0	0.3
Total	**-3.2**	**0.7**

8. Interest expense

	2022	2021
Interest on lease liabilities	-22.1	-14.0
Interest on loans payable	-12.4	-6.1
Total	**-34.5**	**-20.1**

9. Income tax

	2022	2021
Current tax	-10.0	-33.9
Withholding tax	-0.9	-0.8
Deferred tax	5.1	-2.5
Total	**-5.8**	**-37.2**

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

	2022	2021
Profit before income tax	19.8	143.8
Weighted average tax based on national rates	33.2%	23.8%
Tax at applicable rate	-6.6	-34.3
Tax effect of:		
Non-taxable income	9.0	1.8
Non-deductible expenses	-4.5	-8.0
Profit share non-controlling interests	0.9	0.6
Tax losses and tax credits not recognised	-4.1	6.6
Adjustments to prior year estimates	0.2	-2.2
Withholding tax on intra group payments	-1.0	-0.8
Other items	0.3	-0.9
Income tax expense	**-5.8**	**-37.2**
Effective tax rate	**29.3%**	**25.8%**

The corporate tax rate in the main geographical operations is as follows: Poland 19%, Germany 30%, Romania 16%, Ukraine 18% and India 29%.

As at 31 December 2022 uncertainty over income tax treatments for which the Group has recognised a provision amounted to €1.9 million (€1.8 million), mainly related to a dispute with the Ukrainian tax authorities which has been brought to court. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ. The reasonably possible outcomes range from additional liabilities of up to €0.4 million to a reduction in liabilities of up to €1.9 million.

Deferred tax recognised in the income statement	2022	2021
Goodwill	-3.4	-3.8
Other intangible assets	3.1	2.0
Property, plant and equipment	-1.8	-2.7
Losses carry forwards	3.8	0.5
Right-of-use assets/lease liabilities	2.3	-0.5
Accruals/provisions	1.1	2.1
Other	0.0	-0.1
Total	**5.1**	**-2.5**

Change in net deferred tax	2022	2021
As at 1 January	**-23.4**	**-17.9**
Business combinations	-7.2	-2.8
Recognised in income statement	5.1	-2.5
Transaction with shareholders	-0.6	–
Recognised in statement of comprehensive income	-0.1	0.0
Reclassifications	0.0	-0.1
Exchange differences	-0.1	-0.1
As at December 31	**-26.3**	**-23.4**

Deferred tax assets/liabilities are attributable to temporary differences on the following items:

	2022			2021		
	Assets	Liabilities	Net deferred tax	Assets	Liabilities	Net deferred tax
Goodwill	–	-26.4		–	-23.6	
Other intangible assets	0.2	-16.3		0.2	-12.0	
Property, plant and equipment	2.8	-14.1		0.8	-9.1	
Right-of-use assets	88.1	–		63.2	–	
Tax losses	11.0	–		7.1	–	
Lease liabilities	–	-82.6		–	-60.0	
Accruals/provisions	8.8	-0.1		7.9	-0.1	
Other items	3.6	-1.3		2.7	-0.5	
Deferred tax assets/liabilities	**114.5**	**-140.8**		**81.9**	**-105.3**	
Netting of assets/liabilities	-98.8	98.8		-70.0	70.0	
Total	**15.7**	**-42.0**	**-26.3**	**11.9**	**-35.3**	**-23.4**

The Group has unrecognised tax losses as at 31 December 2022 amounting to €121.8 million (€88.4 million) that are available to be offset against future profits.

	2022
As at 1 January	**88.4**
Business combinations	9.0
Additions	35.1
Utilisation	-3.9
Expired	-3.8
Losses recognised	-0.7
Exchange differences	-2.3
As at 31 December	**121.8**

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

The expiry dates of unrecognised tax losses were as follows:

Year	
2023	6.1
2024	6.7
2025	8.7
2026	11.9
2027	10.3
2028 or later	25.8
No expiry date	52.3
Total	**121.8**

10. Intangible assets

	Goodwill	Software	Development cost	Brand	Patent	Other	Total
Cost							
31 December 2020	**290.6**	**32.4**	**16.0**	**27.7**	–	**51.5**	**418.2**
Business combinations	79.0	0.1	–	13.9	–	2.4	95.4
Additions	–	4.9	4.9	–	–	3.0	12.8
Disposal by sale	–	0.0	–	–	–	-0.8	-0.8
Retirements	–	-0.7	0.0	-0.7	–	0.0	-1.4
Reclassifications	–	0.9	–	–	–	-0.9	0.0
Exchange differences	3.5	0.0	-0.2	0.5	–	0.1	3.9
31 December 2021	**373.1**	**37.6**	**20.7**	**41.4**	**–**	**55.3**	**528.1**
Business combinations	130.9	0.1	9.4	26.3	16.3	7.4	190.4
Additions	0.4	5.7	8.6	–	–	6.6	21.3
Disposal by sale	–	0.0	–	–	–	–	0.0
Retirements	0.0	-0.9	–	0.0	–	0.0	-0.9
Reclassifications	–	1.8	–	–	–	-1.8	0.0
Exchange differences	-7.1	-0.6	0.0	-1.4	–	-0.4	-9.5
31 December 2022	**497.3**	**43.7**	**38.7**	**66.3**	**16.3**	**67.1**	**729.4**

	Goodwill	Software	Development cost	Brand	Patent	Other	Total
Amortisation							
31 December 2020	**–**	**-23.3**	**-8.6**	**-12.3**	–	**-17.3**	**-61.5**
Amortisation	–	-4.1	-2.7	-5.1	–	-5.9	-17.8
Disposal by sale	–	0.0	–	–	–	0.0	0.0
Retirements	–	0.0	–	–	–	0.0	0.0
Reclassifications	–	-0.1	–	–	–	0.1	0.0
Exchange differences	–	0.1	0.1	0.0	–	-0.1	0.1
31 December 2021	**–**	**-27.4**	**-11.2**	**-17.4**	**–**	**-23.2**	**-79.2**
Amortisation	–	-5.2	-4.3	-10.8	-0.9	-6.6	-27.8
Disposal by sale	–	–	–	–	–	–	–
Retirements	–	0.9	–	0.0	–	0.0	0.9
Reclassifications	–	0.1	–	–	–	-0.1	0.0
Exchange differences	–	0.4	0.0	0.1	–	0.2	0.7
31 December 2022	**–**	**-31.2**	**-15.5**	**-28.1**	**-0.9**	**-29.7**	**-105.4**

	Goodwill	Software	Development cost	Brand	Patent	Other	Total
Impairment							
31 December 2020	**-1.4**	**0.0**	**–**	**-0.7**	–	**-0.8**	**-2.9**
Impairment	–	–	–	–	–	0.0	0.0
Retirement	–	–	–	–	–	0.8	0.8
Exchange differences	0.0	0.0	–	0.0	–	0.0	0.0
31 December 2021	**-1.4**	**0.0**	**–**	**-0.7**	**–**	**0.0**	**-2.1**
Impairment	–	–	–	–	–	–	–
Retirement	–	–	–	–	–	–	–
Exchange differences	0.0	0.0	–	0.0	–	0.0	0.0
31 December 2022	**-1.4**	**0.0**	–	**-0.7**	–	**0.0**	**-2.1**

	Goodwill	Software	Development cost	Brand	Patent	Other	Total
Net carrying value							
31 December 2021	371.7	10.2	9.5	23.3	–	32.1	446.8
31 December 2022	**495.9**	**12.5**	**23.2**	**37.5**	**15.4**	**37.4**	**621.9**

Development cost of €23.2 million (€9.5 million) included internally developed software of €12.3 million (€9.5 million) and product development of €10.9 million (–). Other of €37.4 million (€32.1 million) mainly included intangible assets relating to customer relations of €13.6 million (€9.2 million), regulatory licenses of €9.7 million (€9.3 million), operating licenses of €5.5 million (€8.2 million) and intangible assets under development of €7.3 million (€3.8 million).

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

	Goodwill		Regulatory licenses	
	2022	2021	2022	2021
Germany	125.6	125.2	9.7	9.3
Other	42.3	3.7	–	–
Total Diagnostic Services	**167.9**	**128.9**	**9.7**	**9.3**
Poland	195.2	129.4	–	–
India	56.7	59.4	–	–
Scandinavia (fertility services)	31.1	32.7	–	–
Romania	25.1	15.8	–	–
Other	19.9	5.5	–	–
Total Healthcare Services	**328.0**	**242.8**	–	**–**
Total	**495.9**	**371.7**	**9.7**	**9.3**

Goodwill related to acquisitions during 2022 has been allocated to the existing cash generating units, goodwill related to NIPD of €27.4 million (refer to note 13) has been allocated to 'Other' in Diagnostic Services. 'Other' includes goodwill allocated to businesses in smaller markets.

Impairment test

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

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

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

Pre-tax discount rates	2022	2021
Germany	8.0%	5.6%
Poland	9.3%	7.1%
Romania	12.0%	9.4%
India	11.0%	16.0%
Scandinavia	4.8%	9.2%

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

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

11. Property, plant and equipment

	Land and buildings	Leasehold improvements	Equipment	Vehicles	Assets under construction and advances	Total
Cost						
31 December 2020	**117.4**	**82.4**	**200.8**	**3.5**	**24.4**	**428.5**
Business combinations	3.5	2.3	5.9	0.0	0.4	12.1
Additions	3.7	11.4	44.0	1.5	31.4	92.0
Disposal by sale	0.0	-0.4	-5.1	-0.3	0.0	-5.8
Retirements	0.0	-2.7	-6.5	0.0	-0.1	-9.3
Reclassifications	4.1	4.0	19.1	0.2	-27.4	0.0
Exchange differences	1.2	1.5	3.7	0.2	1.0	7.6
31 December 2021	**129.9**	**98.5**	**261.9**	**5.1**	**29.7**	**525.1**
Business combinations	31.4	30.3	11.9	0.3	1.1	75.0
Additions	3.1	27.9	56.8	1.3	39.8	128.9
Disposal by sale	-0.8	-0.1	-2.6	-0.4	-1.6	-5.5
Retirements	-0.1	-1.5	-13.8	-0.1	-0.1	-15.6
Reclassifications	0.4	11.1	8.4	0.2	-20.1	0.0
Exchange differences	-3.6	-3.9	-8.3	-0.3	-0.9	-17.0
31 December 2022	**160.3**	**162.3**	**314.3**	**6.1**	**47.9**	**690.9**

	Land and buildings	Leasehold improvements	Equipment	Vehicles	Assets under construction and advances	Total
Depreciation						
31 December 2020	**-15.0**	**-42.6**	**-108.6**	**-2.2**	**–**	**-168.4**
Depreciation	-3.7	-8.6	-31.4	-0.5	–	-44.2
Disposal by sale	0.0	0.2	3.3	0.3	–	3.8
Retirements	0.0	0.9	6.1	0.0	–	7.0
Reclassifications	0.2	0.0	-0.2	0.0	–	0.0
Exchange differences	-0.2	-1.0	-1.3	-0.2	–	-2.7
31 December 2021	**-18.7**	**-51.1**	**-132.1**	**-2.6**	**–**	**-204.5**
Depreciation	-4.5	-14.6	-42.1	-0.9	–	-62.1
Disposal by sale	0.2	0.1	2.1	0.3	–	2.7
Retirements	0.1	1.1	13.7	0.1	–	15.0
Reclassifications	0.0	0.3	-0.3	0.0	–	0.0
Exchange differences	0.3	2.1	4.0	0.1	–	6.5
31 December 2022	**-22.6**	**-62.1**	**-154.7**	**-3.0**	**–**	**-242.4**

	Land and buildings	Leasehold improvements	Equipment	Vehicles	Assets under construction and advances	Total
Impairment						
31 December 2020	**–**	**-1.8**	**-0.4**	**–**	**0.0**	**-2.2**
Retirement	–	0.9	0.0	–	–	0.9
Exchange differences	–	0.0	0.0	–	0.0	0.0
31 December 2021	**–**	**-0.9**	**-0.4**	**–**	**0.0**	**-1.3**
Impairment charges	–	-1.4	-1.0	–	-0.3	-2.7
Retirement	–	0.3	0.0	–	0.0	0.3
Exchange differences	–	0.1	0.1	–	0.0	0.2
31 December 2022	**–**	**-1.9**	**-1.3**	**–**	**-0.3**	**-3.5**

	Land and buildings	Leasehold improvements	Equipment	Vehicles	Assets under construction and advances	Total
Net carrying value						
31 December 2021	111.2	46.5	129.4	2.5	29.7	319.3
31 December 2022	**137.7**	**98.3**	**158.3**	**3.1**	**47.6**	**445.0**

12. Leases

Right-of-use assets

	Buildings	Equipment	Vehicles	Total
Cost				
31 December 2020	**259.1**	**7.3**	**9.4**	**275.8**
Business combinations	77.2	6.4	0.1	83.7
Additions	100.6	4.3	4.2	109.1
Terminations	-22.4	-2.1	-3.5	-28.0
Other	5.7	0.0	0.0	5.7
Exchange differences	5.2	0.0	-0.1	5.1
31 December 2021	**425.4**	**15.9**	**10.1**	**451.4**
Business combinations	64.6	1.1	0.2	65.9
Additions	72.1	3.4	3.2	78.7
Terminations	-30.0	-4.8	-2.8	-37.6
Other	7.7	0.0	0.0	7.7
Exchange differences	-12.7	-0.1	-0.2	-13.0
31 December 2022	**527.1**	**15.5**	**10.5**	**553.1**

	Buildings	Equipment	Vehicles	Total
Depreciation				
31 December 2020	**-85.2**	**-4.1**	**-5.5**	**-94.8**
Depreciation	-41.1	-2.5	-2.6	-46.2
Terminations	12.6	2.0	3.4	18.0
Other	–	–	0.0	0.0
Exchange differences	-1.1	0.1	0.0	-1.0
31 December 2021	**-114.8**	**-4.5**	**-4.7**	**-124.0**
Depreciation	-58.3	-4.6	-2.8	-65.7
Terminations	22.5	3.6	2.6	28.7
Exchange differences	3.4	0.1	0.0	3.5
31 December 2022	**-147.2**	**-5.4**	**-4.9**	**-157.5**

	Buildings	Equipment	Vehicles	Total
Impairment				
31 December 2020	**-0.6**	**–**	**–**	**-0.6**
Retirement	0.6	–	–	0.6
Exchange differences	–	–	–	–
31 December 2021	**–**	**–**	**–**	**–**
Retirement	–	–	–	–
Exchange differences	–	–	–	–
31 December 2022	**–**	**–**	**–**	**–**

	Buildings	Equipment	Vehicles	Total
Net carrying value				
31 December 2021	310.6	11.4	5.4	327.4
31 December 2022	**379.9**	**10.1**	**5.6**	**395.6**

The Group's had 2,558 (2,219) lease contracts of which 1,502 (1,254) related to buildings (mainly laboratories, BDPs, hospitals and clinics) and 1,056 (965) related to equipment and vehicles. The increase in right-of-use assets is explained by acquisitions (refer to note 13) and the expansion of leased facilities mainly in Poland, Romania, Germany and India.

Lease liabilities
The lease liabilities amounted to €424.3 million (€345.9 million) of which €59.6 million (€46.1 million) is classified as current.

Average lease term, in years	2022	2021
Buildings	6.9	6.7

The maturity analysis for lease liabilities and the currency exposure is disclosed in note 26.

Amounts recognised in the income statement

	2022	2021
Depreciation/impairment on right-of-use assets	-64.1	-45.6
Interest expense on lease liabilities	-22.1	-14.0
Expense relating to short-term leases	-10.4	-11.2
Expense relating to leases of low value assets	-1.4	-1.2
Expense relating to variable lease payments	-3.1	-1.8
Rent concessions	1.8	0.4

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

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

Leases not yet commenced
At year-end 2022 the Group is committed to €13.0 million (€10.9 million) for leases not yet commenced/recognised as right-of-use assets and lease liabilities.

13. Business combinations

The following table presents business combinations during 2022 and 2021. The purchase price allocations are preliminary and subject to change in the twelve months from the acquisition date. For business combinations during 2021, these have been finalised.

	2022						2021
	NIPD	CDT	SP/JF	McFit	Other	Total	Total
Other intangible assets:	25.8	13.3	3.8	0.4	16.2	59.5	16.4
Brand	–	12.9	2.9	–	10.5	26.3	13.9
Customer relations	–	–	0.9	0.4	5.6	6.9	1.1
Product development	9.4	–	–	–	–	9.4	–
Patents	16.3	–	–	–	–	16.3	–
Other	0.1	0.4	0.0	0.0	0.1	0.6	1.4
Property, plant and equipment	1.6	23.8	8.3	6.8	35.0	75.5	12.1
Right-of-use assets	1.3	0.4	11.4	9.4	43.4	65.9	83.7
Accounts receivable and inventories	6.8	3.0	2.1	13.9	5.7	31.5	9.8
Corporate tax receivable	0.1	–	–	–	0.1	0.2	0.2
Cash and cash equivalents	7.8	3.6	2.2	1.7	3.4	18.7	3.5
Loans payable	–	-3.4	–	–	-0.4	-3.8	-3.5
Lease liabilities	-1.3	-0.4	-11.4	-9.4	-41.9	-64.4	-83.7
Deferred tax (net)	-2.0	-4.1	-0.7	2.1	-2.5	-7.2	-2.8
Corporate tax payable	-0.2	0.0	–	–	-0.3	-0.5	-1.0
Accounts payable	-6.2	-3.2	-1.3	-13.9	-9.5	-34.1	-14.6
Other payable	–	–	–	–	-1.4	-1.4	–
Net identifiable assets	**33.7**	**33.0**	**14.4**	**11.0**	**47.8**	**139.9**	**20.1**
Non-controlling interests	-4.3	-0.2	–	–	0.8	-3.7	-3.8
Goodwill	27.4	23.3	10.8	10.5	58.6	130.6	79.0
Total consideration	**56.8**	**56.1**	**25.2**	**21.5**	**107.2**	**266.8**	**95.3**
Cash and cash equivalents acquired	-7.8	-3.6	-2.2	-1.7	-3.4	-18.7	-3.5
Contingent consideration payable	–	–	–	-0.6	-7.7	-8.3	-11.3
Deferred consideration payable	–	–	–	–	-2.6	-2.6	-1.7
Previously held interest in NIPD	-12.3	–	–	–	–	-12.3	–
Non-cash movements	–	–	–	0.1	-3.2	-3.1	0.4
Payment into escrow	–	–	–	–	–	–	3.1
Net cash flow outflow, acquisitions in current year	**36.7**	**52.5**	**23.0**	**19.3**	**90.3**	**221.8**	**82.3**
Payments related to acquisitions in prior years	–	–	–	–	–	7.3	5.2
Net cash flow outflow	**36.7**	**52.5**	**23.0**	**19.3**	**90.3**	**229.1**	**87.5**

Business combinations during 2022

Acquisition date	Name	Country	Description of business	Segment[1]	Voting rights, %
10 Jan	Medicover Public Co Ltd (former NIPD Genetics Public Company Ltd) ("NIPD")	Cyprus	Laboratory	DS	68.3
20 Jan	Polaris Medical S.A.	Romania	Hospital	HS	90
28 Jan	Centrum Diagnostyczno-Terapeutyczne "Medicus" sp. z o.o. ("CDT")	Poland	Hospital/ medical/ laboratory	HS	100
31 Jan	Premium Fitness & Gym sp. z o.o.	Poland	Gym	HS	100
11 Feb	Sahrudaya Health Care (Vizianagaram) Private Limited	India	Hospital	HS	60
28 Feb	Bellevue Polska sp. z o.o.	Poland	Eye-care	HS	100
11 Mar	"Medicover Diagnostics" d.o.o. Banja Luka (former "Konzilijum" d.o.o. Banja Luka)	Bosnia-Herzegovina	Laboratory	DS	80
1 Apr	Czar-Dent	Poland	Dental	HS	–
4 Apr	Clinical trial business of Nasz Lekarz	Poland	Clinical trial	DS	–
8 Apr	Dialab	Poland	Laboratory	DS	–
25 Apr	Ostoya Holding sp. z o.o., Propsyche Allenort sp. z o.o., Psychiatria Allenort Bialystok sp. z o.o., Psychomedica Allenort sp. z o.o.	Poland	Mental health/ hospital	HS	100
5 May	McFit Polska sp. z o.o.	Poland	Gym	HS	100
14 Jul	Intergenetics Private Polyclinic Single Member SA	Greece	Laboratory	DS	100
1 Aug	Ambasada Uśmiechu	Poland	Dental	HS	–
13 Sep	Nasz Lekarz Przychodnie Medyczne sp. z o.o.	Poland	Medical	HS	100
14 Sep	Laurus Medical S.R.L.	Romania	Medical	HS	100
1 Oct	MeinDentist Zentrum GmbH, MeinDentist Berlin GmbH, MeinDentist Brandenburg GmbH	Germany	Dental	HS	100
5 Oct	DDent MVZ GmbH, DDent Labor GmbH	Germany	Dental	HS	80
8 Dec	Centrum Sportowego Kiko Plus sp. z o.o.	Poland	Gym	HS	100
12 Dec	Smart Platinium sp. z o.o., Just Fit sp. z o.o. ("SP/JF")	Poland	Gym	HS	100

[1] DS: Diagnostic Services, HS: Healthcare Services.

Included in the consolidated income statement 2022 was revenue of €92.8 million and a net loss of €-5.8 million related to business combinations in the year. If these acquisitions had occurred on 1 January 2022, revenue would have been €47.5 million higher and net profit would have been €0.6 million higher. Acquisition related expenses (included in administrative expenses) amounted to €-7.2 million.

NIPD

NIPD is a specialised genetics company based in Cyprus with 170 employees, active in the field of designing, developing, producing, and providing in vitro genetic testing solutions. NIPD offers advanced genetic testing services in over 30 countries in Europe, Asia and Africa. NIPD's technology and expertise in prenatal testing complements and expands Medicover's genetic offering in its markets while NIPD's geographic reach allows Medicover to penetrate new markets quicker with a combined product offering.

In January the Group increased its ownership in NIPD from 18.9% to 87.2%. Total consideration for the 68.3% acquired shares in NIPD was €56.8 million, settled in cash €44.5 million. Goodwill of €27.4 million was recognised and represented expected synergies with existing operations. Goodwill is not expected to be deductible for tax purposes. Patents amounted to €16.3 million with an estimated useful life of 18 years, valued by using the relief from royalty method. Capitalised development costs mainly related to staff costs for scientists that are developing the tests. Non-controlling interests have been measured at the proportionate share of the acquiree's net assets.

Medicover has an obligation, at a future date, to acquire the non-controlling interests. This put option liquidity obligation was measured at fair value at €5.9 million at 31 December 2022 (refer to note 24).

Until January 2022 NIPD was accounted for as an associate using the equity method. Upon consolidation, the Group's previously held interest of 18.9%, with a carrying value of €7.9 million, was remeasured to its acquisition fair value of €12.3 million, resulting in a gain of €4.4 million recognised as other income/(costs).

CDT

CDT is a leading regional provider of medical services in southwestern Poland consisting of a network of hospitals, clinics and laboratories and has approximately 1,000 employees. The consideration was €56.1 million, settled in cash. Goodwill of €23.3 million was recognised and represented expected synergies with existing operations. Goodwill is not expected to be deductible for tax purposes. Brand of €12.9 million has been recognised with an estimated useful life of 10 years, valued by using the relief from royalty method.

SP/JF

Medicover strengthened its sport portfolio with the acquisition of fitness clubs in Cracow and Upper Silesia in Poland through the acquisition of Smart Platinium and Just Fit ("SP/JF"). The consideration was €25.2 million. Goodwill of €10.8 million was recognised and represented expected synergies with existing sports operations and benefit plans within the funded business. Goodwill is not expected to be deductible for tax purposes.

McFit

McFit is a network of state-of-the-art fitness clubs present in 10 major cities in Poland offering unique training experience, acquired for a total consideration of €21.5 million. Goodwill of €10.5 million was recognised and represented expected synergies with existing sports operations and benefit plans within the funded business. Goodwill is not expected to be deductible for tax purposes.

Other

Goodwill within other business combinations amounted to €58.6 million, including €25.6 million (dental), €10.3 million (medical), €8.1 million (clinical trial), €6.6 million (eye-care), €4.3 million (gyms) and €3.4 million (laboratory). Lease liabilities amounted to €41.9 million, including €14.6 million (hospital), €13.4 million (dental), €5.5 million (eye-care), €5.0 million (gyms) and €2.8 million (medical). Non-controlling interests have been measured at the proportionate share of the acquiree's net assets. None of these acquisitions were individually significant.

Business combinations during 2021

Acquisition date	Name	Country	Description of business	Segment[3]	Voting rights, %
19 Feb	Dom Lekarski S.A.	Poland	Hospital	HS	65[1]
8 Mar	Holmes Place Poland sp. z o.o. (Medicover Fitness sp. z o.o.)	Poland	Gym	HS	100
19 Apr	Pradhama Hospital	India	Hospital	HS	–
29 Apr	ANV Güven Sağlık Hizmetleri Ticaret A.Ş.	Turkey	Laboratory	DS	70[2]
1 May	AWO Gesundheitszentrum Calbe (Saale) GmbH (Saale-Krankenhaus Calbe GmbH)	Germany	Hospital	DS	100
23 Jul	Klinikk Hausken AS	Norway	Fertility	HS	70[2]
27 Jul	Centrum Medyczne MML sp. z o.o.	Poland	Hospital	HS	65[2]
3 Aug	SellmerDiers Holding ApS	Denmark	Fertility	HS	89[2]
9 Sep	Just Gym sp. z o.o.	Poland	Gym	HS	60[2]
23 Sep	Fit Projekt sp. z o.o.	Poland	Gym	HS	100
12 Oct	Mega Solar sp. z o.o.	Poland	Gym	HS	100
20 Dec	Mediplus Company SRL	Romania	Medical	HS	80[2]
Mar–Dec	Dental businesses	Poland	Dental	HS	–

1) Non-controlling interests have been measured at the fair value of the acquiree's net assets.
2) Non-controlling interests have been measured at the proportionate share of the acquiree's net assets.
3) DS: Diagnostic Services, HS: Healthcare Services.

Total payments net of cash acquired amounted to €87.5 million, including €29.9 million (gyms) and €29.1 million (fertility business). Goodwill of €79.0 million was recognised, including €27.1 million (gyms) and €32.0 million (fertility business). Goodwill represented expected synergies with existing operations. Goodwill that was expected to be deductible for tax purposes amounted to €6.4 million. Lease liabilities amounted to €83.7 million, including €52.0 million (gyms), €21.6 million (Medicover Hospitals India) and €4.4 million (fertility business). Contingent consideration of €11.3 million was recognised and capped as part of the purchase price based on future performance. The primary reason for the acquisitions was future growth and strengthening of Medicover's offer within healthcare and diagnostic services. For some of these acquisitions, the Group has granted a contractual right to the owner to put their non-controlling interest at a future date. As at 31 December 2022, these put option liquidity obligations amounted to €10.2 million (€13.3 million), refer to note 24. None of these acquisitions were individually significant.

Included in the consolidated income statement 2021 was revenue of €25.7 million and a net loss of €-2.2 million. If these acquisitions had occurred on 1 January 2021, revenue would have been €21.3 million higher and net profit would have been €-2.8 million lower.

Acquisition related expenses (included in administrative expenses) amounted to €-3.2 million in 2021.

14. Investments in associates

	2022	2021
Diagenom GmbH	0.8	0.6
NIPD	–	7.9
Total	**0.8**	**8.5**

The Group's ownership in Diagenom GmbH was 33.0% (33.0%). In January 2022, the Group acquired additional shares in NIPD, refer to note 13 for additional information.

15. Other financial assets

Non-current	2022	2021
Guarantees	10.8	9.4
Loans receivable	2.3	3.6
Shares in unlisted entity	2.2	3.6
Government bonds	2.2	2.2
Total	**17.5**	**18.8**

16. Inventories

	2022	2021
Consumables	44.1	60.0
Real estate development	6.5	6.4
Pharmaceuticals	3.3	4.0
Other	4.3	1.6
Total	**58.2**	**72.0**

Other includes inventories mainly relating to eye-care business. Inventories recognised as an expense during the year amounted to €257.7 million (€264.1 million), of which write-downs amounted to €3.9 million (€0.8 million). This expense has been included in medical provision costs. There has been no reversal of write-downs from prior years.

17. Trade and other receivables

	2022	2021
Trade receivables	164.2	151.1
Other receivables	38.3	33.2
Prepayments	13.2	8.8
Accrued income	11.2	8.6
Interest rate swap used for hedging (note 26)	1.0	–
Total	**227.9**	**201.7**

Financial assets carried at amortised cost are presented net of expected credit losses, refer to note 26 for further information. Other receivables mainly consisted of VAT and tax related receivables.

18. Short-term investments and cash and cash equivalents

Short-term investments	2022	2021
Interest-bearing securities	8.7	192.9
Total	**8.7**	**192.9**

The interest-bearing securities of €8.7 million include government bonds. At year-end 2021, short-term investments of €192.9 million mainly included euro-denominated bond funds which have been sold during 2022.

Cash and cash equivalents	2022	2021
Cash on hand	1.2	0.8
Cash at bank	39.1	76.9
Government bonds	0.1	4.2
Total	**40.4**	**81.9**

Refer to note 19 for information regarding credit facilities and utilisation.

19. Loans payable

Non-current	2022	2021
Borrowings	447.7	356.7
Contingent consideration payable (note 24)	18.5	17.2
Deferred consideration payable	7.2	1.4
Total	**473.4**	**375.3**

Current	2022	2021
Borrowings	32.0	34.9
Contingent consideration payable (note 24)	6.7	7.5
Deferred consideration payable	3.6	0.5
Total	**42.3**	**42.9**

				Carrying amount	
Loans payable	**Maturity**	**Currency**	**Nominal value**	**2022**	**2021**
Schuldschein loan, fixed/float	2024	EUR	29.5	29.4	35.4
Schuldschein loan, fixed/float	2026	EUR	42.0	41.8	64.8
Schuldschein loan, float	2029	EUR	–	–	20.0
Schuldschein loan, float	2031	EUR	–	–	20.0
Social schuldschein loan, fixed/float	2027	EUR	125.0	124.5	114.4
Social schuldschein loan, fixed/float	2029	EUR	86.0	85.6	34.8
Social schuldschein loan, fixed/float	2031	EUR	66.0	65.7	65.7
Revolving credit facility	2025	EUR	100.0	99.0	0.0
Commercial paper programme	2023	SEK	150.0	13.4	19.5
Other bank loans				20.3	17.0
Other				36.0	26.6
Total				**515.7**	**418.2**

Loans payable amounted to €515.7 million (€418.2 million). Debt at fixed interest rates was €235.5 million (€135.5 million), €36.0 million (€26.6 million) was non-interest bearing (deferred/contingent consideration payable) and the balance being at floating interest rates. The weighted average interest rate of total debt outstanding held at Group level at 31 December 2022 was 3.0% (1.2%).

In 2021 the Group carried out its second schuldschein issue (a German private placement debt instrument) under its social financing framework. €277 million was issued in euro-denominated tranches with maturities of 5.5, 7.5 and 10 years at fixed and floating rates. €216 million was received in 2021 and €61 million in 2022. €69 million of the schuldschein loans carried out in 2020 has been repaid.

The revolving credit facility was renewed during the year and increased from €220 million to €300 million with a duration of 3 years with the possibility to extend for up to two years.

The commercial paper programme has a total size of SEK 2 billion with possibilities to issue in both Swedish krona and euro.

A maturity analysis of financial liabilities is disclosed in note 26.

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

	2022		2021	
	Facility size	**Utilised**	**Facility size**	**Utilised**
Revolving credit facility and overdraft facility	315.0	100.8	230.0	0.0
Schuldschein loan	71.5	71.5	140.5	140.5
Social schuldschein loan	277.0	277.0	216.0	216.0
Commercial paper programme	179.7	13.4	195.6	19.5
Other	26.5	18.2	29.5	16.0
Total	**869.7**	**480.9**	**811.6**	**392.0**

The loan conditions entail financial covenants which have been complied with. For the schuldschein loans/ social schuldschein loans, the covenants are in relation to net debt/adjusted EBITDAaL and interest cover, the ratios were 2.9x and 13.0x respectively at 31 December 2022 (0.5x and 40.9x). For the revolving credit facility, the financial covenants have been aligned to those for the schuldschein loans at 31 December 2022. At 31 December 2021, the covenants for the revolving credit facility were in relation to net debt/adjusted EBITDA before IFRS 16 and interest cover, the ratios were 1.0x and 41.8x respectively. The Group's net financial debt was as follows:

	2022	2021
Non-current loans payable	473.4	375.3
Current loans payable	42.3	42.9
Total loans payable	**515.7**	**418.2**
Less: short-term investments	-8.7	-192.9
Less: cash and cash equivalents	-40.4	-81.9
Loans payable net of cash and liquid short-term investments	**466.6**	**143.4**
Non-current lease liabilities	364.7	299.8
Current lease liabilities	59.6	46.1
Total lease liabilities	**424.3**	**345.9**
Financial debt	**940.0**	**764.1**
Less: short-term investments	-8.7	-192.9
Less: cash and cash equivalents	-40.4	-81.9
Net financial debt	**890.9**	**489.3**

20. Other liabilities

Non-current	2022	2021
Cash settled share-based payments	2.8	5.6
Other liabilities	0.1	0.1
Total	**2.9**	**5.7**

The Group and an unrelated third party have entered into arrangements whereby for services rendered, the latter benefits from the investments made by the Group in two subsidiaries by a percentage ownership of the total investment, valued at the time of monetisation using a formula on the basis of the underlying performance of these subsidiaries. This is accounted for based upon financial projections and business plans to estimate the fair value of the eventual liability that will be settled.

21. Unearned premiums/deferred revenue

	2022	2021
Unearned insurance premiums	13.1	10.2
Deferred revenue	10.0	10.0
Total	**23.1**	**20.2**

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

Deferred revenue includes advances from customers relating to prepaid contracts within 12 months maturities. In 2022 €10.0 million of the deferred revenue at 31 December 2021 was recognised as revenue.

22. Trade and other payables

	2022	2021
Trade payables	61.0	60.6
Other payables	33.5	32.7
Accruals for medical cost	28.0	31.1
Accruals for payroll	25.3	28.3
Other accruals	34.8	29.7
Total	**182.6**	**182.4**

Other payables mainly consisted of payroll related taxes, grants related to fixed assets and VAT.

23. Liabilities arising from financing activities

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

	Loans payable		Lease liabilities		Other financial liabilities	
	2022	2021	2022	2021	2022	2021
As at 1 January	**418.2**	**167.9**	**345.9**	**199.5**	**82.9**	**52.7**
Cash movements						
Repayment of loans/leases[1)]	-434.7	-54.7	-72.7	-52.7	–	–
Proceeds from loans received	524.1	293.7	–	–	1.1	–
Distribution to non-controlling interests	–	–	–	–	-4.3	-6.7
Non-cash movements						
Net foreign exchange movements	-2.8	0.4	-8.8	3.5	-0.5	0.1
Business combinations	14.9	11.5	64.4	83.7	0.1	–
Liquidity obligation to non-controlling interests	–	–	–	–	5.4	3.7
Lease additions	–	–	107.8	123.5	–	–
Lease deductions	–	–	-12.3	-11.6	–	–
Changes in fair value recognised through equity	–	–	–	–	18.1	33.1
Early repayment of debt obligations	-2.4	–	–	–	–	–
Other	-1.6	-0.6	–	–	0.1	–
As at 31 December	**515.7**	**418.2**	**424.3**	**345.9**	**102.9**	**82.9**

1) The amount includes interest paid on leases of €-22.1 million (€-14.0 million) and excludes movements in accruals and prepayments.

24. Financial assets and liabilities

	Note	2022 Non-current	2022 Current	2022 Total	2021 Non-current	2021 Current	2021 Total
Financial assets at fair value through profit or loss							
Short-term investments		–	8.7	8.7	–	192.9	192.9
Foreign currency swaps		–	–	–	–	0.5	0.5
Other financial assets	24 a)	2.2	–	2.2	5.8	–	5.8
Total		**2.2**	**8.7**	**10.9**	**5.8**	**193.4**	**199.2**
Interest rate swaps used for hedging		–	1.0	1.0	–	–	–
Total financial assets at fair value		**2.2**	**9.7**	**11.9**	**5.8**	**193.4**	**199.2**
Financial assets at amortised cost							
Other financial assets		15.3	0.0	15.3	13.0	3.1	16.1
Trade and other receivables[1)]		–	186.4	186.4	–	171.2	171.2
Total		**15.3**	**186.4**	**201.7**	**13.0**	**174.3**	**187.3**
Cash and cash equivalents		–	40.4	40.4	–	81.9	81.9
Total financial assets		**17.5**	**236.5**	**254.0**	**18.8**	**449.6**	**468.4**
Financial liabilities at fair value through profit or loss							
Foreign currency swaps		–	0.2	0.2	–	–	–
Contingent consideration payable[2)]	24 b)	18.5	6.7	25.2	17.2	7.5	24.7
Total		**18.5**	**6.9**	**25.4**	**17.2**	**7.5**	**24.7**
Put option liquidity obligations with non-controlling interests (with movement through equity)[3)]	24 c)	81.7	15.0	96.7	78.3	0.7	79.0
Total financial liabilities at fair value		**100.2**	**21.9**	**122.1**	**95.5**	**8.2**	**103.7**
Financial liabilities at amortised cost							
Borrowings[2)]		447.7	32.0	479.7	356.7	34.9	391.6
Lease liabilities		364.7	59.6	424.3	299.8	46.1	345.9
Other financial liabilities		0.7	5.5	6.2	–	3.9	3.9
Trade and other payables[1)]		–	64.4	64.4	–	65.1	65.1
Deferred consideration payable[2)]		7.2	3.6	10.8	1.4	0.5	1.9
Total		**820.3**	**165.1**	**985.4**	**657.9**	**150.5**	**808.4**
Total financial liabilities		**920.5**	**187.0**	**1,107.5**	**753.4**	**158.7**	**912.1**

1) Amount does not reconcile with amount in the statement of financial position due to non-financial items.
2) Presented as loans payable in the statement of financial position.
3) Presented as other financial liabilities in the statement of financial position.

Financial assets and liabilities carried at amortised cost are considered to have carrying values that materially correspond to fair value, with the exception for the long-term schuldschein debt at fixed interest rates where the carrying value amounted to €235.0 million and fair value to €214.2 million.

Recognised fair value measurements – valuation technique and principal inputs
A breakdown of how fair value is determined is indicated in the following three levels:

Level 1: Short-term investments of €8.7 million include government bonds. At year-end 2021, short-term investments of €192.9 million mainly included euro-denominated bond funds which have been sold during 2022. Fair value hierarchy level 1 is used when the valuation is based on quoted prices in active markets.

Level 2: The Group has foreign currency- and interest rate swaps where the valuation is based on level 2. Fair value hierarchy level 2 is used when inputs, other than the quoted prices included in level 1, are observable.

Level 3: The Group has the following financial assets and liabilities measured using level 3, where fair value is not based on observable market data:

a) Other financial assets include €2.2 million (€3.6 million) relating to 14% (14%) of the voting rights in a dialysis clinic in Germany.
b) The contingent consideration payable resulting from current year and past business combinations is mainly based on the estimated outcome of future performance targets.
c) The put option liquidity obligations with non-controlling interests consist of:
   - The Group is contractually obliged, at a future date, to acquire a non-controlling interest in one of the Group's German subsidiaries at market price determined at that future date. Fair value amounted to €25.8 million (€22.6 million). 60% of the put options can be exercised from 1 November 2023 and the remaining 40% (which corresponds to €10.8 million) from 1 November 2024.
   - A put option liquidity obligation with non-controlling interests in Medicover Hospitals India ("MHI") of €54.4 million (€43.1 million). Half of the put options can be exercised in June 2024 at the earliest and the remaining half (which corresponds to €39.6 million) from June 2027.
   - Put option liquidity obligations with non-controlling interests in subsidiaries in Norway, Cyprus and Bosnia-Herzegovina of €16.5 million (€13.3 million), estimated to be exercised in 2026 and 2027. During 2022, the Group acquired the non-controlling interest in the Danish subsidiary and the put option liquidity obligation of €0.8 million (€0.7 million) was settled.

In determining the fair value of the obligations, estimations of key variables were made, of which the most significant are the growth rate of the business to determine its profitability at the future date of exercise and the discount rate applied to the nominal value.

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

Description	Fair value 2022	Fair value 2021		Inputs 2022	Inputs 2021	Sensitivity: Relationship of unobservable inputs to fair value (FV)
Put option liquidity obligation with non-controlling interests in a subsidiary in Germany	25.8	22.6	Earnings growth factor	2.0%	5.5%	Increase of 1% point in profit growth = increase in FV liability of €0.3 million
			Risk adjusted discount rate	1.5%	0.9%	Decrease of 1% point in discount rate = increase in FV liability of €0.3 million
Put option liability obligation with non-controlling interests in MHI, India	54.4	43.1	6-year projected CAGR EBITDA	47.6%	34.8%	Increase of 10% in CAGR EBITDA = increase in FV liability of €6.1 million
			Risk adjusted discount rate	13.8%	11.8%	Decrease of 1% point in discount rate = increase in FV liability of €1.8 million
Put option liquidity obligation with non-controlling interests in a subsidiary in Norway	10.2	12.6	4-year projected CAGR EBITDA	29.7%	28.8%	Increase of 10% in CAGR EBITDA = increase in FV liability of €1.0 million
			Risk adjusted discount rate	7.6%	6.3%	Decrease of 1% point in discount rate = increase in FV liability of €0.3 million
Put option liquidity obligation with non-controlling interests in a subsidiary in Cyprus	5.9	–	5-year projected revenue	12.9%	–	Increase of 10% in revenue = no change in FV liability
			Risk adjusted discount rate	13.7%	–	Decrease of 1% point in discount rate = increase in FV liability of €0.2 million
Put option liquidity obligation with non-controlling interests in a subsidiary in Bosnia-Herzegovina	0.4	0.7	Risk adjusted discount rate	22.3%	–	Decrease of 1% point in discount rate = increase in FV liability of €0.0 million
Contingent consideration payable	25.2	24.7	Risk adjusted discount rate	5.5%–11.8%	5.5%–8.7%	Decrease of 1% point in discount rate = increase in FV liability of €0.4 million

The projections used to measure liabilities at fair values have been updated, there are however no other additional significant changes to valuation techniques, inputs or assumptions in 2022. No financial assets or liabilities have been reclassified between the different levels in the fair value hierarchy.

25. Capital management

The Group has grown principally through organic growth with the addition of acquired growth through business combinations. The organic growth has been within existing markets and new geographies. In expanding organically, the Group is exposed to potential loss of capital if the expansion or new activities do not immediately meet their financial objectives. The Group's objectives have been to balance the cash generation from established business units into higher risk investments in new activities. This has left the equity levels of the Group as a buffer to protect the Group in case of variations in performance that could impact the established activities and to absorb the impacts of currency translation arising from net investments in markets with higher currency devaluation risks. The Group has used debt funding for acquisitions of businesses. When assessing the adequacy of the Group's equity for the activities and exposures, the Group analyses the ratio of loans payable net of cash and liquid short-term investments to total equity (including non-controlling interests), as presented in the following table:

	2022	2021
Loans payable net of cash and liquid short-term investments (note 19)	466.6	143.4
Ratio to total equity	**0.9**	**0.3**

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

26. Financial risk management

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

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

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

Credit risk

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

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

The maximum exposure to credit risk at the balance sheet date is equal to the carrying amount of the Group's financial assets, refer to note 24. As the customer base of the Group is very diverse there are generally no large concentrations of credit risk. The largest credit concentrations are with the Kassenärztliche Vereinigungen, the German system for compensation of healthcare services, and the state reimbursement schemes for Telangana and Andhra Pradesh in India which are deemed to be quasi state guaranteed.

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

The Group applies the simplified approach for providing for expected credit losses ("ECL"), which requires the use of the lifetime expected loss provision for trade receivables and accrued income.

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

2022	Current	<30 days	<180 days	<365 days	>365 days	Total
Expected credit loss rate	1.4%	4.7%	8.3%	17.2%	44.5%	
Gross trade receivables and accrued income	117.3	20.2	23.4	12.2	16.0	189.1
Loss allowance	1.6	1.0	1.9	2.1	7.1	13.7

2021	Current	<30 days	<180 days	<365 days	>365 days	Total
Expected credit loss rate	1.4%	4.6%	9.8%	19.0%	44.7%	
Gross trade receivables and accrued income	115.1	16.6	17.8	7.6	14.7	171.8
Loss allowance	1.6	0.8	1.7	1.4	6.6	12.1

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

	2022	2021
As at 1 January	**12.1**	**13.4**
Business combinations	0.5	0.3
Recognised in income statement	6.3	2.0
Amounts written off	-4.8	-3.6
Exchange differences	-0.4	0.0
As at 31 December	**13.7**	**12.1**

Interest rate risk

Interest rate risk is the risk that the Group is negatively affected by changes in the interest rate levels. The purpose with the interest risk management is a combination of minimised interest costs and creating a stable interest net i.e. to reduce the impact of short and medium term volatility in interest rates. Interest rate risk on financial debt is managed based on monitoring of likely trends over a 1 to 3-year period and decisions are made as to whether to fix interest rates. Interest rate swap agreements are sometimes used to achieve the desired fixed-interest term.

Loans payable amounted to €515.7 million (€418.2 million). The Group has hedged €100 million (–) nominal of its floating rate debt for the next three years. Debt at fixed interest rates was €235.5 million (€135.5 million), €36.0 million (€26.6 million) was non-interest bearing (deferred/contingent consideration payable) and the balance being at floating interest rates. The average fixed-interest term of the Group's debt portfolio was 2.4 years at year-end, with consideration given to the interest rate swap agreement. The weighted average interest rate of total debt outstanding held at Group level was 3.0% (1.2%) with an average debt maturity of 4.7 years.

The majority of the Group's debt is denominated in euro and hence it is exposed primarily to fluctuation in the euro interest rate benchmarks (EURIBOR). A 100 basis point increase in current interest rates on debt held at Group level would have a negative impact on the income statement of €-1.8 million.

Interest rate swap – cash flow hedge	2022	2021
Carrying amount (included in trade and other receivables)	1.0	–
Change in fair value of the hedging instrument during the year, recognised in other comprehensive income	1.3	–
Hedge ineffectiveness, recognised in profit or loss	–	–
Nominal amount	100.0	–
Hedge ratio	1:1	–

The Group has entered into a €100 million interest rate swap with maturity of 3 years, for €100 million specifically identified floating debts with maturities exceeding 3 years. The hedging strategy is to fix interest rates on a proportion of the floating rate loan portfolio in issue for a period of its duration, this is achieved by swapping from floating to fixed rates. The objective is to exclude the risk of higher rates than the fixed rate impacting the Group's cash flows over a three-year period. The swap contract requires settlement of net interest receivable or payable every 180 days until the swap expires in September 2025.

Liquidity and refinancing risk

Liquidity risk is the risk that the Group cannot fulfil its payment obligations relating to financial liabilities and refinancing risk relates to the risk that refinancing for loans or other debt cannot be arranged, or cannot be arranged on acceptable terms.

The Group minimises the liquidity risk by maintaining a sufficient cash position, centralised cash management, investments in liquid securities and by having sufficient credit lines in place to meet potential funding needs. Management closely monitors projections of cash flows and has a central control over investment activity.

Medicover does not have significant liabilities coming due in any concentration. The Group generates positive operating cash flow and has central control over investment activity which provides a large degree of control over managing cash flows in the short term and enables the Group to match its investment plans to available financing resources.

The Group had credit facilities at 31 December 2022 of €869.7 million (€811.6 million) of which €480.9 million (€392.0 million) was utilised. Medicover's revolving credit facility amounted to €300 million (€220 million), the duration is 3 years with the possibility to extend for up to two years. The Group had schuldschein loans of €71.2 million (€140.2 million) with maturities between 2024–2026 and social schuldschein loans of €275.8 million (€214.9 million) with maturities between 2027–2031. Medicover's commercial paper programme has a total size of SEK 2 billion with possibilities to issue in both Swedish krona and euro. At 31 December 2022 €13.4 million (€19.5 million) of the commercial paper programme was utilised.

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

A maturity analysis for financial liabilities is presented as follows:

2022	Less than 1 year	Between 1–2 years	Between 2–4 years	Between 4–6 years	Between 6–8 years	Between 8–10 years	Over 10 years	Total contractual cash flows	Carrying amount
Borrowings	45.4	41.5	159.8	134.4	89.2	66.9	–	537.2	479.7
Lease liabilities	82.6	75.6	125.7	92.9	68.5	44.6	97.5	587.4	424.3
Trade and other payables	64.6	–	–	–	–	–	–	64.6	64.6
Put option liquidity obligations with non-controlling interests	15.3	28.9	13.2	82.2	–	–	–.	139.6	96.7
Deferred/contingent consideration payable	10.7	8.3	11.0	9.7	–	–	–	39.7	36.0
Other financial liabilities	5.5	0.7	–	–	–	–	–	6.2	6.2
Total	**224.1**	**155.0**	**309.7**	**319.2**	**157.7**	**111.5**	**97.5**	**1,374.7**	**1,107.5**

2021	Less than 1 year	Between 1–2 years	Between 2–4 years	Between 4–6 years	Between 6–8 years	Between 8–10 years	Over 10 years	Total contractual cash flows	Carrying amount
Borrowings	39.8	4.9	43.8	186.1	58.8	88.3	–	421.7	391.6
Lease liabilities	63.8	61.8	99.1	73.9	55.5	37.2	94.6	485.9	345.9
Trade and other payables	65.1	–	–	–	–	–	–	65.1	65.1
Put option liquidity obligations with non-controlling interests	0.7	19.4	23.0	66.0	–	–	–	109.1	79.0
Deferred/contingent consideration payable	8.2	5.9	7.5	8.1	–	–	–	29.7	26.6
Other financial liabilities	3.9	–	–	–	–	–	–	3.9	3.9
Total	**181.5**	**92.0**	**173.4**	**334.1**	**114.3**	**125.5**	**94.6**	**1,115.4**	**912.1**

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

Currency risk

The Group operates across several countries, with its major operations in Poland, Germany, Romania, India and Ukraine. Changes in exchange rates can negatively affect the Group's profit when revenue from sales and costs for providing services are denominated in different currencies (transaction risk). The Group operates in each country predominantly in the local currencies and the exposure to transaction risk is reduced by matching in-and outflows of the same currencies. Property leases in certain markets such as Poland and Romania are often denominated in euro which introduces volatility in foreign exchange results, however generally a non-cash transaction. Foreign exchange losses related to lease liabilities, held in another currency than local currency, amounted to €-2.3 million (gain €0.2 million). The Group's treasury policy is that, foreign currency risks related to larger business combinations are closely monitored and often hedged, while smaller currency risks are not actively hedged.

An adverse effect can also occur when income statements of foreign subsidiaries are translated into euro and on the value of the Group equity when the net assets of foreign subsidiaries are translated into euro (translation risk). The Group's operations and equity are exposed to developing market currencies in several markets and in a period of devaluation the net equity of the Group could be impacted by a reduction in the euro value of the Group's net investment in those countries of operation. The Group takes a view that the ability to earn income and the ability to increase prices in line or above inflation within the relevant markets compensate over time for such a devaluation and although an immediate reduction on operating cash flows can be felt over a period of 12 to 24 months these effects are compensated through the relatively fast flow through of import cost inflation. With this in mind the Group's policy is not to actively hedge the net investment position in local operations.

The following table presents the exposure of lease liabilities by geography and currency.

2022	Local currency	EUR	USD	Total lease liabilities
Poland	70.7	126.3	–	197.0
Germany	59.4	–	–	59.4
Romania	0.3	49.8	–	50.1
India	95.3	–	–	95.3
Ukraine	6.9	0.1	0.0	7.0
Other	11.4	3.5	0.6	15.5
Total	**244.0**	**179.7**	**0.6**	**424.3**

2021	Local currency	EUR	USD	Total lease liabilities
Poland	55.8	107.1	–	162.9
Germany	42.5	–	–	42.5
Romania	0.3	39.4	–	39.7
India	79.6	–	–	79.6
Ukraine	8.9	0.2	0.0	9.1
Other	6.4	4.9	0.8	12.1
Total	**193.5**	**151.6**	**0.8**	**345.9**

The nominal amounts of assets and liabilities at 31 December were as follows:

2022	EUR	PLN	RON	UAH	INR	Other	Total
Trade and other receivables	90.5	59.4	22.3	1.5	42.3	11.9	227.9
Loans payable	451.8	20.0	0.2	–	23.6	20.1	515.7
Lease liabilities	239.9	70.7	0.3	6.9	95.3	11.2	424.3
Trade and other payables	43.1	80.4	32.3	3.5	15.5	7.8	182.6

2021	EUR	PLN	RON	UAH	INR	Other	Total
Trade and other receivables	92.4	46.5	16.8	4.2	32.7	9.1	201.7
Loans payable	381.0	15.8	0.2	–	13.6	7.6	418.2
Lease liabilities	194.1	55.8	0.3	8.9	79.6	7.2	345.9
Trade and other payables	49.6	71.3	25.8	5.7	20.2	9.8	182.4

A 10% strengthening of the following currencies against the euro would have increased/(decreased) equity and profit and loss by the amounts presented in the following table. This sensitivity analysis assumes that all other variables remain constant.

	2022		2021	
	Equity	Profit and loss	Equity	Profit and loss
PLN	41.1	1.0	29.6	2.0
RON	10.6	0.7	11.4	1.7
UAH	4.3	-0.5	5.6	0.9
INR	5.1	-1.1	5.9	0.1

A 10% weakening of the following currencies against the euro would have nearly equal but opposite effect on the basis that all other variables remain constant.

The major exchange rates used in the financial statements are as follows:

	Year-end rate €1.00 to		Annual average rate €1.00 to	
	2022	2021	2022	2021
INR	88.17	84.23	82.71	87.65
PLN	4.69	4.60	4.69	4.57
RON	4.95	4.95	4.93	4.92
UAH	38.95	30.92	33.98	32.31
USD	1.07	1.13	1.05	1.18

27. Assets pledged, commitments and contingent liabilities

Assets pledged as security for liabilities	2022	2021
Property, plant and equipment	0.2	0.2
Total	**0.2**	**0.2**

Other commitments	2022	2021
Bank guarantees	0.3	2.3
Other guarantees	2.2	0.8
Commitments for acquisition of property, plant and equipment	20.6	19.8
Total	**23.1**	**22.9**

Contingent liabilities
In the normal course of business, certain Group entities are subject to litigation concerning medical malpractice, employment matters, regulatory disputes or other commercial contract disputes, pending or threatened in the jurisdictions of the entities' operations, and are subject to ongoing tax audits by tax authorities. The outcome of litigation and other claims or lawsuits is intrinsically uncertain. Management views as remote the likelihood of any material claim being found in favour of the claimant for any litigation currently in process, pending or threatened.

28. Share capital

Share capital as at 31 December was €30.4 million (€30.4 million) and corresponded to the following shares:

	A shares	B shares	C shares	Total
31 December 2020	**78,551,881**	**69,798,670**	**2,384,644**	**150,735,195**
Issue of shares			1,200,000	1,200,000
Conversion of class A to class B shares	-982,605	982,605		
31 December 2021	**77,569,276**	**70,781,275**	**3,584,644**	**151,935,195**
Conversion of class A to class B shares	-194,400	194,400		
Conversion of class C to class B shares		603,016	-603,016	
31 December 2022	**77,374,876**	**71,578,691**	**2,981,628**	**151,935,195**

Under the Company's articles of association, the authorised number of shares should not be less than 85 million and not more than 340 million. The Company may issue class A, B and C shares. Each class A share carries one vote. Each class B and class C share carries one tenth of a vote. Medicover's class B share is listed on Nasdaq Stockholm. At the shareholders' request class A shares may be converted to an equal number of class B shares. Class C shares are treasury shares held by the Company to ensure delivery of shares to employees in accordance with the long-term performance-based share programmes. The quota value per share was €0.2 (€0.2).

1.2 million class C shares were issued and immediately repurchased in November 2021. The purpose was to enable future delivery of performance shares in accordance with the incentive programmes. Following the share issue, share capital increased by €0.3 million.

During 2022, the five-year vesting period for Plan 2017 was completed and 603,016 class C shares were converted to class B shares and distributed to the participants, refer to note 33.

A dividend of €17.8 million (€10.4 million) was distributed to shareholders, equivalent to €0.12 (€0.07) per share.

The board of directors proposes to the annual general meeting that a dividend of €0.12 per share is distributed for the financial year 2022, which corresponds to a total of €17.9 million.

29. Non-controlling interests

Non-controlling interests amounted to €36.1 million (€44.5 million) as at 31 December 2022. The Group has one subsidiary with a material non-controlling interest, Sahrudaya Healthcare Private Limited ("MHI"). The ownership interest held by non-controlling interests in MHI was 36% (39%), corresponding to an accumulated non-controlling interest of €27.1 million (€35.3 million). Financial information for MHI before intra-group eliminations is presented in the following tables.

Income statement/total comprehensive income	**2022**	**2021**
Revenue	159.7	129.8
Result for the year	-8.8	0.9
Other comprehensive income/(loss)	-3.1	2.7
Total comprehensive income/(loss) for the year	**-11.9**	**3.6**

Cash flow	**2022**	**2021**
Net cash from operating activities	1.8	5.5
Net cash used in investing activities	-20.2	-26.1
Net cash from financing activities	13.8	24.4
Increase/(decrease) in cash and cash equivalents	**-4.6**	**3.8**

Assets/liabilities	**31 Dec 2022**	**31 Dec 2021**
Non-current assets	165.9	143.2
Current assets	50.5	45.6
Non-current liabilities	160.3	127.4
Current liabilities	41.9	37.6

30. Earnings per share

	2022	**2021**
Profit for the year attributable to owners of the parent, €m	12.1	101.8
Basic/diluted EPS, €	0.081	0.686

Weighted average number of shares for EPS	**2022**	**2021**
Weighted average number of shares for basic EPS	148,717,317	148,350,551
Effect of dilution from employee share-based payments	0	0
Weighted average number of shares for diluted EPS	148,717,317	148,350,551

31. Co-workers

	Average FTE					
	2022			2021		
	Women	Men	Total	Women	Men	Total
By country						
Poland	8,457	2,250	10,707	6,668	1,785	8,453
India	3,651	3,953	7,604	2,899	3,284	6,183
Romania	2,681	691	3,372	2,302	542	2,844
Ukraine	2,276	311	2,587	2,806	323	3,129
Germany	1,542	534	2,076	1,396	473	1,869
Belarus	523	93	616	469	86	555
Serbia	212	61	273	188	56	244
Moldova	173	28	201	152	27	179
Cyprus	120	55	175	–	–	–
Turkey	126	46	172	109	45	154
Georgia	132	32	164	90	25	115
Bulgaria	112	20	132	86	15	101
Norway	29	4	33	10	2	12
Bosnia-Herzegovina	22	9	31	–	–	–
Denmark	17	6	23	6	3	9
Hungary	14	3	17	9	3	12
Benelux	10	5	15	9	5	14
Sweden	5	4	9	4	5	9
Other	8	5	13	11	7	18
Co-workers – total average FTE	**20,110**	**8,110**	**28,220**	**17,214**	**6,686**	**23,900**
Employees	16,493	6,619	23,112	14,326	5,551	19,877
Contractors	3,617	1,491	5,108	2,888	1,135	4,023

Co-workers presented above include every person who works for or provides services to any Medicover company during the period, under an employment contract or as contracted by Medicover on a self-employed basis or similar. Contractors included in 2022 total figures amounted to 5,108 (Poland: 4,753, Romania: 312 and other: 43). Contractors included in 2021 total figures amounted to 4,023 (Poland: 3,774, Romania: 214 and other: 35).

Gender distribution in board/Medicover management at year-end

	2022			2021		
	Total	Women	Men	Total	Women	Men
Parent company						
Board of directors incl. CEO	10	40%	60%	8	25%	75%
Executive management incl. CEO	7	14%	86%	7	14%	86%
Subsidiaries						
Board of directors	467	23%	77%	368	16%	84%
Other senior management	243	43%	57%	221	45%	55%

32. Salaries and other remuneration

Remuneration to board of directors
Fees and other remuneration to the members of the board of directors are resolved by the annual general meeting (AGM). At the AGM held on 27 April 2022, it was resolved that remuneration for the time until the end of the next AGM to board members elected by the general meeting shall be paid with €74,000 to the chairman of the board and €53,000 to each of the board members, except for the CEO. In addition, €23,000 shall be paid to the chairman of the audit committee, €11,250 to each of the other members of the audit committee and €8,200 to each member of the remuneration committee and €5,100 to each member of the sustainability committee. Total board fees amounted to €581,350 (€459,000).

Guidelines for remuneration to executive management
At the AGM held on 27 April 2022, it was resolved to adopt guidelines for remuneration for the CEO and other members of executive management. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed and amendments to remuneration already agreed, after adoption of the guidelines by the AGM. It is a prerequisite for the successful implementation of the Medicover's business strategy and safeguarding of its long-term interests, including its sustainability, that the Group is able to recruit and retain qualified personnel. To this end, it is necessary that the Group offers competitive remuneration.

Long-term share-related incentive plans have been implemented in the Group. Such plans have been resolved by the general meeting and are therefore excluded from these guidelines. Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

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

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

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

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

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines. Executives who are expatriates may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the expat arrangement, taking into account, to the extent possible, the overall purpose of these guidelines. Such benefits may not in total exceed 75 per cent of the fixed annual cash salary.

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

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

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

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

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

The decision-making process to determine, review and implement the guidelines
The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programmes for variable remuneration for executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Group. The members of the remuneration committee are independent of Medicover and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

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

Long-term share-related incentive programmes
The Group has implemented long-term performance-based share programmes for executive management and other key individuals based on decisions made at general meetings in 2017–2022 respectively. The performance criteria used to assess the outcome of the plans are linked to the business strategy and thereby to the company's long-term value creation, including its sustainability. The performance criteria comprise growth in EBITDA, EBITDAaL or EBITDA (pre IFRS 16) over a 5-year period. The plans are further conditional upon the participant's own investment and certain holding periods of several years. The CEO is a participant in each of the plans. For more information on the long-term performance-based share programmes, refer to note 33.

Total remuneration, social security and pension costs

	2022			2021		
	Remuneration/ board fees	Social security costs	Of which pension costs	Remuneration/ board fees	Social security costs	Of which pension costs
Board of directors, CEO and other executive management	7.9	0.2	0.0	7.5	0.2	0.0
Other employees	463.0	58.2	2.8	388.0	48.2	3.0
Contractors	142.2	–	–	107.5	–	–
Total	**613.1**	**58.4**	**2.8**	**503.0**	**48.4**	**3.0**

Costs for share-based payments, included in 'Remuneration/board fees', amounted to €-9.0 million (€-6.4 million) excluding social security costs. Government employment grants, recognised as a reduction of staff costs, amounted to €1.3 million (€0.9 million).

Remuneration and benefits to board members and executive management

The following table presents the remuneration to board members:

	2022			2021		
€ 000's	**Board fees**	**Committee fees**	**Total**	**Board fees**	**Committee fees**	**Total**
Fredrik Stenmo (chairman)	46	24	70	71	22	93
Board Members:						
Peder af Jochnick	39	–	39	51	–	51
Robert af Jochnick	39	–	39	51	–	51
Anne Berner[1)]	35	–	35	–	–	–
Arno Bohn	37	8	45	51	7	58
Sonali Chandmal	53	16	69	51	14	65
Michael Flemming	36	23	59	51	22	73
Margareta Nordenvall	36	12	48	51	11	62
Azita Shariati[1)]	35	–	35	–	–	–
Fredrik Rågmark[2)] (CEO)	–	–	–	–	–	–
Total	**356**	**83**	**439**	**377**	**76**	**453**

1) Board members from 27 April 2022.
2) The CEO is a board member of the Company but was not remunerated for such office separately.

During 2022, total board fees resolved at the AGM were voluntarily reduced by €101,500 in favour of a donation for Ukraine aid by the Company to Medicover Foundation.

The following table presents the remuneration and benefits to executive management:

€ 000's	Salary/fees	Variable pay	Other benefits	Share-based payments[1)]	Pension fees[2)]	Total[3)]
Fredrik Rågmark (CEO)	1,014	–	8	1,572	8	2,602
Other executive management[4)] (6)	1,850	446	133	2,470	29	4,928
Total 2022	**2,864**	**446**	**141**	**4,042**	**37**	**7,530**
Fredrik Rågmark (CEO)	952	–	8	1,238	8	2,206
Other executive management[4)] (6)	1,670	838	145	2,204	27	4,884
Total 2021	**2,622**	**838**	**153**	**3,442**	**35**	**7,090**

1) Recognised costs for the long-term performance-based programmes. During 2022, Plan 2017 vested and 151,596 shares were allotted to the CEO and 222,341 shares to other members of the executive management.
2) Pension contributions include statutory employer contributions to state pensions and payments to defined contribution pension schemes.
3) Part of the remuneration cost is recognised in the parent company and part of it in the subsidiaries.
4) There has been no change in the executive management during 2022. During 2021 one executive left and one was recruited.

33. Share-based payments

Equity settled share-based programmes

The Group has five outstanding long-term performance-based share programmes and one programme that vested during the year. The purpose of the programmes is to create conditions for motivating and retaining competent employees in the Group, to increase the alignment of the targets of the participants with those of Medicover and to increase the motivation of meeting and exceeding the Group's financial targets.

Participation in the programmes requires a private investment in shares in Medicover, so-called saving shares, either by way of acquisition of existing shares in the Company or by way of using already held shares as saving shares.

Participants who have kept their saving shares and have maintained their employment within Medicover will at the expiration of the period obtain, without consideration, up to eight class B shares in Medicover, so-called performance shares, for each saving share, provided that certain, predetermined, performance requirements based on the Group's EBITDA (pre IFRS 16 for Plans 2017 and 2018), EBITDAaL (Plan 2019), EBITDA (Plans 2020–2022) growth over a five-year period. Medicover compensates the participants for any dividends paid during the duration of the programmes by increasing the number of performance shares that each participant may receive.

Programmes	Number of participants at grant date	Vesting period
Plan 2017	32	1 May 2017 until 27 April 2022
Plan 2018	43	1 May 2018 until 27 April 2023
Plan 2019	46	31 May 2019 until release of interim report January–March 2024
Plan 2020	54	30 April 2020 until release of interim report January–March 2025
Plan 2021	67	29 April 2021 until release of interim report January–March 2026
Plan 2022	77	27 April 2022 until release of interim report January–March 2027

Outstanding share rights	Plan 2022	Plan 2021	Plan 2020	Plan 2019	Plan 2018	Plan 2017
31 December 2020	**–**	**–**	**1,003,904**	**862,104**	**786,016**	**664,664**
Preliminary allotment	–	1,051,736	–	–	–	–
Cancelled/forfeited	–	–	-100,800	-88,000	-76,000	-68,000
Dividend compensation	–	–	2,659	2,279	2,090	1,757
31 December 2021	**–**	**1,051,736**	**905,763**	**776,383**	**712,106**	**598,421**
Preliminary allotment	1,106,080	–	–	–	–	–
Cancelled/forfeited	-16,000	-25,200	-36,200	-16,598	-24,000	–
Dividend compensation	–	7,906	6,566	5,831	5,210	4,595
Final allotment	–	–	–	–	–	-603,016
31 December 2022	**1,090,080**	**1,034,442**	**876,129**	**765,616**	**693,316**	**–**

The share rights amounts disclosed are the maximum shares that would be issued if all conditions are achieved in full.

The five-year vesting period for Plan 2017 was completed on 27 April 2022. The performance conditions were achieved in full, corresponding to eight performance shares for each share right. The annual EBITDA (pre IFRS 16) growth rate (CAGR) calculated on the basis of the Group's financial statements for 2016 and 2021 (restated consolidated financial accounts prepared on a pre IFRS 16 basis), was 37.1%. Medicover compensated the participants for the dividends paid during the duration of the programme by increasing the number of shares. 603,016 were distributed to the participants.

The Group's expenses for equity settled share-based payments, including social security costs, amounted to €-9.6 million (€-6.9 million), recognised as administrative costs.

Fair value at grant date	Plan 2022	Plan 2021
Fair value, €m	10.7	18.6
Variables used to estimate fair value:		
Expected annual turnover of personnel	5%	5%
Quoted share price, SEK	160.0	240.5
Service vesting conditions	79%	79%
Performance conditions, fulfilment	80%	100%

The service vesting and performance conditions variables are reviewed and amended annually to project the expected outcome at the fulfillment of the plan.

Performance conditions	Plan 2022	Plan 2021	Plan 2020	Plan 2019	Plan 2018	Plan 2017
Each share right entitles to 1 performance share with an annual EBITDA (Plan 2020–2022) EBITDAaL (Plan 2019) EBITDA (pre IFRS 16 for Plan 2018 and 2017) growth rate (CAGR)	>7%	>11%	>9%	>15%	>10%	>14%
Each share right entitles to 8 performance shares with an annual EBITDA (Plan 2020–2022) EBITDAaL (Plan 2019) EBITDA (pre IFRS 16 for Plan 2018 and 2017) growth rate (CAGR)	≥15%	≥18%	≥17%	≥23%	≥20%	≥28%
Entitlement will occur linearly between 1 to 8 performance shares with an annual EBITDA (Plan 2020–2022) EBITDAaL (Plan 2019) EBITDA (pre IFRS 16 for Plan 2018 and 2017) growth rate (CAGR)	7–15%	11–18%	9–17%	15–23%	10–20%	14–28%
The annual EBITDA (Plan 2020–2022) EBITDAaL (Plan 2019) EBITDA (pre IFRS 16 for Plan 2018 and 2017) growth rate is calculated on the basis of the Group's financial statements[1] for	2021 and 2026	2020 and 2025	2019 and 2024	2018 (restated) and 2023	2017 and 2022	2016 and 2021

[1] For Plans 2017 and 2018, the Group's financial statements for 2021 and 2022 have not been used, instead restated consolidated financial accounts prepared on a pre IFRS 16 basis have been used.

The maximum value per each participant's share rights under the programme is, however, limited to ten times the participant's gross annual base salary in the year of grant and in the event that the value exceeds such limit, the number of performance shares will be decreased on a pro rata basis.

34. Related parties and related party transactions

The ultimate parent company of the Group is the Jonas & Christina af Jochnick Foundation, a charitable foundation, which controls the majority of votes of the Group through its wholly owned subsidiary Celox Holding AB. The parent company of the largest and smallest group of which Medicover AB (publ) is a subsidiary and in which consolidated accounts are prepared is Celox Group Ltd, registration number HE 368166, domiciled in Cyprus.

Ownership	2022	2021
Celox Holding AB, share of capital	31.0%	31.0%
Celox Holding AB, share of votes	55.6%	55.5%

The board of directors of the Company, executive management and close relatives of these individuals are related parties. The companies in which they are also directors or own a significant share of the capital or votes are considered to be related parties.

Transactions with related parties were as follows:

	2022	2021
Celox Group companies		
Expenses and employment costs recharged	0.1	0.3
Purchase of services	-0.2	-0.1
Trade payables at 31 December	0.0	0.0
Non-controlling interests in MHI		
Purchase of materials and services	-33.9	-28.8
Trade payables at 31 December	6.2	7.7

35. Subsidiaries

The following 100% owned (unless otherwise indicated) are the principal subsidiaries of the Group:

Company	Activity	Country of incorporation
ABC Medicover Holdings B.V.	Holding/Financing/Management	The Netherlands
Baltic Sea View Property GmbH (94.9%)	Real estate	Germany
Baltic Sea View Real Estate GmbH	Real estate	Germany
Centrum Diagnostyczno-Terapeutyczne “Medicus” sp. z o.o.[1] (“CDT”)	Medical	Poland
Centrum Medyczne Damiana Holding sp. z o.o.	Medical	Poland
IMD Institut für Medizinische Diagnostik GmbH	Medical	Germany
IMD Labor Oderland GmbH	Medical	Germany
IMD MVZ Beteiligungs GmbH (92.5%)	Medical	Germany
Institut für Medizinische Diagnostik Berlin-Potsdam GbR	Medical	Germany
Medicover Försäkrings AB (publ)	Insurance	Sweden
Medicover GmbH	Medical	Germany
Medicover Healthcare Private Limited[3]	Medical	India
Medicover Holding S.A.	Holding/Financing/Management	Luxembourg
Medicover Hospitals SRL	Medical	Romania
Medicover Investment B.V.	Holding/Financing/Management	The Netherlands
Medicover Public Co Ltd (former NIPD Genetics Public Company Ltd) (87.3%)[1, 2] (“NIPD”)	Medical	Cyprus
Medicover Sport sp. z o.o.	Medical	Poland
Medicover sp. z o.o.	Medical	Poland
Medicover SRL	Medical	Romania
MVZ Martinsried GmbH	Medical	Germany
Neomedic S.A.	Medical	Poland
Nordmed Healthcare GmbH	Medical	Germany
Nordmed Klinik GmbH	Holding/Management	Germany
Pelican Impex SRL (80.0%)	Medical	Romania
Rehasport Clinic sp. z o.o. (78.1%)	Medical	Poland
Sahrudaya Healthcare Private Limited (64.2%)[2, 3] (“Medicover Hospitals India” or “MHI”)	Medical	India
Synevo FLLC[4]	Medical	Belarus
Synevo GmbH	Holding/Management	Germany
Synevo Holding S.à r.l.	Holding/Financing/Management	Luxembourg
Synevo Romania SRL	Medical	Romania
Synevo sp. z o.o.	Medical	Poland
Synevo Ukraine LLC	Medical	Ukraine

1) New subsidiary in 2022.
2) Increase in ownership during 2022.
3) The accounting year runs from 1 April to 31 March.
4) Sold in 2023.

To enable an administrative simplification to file the German group accounts instead of the individual accounts, the exemption clause according to § 264 Sec. 3 of the German Commercial Code applies to the German subsidiaries listed below which are included in the consolidated financial statements of the Group:

Company	Activity
Baltic Sea View Property GmbH (94.9%)	Real estate
Baltic Sea View Real Estate GmbH	Real estate
DDent Labor GmbH	Medical
DDent MVZ GmbH (80.0%)	Medical
Diagnos MVZ GmbH	Medical
Genetik Berlin-Lichtenberg GmbH	Medical
Hogyn MVZ GmbH	Medical
IHP Institut für Hämostaseologie und Pharmakologie MVZ GmbH	Medical
IMD Institut für Medizinische Diagnostik GmbH	Medical
IMD Labor Oderland GmbH	Medical
IMD MVZ Beteiligungs GmbH (92.5%)	Medical
IMGM Laboratories GmbH	Medical
Infektiologie Ärzteforum Seestraße MVZ GmbH	Medical
MEDIT Service GmbH (former IVD Institut für Veterinärmedizinische Diagnostik GmbH)	Administration
LAB Diagnostics Competence Center GmbH	Administration
Laborbetreuung IMD GmbH	Trading/Administration
Labormedicus GmbH	Medical
Medicover GmbH	Medical
Medicover Genetics GmbH	Medical
Medicover Gerlingen MVZ GmbH	Medical
Medicover Medizin gGmbH	Medical
Medicover Praxis GmbH	Medical
Medicover Stuttgart MVZ GmbH	Medical
Medicover Ulm MVZ GmbH	Medical
MeinDentist Berlin GmbH	Medical
MeinDentist Brandenburg GmbH	Medical
MeinDentist Zentrum GmbH	Medical
MVZ Frankfurt-Westend GmbH	Medical
MVZ Labor Greifswald GmbH	Medical
MVZ Martinsried GmbH	Medical
MVZ Nazarethkirchstraße GmbH	Medical
Nordmed Healthcare GmbH	Medical
Nordmed Klinik GmbH	Holding/Management
Nordmed Klinik Verwaltungs GmbH	Holding/Management
Saale-Krankenhaus Calbe GmbH	Medical
Synevo GmbH	Holding/Management
Synevo Studien Service Labor GmbH	Medical

36. Fees to auditors

	2022	2021
Audit assignments	1.2	0.9
Auditing activities other than audit assignments	0.2	0.3
Tax consultancy services	0.1	0.0
Other assignments	0.0	0.0
Total	**1.5**	**1.2**

€0.8 million (€0.8 million) has been paid to BDO Sweden AB and its network.

37. Subsequent events

The sale transaction related to the Group's business in Belarus was closed in February 2023. The transaction price for Medicover's holdings in Synevo FLLC and Nedvizhimost Vostok LLC amounts to €14.6 million net of transaction costs. The Group's revenue in Belarus was €20.5 million for the year 2022. The net assets of €-3.1 million have not been recognised as assets classified as held for sale as of 31 December 2022 based on materiality.

38. Transition to IFRS 17 Insurance contracts

From 1 January 2023, the Group applies IFRS 17 *Insurance contracts*. The standard is applied retrospectively and comparative figures for 2022 will be restated in the financial reports for 2023. As the Group's insurance contracts are short-term contracts and the criteria for applying the premium allocation approach is met, there are no material changes to the amounts recognised. The opening balance for 2022 will be adjusted in accordance with the new standard and the transition impact is recognised as a decrease in equity by €2.0 million, the adjustment relates to the measurement of the liability for incurred claims due to recognition of the risk margin relating to non-financial risks. IFRS 17 will also lead to some reclassifications in the Group's statement of financial position and increased disclosures.

Accounting policy for insurance contracts (IFRS 17)
The Group provides medical services through its owned and controlled facilities and medical staff to treat its members who subscribe to Medicover's insurance policies or commercial fixed rate contracts. The Group assumes the risk in relation to the member's health demand needs. Both regulated insurance contracts and commercial contracts fall under the definition of an insurance contract under IFRS 17.

As the coverage period for all insurance contracts within the Group is one year or less, the criteria to use the premium allocation approach is met. The following elections have been made:

- Insurance acquisition costs are recognised as an expense when incurred,
- There is no adjustment to reflect the time value of money and the effect of financial risk for remaining coverage (unearned premiums), and
- There is no adjustment for the time value of money or financial risks for incurred claims, since these are expected to be paid in one year or less from the date the claim incurred.

The liability for the remaining coverage at initial recognition corresponds to premiums received (unearned premiums). At the end of each subsequent reporting period, assuming the insurance contract is not onerous, the carrying amount of the liability for unearned premiums is the carrying amount at the start of the reporting period plus the received premiums in the period minus the amount recognised as insurance revenue for services provided in that period. For contracts that are onerous, the liability for unearned premiums is determined by the fulfillment of cash flow. The revenue earned on the contracts (earned premiums) is apportioned over the term of the contract on a straight-line basis. A risk apportioned basis of allocating insurance revenue would not be materially different from a straight-line apportionment.

The liability for incurred claims is nil on initial recognition of the insurance contract. Subsequently the liability for incurred claims is measured as the expected cash flows required to settle the future obligation together with a risk margin adjustment for non-financial risks.

Impact of IFRS 17 on consolidated statement of financial position

	31 Dec 2021 as reported	IFRS 17 impact	1 Jan 2022 restated	31 Dec 2022 as reported	IFRS 17 impact	31 Dec 2022 restated
Deferred tax assets	11.9	0.5	12.4	15.7	0.5	16.2
Unearned premiums/deferred revenue	-20.1	20.1	–	-23.1	23.1	–
Deferred revenue	–	-7.4	-7.4	–	-7.3	-7.3
Insurance contract liability	–	-15.5	-15.5	–	-18.9	-18.9
Trade and other payables	-182.4	0.3	-182.1	-182.6	0.3	-182.3
Equity (retained earnings)	-141.3	2.0	-139.3	-127.2	2.3	-124.9

Impact of IFRS 17 on consolidated income statement

	2022
Medical provision costs as reported	-1,174.6
IFRS 17 impact	-0.3
Medical provision costs, restated	**-1,174.9**
Income tax as reported	-5.8
IFRS 17 impact	0.0
Income tax, restated	**-5.8**
Profit for the year as reported	14.0
IFRS 17 impact	-0.3
Profit for the year, restated	**13.7**
Profit attributable to:	
Owners of the parent	11.8
Non-controlling interests	1.9
Profit for the year, restated	**13.7**

Impact of IFRS 17 on consolidated statement of comprehensive income

	2022
Profit for the year as reported	14.0
IFRS 17 impact	-0.3
Profit for the year, restated	**13.7**
Total comprehensive loss for the year as reported	-4.3
IFRS 17 impact	-0.3
Total comprehensive loss for the year, restated	**-4.6**
Profit attributable to:	
Owners of the parent	-4.4
Non-controlling interests	-0.2
Total comprehensive loss for the year, restated	**-4.6**

39. Alternative performance measures (APMs)

The Group uses some alternative performance measures (APMs) not defined in IFRS to provide information to assess the Group's development and performance. These measures should not be viewed in isolation or as an alternative to the measures presented in accordance with IFRS. These APMs may not be comparable to similar measures presented by other companies. The main alternative performance measures used by the Group are explained and reconciled as follows:

Reconciliation to EBITDAaL and EBITAaL	2022	2021
Operating profit (EBIT)	55.5	159.4
Amortisation (acquisitions)	19.4	11.8
Impairment	6.3	0.0
EBITA	**81.2**	**171.2**
Depreciation and amortisation	136.2	99.2
EBITDA	**217.4**	**270.4**
Right-of-use depreciation and impairment	-64.1	-45.6
Interest on lease liabilities	-22.1	-14.0
EBITDAaL	**131.2**	**210.8**
Less: depreciation (excl. right-of-use depreciation) and amortisation	-72.1	-53.6
EBITAaL	**59.1**	**157.2**
Revenue	1,510.2	1,377.4
Operating profit margin	3.7%	11.6%
EBITA margin	5.4%	12.4%
EBITDA margin	14.4%	19.6%
EBITDAaL margin	8.7%	15.3%
EBITAaL margin	3.9%	11.4%
Net profit margin	0.9%	7.7%

Reconciliation to adjusted EBITDAaL and adjusted EBITAaL	2022	2021
Operating profit (EBIT)	55.5	159.4
Amortisation (acquisitions)	19.4	11.8
Impairment	6.3	0.0
Non-cash equity settled share-based payments	9.6	6.9
Acquisition related expenses	7.2	3.2
Adjusted EBITA	**98.0**	**181.3**
Depreciation and amortisation	136.2	99.2
Adjusted EBITDA	**234.2**	**280.5**
Right-of-use depreciation and impairment	-64.1	-45.6
Interest on lease liabilities	-22.1	-14.0
Adjusted EBITDAaL	**148.0**	**220.9**
Less: depreciation (excl. right-of-use depreciation) and amortisation	-72.1	-53.6
Adjusted EBITAaL	**75.9**	**167.3**
Revenue	1,510.2	1,377.4
Adjusted EBITA margin	6.5%	13.2%
Adjusted EBITDA margin	15.5%	20.4%
Adjusted EBITDAaL margin	9.8%	16.0%
Adjusted EBITAaL margin	5.0%	12.1%

Reconciliation to organic revenue	2022	2021
Revenue	1,510.2	1,377.4
Less: acquired revenue	-120.1	-32.2
Revenue excluding acquisitions	**1,390.1**	**1,345.2**
Currency effect	13.9	32.3
Organic revenue	**1,404.0**	**1,377.5**
Organic revenue growth	**1.9%**	**38.1%**

APM	Definition	Reason for use
Acquired revenue	Revenue recognised from acquired businesses in the first twelve months from the acquisition. This represents inorganic growth. If there is significant expansion of the acquired business post-acquisition due to investments made subsequent to acquisition or arising due to synergies with existing businesses and such revenue can be readily and reliably identified then this additional revenue is excluded.	This measure is used to provide insight into revenue growth that derives from acquisitions. This may be useful in assessing the future development potential of the Group.
Organic revenue	Organic revenue combines real internally generated growth and also comprises price changes. The revenue of an acquired business is generally excluded for the twelve months following the business combination, but revenue generated by post acquisition expansion of the business due to investments made subsequent to acquisition or revenue arising from synergies with existing businesses post acquisition, if significant, are included. Revenue of disposed businesses are removed from the comparatives for the twelve months prior to the disposal. The effect of changes in foreign exchange rates is calculated as current year's revenue less current year's revenue converted at prior year's exchange rates.	This measure represents the growth of the business after removing the impact of acquisitions and disposals or other scope changes as well as exchange rate movements. This is used for a "like for like" comparison with the previous year or period enabling a deeper understanding of the business and evolution of revenue and may be useful in assessing the future development potential of the Group.
Organic revenue growth	Organic revenue growth is the comparison of organic revenue for the current year to the comparable prior year revenue, expressed as a percentage or absolute figure.	This measure is used to show organic revenue in comparison to corresponding period prior year.
Operating profit (EBIT)	Earnings before interest and tax.	This measure is used to show profit generation in the operating activities.
EBITA	Earnings before interest, other financial income/(expense), tax, amortisation on assets relating to business combinations and impairment, other income/(costs) and share of profit/(loss) of associates.	This measure is used to show profit generation in the operating activities excluding non-cash based amortisation arising from acquisitions and impairment. This provides a profit measure that adjusts for some items that are non-cash, and is used as a measure to isolate effects arising from acquisitions and thereby increase comparability of performance and evaluation of the Group.
EBITA margin	EBITA as a percentage of revenue.	This measure is used to show profit generation in the operating activities excluding non-cash based amortisation arising from acquisitions and impairment relative to revenue.

APM	Definition	Reason for use
EBITDA	Earnings before interest, other financial income/(expense), tax, amortisation, depreciation and impairment, other income/(costs) and share of profit/(loss) of associates.	This measure is used to show profit generation in the operating activities excluding non-cash based depreciation, amortisation and impairment. This measure gives an approximation of the cash generation potential before reinvestment in the business.
EBITDA margin	EBITDA as a percentage of revenue.	This measure is used to show profit generation in the operating activities excluding non-cash based depreciation, amortisation and impairment relative to revenue.
EBITAaL	EBITA, as defined above, reduced by interest on lease liabilities.	This measure is used to show profit generation in the operating activities excluding non-cash based amortisation arising from acquisitions and impairment reduced by interest charges on lease liabilities, a recurring cash cost.
EBITAaL margin	EBITAaL as a percentage of revenue.	This measure is used to show profit generation in the operating activities excluding non-cash based amortisation arising from acquisitions, impairment and interest charges on lease liabilities relative to revenue.
EBITDAaL	EBITDA, as defined above, reduced by depreciation/impairment on right-of-use assets and interest on lease liabilities.	This measure is used to show profit generation that equates more closely to the cash flow of the business. As lease costs (depreciation and interest) are recurring and close to cash based costs, this APM gives a closer approximation to the EBITDA measure as previously derived when the former IFRS standard for leases, IAS 17 *Leases* applied.
EBITDAaL margin	EBITDAaL as a percentage of revenue.	This measure is used to show profit generation that equates more closely to the cash flow of the business relative to revenue.
Adjusted EBITA	EBITA, as defined above, adjusted for non-cash equity settled share-based payments as well as merger, disposal and acquisition related expenses.	This measure is EBITA adjusted for items that are of a non-cash nature or are not related to the recurring operating profit and thereby impacting comparability. This provides a profit measure that adjusts for some items that are non-cash or non-recurring, and is used to isolate effects arising from acquisitions and thereby increases comparability of performance and evaluation of the Group.
Adjusted EBITA margin	Adjusted EBITA as a percentage of revenue.	This measure is used for analysis of underlying profit generation relative to revenue.
Adjusted EBITDA	EBITDA, as defined above, adjusted for non-cash equity settled share-based payments as well as merger, disposal and acquisition related expenses.	This measure is EBITDA adjusted for items that are of a non-cash nature or are not related to the recurring operating profit and thereby impacting comparability. This measure gives an approximation of the cash generation potential before reinvestment in the business after removing impacts of non-operational non-recurring costs.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of revenue.	This measure is used for analysis of underlying profit generation relative to revenue.
Adjusted EBITAaL	Adjusted EBITA, as defined above, reduced by interest on lease liabilities.	This measure is EBITA adjusted for items that are of a non-cash nature or are not related to the recurring operating profit and thereby impacting comparability, reduced by interest charges on lease liabilities. This provides a profit measure that adjusts for some items that are non-cash or non-recurring, and is used to isolate effects arising from acquisitions and thereby increases comparability of performance and evaluation of the Group.
Adjusted EBITAaL margin	Adjusted EBITAaL as a percentage of revenue.	This measure is used for analysis of underlying profit generation relative to revenue.
Adjusted EBITDAaL	Adjusted EBITDA, as defined above, reduced by depreciation/impairment on right-of-use assets and interest on lease liabilities.	This measure is EBITDA adjusted for items that are of a non-cash nature or are not related to the recurring operating profit and thereby impacting comparability reduced for depreciation, impairment and interest related to leases. It is used to show an approximation to the underlying cash generation in the operating activities before reinvestments.
Adjusted EBITDAaL margin	Adjusted EBITDAaL as a percentage of revenue.	This measure is used for analysis of underlying profit generation relative to revenue.
Operating profit (EBIT) margin	Operating profit as a percentage of revenue.	This measure is used to show profit generation in the operating activities relative to revenue.
Net profit margin	Net profit as a percentage of revenue.	This measure is used to show how much of each earned euro that flows through to net profit.
Net financial debt	Net financial debt represents financial debt contracted by the Group with external parties (banks, bonds) upon which interest is charged and lease liabilities net of cash and cash equivalents and short-term investments.	This measure is used to show the Group's indebtedness from all sources, including lease liabilities and other future obligations or claims on the Group's assets.
Loans payable net of cash and liquid short-term investments/ adjusted EBITDAaL	The ratio of loans payable net of cash and cash equivalents and short-term investments to adjusted EBITDAaL represents financial debt contracted by the Group with external parties (banks, bonds) excluding lease liabilities, net of cash and short-term investments relative to adjusted EBITDAaL, as defined above.	This measure shows financial risk and is used to monitor the Group's capacity to support and service its loans payable.

Parent company income statement

€m, for the years ended 31 December	Note	2022	2021
Revenue		**0.7**	**0.7**
Gross profit		**0.7**	**0.7**
Distribution, selling and marketing costs		-0.3	-0.2
Administrative costs	P3	-15.2	-11.4
Operating loss		**-14.8**	**-10.9**
Income from participation in group companies	P4	10.8	13.0
Interest income from group companies		0.1	0.0
Interest expense		-0.3	-0.1
Profit/(loss) after financial items		**-4.2**	**2.0**
Income tax	P5	–	–
Profit/(loss) for the year		**-4.2**	**2.0**

As the profit/(loss) for the year corresponds with the amount in total comprehensive income, no separate statement of comprehensive income is presented.

Parent company balance sheet

€m	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Property, plant and equipment			
Equipment	P6	0.0	0.1
Financial assets			
Investments in subsidiaries	P7	584.8	434.8
Total non-current assets		**584.8**	**434.9**
Current assets			
Receivables from group companies	P8	28.2	196.2
Other receivables		0.3	0.3
Cash and bank		0.0	0.0
Total current assets		**28.5**	**196.5**
Total assets		**613.3**	**631.4**
EQUITY			
Restricted equity			
Share capital	P12	30.4	30.4
Total restricted equity		**30.4**	**30.4**
Non-restricted equity			
Share premium		545.9	546.0
Other reserves		20.5	15.0
Retained earnings		4.3	16.5
Profit for the year		-4.2	2.0
Total non-restricted equity		**566.5**	**579.5**
Total equity		**596.9**	**609.9**
LIABILITIES			
Current liabilities			
Loans payable	P9	13.5	19.5
Trade payables		0.0	0.0
Liabilities to group companies		0.8	0.5
Accruals		0.4	0.3
Other liabilities		1.7	1.2
Total current liabilities		**16.4**	**21.5**
Total liabilities		**16.4**	**21.5**
Total equity and liabilities		**613.3**	**631.4**

Parent company statement of changes in equity

	Restricted equity	Non-restricted equity			
€m	**Share capital**	**Share premium**	**Other reserves**	**Retained earnings and profit for the year**	**Total equity**
Closing balance as at 31 December 2020	**30.1**	**546.0**	**8.6**	**27.2**	**611.9**
Profit for the year	–	–	–	2.0	2.0
Issue of shares	0.3	–	–	–	0.3
Acquisition of treasury shares	–	–	–	-0.3	-0.3
Dividend	–	–	–	-10.4	-10.4
Share-based payments	–	–	6.4	–	6.4
Closing balance as at 31 December 2021	**30.4**	**546.0**	**15.0**	**18.5**	**609.9**
Loss for the year	–	–	–	-4.2	-4.2
Dividend	–	–	–	-17.8	-17.8
Distribution of performance shares to employees	–	-0.1	-3.5	3.6	–
Share-based payments	–	–	9.0	–	9.0
Closing balance as at 31 December 2022	**30.4**	**545.9**	**20.5**	**0.1**	**596.9**

The parent company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as profit/(loss) for the year.

Parent company cash flow statement

€m, for the years to 31 December	2022	2021
Profit before income tax	**-4.2**	**2.0**
Adjustments for:		
Depreciation	0.1	0.0
Income from participation in group companies	-10.8	-13.0
Share-based payments	9.6	6.4
Net interest expense	0.3	0.1
Unrealised foreign exchange (gain)/loss	0.0	0.0
Other non-cash transactions	0.0	0.0
Increase in receivables	0.0	0.0
Increase/(decrease) in payables	0.1	-0.2
Income tax paid	0.0	–
Net cash used in operating activities	**-4.9**	**-4.7**
Investing activities:		
Payment for acquisition of property, plant and equipment	–	-0.1
Proceeds from disposal of property, plant and equipment	–	0.0
Repayment of loans granted	217.4	5.8
Payment of loans granted	-212.0	-24.6
Capital contribution	-150.0	–
Dividend and group contribution received	9.7	14.5
Net cash used in investing activities	**-134.9**	**-4.4**
Financing activities:		
Issue of shares, net of transaction cost	–	0.3
Acquisition of treasury shares	–	-0.3
Repayment of loans	-217.0	-5.0
Proceeds from loans received	375.0	24.5
Interest paid	-0.4	0.0
Dividend paid	-17.8	-10.4
Net cash from financing activities	**139.8**	**9.1**
Total cash flow	**0.0**	**0.0**
Cash and cash equivalents		
Cash balance as at 1 January	0.0	–
Cash balance as at 31 December	0.0	0.0
Increase/(decrease) in cash and cash equivalents	**0.0**	**0.0**

Notes to the parent company financial statements

P1. Summary of significant accounting policies

The parent company applies the Swedish Annual Accounts Act and the Financial Reporting Board's Recommendation RFR 2 *Accounting for Legal Entities*. The parent company's stand-alone accounting principles are aligned to the consolidated financial statements, except for the following:

a) The income statement and balance sheet are presented in accordance with the format described in the Swedish Annual Accounts Act.
b) Investments in subsidiaries are accounted for using the cost method less any impairment losses as per the Swedish Annual Accounts Act. Any direct transaction costs are included in the acquisition cost.
c) The parent company does not apply IFRS 9 to financial instruments, instead measures non-current assets at cost less any impairment and current assets at the lower of cost or net realisable value. The accounting principle for derecognition of financial instruments corresponds to the Group's accounting principle, refer to notes 2.15 c and 2.16 c.
d) Group contributions received from subsidiaries are recognised as financial income in accordance with the principal rule in RFR 2.
e) The parent company does not apply IFRS 16 to leases, instead lease fees are recognised in the income statement on a straight-line basis over the term of the lease.

P2. Intra-group transactions and guarantees

	2022	2021
Revenue from subsidiaries	0.7	0.7
Purchase of services from subsidiaries	-2.0	-1.8
Guarantee for Medicover Holding SA's revolving credit facility	300.0	220.0
Guarantee for Medicover Holding SA's schuldschein loans	348.5	356.5
Guarantee for MHI's overdraft facility	17.0	17.8

P3. Nature of expenses

Within the functional headings, the following cost categories are included:

	2022	2021
Staff costs	-10.8	-8.1
Property lease costs, heat and other establishment costs	-0.4	-0.5
Other	-4.0	-2.8
Total	**-15.2**	**-11.4**

The Company leases property to operate an office, the total expense amounted to €-0.2 million (€-0.2 million). At 31 December 2022 future minimum non-cancellable operating lease payments within one year amounted to €-0.2 million (€-0.2 million) and to €-0.2 million (€-0.4 million) for the period between two to five years.

Included in 'Other' are expenses relating to audit, other consultancy and legal fees.

P4. Income from participation in group companies

Income from participation in group companies represents dividend income of €10.8 million (€13.0 million) received from subsidiaries within the Group including €9.7 million (–) relating to a recharge for the long-term performance-based share programme, Plan 2017.

P5. Income tax

	2022	2021
Profit/(loss) before income tax	-4.2	2.0
Applicable tax rate	20.6%	20.6%
Tax at applicable rate	0.9	-0.4
Tax effect of:		
Permanent differences, current year	-0.2	1.2
Tax loss carry forwards not recognised	-0.7	-0.8
Tax expense	**–**	**–**
Effective tax rate	**0.0%**	**0.0%**

The Company has unrecognised tax losses as at 31 December 2022 amounting to €15.1 million (€14.1 million) that are available to be offset against future profits for an unlimited period of time. The €1.0 million movement in unrecognised tax losses in 2022 is the net effect of €3.2 million additional tax losses for the current year, €-1.0 million adjustment of prior year balance and €-1.2 million exchange differences.

P6. Equipment

	2022	2021
Opening balance, cost	0.2	0.1
Additions	0.0	0.1
Closing balance, cost	**0.2**	**0.2**
Opening balance, depreciation	-0.1	-0.1
Depreciation	-0.1	0.0
Closing balance, depreciation	**-0.2**	**-0.1**
Net carrying value as at 31 December	**0.0**	**0.1**

P7. Investments in subsidiaries

Subsidiaries	Corporate ID number	Registered office	Share of equity, %
Medicover Holding S.A.	B59021	Luxembourg	100

Carrying value	2022	2021
Medicover Holding S.A.	584.8	434.8

The change in the carrying value is explained by a capital contribution of €150.0 million.

P8. Receivables from group companies

	2022	2021
Medicover Holding S.A.	26.7	196.1
Other	1.5	0.1
Total	**28.2**	**196.2**

P9. Loans payable

	2022	2021
Commercial paper programme	13.4	19.5
Other	0.1	–
Total	**13.5**	**19.5**

Refer to note 19 for information related to the commercial paper programme.

P10. Fees to auditors

	2022	2021
Audit assignments	0.2	0.2
Auditing activities other than audit assignments	0.1	0.1
Tax consultancy services	–	–
Other assignments	–	–
Total	**0.3**	**0.3**

P11. Salaries and other remuneration

	2022			2021		
	Remuneration/ board fees	**Social security costs**	**Of which pension costs**	**Remuneration/ board fees**	**Social security costs**	**Of which pension costs**
Board of directors, CEO and other executive management	2.1	0.0	0.0	1.7	0.0	0.0
Share-based payments	7.4	0.6	0.0	5.2	0.5	0.0
Other employees	0.5	0.2	0.1	0.6	0.1	0.1
Total	**10.0**	**0.8**	**0.1**	**7.5**	**0.6**	**0.1**

For further details on remuneration of the board, CEO and other executive management and related remuneration policies and guidelines adopted, refer to notes 31 and 32. The average number of employees was 5 with 3 women and 2 men (5 with 2 women and 3 men).

P12. Share capital

Number of shares	**31 Dec 2022**	**31 Dec 2021**
Class A shares	77,374,876	77,569,276
Class B shares	71,578,691	70,781,275
Class C shares	2,981,628	3,584,644
Total	**151,935,195**	**151,935,195**

The quota value was €0.2 (€0.2) per share. Refer to note 28 for additional information.

P13. Proposed appropriation of the Company's profit

Non-restricted equity in the parent company amounts to:

€	**31 Dec 2022**
Share premium	545,898,936
Other reserves	20,409,935
Retained earnings	4,404,711
Loss for the year	-4,229,884
Total	**566,483,698**

The board of directors proposes to the annual general meeting (AGM) that these earnings are appropriated as follows:

To shareholders a dividend of €0.12 per share	17,874,428
To be retained	548,609,270
Total	**566,483,698**

The board of directors considers that the equity of the Company and the Group will be of sufficient amount after the proposed dividend, contemplating the business' nature, scale and the risks that the business is associated with and the current economic situation, historical development and forecasts for the Group as well as for the market. The full statement by the board of directors under chapter 18 section 4 of the Companies Act will be included in the AGM documentation.

Board of directors' assurance

The board of directors and the CEO certify that the consolidated financial statements and annual report have been prepared in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the Application of International Accounting Standards and that disclosures herein give a true and fair view of the financial position and results of operations. The management report for the Group and the parent company gives a true and fair view of the Group's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies included in the Group.

The annual report and consolidated financial statements have been approved for publication by the board of directors on 22 March 2023. The Group's statement of comprehensive income and statement of financial position, and the parent company's income statement and balance sheet, will be subject to approval by the annual general meeting on 27 April 2023.

Stockholm on 22 March 2023

Fredrik Stenmo
Chairman of the board

Peder af Jochnick
Board member

Robert af Jochnick
Board member

Anne Berner
Board member

Arno Bohn
Board member

Sonali Chandmal
Board member

Michael Flemming
Board member

Margareta Nordenvall
Board member

Fredrik Rågmark
Board member and CEO

Azita Shariati
Board member

Our audit report was submitted on 22 March 2023
BDO Sweden AB

Jörgen Lövgren
Autorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Medicover AB (publ), corporate identity number 559073-9487

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Medicover AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 72–144 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the Group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key audit matters

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

Fair value measurement of certain financial liabilities

Description of risk

In relation with certain of its acquisition of and investment in businesses, the Group has entered into various financial instruments which are required to be carried at fair value. Fair values of these instruments are based on valuation models that use inputs and assumptions other than quoted prices included within Level 1 of the fair value hierarchy that are either observable or unobservable as explained in note 24 to the consolidated financial statements, financial assets and liabilities.

The determination of the fair value of these instruments therefore involves higher degree of management judgment and estimate applied in the valuation models and due to this fact, this area required significant audit effort and was assessed as a key matter for our audit.

Our response

With the assistance of our valuation specialists, we have evaluated the methodologies, inputs and assumptions used by the Group in determining fair values of financial liabilities. To this effect, our audit procedures included, amongst others:

- Understanding the Group's process for determining fair value measurements;
- Evaluating whether the Group's method of measurement is appropriate in the circumstances given the nature of the items being valued, and in relation to the business, and the environment in which the business is conducted;
- Testing the fair value measurements, which involved challenging and testing management's significant assumptions in relation to the expected growth of revenues, EBITDA and discount rate, the valuation model, and the underlying data; this included comparing observable inputs against independent sources and externally available market data as well as performing an assessment of the reasonableness of non-observable inputs.

Additionally, we reviewed the appropriateness and adequacy of disclosures of fair value risks and sensitivities in note 24 to the consolidated financial statement to reflect the Group's exposure to valuation risk.

Accounting for business combinations

Description of risk

During 2022, Medicover Group acquired twenty businesses for a total purchase price of €266.8 million, which represents Net identifiable assets for €139.9 million, including €59.5 million of intangible assets recognized, and goodwill for €130.6 million. Those acquisitions were accounted for as business combinations following IFRS 3 and include a number of significant and complex judgments in the determination of the fair value of the underlying assets and liabilities.

The fair value of most of the identifiable assets acquired and liabilities assumed in a business combination is different from their carrying amounts in the acquired statement of financial position which gave rise to fair value adjustment as part of the purchase price allocation of those business combinations. We refer to the accounting policies and more detailed description about the business combinations in notes 2.9 and 13 respectively.

Business combination is a key audit matter in the audit due to the high level of management judgment required in determining the fair value for the net assets acquired and the overall significance of the amounts involved.

Our response

The accounting for eleven acquisitions of significant business combinations were audited. Our procedures included amongst other:

- Assessment of management's methodology for calculating the fair value of brand, operating licenses and other related intangible assets by auditing key underlying assumptions, such as:
  - EBITDA forecasts used in the valuation process;
  - Discount rates used in their valuation with the help of our valuation specialists;
  - Assumed useful lives of the recognised intangible assets;
- Obtaining corroborative evidence for the explanations provided by management (e.g. comparing key assumptions to market data, underlying accounting records, Group's forecast supporting the acquisition).
- Verifying whether IFRS 3 guidance was properly applied and followed up on the accounting subsequent to the business combination during the reporting period, for the assets acquired and liabilities assumed.
- Reviewing the way four business combinations were audited by auditors of significant components.
- Additionally, we reviewed the appropriateness and adequacy of disclosures of these business combinations to the consolidated financial statement.

Impairment of goodwill and intangible assets

Description of risk

The Group's evaluation of goodwill and intangible assets for impairment, involves the comparison of the recoverable amount of each cash generating unit ('CGU') to its carrying value.

The Group uses the expected discounted cash flow model to estimate the recoverable amount of each of the CGU identified, which requires management to make significant estimates and assumptions related to forecasts of future revenue, gross margins, discount rate and perpetual growth rates. Changes in these assumptions could have a significant impact on the recoverable amount and potentially the amount of any goodwill impairment.

Given the significant judgments made by management to estimate the recoverable amount contributed to each of the CGUs, performing audit procedures to evaluate the reasonableness of management's estimates and assumptions required a high degree of auditor judgment and an increased extent of effort, including the need to involve our valuation specialists.

Further disclosure regarding the Group's impairment analysis and allocation of newly acquired goodwill to the CGU's can be found in note 10.

Our response

Our audit procedures related to the determination of forecasts of future revenue and gross margin used by management to estimate the recoverable amount of the CGUs, included the following:

- We evaluated the reasonableness of the valuation methodology and tested the mathematical accuracy of the exercise.
- We evaluated the management's determination of, and grouping of assets into, CGUs used for impairment testing, especially the new acquired businesses.
- We evaluated management's ability to accurately forecast future revenue and gross margin by comparing actual results to management's historical forecasts.
- We also evaluated the reasonableness of management's revenue and operating margin forecasts by comparing the forecasts to (i) the historical operating results of the Group for each of the CGUs, (ii) appropriate internal evidence of growth and (iii) externally available information, like actual industry performance.
- We reviewed the sensitivity analysis prepared by management to understand the effect of a change in assumptions.

We verified the appropriateness and completeness of the goodwill impairment disclosures in the Group's financial statements.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–71 and 151–156. The board of directors and the managing director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board of directors and the managing director

The board of directors and the managing director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of directors and the managing director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the board of directors and the managing director are responsible for the assessment of the Company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the board of directors and the managing director intend to liquidate the Company, to cease operations, or has no realistic alternative but to do so.

The audit committee shall, without prejudice to the board of director's responsibilities and tasks in general, among other things oversee the Company's financial reporting process.

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors and the managing director.
- Conclude on the appropriateness of the board of directors' and the managing director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the board of directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the board of directors and the managing director of Medicover AB (publ) for the year 2022 and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the board of directors and the managing director

The board of directors is responsible for the proposal for appropriations of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The board of directors is responsible for the Company's organization and the administration of the Company's affairs. This includes among other things continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organization is designed so that the accounting, management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner. The managing director shall manage the ongoing administration according to the board of directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the Company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the board of directors or the managing director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the Company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the board of directors' proposed appropriations of the Company's profit or loss we examined the board of directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the board of directors and the managing director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Medicover AB (publ)for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the Esef report*. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Medicover AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the board of directors and the managing director

The board of directors and the managing director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 (a) of the Swedish Securities Market Act (2007:528), and for such internal control that the board of directors and the managing director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the board of directors and the managing director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the board of directors and the managing director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The board of directors is responsible for that the corporate governance statement on pages 87–99 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 *The auditor´s examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts.

BDO Sweden AB, Box 6343, 102 35 Stockholm, was appointed auditor of Medicover AB (publ) by the general meeting of the shareholders on 27 April 2022 and has been the Company's auditor since 12 October 2016.

Stockholm 22 March 2023

BDO Sweden AB

Jörgen Lövgren
Public Authorised Accountant

The auditor’s report on the statutory Sustainability Report

To the general meeting of the shareholders of Medicover AB (publ), Corporate Identity Number 559037-9487

Engagement and responsibility
It is the board of directors who is responsible for the sustainability report for the year 2022 as on the pages 12–15, 36–66 and 78–86 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR’s standard RevR 12 *The auditor’s opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. We believe that the examination provides us with a sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Stockholm, 22 March 2023
BDO Sweden AB

Jörgen Lövgren
Authorized Public Accountant

5-year financial summary

€m	2022	2021	2020	2019	2018
SUMMARY OF CONSOLIDATED INCOME STATEMENT					
Revenue	1,510.2	1,377.4	997.8	844.4	671.6
Medical provision costs	-1,174.6	-982.4	-734.3	-637.6	-507.3
Distribution, selling and marketing costs	-66.5	-58.1	-43.3	-45.0	-35.2
Administrative costs	-213.6	-177.5	-158.9	-115.3	-95.4
Operating profit (EBIT)	**55.5**	**159.4**	**61.3**	**46.5**	**33.7**
Other income/(costs)	-3.2	0.7	1.5	1.0	8.6
Total financial result	-32.7	-17.3	-25.6	-12.3	-8.8
Share of profit/(loss) of associates	0.2	1.0	0.1	-1.9	-1.8
Profit before income tax	**19.8**	**143.8**	**37.3**	**33.3**	**31.7**
Income tax	-5.8	-37.2	-10.0	-8.6	-7.5
Profit for the year	**14.0**	**106.6**	**27.3**	**24.7**	**24.2**
SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
ASSETS					
Non-current assets					
Goodwill	495.9	371.7	289.2	296.7	150.1
Other intangible assets	126.0	75.1	64.6	74.6	50.8
Property, plant and equipment	445.0	319.3	257.9	252.7	164.4
Right-of-use assets	395.6	327.4	180.4	166.0	117.0
Investments in associates	0.8	8.5	7.6	0.7	43.8
Other assets	33.2	30.7	22.0	16.6	13.5
Total non-current assets	**1,496.5**	**1,132.7**	**821.7**	**807.3**	**539.6**
Current assets					
Inventories	58.2	72.0	53.0	37.1	30.3
Other financial assets	0.0	3.1	0.0	1.6	27.8
Trade and other receivables	227.9	201.7	149.4	142.3	92.3
Short-term investments	8.7	192.9	40.1	–	–
Cash and cash equivalents	40.4	81.9	46.7	34.8	38.4
Total current assets	**335.2**	**551.6**	**289.2**	**215.8**	**188.8**
Total assets	**1,831.7**	**1,684.3**	**1,110.9**	**1,023.1**	**728.4**
EQUITY					
Equity attributable to owners of the parent	474.7	517.6	448.0	317.4	313.1
Non-controlling interests	36.1	44.5	35.5	42.3	4.4
Total equity	**510.8**	**562.1**	**483.5**	**359.7**	**317.5**
LIABILITIES					
Non-current liabilities					
Loans payable	473.4	375.3	152.8	163.8	126.4
Lease liabilities	364.7	299.8	165.1	142.0	96.4
Other liabilities	129.2	122.1	81.2	75.9	58.2
Total non-current liabilities	**967.3**	**797.2**	**399.1**	**381.7**	**281.0**
Current liabilities					
Loans payable	42.3	42.9	15.1	111.5	4.9
Lease liabilities	59.6	46.1	34.4	34.2	29.0
Trade and other payables	182.6	182.4	149.4	114.6	77.9
Other liabilities	69.1	53.6	29.4	21.4	18.1
Total current liabilities	**353.6**	**325.0**	**228.3**	**281.7**	**129.9**
Total liabilities	**1,320.9**	**1,122.2**	**627.4**	**663.4**	**410.9**
Total equity and liabilities	**1,831.7**	**1,684.3**	**1,110.9**	**1,023.1**	**728.4**
SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT					
Cash generated from operations before working capital changes	210.1	257.6	156.7	110.7	82.5
Net cash from operating activities	170.2	216.7	155.1	87.3	74.4
Net cash used in investing activities	-184.8	-333.6	-126.3	-141.8	-116.1
Net cash from/(used in) financing activities	-24.3	164.1	-13.2	48.8	34.6
Total cash flow	**-38.9**	**47.2**	**15.6**	**-5.7**	**-7.1**

€m	2022	2021	2020	2019	2018
KEY FINANCIAL DATA					
Group					
Revenue	1,510.2	1,377.4	997.8	844.4	671.6
Organic revenue	1,404.0	1,377.5	939.7	770.8	657.9
Organic revenue growth	1.9%	38.1%	11.3%	14.8%	13.4%
Operating profit (EBIT)	55.5	159.4	61.3	46.5	33.7
Operating profit (EBIT) margin	3.7%	11.6%	6.1%	5.5%	5.0%
Net profit	14.0	106.6	27.3	24.7	24.2
Net profit margin	0.9%	7.7%	2.7%	2.9%	3.6%
Basic/diluted earnings per share, €	0.081	0.686	0.182	0.168	0.167
EBITDA	217.4	270.4	157.5	120.7	90.7
EBITDA margin	14.4%	19.6%	15.8%	14.3%	13.5%
Adjusted EBITDA	234.2	280.5	164.1	125.0	94.1
Adjusted EBITDA margin	15.5%	20.4%	16.4%	14.8%	14.0%
EBITDAaL	131.2	210.8	108.5	80.6	58.5
EBITDAaL margin	8.7%	15.3%	10.9%	9.5%	8.7%
Adjusted EBITDAaL	148.0	220.9	115.1	84.9	61.9
Adjusted EBITDAaL margin	9.8%	16.0%	11.5%	10.1%	9.2%
EBITA	81.2	171.2	76.9	53.7	37.0
EBITA margin	5.4%	12.4%	7.7%	6.4%	5.5%
Adjusted EBITA	98.0	181.3	83.5	58.0	40.4
Adjusted EBITA margin	6.5%	13.2%	8.4%	6.9%	6.0%
EBITAaL	59.1	157.2	66.7	46.5	31.4
EBITAaL margin	3.9%	11.4%	6.7%	5.5%	4.7%
Adjusted EBITAaL	75.9	167.3	73.3	50.8	34.8
Adjusted EBITAaL margin	5.0%	12.1%	7.3%	6.0%	5.2%
Diagnostic Services					
Revenue	612.5	686.8	473.4	408.7	336.7
Organic revenue	599.5	692.0	482.2	382.7	340.6
Organic revenue growth	-12.7%	46.2%	18.0%	13.6%	11.9%
Operating profit (EBIT)	58.9	135.5	50.8	43.3	32.5
Operating profit (EBIT) margin	9.6%	19.7%	10.7%	10.6%	9.7%
EBITDA	118.7	179.7	89.8	75.7	58.8
EBITDA margin	19.4%	26.2%	19.0%	18.5%	17.5%
EBITDAaL	92.9	157.1	67.8	56.0	43.3
EBITDAal margin	15.2%	22.9%	14.3%	13.7%	12.9%
Adjusted EBITDAaL	95.3	158.9	69.1	56.5	43.9
Adjusted EBITDAaL margin	15.6%	23.1%	14.6%	13.9%	13.0%
EBITA	68.2	138.2	55.4	45.1	33.6
EBITA margin	11.1%	20.1%	11.7%	11.0%	10.0%
Lab tests (period end volume), million	119.3	133.4	103.9	106.7	98.1
Healthcare Services					
Revenue	917.1	711.6	539.7	449.3	346.1
Organic revenue	823.9	706.5	472.8	401.7	328.6
Organic revenue growth	15.8%	30.9%	5.2%	16.1%	14.9%
Operating profit (EBIT)	25.7	45.4	28.8	20.1	15.6
Operating profit (EBIT) margin	2.8%	6.4%	5.3%	4.5%	4.5%
EBITDA	125.9	110.7	84.1	61.0	45.8
EBITDA margin	13.7%	15.6%	15.6%	13.6%	13.3%
EBITDAaL	65.8	74.0	57.5	41.0	29.3
EBITDAaL margin	7.2%	10.4%	10.6%	9.1%	8.5%
Adjusted EBITDAaL	68.7	76.0	58.8	41.6	30.1
Adjusted EBITDAaL margin	7.5%	10.7%	10.9%	9.2%	8.7%
EBITA	42.1	54.6	39.8	25.5	17.8
EBITA margin	4.6%	7.7%	7.4%	5.7%	5.2%
Members (period end), 000's	1,672	1,495	1,353	1,300	1,209

Definitions

Acquired revenue
Revenue recognised from acquired businesses in the first twelve months from the acquisition. This represents inorganic growth. If there is significant expansion of the acquired business post-acquisition due to investments made subsequent to acquisition or arising due to synergies with existing businesses and such revenue can be readily and reliably identified then this additional revenue is excluded.

Organic revenue
Organic revenue combines real internally generated growth and also comprises price changes. The revenue of an acquired business is generally excluded for the twelve months following the business combination, but revenue generated by post acquisition expansion of the business due to investments made subsequent to acquisition or revenue arising from synergies with existing businesses post acquisition, if significant, are included. Revenue of disposed businesses are removed from the comparatives for the twelve months prior to the disposal. The effect of changes in foreign exchange rates is calculated as current year's revenue less current year's revenue converted at prior year's exchange rates.

Organic revenue growth
Organic revenue growth is the comparison of organic revenue for the current year to the comparable prior year revenue, expressed as a percentage or absolute figure.

Operating profit (EBIT)
Earnings before interest and tax.

Operating profit (EBIT) margin
Operating profit as a percentage of revenue.

EBITA
Earnings before interest, other financial income/(expense), tax, amortisation on assets relating to business combinations and impairment, other income/(costs) and share of profit/(loss) of associates.

EBITA margin
EBITA as a percentage of revenue.

EBITDA
Earnings before interest, other financial income/(expense), tax, amortisation, depreciation and impairment, other income/(costs) and share of profit/(loss) of associates.

EBITDA margin
EBITDA as a percentage of revenue.

EBITAaL
EBITA, as defined above, reduced by interest on lease liabilities.

EBITAaL margin
EBITAaL as a percentage of revenue.

EBITDAaL
EBITDA, as defined above, reduced by depreciation/impairment on right-of-use assets and interest on lease liabilities.

EBITDAaL margin
EBITDAaL as a percentage of revenue.

Adjusted EBITA
EBITA, as defined above, adjusted for non-cash equity settled share-based payments as well as merger, disposal and acquisition related expenses.

Adjusted EBITA margin
Adjusted EBITA as a percentage of revenue.

Adjusted EBITDA
EBITDA, as defined above, adjusted for non-cash equity settled share-based payments as well as merger, disposal and acquisition related expenses.

Adjusted EBITDA margin
Adjusted EBITDA as a percentage of revenue.

Adjusted EBITAaL
Adjusted EBITA, as defined above, reduced by interest on lease liabilities.

Adjusted EBITAaL margin
Adjusted EBITAaL as a percentage of revenue.

Adjusted EBITDAaL
Adjusted EBITDA, as defined above, reduced by depreciation/impairment on right-of-use assets and interest on lease liabilities.

Adjusted EBITDAaL margin
Adjusted EBITDAaL as a percentage of revenue.

Net profit margin
Net profit as a percentage of revenue.

Net financial debt
Net financial debt represents financial debt contracted by the Group with external parties (banks, bonds) upon which interest is charged and lease liabilities net of cash and cash equivalents and short-term investments.

Members
Number of individuals covered under a prepaid subscription or insurance healthcare plan within the Healthcare Services segment at the end of the relevant period.

Laboratory tests
Number of laboratory tests performed within the Diagnostic Services segment for the period referenced.

Headcount
The number of people being co-workers at Medicover including employees and/or contractors with an active contract determined at the end of each month. Excludes seasonal workers.

FTE (Full time equivalent)
FTE is a metric used to translate co-workers into full time employment equivalent as per local legislation (excluding seasonal and including leased labour). 1.0 FTE corresponds to one full time employment. A significant part of Medicover's contractors cooperate based on a 'pay-for-procedure' principle. FTE resulting from the medical procedures is calculated by a conversion metric into 'time' based on predefined dictionaries which may include approximations for practical 'procedure grouping' purposes.

Average FTE for the year
The sum of FTE at the end of each reported month during the financial year divided by 12 months.

Co-workers
Co-workers include every person who works for or provides services to any Medicover company, under an employment contract or as contracted by Medicover on a self-employed basis or similar.

Glossary

AI Artifical intelligence.

AIB Association of issuing bodies. Develops, uses and promotes a European, harmonised and standardised system of energy certification for all energy carriers.

Allergology The study of allergic diseases.

BDP Blood-drawing point.

BMD Bone mineral density.

CO_2e Carbon Dioxide Equivalent is a unit for measuring carbon footprints.

CRO Clinical Reasearch Organisation.

CSRD Corporate Sustainability Reporting Directive.

DORA Digital Operational Resilience Act.

DS Diagnostic Services

EMAS The EU Eco-Management and Audit-Scheme.

EMS Environmental Management System.

Endocrinology The medical study of the hormone secreting glands (the endocrine system) and related functions, diseases and treatments.

ESMS Electronic system for medical services in schools in Poland.

ESRS European Sustainability Reporting Standard.

FFS Fee-For-Services including other services, a payment model where customers pay for healthcare services as used.

GDP Gross Domestic Product.

GDPR General Data Protection Regulation.

Genome The genetic complement of an organism, including all of its GENES, as represented in its DNA, or in some cases, its RNA.

GHG Greenhouse gases.

Histopathology The microscopic study of solid tissue.

HS Healthcare Services

IEA International Energy Agency.

Immunology The study of the immune system.

ISO International Organisation for Standardisation.

IVF In Vitro Fertilisation. A technique used for assisted reproduction.

KV Kassenärztliche Vereinigungen, the German system for compensation of healthcare services.

KPI Key Performance Indicators.

Molecular diagnostics A collection of techniques used to analyse genetic codes by applying molecular biology to medical testing.

MZ The Polish Ministry of Health.

NFZ The Polish National Health Fund.

NIS 2 The Directive on security of network and information systems which sets standards for critical infrastructure providers in EU.

NPS Net Promoter Score.

Orthodontics A dental specialty concerned with the prevention and correction of dental and oral anomalies (malocclusion).

PHI The Private Health Insurance funds.

R&D Research and development.

RSQ HOLO An augmented operating room, blending holographic imaging and EMR information with the real world.

SDG Sustainable Development Goals.

SHI The Statutory Health Insurance.

UHC Universal Health Coverage.

Whole exome sequencing A technique for sequencing all of the protein-coding regions of genes (exons) in a genome.

Information to shareholders

Financial calendar

Interim report January–March	27 April 2023
Annual general meeting	27 April 2023
Interim report April–June	26 July 2023
Interim report July–September	3 November 2023

Information about the 2023 annual general meeting (AGM)
The annual general meeting of Medicover AB (publ) will be held on Thursday 27 April 2023 at 1:00 pm at Advokatfirman Vinge's premises Smålandsgatan 20, Stockholm.

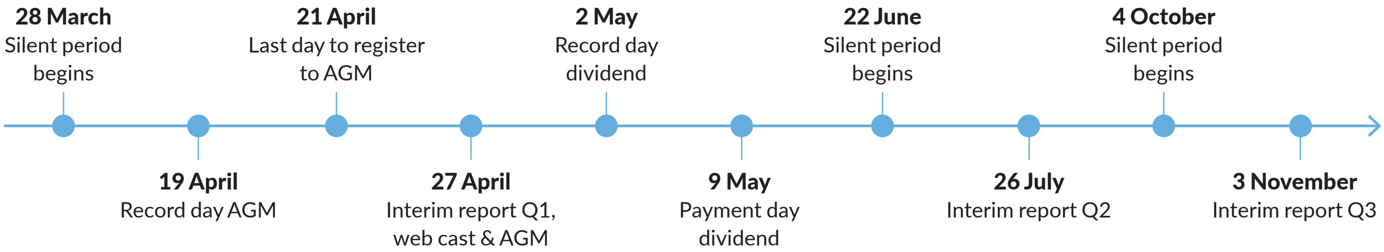
Participation
Shareholders who wish to attend the AGM in person or through a representative shall both:
- be recorded in the share register maintained by Euroclear Sweden AB (Euroclear) on the record date 19 April,
- and no later than 21 April register for the AGM.

Notification must be made by phone: +46 8 40 292 74 (weekdays between 09.00–16.30), or via medicover.com, or by writing to Medicover AB, "AGM", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden. When registering, the shareholder must state his/her name, personal or registration number, telephone number and any assistants (maximum two).

Postal voting
Shareholders who wish to particpate in the meeting by postal vote shall both:
- be listed as a shareholder in the share register produced by Euroclear Sweden AB on 19 April,
- and no later than 21 April register by casting their postal vote.

Completed and signed postal voting forms may be submitted via e-mail to GeneralMeetingService@euroclear.com, or by writing to Medicover AB, "AGM", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden. The completed form must be available to Euroclear no later than 21 April. Shareholders may also on or before 21 April, cast a postal vote electronically via verification with BankID on Euroclear's website https://anmalan.vpc.se/EuroclearProxy.

Proxies
Shareholders who are casting postal votes via proxy should submit a power of attorney, dated and signed by the shareholder together with the postal vote. If the shareholder is a legal person, certificate of registration or other documents of authority shall be attached to the form.



Addresses
Medicover AB
Box 5283, 102 46 Stockholm, Sweden
Visitors: Riddargatan 12A, Stockholm, Sweden
Ph: +46 8 400 17 600
Keep up to date on our website: Medicover.com
Follow us on LinkedIn: Linkedin.com/company/medicover

Production: Medicover AB in cooperation with Hallvarsson & Halvarsson
Photo: Piotr Kapala and Petter Karlberg

NORDIC SWAN ECOLABEL
Printed matter
3041 0298

CARING
FOR YOUR HEALTH
IS ALL WE DO

MEDICOVER

Medicover AB (publ)
medicover.com