MEDICOVER

Medicover is a leading international healthcare and diagnostic services provider.

Annual Report 2021

Content

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

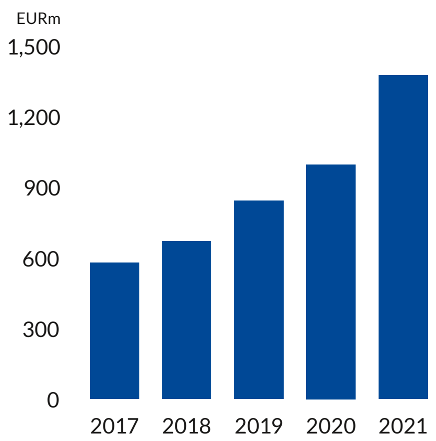
Caring for your health is all we do.

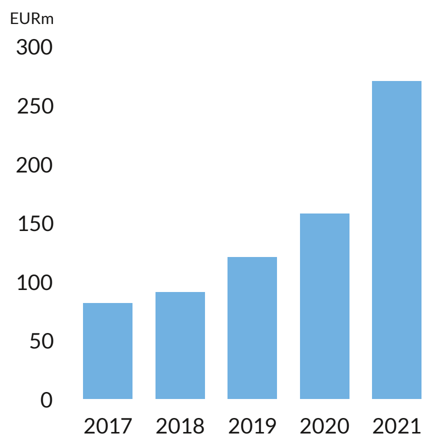
2021 in brief

- A remarkable year with strong revenue growth and profit development.
- Continued expansion through acquisitions, adding capacity, and establishments in new markets.
- Issued EUR 277m within Social Financing Framework – strenghtening balance sheet.
- Continued challenges and opportunities in the wake of the pandemic.

Revenue
1,377.4
EURm

EBITDA
270.4
EURm





Key figures

	2021	2020	2019	2018	2017
Revenue, EURm	1,377.4	997.8	844.4	671.6	580.2
EBITDA, EURm	270.4	157.5	120.7	90.7	81.5
Earnings per share, EUR	0.686	0.182	0.168	0.167	0.152
Revenue growth, %	38.0	18.2	25.7	15.8	16.7
EBITDA growth, %	71.7	30.6	33.0	11.3	5.6

How the Covid-19 pandemic affected Medicover in 2021

It has been two years since the Covid-19 pandemic hit our markets. Medicover's staff continues to demonstrate compassion, calm and professionalism to help all our customers in need of medical support.

Impact on our business

The pandemic and its consequences have led to increased demand for some of Medicover's services and to decreased demand for others. For instance, our total diagnostic test volume increased due to Covid-19 testing, and our hospitals in Poland, India and Romania treated patients with Covid-19. At the same time, demand for elective, non-emergency care and for wellness services decreased. In addition, we were unable to operate certain units (for example gyms) due to lockdowns.

Financial impact

The following figures show the Covid-19 contributions to revenue and EBITDA (negative impact due to Covid-19 is not included).

Revenue EURm	2021	2020
Total	**246.0**	**94.4**
Diagnostic Services	179.4	66.1
Healthcare Services	66.6	28.3
EBITDA		
Total	**90.2**	**30.1**
Diagnostic Services	73.8	21.2
Healthcare Services	16.4	8.9
EBITDA margin		
Total	**36.7%**	**31.8%**
Diagnostic Services	41.1%	32.1%
Healthcare Services	24.6%	31.3%

Looking ahead

We can already see that there is an accentuated awareness and understanding of the need for access to preventative and diagnostic healthcare capacity and capability. We expect that this will support long-term demand for Medicover's services.

The pandemic continues to impact our lives and societies, and we are learning to adapt. Going forward, separate reporting of Covid-related impact becomes less relevant.

Medicover in brief

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

Diagnostic Services

Diagnostic Services – offers a broad range of laboratory testing in all major clinical pathology areas. The business is conducted through a network of 99 laboratories, 852 blood-drawing points (BDPs) and 24 clinics. Largest markets are Germany, Ukraine, Romania and Poland.

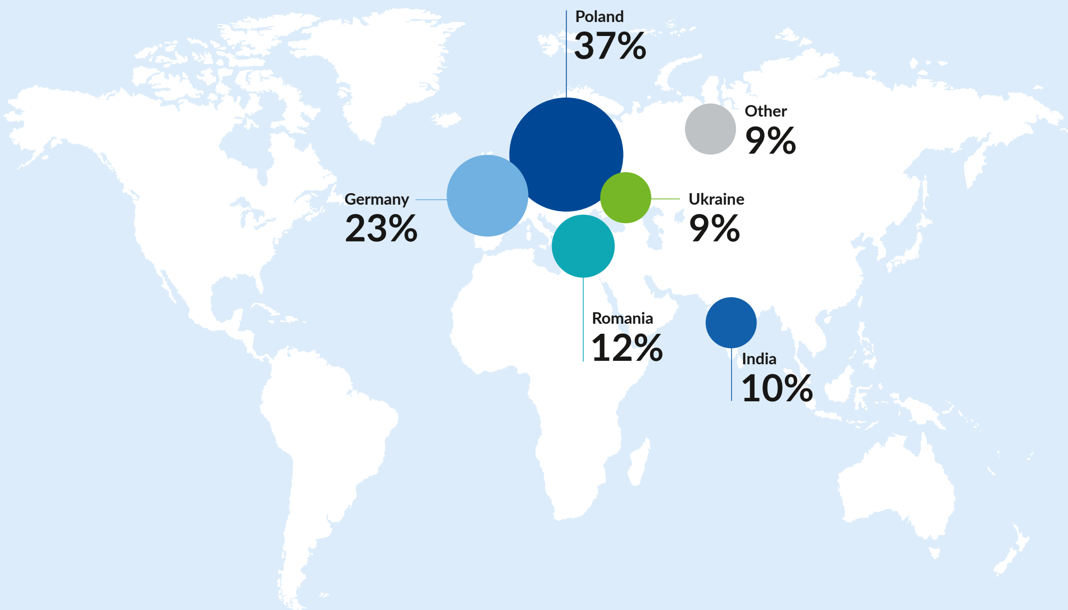
49%
Share of revenue

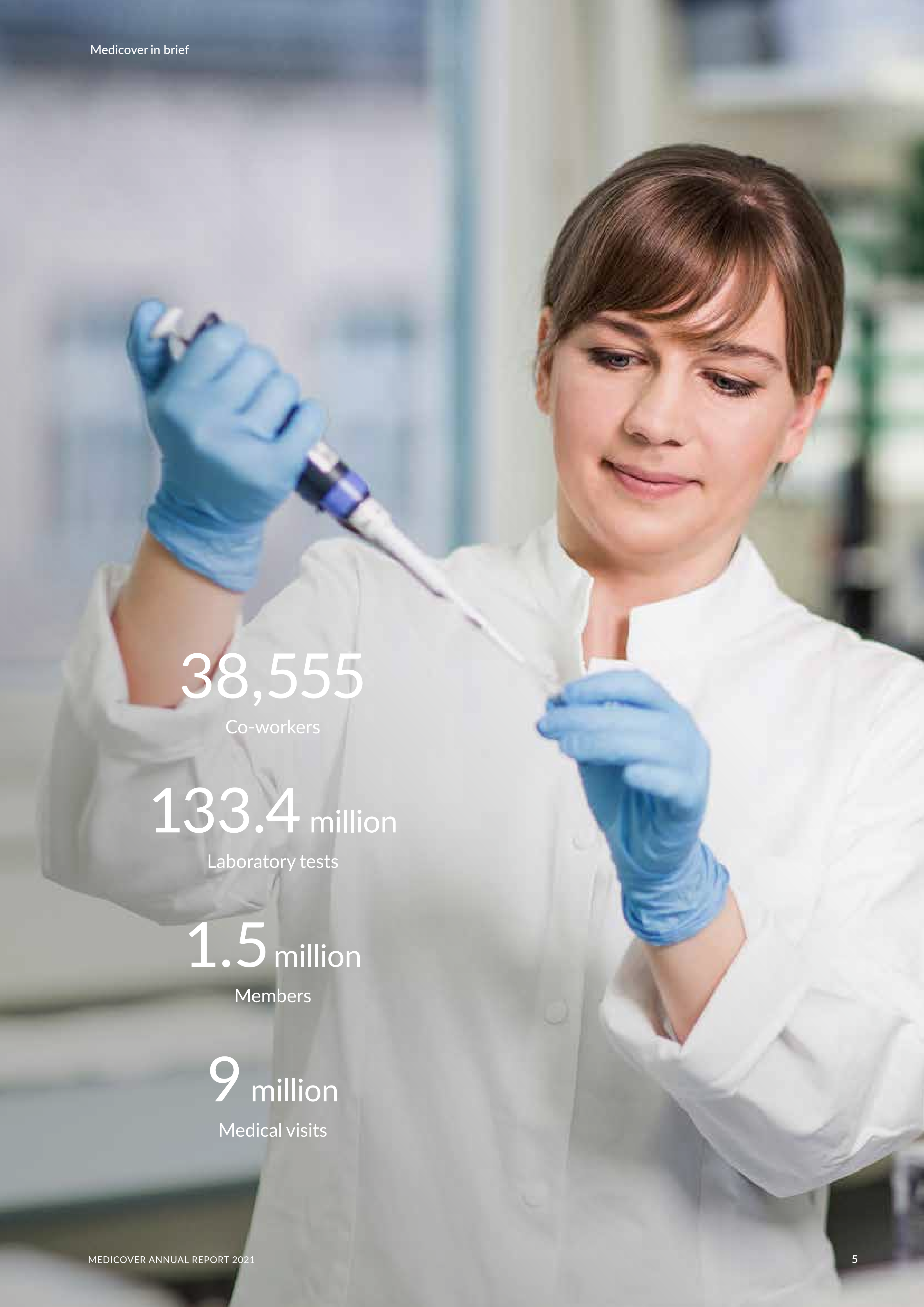
Healthcare Services

Healthcare Services – offers high-quality care based on an Integrated Healthcare Model and Fee-For-Service. The business is based on a network of 32 hospitals, 129 medical centres, 64 dental clinics, 26 fertility clinics and 77 gyms. Largest markets are Poland, India and Romania.

51%
Share of revenue

Revenue by country





38,555
Co-workers

133.4 million
Laboratory tests

1.5 million
Members

9 million
Medical visits

Outstanding employee efforts and record growth

In terms of both performance and growth, 2021 was a remarkable year. Thanks to the commitment and hard work of our staff, as well as our strong business model, Medicover grew considerably and produced strong results.

Throughout the year Medicover, along with society at large, kept fighting the coronavirus. At any given time, one or more of our countries of operation was facing great challenges. And once again, I would like to start by thanking every person at Medicover. You are dedicated and you worked hard to deliver the care that our customers want and need. I am impressed by your professionalism and persistence, and it is no exaggeration to say that, without you, we simply would not have made it. For this, I thank you.

Record growth and exceeded targets

The commitment of Medicover's co-workers, together with our solid business model, produced strong results. We have shown a fantastic growth: revenue amounted to EUR 1,377.4m (997.8m), which is 38.0 (18.2) per cent more than in 2020 and our strongest annual growth ever. Organic growth was 38.1 (11.3) per cent.

EBITDA for 2021 increased by 71.7 (30.6) per cent and amounted to EUR 270.4m (157.5m). The adjusted EBITDA margin increased to 20.4 (16.4) per cent. At the end of the year Medicover held a strong financial position, allowing room for further organic expansion and for executing our acquisition agenda.

Healthcare Services expands into new markets

Healthcare Services has expanded its business in several ways. For instance, the fertility business expanded into two new markets, Denmark and Norway, strengthening our overall offer in this field. Healthcare Services also grew its gym network in Poland to strengthen the Medicover Sports offer. We also supplemented our investment and our strong organic growth in the Polish dental market by means of acquisitions.

Healthcare Services' revenue grew by 31.8 per cent to EUR 711.6m (539.7m), with an organic growth of 30.9 per cent.

By year-end, the number of members had grown by 10.6 per cent to 1.5 million. Fee-For-Service (FFS) business grew by 52.5 per cent and represented 53 per cent of Healthcare Services' revenue. Healthcare Services' EBITDA grew by 31.7 per cent to EUR 110.7m, an EBITDA margin of 15.6 per cent (15.6 per cent).

Sharp increase in Diagnostic Services

Diagnostic Services continued to expand its network of blood-drawing points (BDPs): 107 BDPs were added during the year and Diagnostic Services now runs a total of 852 BDPs. This enabled a significant growth in laboratory tests – the number of tests increased by 28.3 per cent to 133.4 million. 7.0 million Covid-19 tests were performed during the year.

Diagnostic Services' revenue grew by 45.1 per cent to EUR 686.8m (473.4m), with an organic growth of 46.2 per cent. FFS grew by 53.3 per cent and represented 70 per cent of Diagnostic Services' revenue. EBITDA grew a very strong 100.2 per cent to EUR 179.7m, an EBITDA margin of 26.2 per cent (19.0 per cent). An increase in both our underlying testing and our Covid-19 services contributed to the margin expansion.

Continued growth

Since Medicover was listed on the stock exchange in 2017, revenue has grown by a total of EUR 880.1m, which corresponds to a 5-year compounded annual growth rate of 22.6 per cent. Our development has been very stable. Considering the growth potential in our markets, and Medicover's capabilities, we expect this steady growth to continue for many years to come.

Medicover's stability and development are explained by our diversification. Firstly, Medicover is present in markets with significant growth in healthcare expenditure, especially in private healthcare. For instance, between 2014 and 2018 healthcare spending per capita in Romania increased by 54 per cent. The equivalent figure for the EU-27 was 12 per cent. Secondly, Medicover combines three sources of funding and revenue: public funding, corporate/employer funding through our prepaid Integrated Healthcare Model, and Fee-For-Service (FFS) from individuals. Multiple payers provide diverse revenue profiles and access to a larger share of the healthcare market. Thirdly, Medicover offers a broad range of high-quality healthcare services at all stages of life. This helps to build long customer relationships, which benefits customers and supports Medicover's development and growth. Finally, successful organic growth creates opportunities to expand even more by acquisitions. Typically, Medicover acquires businesses in order to grow in existing markets, to enter new markets, or to add new capabilities to our services portfolio.

Digital fast-forward

We have invested heavily in order to be at the forefront of digital healthcare services. These efforts gave us a significant advantage during the pandemic since we were able to help customers in a digital environment instead of face-to-face. Both our physicians and our customers have now experienced the benefits that digital services can provide, and there is a change in behaviour. The demand for digital services remains high.

Medicover participates in Global Compact

To emphasise Medicover's commitment to sustainable development and the Sustainable Development Goals, and to strengthen our sustainability agenda, Medicover joined the UN Global Compact (UNGC) in March 2021. By signing on, we confirm that we support the UNGC's ten principles on human rights, labour, environment, and anti-corruption, and that we will implement them in our operations. This annual report constitutes Medicover's Communication on Progress to the UNGC.

The road ahead

Over the last weeks as this annual report is being finalised, the atrocities and unimaginable horrors of Russia's military invasion and aggression on free and independent Ukraine have unfolded. We have several thousand colleagues across Ukraine, who suddenly, along with all other Ukrainians, have had their lives turned upside down. With military aggression, and all the horrible consequences of that, which we have not seen in Europe for a very long time is back. We stand by the Ukrainian people, and we have put significant effort in organising our resources in the neighbouring countries, notably Poland, to be able to receive all our colleagues and their families wanting to leave Ukraine. At the time of writing this report, it is not clear how long the war will go on, or how much worse it will get. We will continue all efforts in our power and ability to support our colleagues, their families, and the Ukrainian nation against this unprovoked aggression.

We now see that our markets are developing into a new normal rather than reverting to the position of before the pandemic. It is evident that authorities, employers and individuals all understand and appreciate the value of preventive care. Naturally, this has a positive influence on demand for healthcare services in general and diagnostic capabilities in particular. This development underscores the importance of being able to attract and keep highly competent and motivated people. Medicover's sustainability agenda forms an essential part of our employer value-proposition.

As the pandemic subsides, we expect that there will be plenty of excess testing capacity in the markets in which we operate. This will benefit the expansion agenda of our Diagnostic Services division. We were very quick to scale up testing during the pandemic and expect demand to remain strong.

Medicover is a crucial part of the healthcare system in the countries where we operate. We have the will and the means to make high-quality healthcare services accessible to even more people. Our expansion continues – we invest primarily in organic growth and make carefully selected acquisitions to complement our current offering.

Stockholm, March 2022

Fredrik Rågmark
CEO

Sustaining customers' health and wellbeing

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

Providing high-quality healthcare services with focus on health and wellbeing

Strong and growing customers and revenue base

Division Diagnostic Services

Diagnostic Services offers laboratory tests in all major clinical pathology areas, ranging from routine to advanced tests and from prevention to monitoring of treatments. The division operates 852 blood-drawing points, 99 laboratories and 24 clinics.

70% Privately paid

30% Publicly funded

Division Healthcare Services

Healthcare Services offers high-quality care based on its Integrated Healthcare Model, a prepaid healthcare package purchased primarily by employers as an employee benefit, and also by individuals. Healthcare Services also offers care through a Fee-For-Service (FFS) model, where customers pay for healthcare services as they use them.

36% Employer-funded (through Integrated Healthcare Model)

53% Fee-For-Services (FFS)

11% Publicly funded

Attractive markets with long-term structural growth

Germany
Ukraine
Romania
Poland
Other

Poland
India
Romania
Other

Creating long-term value for:

Customers

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

Employees

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

Shareholders

- Deliver financial value through stable profitable growth.

Society

- Contribute to meeting society's increased need for healthcare.
- Constitute an important part of the total healthcare solution .
- Provide high-quality and affordable healthcare.
- Further promote health and wellbeing through the Medicover Foundation.

Well ahead of financial targets

This year Medicover outperformed its medium-term targets for 2020–2022. Revenue and EBITDA growth, as well as the company's balance sheet, remain strong.

	Target	Outcome
Revenue Revenue growth was 38.0 (18.2) per cent, of which 38.1 (11.3) per cent represented organic growth. Organic growth for Diagnostic Services amounted to 46.2 (18.0) per cent. Healthcare Services reported an organic growth of 30.9 (5.2) per cent.	9–12% Organic revenue growth	38.1% Organic revenue growth
Profitability Adjusted EBITDA amounted to EUR 280.5m (164.1m), corresponding to an adjusted EBITDA margin of 20.4 (16.4) per cent.	15.5–16.5% Adjusted EBITDA margin (at year-end 2022)	20.4% Adjusted EBITDA margin
Capital structure Medicover had a strong financial position at the end of 2021, allowing room for further organic as well as acquired expansion.	≤3.5x Loans payable net of cash & liquid short-term investments / adjusted EBITDAaL	0.6x Loans payable net of cash & 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 2021, the board has proposed a dividend of EUR 0.12 (0.07) per share.		0.12 EUR per share

Good mental health is vital for people to be able to live healthy and productive lives

Good mental health is vital for people to be able to live healthy and productive lives. Living with a mental health problem can have a significant impact on daily life, contributing to worse educational outcomes, higher rates of unemployment, and poorer physical health. The Covid-19 pandemic is having a negative impact on mental wellbeing, not only amongst young people, people living alone, unemployed and people with lower socio-economic status, but also those who seemed to have everything under control. Mental health is the basis for overall health.

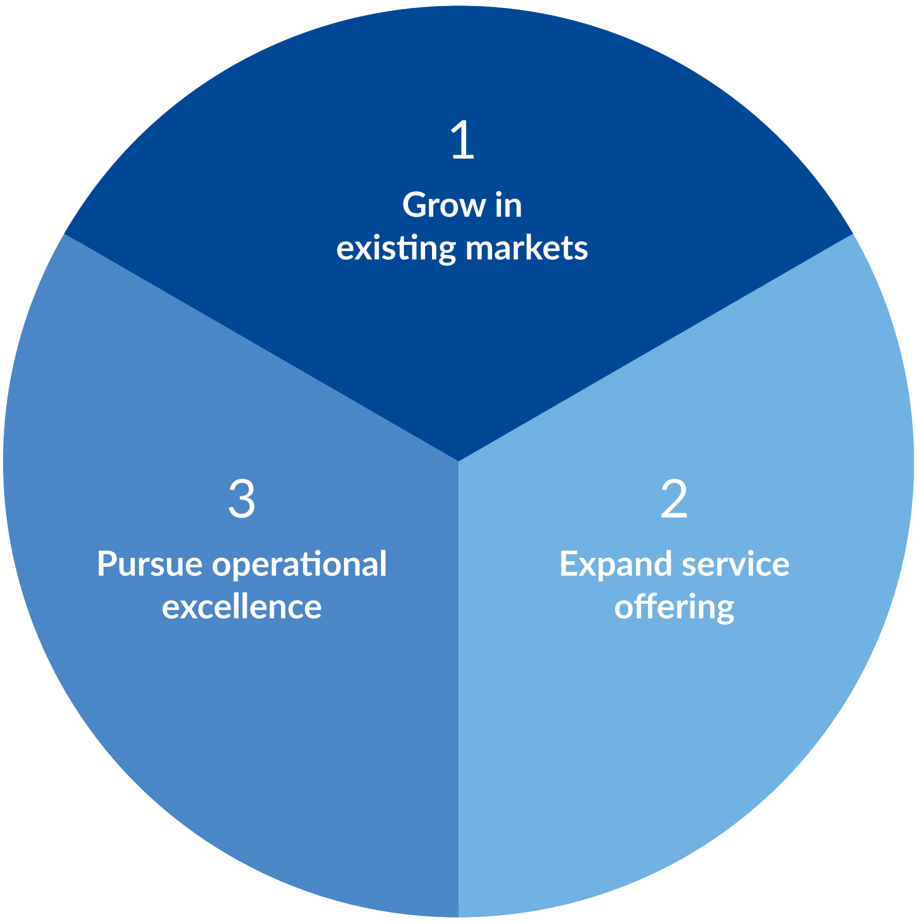
In response to increased need of mental health support, Medicover in Poland has opened Mental Health Centres under the brand Mind Health. Mind Health was established in response to the problems of the modern world, out of the conviction that mental health is a specialist area, where there is no room for compromises on the level of quality and credibility.

The demand for mental health support increased with the pandemic and nearly eight million adult Poles need mental health support and the psychiatric care market is forecasted to grow over twelve per cent per year between 2021 and 2026. The Mind Health Mental Health Centres deliver care in specialised psychological and psychiatric clinics and offers a wide range of specialists e.g., psychologist, neuropsychologist, psychotherapists, and sexologists. All target groups reflecting different stages of life (children, teenagers, young adults, adults and seniors) can benefit from consultations, diagnoses and therapy in areas such as anxiety disorders, addictions, depression, sleep problems and bipolar disorder.

Strategy for continued profitable growth

Medicover is dedicated to profitable growth. The company works according to a long-term strategic agenda. Implementation of the agenda is adapted to the two divisions.

Medicover's strategic agenda consists of three main areas:



1. Grow in existing markets

Diagnostic Services

Diagnostic Services provides laboratory testing to hospitals, private medical facilities as well as directly to individual patients and doctors. Close relations with doctors responsible for refering patients are crucial as most diagnostic tests are performed on the recommendation of a physician. Where Medicover operates, geographical coverage is critical to growing the business. Diagnostic Services continues to expand its network of strategically located blood-drawing points (BDPs) and to invest in new laboratory capacity. The division also grows its digital presence with digital platforms, chatbots, e-shops etc and constantly searches for new ways to interact to enhance the customer experience.

Healthcare Services

In Poland, Romania and Hungary (only insurance part), Healthcare Services has built a strong business based on the employer-funded Integrated Healthcare Model. Employers are increasingly willing to invest in employee health, not least to attract and retain talent. Healthcare Services' client loyalty and solid reputation form the obvious springboard for further organic growth. The division keeps growing by attracting the best medical practitioners, maintaining premium quality, and improving access to services. Healthcare Services has invested significantly in digitalisation to develop new ways of meeting, diagnosing, and treating patients. Healthcare Services also works to grow its Fee-For-Service (FFS) business in existing markets, for instance within dental services and sport and wellness.

2. Expand service offering

Diagnostic Services

Medicover's diagnostic services range from routine to advanced tests across all major clinical pathology areas. Offering routine tests is a prerequisite for being a preferred partner to physicians. Developing new and more complex in-vitro diagnostic (IVD) tests is an important driver of growth and profit. IVD includes genetics, histopathology, immunology, allergology and molecular diagnostics. These tests are more costly and provide a growing proportion of revenue – advanced tests represent 46 per cent of revenue and only 8 per cent of volume. Medicover is also making advances into complex diagnostics by expanding current expertise and capacity as well as by acquiring advanced laboratories. Through the acquisitions and expansion of service offering, the customer base is also expanded to include new customer groups such as pharmaceutical companies and other corporate customers.

Diagnostics is developing rapidly, and it is crucial to continue informing and educating clinicians about the uses and advantages of new tests. Medicover puts significant efforts into keeping clinicians up to date through physical and digital meetings and seminars.

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, orthopaedics, infertility diagnosis and treatment, and sport and wellness.

Healthcare Services expands in existing markets by reaching new customers and users of the Integrated Healthcare Model. These customers can also buy services that are 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 fertility in Denmark and Norway are examples of this strategy.

3. Pursue operational excellence

Diagnostic Services

With a large volume of tests, there are significant opportunities for centralisation and automation. Medicover works in a hub-and-spoke model where large test volumes are collected in central and regional labs. This way of working is supported by a proprietary laboratory information system in ten countries which achieves optimal laboratory process efficiency, interlab referrals and distributed analysis, as well as results-reporting and post-analytical customer service. Medicover also seeks scale effects and better purchasing terms by centralising procurement of diagnostic reagents and other consumables. These are the main cost components besides staff. The division's proven operational skills enables to achieve long-term sustainable growth and by being a major diagnostic provider, economies of scale are provided.

Healthcare Services

Medical 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 medical 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 owns some of its facilities (primarily highly specialised facilities such as hospitals), while others are leased on long-term contracts. Medicover has 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.

Read about the strategic initiatives of Diagnostic Services on page 23 and those of Healthcare Services on page 30.

Medicover is built to keep growing

Since the company was publicly listed in 2017, revenue has grown by 137.4 per cent. Medicover is built to keep growing faster than the markets where it operates. The company is present in attractive markets, offers the right healthcare services to multiple customer groups, and grows both organically and by acquisitions.

Present in attractive markets

Being present in the right markets is an important factor behind Medicover's remarkable growth. Growing healthcare spending, especially in privately funded healthcare, makes the markets attractive.

Increasing healthcare spending. All countries where Medicover is present, except Denmark, Germany and Norway, spend less on healthcare than the EU-27 average. In 2019, the EU-27 spent an average of 10 per cent of GDP on healthcare, while Poland spent around 6.5 per cent and Romania spent close to 6 per cent. This is an opportunity for Medicover because, as economies mature and GDP increases, a greater share of GDP is usually devoted to healthcare. Between 2014 and 2018 healthcare spending per capita in Poland increased by 23 per cent and in Romania by 54 per cent. The equivalent figure for the EU-27 was 12 per cent.[1)]

Strongest growth in private healthcare. In most countries where Medicover operates, market growth is 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.

For example, in Poland the private healthcare market represents about one third of the total market and has grown by 7–10 per cent per year between 2015 and 2019. The prepaid employer healthcare market achieved double-digit annual growth during the same period.

Medicover has proven that it is able to grow even faster than the markets where currently present. This is made possible by focus on accessible high-quality services and operational excellence as well as the ambition and capacity to expand organically and by acquisitions.

[1)] Source of data: Eurostat.

Multiple customer groups and revenue streams
Medicover combines three sources of funding: public funding, corporate/employer funding through the prepaid Integrated Healthcare Model, and Fee-For-Service (FFS) from individuals.

Multiple payers entail diverse revenue profiles, which greatly benefits Medicover. Public and corporate payers provide volume and stable revenue over time, while individual customers bring solid, however less predictable, revenue at higher margins. By targeting different payers, Medicover gains access to a larger share of the healthcare market in its countries of operation, while at the same time benefiting from risk diversification.

Making high-quality healthcare available
Access to high-quality healthcare. Medicover's core aim is to ensure easy access to high-quality healthcare services. Medicover invests in further improving customers' experience, with a strong focus on patients' journey at all stages of life. This increases customers' satisfaction and loyalty. Surveys show that well above 97 per cent are satisfied with Medicover's services, and that customers are willing to recommend Medicover. Strong customer relationships drive organic growth in Medicover's main markets in Central and Eastern Europe, Germany and India.

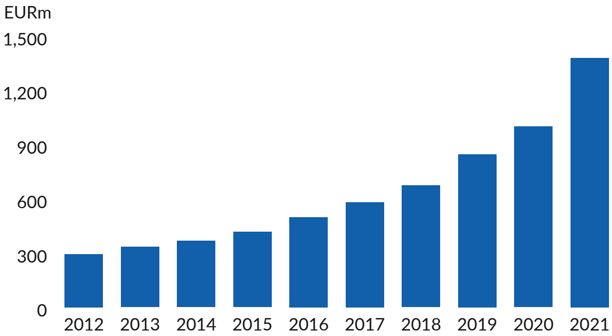
Broad range of healthcare services. Medicover offers a broad range of healthcare services through its two divisions. Diagnostic Services offers laboratory testing in all major clinical pathology areas, ranging from routine to advanced tests. At least 70 per cent of all medical decisions are currently dependent on diagnostic testing. Diagnostic services are therefore a stable component of healthcare spending.

Healthcare Services' offering ranges from preventive and primary care to specialist outpatient and hospital care. Medicover also offers services in specific areas such as dental care, orthopaedics, health and wellness as well as infertility treatment. By providing customers with services in many areas of care and at all stages of life, Medicover creates close ties to customers, which results in mutual benefits.

Operational efficiency
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 volumes in highly specialised units. Finally, digitalisation plays a major role in containing costs. For instance, it helps Healthcare Services to develop its ways of interacting with patients, while Diagnostic Services is able to process a growing number of tests.

Growing better and faster by acquisitions
Acquisitions complement Medicover's growth strategy. Typically, Medicover acquires businesses to expand in existing markets and to develop into new areas of specialty care. Some acquisitions have been targeted towards entering into markets with high long-term growth potential, for example India and Norway. Medicover has robust internal capabilities in all areas of M&A, from maintaining a strong pipeline of opportunities to executing transactions.

Long-term growth track-record
Revenue



Present in attractive markets

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

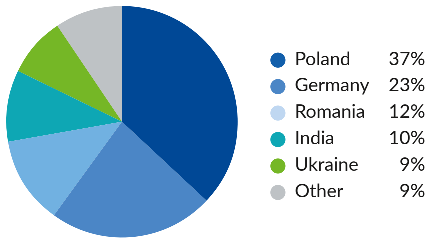
Markets

Since 1989, healthcare reforms have been implemented in all the countries of Central and Eastern Europe. Despite the reforms, many of the countries still have an undersupply of well-developed state-funded healthcare offering high-quality health and patient services. The economies of these countries have grown and the expectations of local citizens for healthcare quality and choice have increased. These factors have been the main drivers of growth in privately funded healthcare. Private healthcare is now quite well developed in most of the markets where Medicover is present, and it functions as an effective and valued complement to publicly funded care. In 2020, all markets and economies were affected as a result of the pandemic and government restrictions. GDP growth in the EU contracted by 6.1 per cent in 2020 but is expected to recover in 2021 and 2022. Medicover's main markets are expected to recover faster than the EU average.

Key drivers

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

Revenue by country



Key drivers for continued growth are:

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

Key markets

Poland

Total market
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 value of the overall private healthcare market is estimated to have reached PLN 61 billion (EUR 13.3 billion) in 2021. The private healthcare sector 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 and was also one of the segments that was most affected by Covid-19 in 2020. The in vitro diagnostics market grew over 10 per cent in 2020 and 2021 and is estimated to continue to grow by 6–8 per cent a year in 2022–2025 according to Statista.

Position and competitors
Both divisions are present on the Polish market. Poland is the largest market for Healthcare Services representing 63 per cent of the division's revenue, and a major market for Diagnostic Services representing 11 per cent of the division's revenue. Poland as a whole represents 37 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 2020 the private healthcare market contracted by 6 per cent, but it is expected to have grown again by more than 10 per cent in 2021. The overall private healthcare market will grow at a CAGR of 7 per cent between 2021 and 2026, while FFS is expected to grow even faster at a CAGR of close to 9 per cent. Medicover's revenue in Poland grew by 28 per cent in 2021, and its compounded annual growth rate for the last five years is 18 per cent.

Population:	38 million
GDP per capita, USD:	17,490
Annual GDP growth in 2021, %:	5.3
Healthcare spending % of GDP:	6.5
Unemployment rate, %:	6

Main competitors:

Diagnostic Services:
Diagnostyka, ALAB

Healthcare Services:
LuxMed, Enel-Med, PZU

Source: EIU

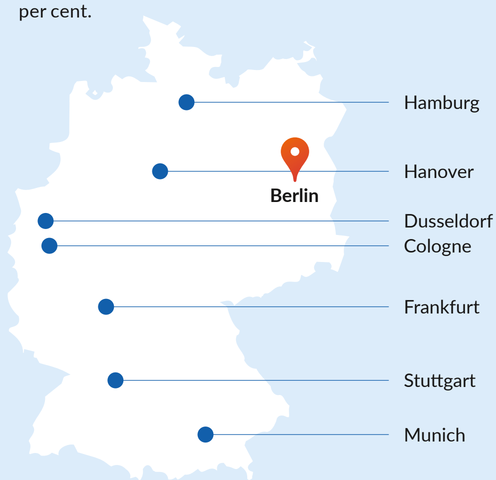
Germany

Total market
Germany has the largest population and the largest economy in the EU. When measured as a share of GDP, its health spending is the highest in Europe. Close to 85 per cent of total health expenditure was publicly funded in 2019. Germany has the oldest social health insurance system in the world, consisting of a statutory health insurance (SHI) and a private health insurance (PHI). The level of income determines if you belong to SHI or PHI. Health insurance is compulsory. About 89 per cent of the population is covered by SHI and 11 per cent by PHI. The multi-payer system currently consists of 103 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 in-patient sector, private laboratories invoice hospitals for testing-services under contracts based on freely negotiated prices; these normally include flat rates or fees per test based on a 'percentage of applicable fee' scale set for example by the regional health authority (Kassenärztliche Vereinigungen, KV).

Position and competitors
Medicover operates primarily in the north-eastern part of Germany and in Bavaria (Munich-Metropolitan area) with its laboratories, and throughout Germany with its network of clinics. Germany is Diagnostic Service's largest market and represents 23 per cent of the Group's total revenue.

Medicover's main competitors in Diagnostic Services are Sonic Healthcare, Limbach Gruppe, Synlab and Amedes.

Growth and outlook
The German economy has been growing at low-single-digit percentage rates for the last few years, except in 2020 when GDP fell by 6.0 per cent. In 2021 GDP is estimated to have grown by 2.8 per cent. Germany's labour market has developed strongly in recent years, with declining unemployment, with exception for 2020 when unemployment increased as a result of the pandemic. Medicover's revenue grew by 31 per cent in 2021 and its compounded annual growth rate for the last five years is 21 per cent.



Population:	83 million
GDP per capita, USD:	50,813
Annual GDP growth in 2021, %:	2.8
Healthcare spending % of GDP:	12.1
Unemployment rate, %:	3.5

Main competitors:

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

Key markets

Romania

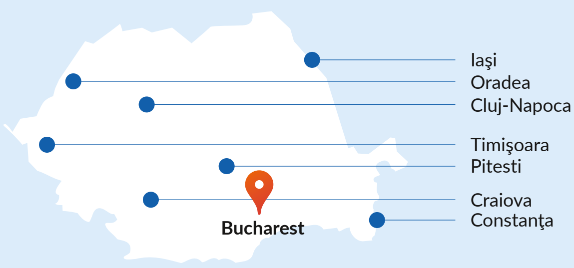
Total market
The Romanian health system is organised at two main levels: the national level responsible for the implementation of governmental health policy, and the district level responsible for ensuring service provision according to the rules set centrally. The private sector has developed well in conjunction with the strong economic development in the country and also because the public healthcare system is below the EU average standard and its quality often fails to meet public expectations.

Between 2015 and 2019 the average annual GDP growth rate was 4.8 per cent, but in 2020 GDP growth contracted by 3.9 per cent. GDP growth is estimated to have increased by 6.5 per cent in 2021 and is forecasted to increase by over 5 per cent in both 2022 and 2023 according to the European Commission. Romania's health expenditure varies between 5 and 6 per cent of GDP, which is clearly below the EU average. The unemployment rate is estimated to 5.4 per cent in 2021 and is forecasted to decline in 2022.

Position and competitors
Both divisions are present on the Romanian market and account for 12 per cent of total revenue. For both divisions Romania is the third largest market, and represents 13 per cent of Diagnostic Services' revenue and 12 per cent of Healthcare Services' revenue.

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

Growth and outlook
In the five years before the pandemic the private healthcare market grew on average by 8–9 per cent. In 2020 the private healthcare market fell, but the market is expected to have returned to normal growth levels in 2021. Medicover's compounded annual growth rate in Romania for the last five years is 23 per cent.



Population:	19 million
GDP per capita, USD:	14,540
Annual GDP growth in 2021, %:	6.5
Healthcare spending % of GDP:	5.6
Unemployment rate, %:	5.4

Main competitors:
For both **Diagnostic Services** and **Healthcare Services:**
Regina Maria, MedLife

Source: EIU

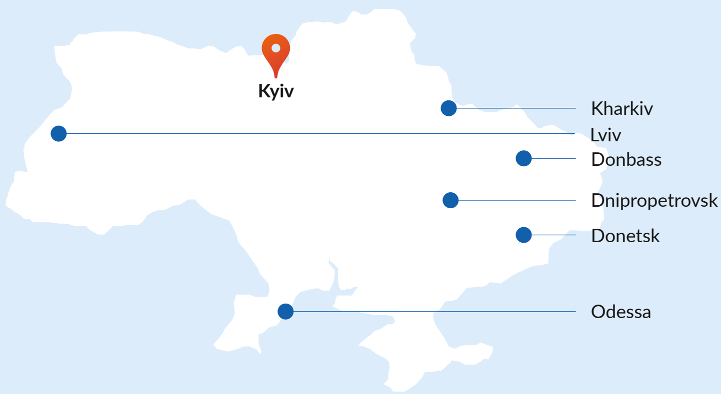
Ukraine

Total market
The Ukrainian constitution guarantees free medical treatment to all Ukrainian citizens and registered residents. In practice public healthcare funding is very limited and only basic services are covered. Consequently, costs for most healthcare services and pharmaceuticals have to be borne by patients themselves. The private sector in the Ukrainian health system is small in organisational terms and consists mostly of pharmacies, diagnostic facilities and private clinics which are funded by private payments. The private healthcare market was around USD 700m in 2019.

Position and competitors
Medicover entered the Ukrainian market in 2007, when a small start-up laboratory business was acquired, and Healthcare Services has been present since 2013 when a fertility business was acquired. Diagnostic Services has a nationwide network of blood-drawing points and is ranked as number one. Medicover's diagnostic network in Ukraine annually services more than two million individual customers which represents more than 10 per cent of the population in the geographic area covered, showing the widespread demand for healthcare services. Ukraine is the fifth largest market and represents 9 per cent of total revenue.

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

Growth and outlook
The total healthcare market has been growing at more than 20 per cent a year. Medicover's compounded annual growth rate in Ukraine for the last five years is 25 per cent. As a result of Russia's invasion of Ukraine it is not possible to assess the future prospects.



Population:	42 million
GDP per capita, USD:	4,340
Annual GDP growth in 2021, %:	3.2
Healthcare spending % of GDP:	7.2
Unemployment rate, %:	8.8

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

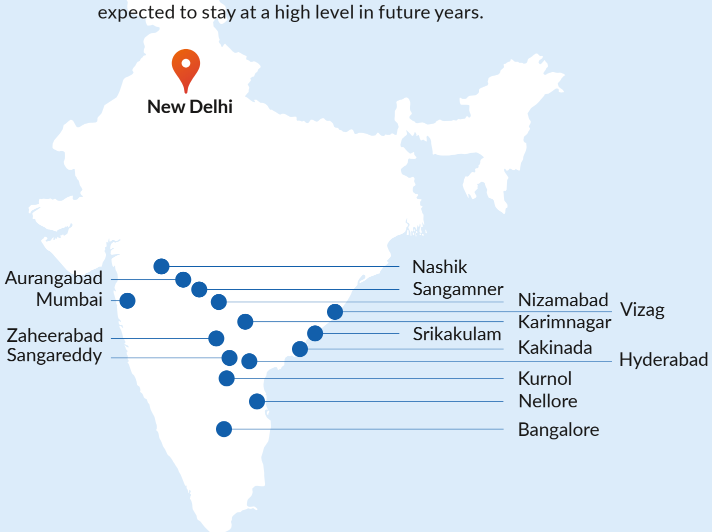
India

Total market
The Indian healthcare system is divided into two main sectors – public and private – and each state has its own healthcare delivery system. The public sector covers mainly basic healthcare, while the private sector provides the majority of more complex services, with a high concentration in the major cities. The Indian healthcare market is mostly private pay with a high proportion of FFS. The hospital segment is particularly interesting, with private facilities holding a dominant position, supported by well-developed and growing hospital insurance products. Outlay on medical care in the public sector has also increased over the past few years and now represents 1.8 per cent of GDP, 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
Healthcare Services operates on the Indian market with Medicover Hospitals India (MHI) and Medicover Fertility. MHI has 19 hospitals in the states of Telangana, Andra Pradesh and Maharashtra. The Company also has 12 fertility clinics, mostly located in the Delhi area. India is Healthcare Services' second-largest market and represents 19 per cent of the division's revenue and 10 per cent of the Group's total revenue. MHI is ranked among the top ten hospital groups in the healthcare industry in India.

Medicover's main competitors in Healthcare Services are Apollo Hospitals, Fortis Healthcare and Manipal Hospitals.

Growth and outlook
The Indian healthcare sector is growing at a rapid rate due to increase in population, rising income, better health awareness, lifestyle diseases, and the development of previously less urbanised regions, resulting in more public spending and investments by private healthcare providers. India is the third largest economy in the world in share of global GDP. Due to the pandemic, GDP growth contracted by over 7 per cent in 2020. However, GDP is expected to increase by more than 9 per cent in 2021 and is expected to stay at a high level in future years.



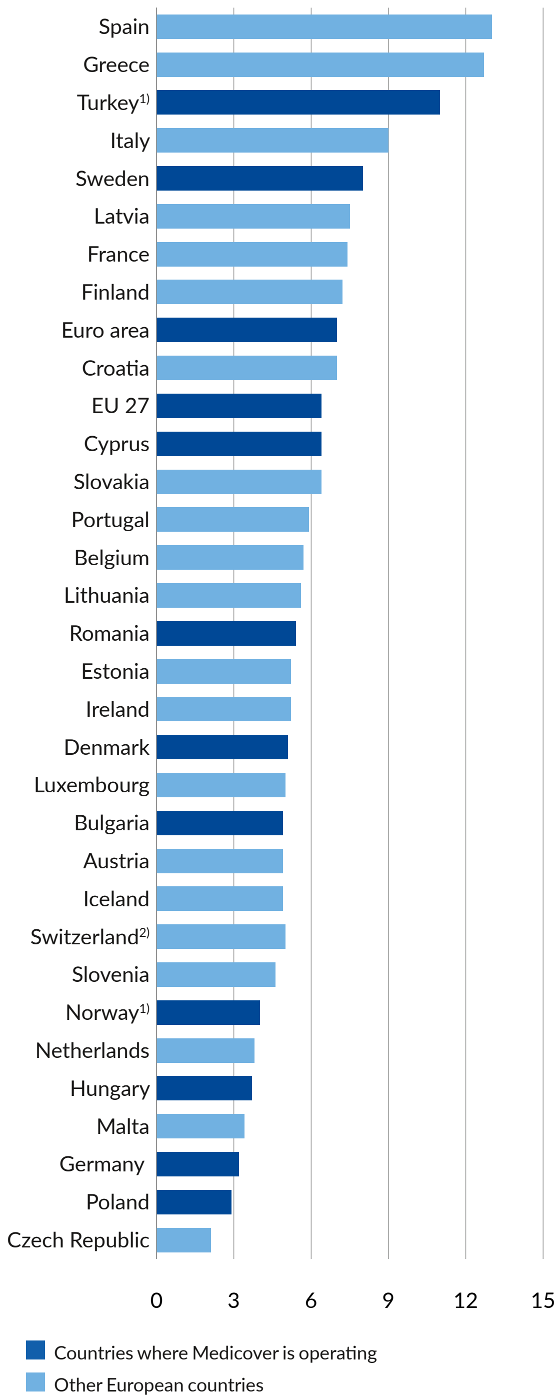
Population:	1,380 million
GDP per capita, USD:	2,170
Annual GDP growth in 2021, %:	9.2
Healthcare spending % of GDP:	3.7
Unemployment rate, %:	9.1

Main competitors:

Healthcare Services:
Apollo Hospitals,
Fortis Healthcare,
Manipal Hospitals

Source: EIU

Unemployment rate in European countries
December 2021 (seasonally adjusted), %



[1] as of November 2021.
[2] as of September 2021.

Source: Eurostat

Diagnostic Services

Laboratory diagnostic testing is a key element in the process of medical decision-making and plays a pivotal role in guiding physicians along their path to providing better medical care for their patients prioritising both health and wellbeing. At the present time, more than 70% 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.

We are experiencing a democratisation of healthcare, and the introduction of digital tools in each patient's journey brings diagnostics and treatments even closer to the patient and allows Medicover to deliver preventive care to its patients better than ever before. Medicover will continue to extend its digital offerings by including artificial intelligence in its daily workstream and allowing its patients direct access to their health tools via digital channels, when and where needed.

Revenue for 2021 amounted to EUR 686.8m (473.4m) and represented 49 per cent of total revenue. 133.4 million tests were performed, an increase of 28.3 per cent in 2021. A total of 7 million tests were related to Covid-19 testing. Diagnostic Services' base consists of a network of 99 clinical laboratories, 852 blood-drawing points (BDPs) and 24 clinics in ten markets.

Services

Diagnostic Services offers a wide portfolio of diagnostic laboratory services, including a comprehensive range of routine and advanced tests across all major therapeutic areas. More than 8,000 parameters are offered which range from routine blood tests to highly advanced diagnostics and cover the whole span from early diagnosis to prevention.

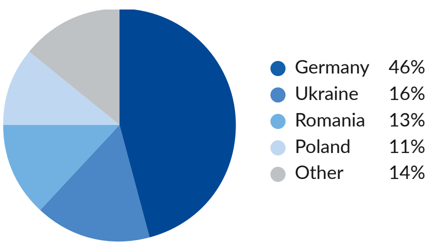
To enable efficient delivery of services to customers and to benefit from scale effects, Diagnostic Services works in a hub-and-spoke model.

- Central and regional laboratories. Central laboratories provide advanced diagnostics as well as support for clinical trials. These centralised laboratories act as hubs in their country of operation and conduct routine tests, immunology tests and advanced tests. 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 comprise a network of clinics in Germany specialising in endocrinology, HIV, genetics and rheumatology.
- Since May 2021 a hospital in Germany specialising in internal and geriatric medicine has been added to the network.

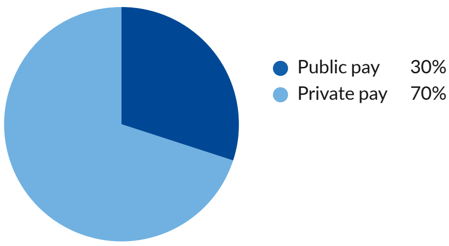
Medicover Genetics

Medicover Genetics is a network of laboratories and medical institutions that date back to 1998. It has over two decades of expertise in genetic testing and is a leader among healthcare professionals, especially in Germany. A clinical team consisting of physicians, scientists and medical geneticists ensures that the tests are meaningful and comprehensive and are accompanied by accurate interpretation of sequencing results.

Revenue by country



Revenue by payer



Too often genetic testing is considered only very late during a diagnostic journey, and Medicover's mission is to shorten this journey by creating opportunities for physicians and patients to find the right information about genetic disorders, genetic testing and associated genes at the time when needed. The portfolio can be broken down into four main categories: oncology, rare diseases, reproductive health, and both whole-exome and whole-genome sequencing. The latest technologies and equipment are used, ranging from high-throughput next-generation sequencing on Illumina NovaSeq platforms to optical genomic mapping using Bionano's Saphyr technology. Medicover Genetics' ambition is to become a market leader in genetics, and the services are offered internationally to customers across the world.

Medicover Integrated Clinical Services

With over 20 years of clinical and diagnostic expertise gathered in Germany and Central Eastern Europe, Medicover Integrated Clinical Services (MICS) contributes to the acceleration and development of innovative therapies and diagnostics, and connects 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 diagnostics development and commercialisation.

Countries and customers

The key markets of the division are Germany, Ukraine, Romania and Poland. The division is also present in a number of smaller markets, for example Belarus, Bulgaria, Georgia, Moldova, Serbia and Turkey.

Strategic initiatives

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

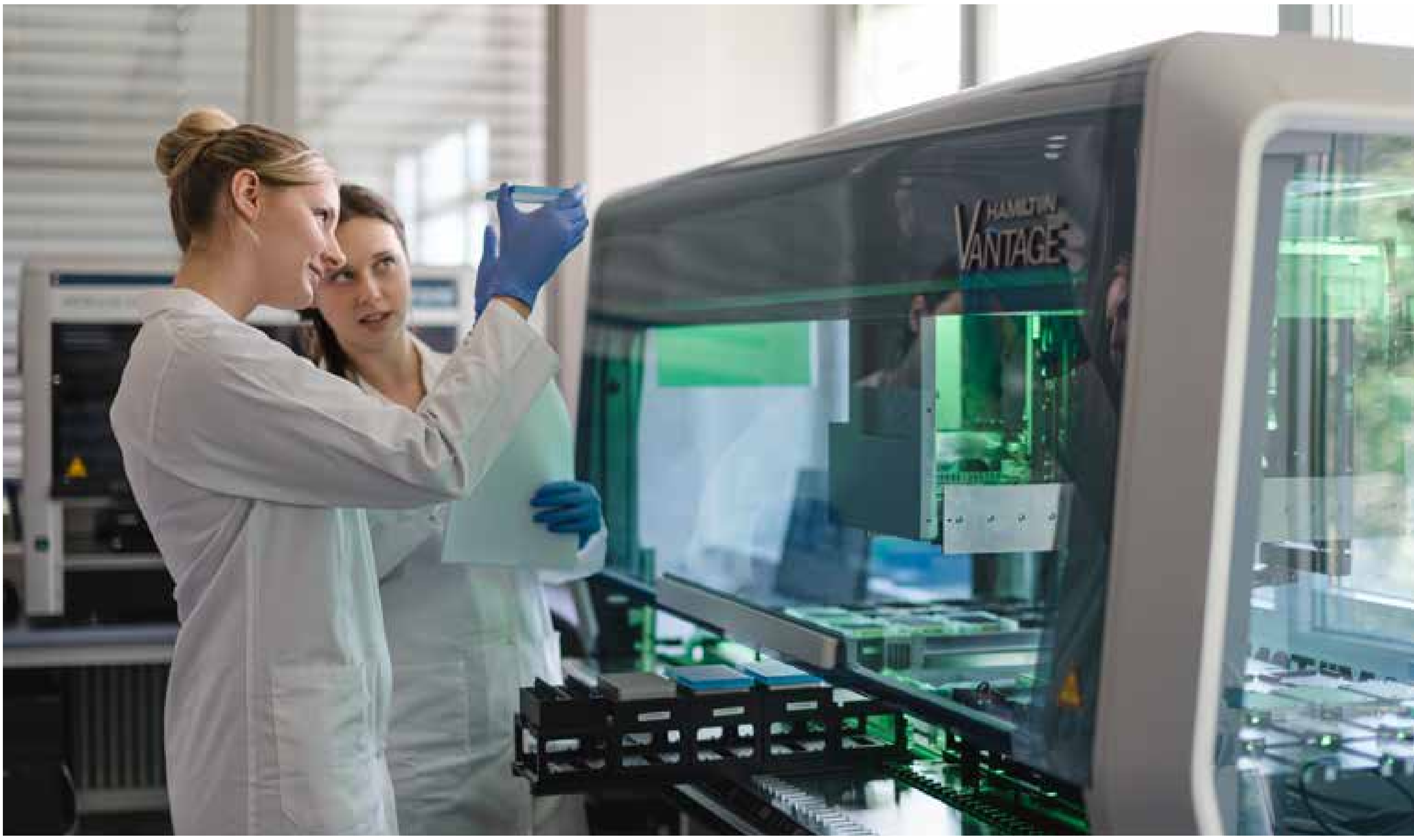
1. Grow in existing markets
2. Expand service offering
3. Pursue operational excellence

Diagnostic Services has delivered the following in accordance with the strategic agenda.

1. Grow in existing markets

Diagnostic Services has continued to grow its network of strategically located blood-drawing points, and has expanded its geographical coverage, which is important to continuing to grow the business. During the year 107 new BDPs were added to the network, increasing the total to 852 BDPs.

As well as extending the BDP network Medicover invests in new laboratory capacity to manage an expanding number of tests as well as enlarging the clinical referral network and the number of referral doctors.



2. Expand service offering

Medicover is continuously developing new and more complex in-vitro diagnostic tests, which are an important driver of growth and profit. Examples of test areas currently being developed include genetics, histopathology, immunology, allergology and molecular diagnostics. Advanced tests are significantly more costly and provide a growing proportion of revenue. These now represent 46 per cent of revenue but only 8 per cent of volume.

Medicover Genetics has continued to expand its offering, with its hub in Munich servicing customers all over Europe. Through a collaboration between Medicover's two divisions, Damian Medical Centre in Poland is in a position to offer previously unavailable genetic diagnostics and counselling to Polish citizens. Tailor-made solutions have been offered to specific industries ranging from retail to the travel and cruise industry to enable customers and employees safe experiences. In Frankfurt (Oder) a new central laboratory is being constructed that will increase capacity and automation. The laboratory will be operational in Q2 2022.

Medicover is also exploring new ways to bring diagnostic testing towards customers where and when needed. To meet the demand of the cruise-ship and air-travel industries for means to enable safe travel in challenging times, Medicover has partnered with airports in Poland and Germany and with well-known international operators in the cruise-ship industry to establish a Covid-19 surveillance programme for customers all over Europe and beyond. Medicover will build on this network in the years to come by broadening the range of tests and healthcare services available to customers when travelling for business or leisure.

3. Pursue operational excellence

By being a major diagnostics provider, Medicover can take advantage of economies of scale. With large test-volumes there are significant opportunities for centralisation and automation. The hub-and-spoke model that Medicover works in is supported by a proprietary laboratory information system which enables it to achieve optimal laboratory process efficiency, interlab referrals and distributed analysis as well as results-reporting and post-analytical customer services. By centralising procurement of materials and consumables (reagents), Medicover seeks scale effects and better purchasing terms. Reagents are the main cost component after staff. During the year investments have been made in laboratory equipment and new high-throughput machinery. Medicover has invested in facilities both owned and leased, operating a total of 126,343 m^2.

Funding

Many of Medicover's markets have a strong dependency on private payers. The main exception is Germany which is predominantly publicly funded and differently structured. In 2021, 70 per cent of Diagnostic Services' revenue came from private payment (Fee-For-Service (FFS)) and 30 per cent from public funding. The majority of the public payment derives from Germany.

Business model – Diagnostic Services

Revenue base

Private pay
70% of revenue 2021

Public pay
30% of revenue 2021

Services

Broad range of tests from routine to advanced
Services delivered through proprietary BDP's, clinics and laboratories
Bio-chemistry; immunology; serology; genetics; cytology; and other specialities

Customers

Physicians, patients, pharmaceutical research sponsors, clinics, hospitals

Physicians prescribing tests on individuals under the public insurance scheme

Countries

Germany
Ukraine
Romania
Poland
Others

Germany
Romania

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	316.4	18	3	4	6	5	12	24	41.1
Ukraine	110.0	8	1	7	-	-	348	-	31.0
Romania	92.2	22	1	16	4	1	147	-	17.4
Poland	75.3	32	1	12	13	6	150	-	28.4
Others	92.9	19	1	14	4	-	195	-	15.5
Total	**686.8**	**99**	**7**	**53**	**27**	**12**	**852**	**24**	**133.4**

Brands

Medicover positions itself as a healthcare and diagnostic services provider under one umbrella brand which is the central focal point of the two divisions and multiple businesses that make up these specialised areas. Sub-brands like Medicover Genetics, Medicover Integrated Clinical Services (MICS) and Medicover Diagnostics leverage this flexible structure to pair the products uniquely with the right target audience and build trust within their market segment.

The strong local brands remain an inherent part of the company's strategy, combining the local trust and historic recognition with the strength of Medicover overall. Brands such as Synevo in Ukraine, Romania, Poland, Belarus, 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.

Digital marketing and changed customer behaviour creates tailor-made customer experiences

When people interact with Diagnostic Services business it has become obvious that customers are constantly switching between digital and physical channels. Customers expect services to be available at a click distance, wishing for personalised experience and wide data protection. Real-time communication needs and data exchange through digital marketing channels drive development towards tailor-made customer experiences.

Diagnostic Services has numerous ongoing projects to enhance hybrid customer experience, for example chatbots with virtual assistants that provide accurate response to customers in seconds or a platform for virtual medical visits that is the first digital services fully dedicated to interpreting the results of medical tests.

In Romania, virtual reality is used in the blood-drawing points to make the entire experience of taking blood samples from children positive, successful, and less painful. The virtual reality concept was built based on in-depth interviews with parents, children, and nurses in order to understand the experiences, feelings, and map the entire patient journey. The children are part of a virtual reality adventure in space distracting them from the ongoing blood-drawing process which improves the experience for children, parents and nurses.

Healthcare Services

During 2021 Healthcare Services has delivered strong growth, a broad range of services and increased access to care to its customers and patients. The portfolio includes services that run from prevention, specialist healthcare and inpatient care through state-of-the-art dental services and advanced in-vitro procedures to innovative wellbeing solutions, including sports and diets.

We are still living in a Covid-19 reality
2021 has been another challenging year for frontline staff, who are still impacted by the pandemic; they have provided care, treated patients and vaccinated people while always focusing on the patient's health and wellbeing. Virtual care has continued to play an important role in healthcare delivery. In 2021, focus was on vaccine programmes, and Medicover was engaged in the national vaccination programmes in Poland, Romania and India (one of the countries most affected by Covid-19).

Revenue for 2021 amounted to EUR 711.6m (539.7m) and represented 51 per cent of Medicover's total revenue. The number of members grew by 10.6 per cent to 1,495 thousand members. Medicover's network consists of 129 medical clinics, 26 fertility clinics, 32 hospitals, 64 dental clinics, 45 pharmacies, 12 optical salons and 77 gyms.

Services
For 26 years, Healthcare Services' activities have been focused on providing high-quality services, ranging from prevention to specialist healthcare (including inpatient care and state-of-the-art dentistry and ophthalmology) and to wellbeing (including sports and diet).

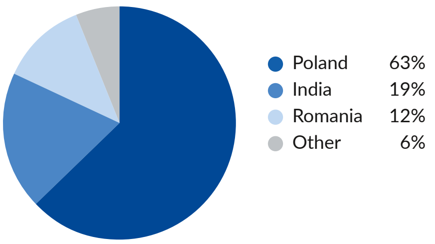
Healthcare Services accompanies its patients at every stage of life; keeps people in good health from birth, encourages a healthy lifestyle and helps patients to stay in the best possible shape for a long time.

Integrated Healthcare Model
The company's Integrated Healthcare Model offers a 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.

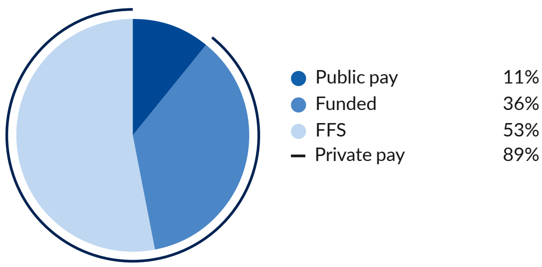
Business Services
Medicover's ambition is to improve customer's physical fitness and health, ensure wellbeing and act as a comprehensive service provider that supports disease prevention and wellbeing. Business Services includes 129 medical centres, 12 optical salons, as well as cafeteria programmes (benefit programmes under which employees have the opportunity to choose between different benefits), and sports packages such as Medicover Sports (which offers access to a network of 4,248 sport and wellbeing facilities in Poland).

Dental
Dental services are offered in 64 state-of-the-art clinics by more than 750 experienced dentists in Poland. Services offered range from prevention to orthodontics and implantology.

Revenue by country



Revenue by payer



Business model – Healthcare Services

Private pay		Public pay
Funded 36% of revenue 2021	**Fee-For-Service** 53% of revenue 2021	**Public pay** 11% of revenue 2021

Services

Integrated Healthcare Model • 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 • Optical services	• Hospital care

Customers

Companies and employers **Individuals and families**	**Individuals**	**Individuals** under the public insurance scheme

Countries

Poland **Romania** **Hungary**	**Poland** **India** **Romania** **Ukraine**	**Poland** **India** **Romania**

Operations by key markets	Revenue EURm	Clinics	Hospitals	Beds	Fertility	Dental clinics	Dental chairs	Gym	Other facilities	Members (thousands)	Visits (millions)
Poland	450.3	91	9	559	5	64	359	77	35	1,085	7.4
India	134.9	2	19	2,974	12	-	-	-	30	-	0.7
Romania	84.3	32	3	405	-	-	-	-	-	247	0.8
Other	42.1	4	1	90	9	-	-	-	-	163	-
Total	**711.6**	**129**	**32**	**4,028**	**26**	**64**	**359**	**77**	**65**	**1,495**	**8.9**

Medicover's ambition is to continue to grow by acquiring local leading players and to extend the dental network operating under its own brand 'Medicover Stomatologia'. During 2021 new dental clinics were opened under the unique 'Smile Ritual' concept, which combines a high-quality and holistic approach to treatment with caring for the patient's comfort.

Fertility

Medicover operates 26 fertility clinics in Denmark, India, Norway, Poland and Ukraine. In 2021, Medicover entered two new markets, Denmark and Norway, through acquisitions. These have enabled Medicover to broaden its service offering and take a step towards becoming a pan-European provider of in-vitro fertility services.

India

India is Healthcare Services' second-largest market with more than 7,200 employees. Medicover started with nine hospitals in 2017 and now runs 19 hospitals (two of which are specialist cancer centres) as well as two radiology centres and twelve fertility clinics in Delhi and Hyderabad. During 2021 Medicover increased its ownership and now owns 61.2 per cent of Medicover Hospitals India. Medicover is continuing to grow its presence in the states of Andra Pradesh, Maharashtra and Telangana. It added five hospitals during the year.

Markets and customers

Healthcare Services' major markets are Poland, India and Romania. The division is also present in Denmark, Hungary, Norway and Ukraine.

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

Strategic initiatives

Medicover's strategic agenda for profitable growth comprises three main areas:

1. Grow in existing markets
2. Expand service offering
3. Pursue operational excellence

Healthcare Services has been busy delivering the strategic agenda.

1. Grow in existing markets

Healthcare Services has continued to grow its business in existing markets by adding capacity, and by providing access to care, health and wellbeing facilities in strategically located locations often close to public transport. Organic growth of the Integrated Healthcare Model in 2021 was 12.9 per cent and the total membership base increased by 10.6 per cent. In India 5 new hospitals opened, adding 789 beds to make a total

of 2,974 beds. The dental network has grown by 12 clinics. The division has also been busy with acquisitions, including for example:

- The MML Medical Centre in Warsaw, a leader specialising in comprehensive diagnostics and treatment of head, neck and upper respiratory system diseases. This addition will expand the division's service offering by adding expertise in laryngology.
- Dom Lekarski, a chain of healthcare centres in Szczecin in Poland.
- Signing an agreement to acquire CDT Medicus, a leading private hospital group in South Western Poland, adding two hospitals and over a dozen specialist clinics to Medicover's network.
- Four gym businesses, adding 52 gyms to the network.

2. Expand service offering

Medicover expands its specialty-care offering in both existing and new markets both organically and by acquisitions. By expanding in existing markets the division can reach new customers as well as offering members of the Integrated Healthcare Model services that are not included in the subscriptions. The division has entered two new markets, Denmark and Norway, by acquiring a sperm bank, SellmerDiers (Europe's third largest sperm bank) and a fertility clinic, Klinikk Hausken (a leading private IVF provider in Norway). The acquisition of the sperm bank broadens the fertility offering. Medicover is investing in a greenfield project in Bucharest, Romania, creating a new multidisciplinary state-of-the-art hospital. The ambition is to have the hospital operational by the end of 2022.

3. Pursue operational excellence

The two main cost items in the division are costs related to medical staff and facilities. To compensate for increased costs it is essential that medical staff devote time to direct patient interactions rather than administration. There are also proprietary information systems that support healthcare service provision whilst ensuring optimal patient care, clinical service quality and efficiency. Medicover has invested in facilities both owned and leased, adding 148,750 m^2 in 2021, operating a total of 480,380 m^2. Medicover's good reputation with real-estate developers and landlords makes it possible to influence initial design and consider efficient business flows as well as to secure competitive rents.

Funding

Medicover combines three sources of funding: public pay, Fee-For-Service (FFS), and funded payment.

Public pay

Public pay largely relates to acute hospital services in the multidisciplinary Wilanow hospital and maternity care in the Neomedic neonatology and obstetrics hospital in Poland, as well as Medicover Hospitals in India. Treatment of Covid-19 patients in the hospitals also constituted public funding. 11 per cent of the division's revenue is public pay.

Funded

Funded payment represents 36 per cent of the division's revenue and is related to the Integrated Healthcare Model. A service offered as a subscription and medical insurance to client companies and employees or to individual clients.

Fee-For-Service (FFS)

The patient or other payer pays for each specific service provided – normally at the same time or shortly after the service is provided. Revenue from FFS has increased to EUR 374.9m and represents 53 per cent of the division's revenue.

Brands

Healthcare Services offers its services under strong local brands.

Business Services

MEDICOVER, MEDICOVER SPORT, MEDICOVER OPTYK, MEDICOVER BENEFITS, calypso fitness club, fitarena, just GYM, HOLMES PLACE, UANFIT, FITFORMA, WELL FITNESS

Dental

MEDICOVER STOMATOLOGIA, ADDENT, ORTO-AIDI, DENTAL SENSE, KRAINA ZDROWEGO UŚMIECHU, CENTRUM UŚMIECHU, ORTHO ESTHETICA, ŚMIGIEL IMPLANT MASTER CLINIC, STOMA DENTAL, PRESTIGEDENT, DENTACARE, DENTIMCLINIC, YELLOWMED, ROYALDENT, S•DENT, MEDICOVER, impladent

Fertility

MEDICOVER FERTILITY, InviMed, MEDICOVER APTEKA, MEDICOVER УКРАЇНА, SellmerDiers, Klinikk Hausken

Hospitals *Poland*

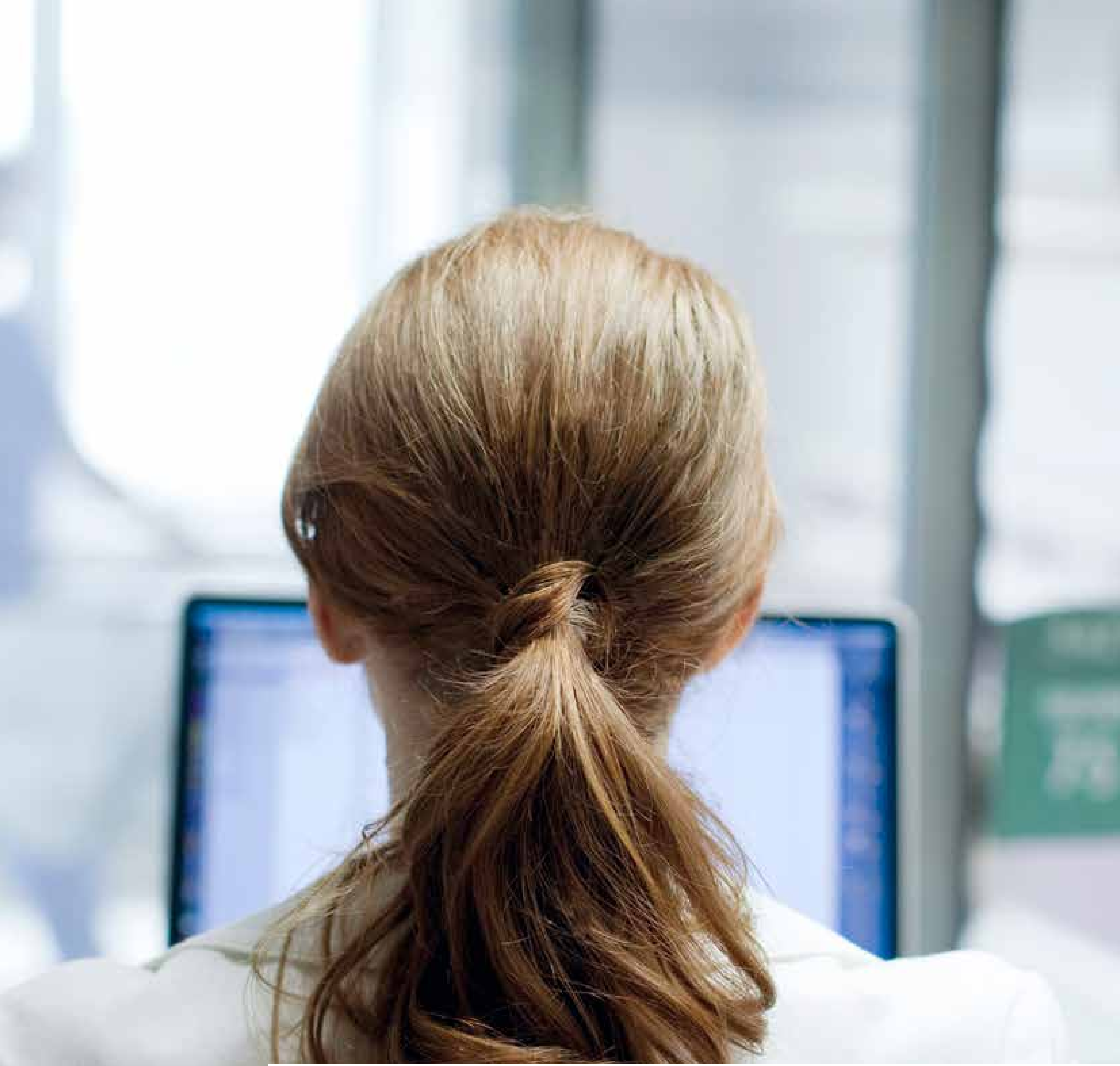
MEDICOVER SZPITAL, GRUPA NEOMEDIC, DOM LEKARSKI MEDICOVER, CDT MEDICUS, CENTRUM MEDYCZNE DAMIANA, rehasport, MML Centrum Medyczne, CAREEXPERTS

Hospitals *India*

MEDICOVER HOSPITALS, MEDICOVER WOMAN & CHILD HOSPITALS, MEDICOVER CANCER INSTITUTE

Hospitals *Romania*

MEDICOVER, DOCTOR LUCA, IOWEMED, Spitalul Pelican, PHOENIX



Information and cyber security

With increased digital care and cloud-based solutions, the demands on information and cyber security are also increasing. The regulatory requirements, such as the GDPR, have also increased in recent years. It is of utmost importance with functioning processes and systems. 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.

The information and cyber security governance is led by the Chief Information Security Officer and reports to the Chief Information Officer who is part of the Executive Management and who in turn reports regularly to the company's board.

Procedures for dealing with any incidents are in place and are adapted in accordance with the GDPR and reported to authorities when required. It is of the utmost importance to always keep up to date with developments and be at the forefront.

Sustainability achievements 2021

Medicover's key achievements are the result of our ongoing work towards our sustainability goals.

10,200
new medical hires

98
new facilities

107
new blood-drawing points

170 million
website visits for free health information

Eur 277m
raised through the Medicover Social Financing Framework

203,000
in total children sponsored with health education or screening

11%
reduction in CO_2e emissions intensity

15%
reduction in energy use intensity

Medicover's sustainability framework

Medicover continues its mission to improve and sustain health and wellbeing, providing better care to more people in more places than ever before.

Medicover's mission sets the direction not only for our healthcare services, but also for the relationship with all stakeholders and Medicover's wider contribution to society. To be able to fulfil the mission, Medicover needs to remain a profitable business, providing wide access to high quality health services, and continuously developing relationships with employees, partners, and suppliers. Medicover maintains the highest standards of governance and business ethics, seeks to provide services and create employment opportunities without any form of discrimination, and aims to act responsibly for the environment and climate change.

Overview

Medicover invests so that people have easier access to healthcare, a more complete range of healthcare services available, and the information and advice needed both to stay healthy and to access the right care in case of illness. A healthier population is a more productive population so this is an important driver of economic growth and shared prosperity. New healthcare facilities create employment opportunities for medical professionals to develop their skills and experience, further strengthening the healthcare infrastructure.

Medicover's approach directly contributes to three of the United Nations Sustainable Development Goals (SDGs):

- #3 Good Health and Well-Being.
- #8 Decent Work and Economic Growth.
- #4 Quality Education.

Medicover's approach is fully aligned with the World Bank's objective of quality, affordable healthcare as the foundation for individuals to lead productive and fulfilling lives and for countries to have strong economies.

The approach is also strongly supported by Medicover's investors. In 2021 Medicover established a Social Financing Framework, a use of proceeds structure with a second party opinion issued by Den Norske Veritas GL. This was used to raise funds to accelerate investments aligned with these goals. Investor interest was so strong that the issue was upscaled from the initially offered EUR 100m to EUR 277m.

Improving access to care means that Medicover's investments are predominantly in markets where the current access to healthcare is relatively weak. These markets are often (though not always) markets which are still heavily reliant on fossil fuels, or where the perceived standards of business ethics are low. Medicover sees both these factors as opportunities to lead by example, maintaining the highest ethical standards in business, and seeking to reduce Medicover's environmental impact as it grows. In this way Medicover is contributing to two supporting SDGs:

- #13 Climate Action.
- #16 Peace, Justice and Strong Institutions.

On climate action, Medicover has set the target to reduce its scope 1 and 2 CO_2e emissions per euro million of revenue by 50 per cent by 2030, from a 2020 baseline. During 2022 Medicover will be working with suppliers to measure its scope 3 emissions, with the intention to start the process to set Science-Based Targets (SBT) in the following year.

Medicover's primary contribution

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

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION — Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

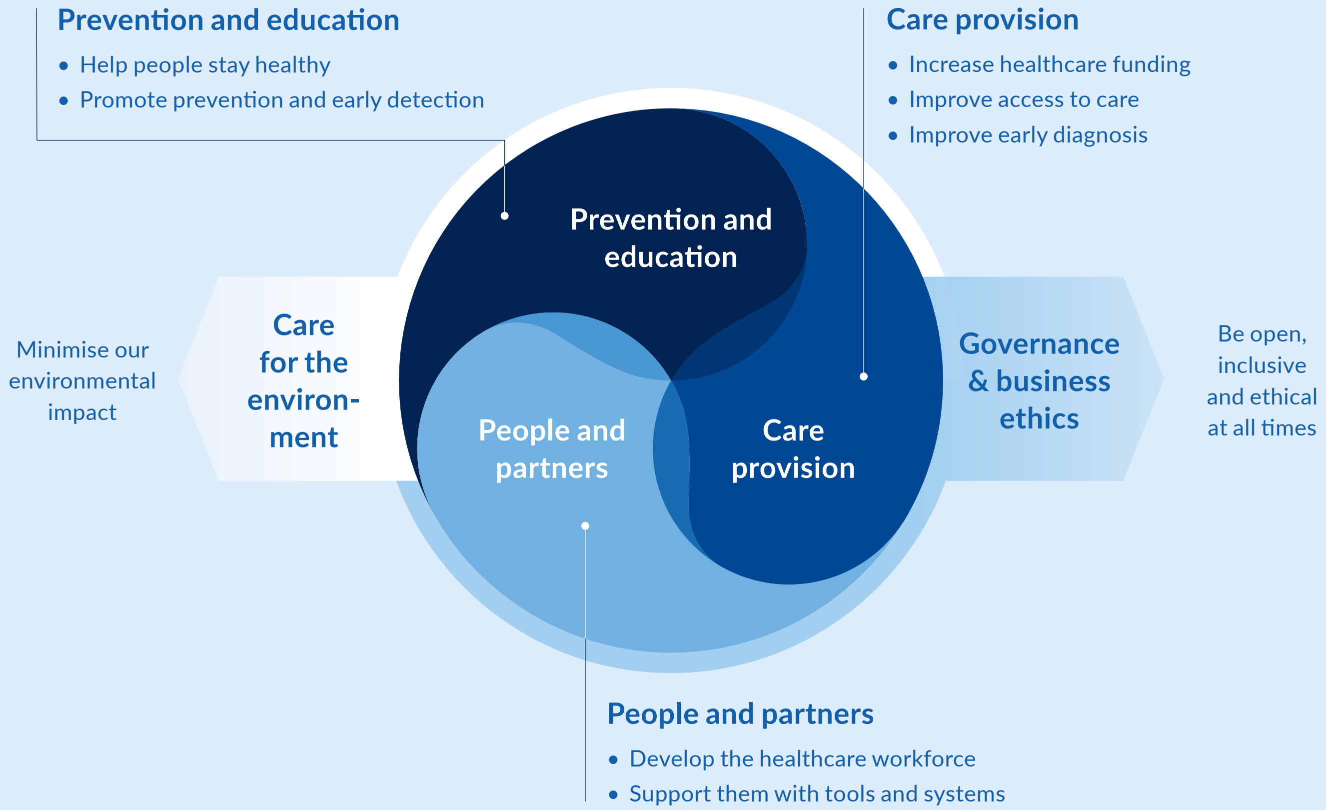
8 DECENT WORK AND ECONOMIC GROWTH — Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Medicover's supporting contribution

13 CLIMATE ACTION — Take urgent action to combat climate change and its impacts.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS — Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Medicover's Sustainability Framework



Medicover is a signatory to the UN Global Compact and its principles shape our sustainability framework. Through engagement with stakeholders a sustainability framework was developed which focuses on three primary areas and two supporting areas which are strongly linked to and support the United Nations Sustainable Development Goals (SDGs).

Primary areas:

Care provision

Medicover's objective is to increase healthcare funding in the countries where Medicover is present, and to extend access to care and early diagnosis, for customers and communities. This key area is closely linked to SDG #3.

People and partners

Medicover's objective is to develop a healthcare workforce supported with tools and systems that enables better productivity. Medicover considers primarily its own employees but also the staff of partners and customers. This key area contributes to SDG #8.

Prevention and education

An important part of Medicover's mission is to help people to stay healthy by promoting prevention and early detection. Medicover also contributes to education through the ongoing investment in education and training of staff and medical partners. These activities support SDG #4.

The sustainability outcomes

The three key areas help to achieve the following outcomes:

- Improved healthcare infrastructure and wider access to care and early diagnosis.
- People lead healthier lives and need health treatment less often.
- When care is needed, it is accessible quickly, conveniently, safely and effectively.
- Care providers are qualified, equipped, trained and empowered to do their jobs well.

Supporting areas:

Care for the environment

As important as a healthy population is a healthy planet and immediate actions are needed to make sure current and future generations can enjoy the climate and the environment. Medicover is committed to the Paris agreement and to play its part in the achievement of SDG #13.

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 and this is linked to SDG #16.

Care provision

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

The World Bank (WB) has set an objective of quality, affordable health care as the foundation for individuals 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 the healthcare needed without suffering financial hardship. It is key to achieving the WB's twin goals of ending extreme poverty and increasing equity and shared prosperity, and as such it is the driving force behind all of the WB's health and nutrition investments. Medicover's existence today is due to investment from the WB's financing arm the International Finance Corporation in its early start-up phase, and Medicover is very proud to contribute to meeting its UHC goal.

Considering access to primary healthcare, Medicover provides such care in almost 400 of its facilities in 5 different countries, and also in more than 3,000 partner clinics. Medicover operates 852 blood-drawing points where individuals can access diagnostic care.

In 2021 Medicover provided services for almost 12 million people in the Diagnostic Services division and more than 4 million people in the Healthcare Services division. Medicover's target is that in each division the number of people to whom services are provided will grow at least as fast as our targeted organic revenue growth (i.e. by 9–12 per cent per annum) from a 2020 baseline.

Medicover provides remote access to primary care through telephone and web consultations, thereby extending availability and improving access during the pandemic when many patients have been worried about cross infections. In 2021 Healthcare Services provided more than 2 million remote consultations, plus more than 1.2 million medical requests such as prescription renewals were handled remotely. Synevo Romania launched Decoder, the first virtual service fully dedicated to interpreting the results of medical tests.

Medicover has its widest reach through its websites and other digital channels. These enable Medicover to share health information and advice quickly and easily, and to keep all readers updated. In 2021 these freely accessible channels were accessed 170 million times for health information.

Medicover continually looks further for opportunities to improve access to care. For example, in June Medicover launched a large-scale programme to provide Covid-19 vaccines to people in India. The process involved around 1,000 staff, who prepared 300 vaccination stations in Hyderabad. 35,500 people were vaccinated on the first day alone. By the year-end Medicover had vaccinated about half a million people in India and more than 600,000 in all its markets. As another example, in 2021 Medicover established diagnostic testing in 7 airports, 7 ships and 5 embarkment points, helping to establish a safe travel environment for all passengers using them.

Turning to the World Bank's health financing objective, Medicover has made supplementary and complementary healthcare more affordable, either as individual insurance or corporate paid insurance programmes to ensure stable and adequate financing for the care provided. Medicover has changed how healthcare is financed in many of the markets it operates in. Through its integrated model Medicover has increased affordability with elimination of claims administration and associated costs and passed on those savings to customers with lower costs and increased convenience. Medicover's presence and activity brings increased funds into the healthcare system in each country where it is present: The total non-public healthcare spending channelled through Medicover in 2021 was EUR 1,095m, an increase of 40 per cent from the previous year, and equivalent to the total healthcare spending for 1.1 million people in Poland.

Quality of Care

Medicover aims to maintain the highest quality of care for all who use its services. The Medical Advisory Council (MAC), chaired by the Chief Medical Officer, brings together medical leadership from all Medicover's businesses with external experts to set standards, measure the results achieved for patients and follow up on any adverse events. For more details of our approach to ensuring the highest medical quality, refer to the Medical quality section.

Medicover aims to be as transparent as possible in the way that it works, without compromising any of the personal and confidential data held for patients, customers and employees. In doing this Medicover's goal is full compliance with data protection regulations in all our markets, using systems and processes that offer high levels of security and stability.

The World Bank sets out in its UHC strategy four priority areas, and Medicover is contributing to each one of them:

"First, it is important to **ramp up investments in affordable, quality primary healthcare**. Health systems based on a foundation of strong primary health care are more efficient and equitable, producing higher value and better health outcomes: More resources to detect and treat conditions early, before they become more serious, will not only save lives but also reduce health costs.

Second, it is key to redouble our efforts to **engage the private sector and unlock new models for health financing and delivery**. The unmet coverage and financing needs are too vast for the public sector to close the gap alone.

Third, the WB is going beyond health to **improve health outcomes and supporting communities** by improving education, broadening social services, and creating jobs. The Human Capital Project aims to support countries in taking an integrated, whole-of-government approach to improving human development outcomes.

Fourth, the way health is financed needs to change so countries get better outcomes for the money they are spending. The WB and other international partners are helping them **catalyse domestic resources to build sustainable national health systems."**

3 GOOD HEALTH AND WELL-BEING

Non-public healthcare spending channeled through Medicover in 2021 is a similar amount to the total healthcare spending for 1.1 million people in Poland.

Medical quality

The Medicover Board is advised by its Medical Advisory Council (MAC), chaired by the Chief Medical Officer (CMO). Medical quality is defined as 'safe, appropriate, cost effective advice, care, diagnostics and treatment with an outcome that benefits the patient. The Chief Executive Officer is a member of the MAC together with medical leadership from all Medicover's businesses and external professional experts. The encouragement of open reporting and a learning culture to drive continuous quality improvement is one of the major drivers of the MAC's activities. The Group Medical Team (GMT), led by the CMO, was established to support the MAC and encourage improvement in patient safety as well as quality of care across Medicover.

During 2021 actions and procedures implemented were aimed at protecting and providing a safe environment to patients and employees while continuing to provide a quality service to customers. High vaccination rates in staff translated into a very low number of Covid-19 cases among employees. Low levels of Covid-19 infection amongst staff in clinical facilities, and careful management of staff absences, enabled the continued maintenance of safe high-quality services.

Compliance with high quality and medical safety standards in hospitals and clinics is documented by certification of facilities, for instance through ISO 9001: 2015 and national accreditation schemes focusing on medical safety and evaluation of treatment outcomes. In 2021, ISO 9001:2015 certification or recertification together for 19 Medicover brands including outpatient clinics and hospitals belonging to Healthcare Services was achieved. Independent accreditation covers 15 hospitals in Poland, Romania and India. There are regular audits of key areas which provide results for analysis and discussion by quality teams and risk committees. In 2021, the average rate of compliance with the standards of medical quality and safety was 96 per cent for Medicover Sp. z o.o. and Neomedic Group for outpatient clinics and hospitals in Poland.

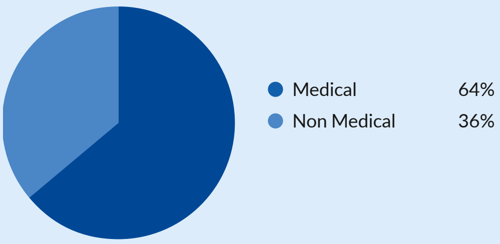
These continuous improvements are aided by the collection of KPIs across both divisions and reported to the MAC on a monthly basis. Performance indicators collected in the hospitals such as hospital acquired infections, re-operations, pressure ulcers, re-admissions, serious incidents and unexpected deaths are reviewed and investigated locally by quality management teams and reported to the MAC to ensure that lessons learned and other insights are shared and actions are taken to avoid recurrence.

KPIs for ambulatory clinics include compliance with evidence-based guidelines; frequency of prescribing antibiotics; and measures of health improvement such as management of hypertension and control of diabetes.

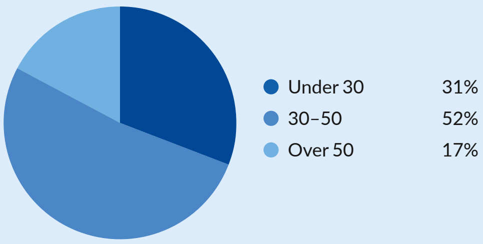
The fertility centres collect a range of technical KPIs. In 2021 the clinical pregnancy rate for women under the age of 35 receiving cryo-preserved embryos, across Medicover's fertility centres was 49 per cent; this is assessed as a high clinical performance. A standardised set of KPIs is also collected by Medicover's diagnostic laboratories.

The MAC has also supported a survey asking Medicover's customers, using the ambulatory clinics in Poland and Ukraine, if the advice or treatment received improved their health condition and quality of life. In 2021, 77 per cent of patients agreed that their general health condition and quality of life had improved. This is what patients should expect from Medicover and the MAC will be working to extend this programme in 2022.

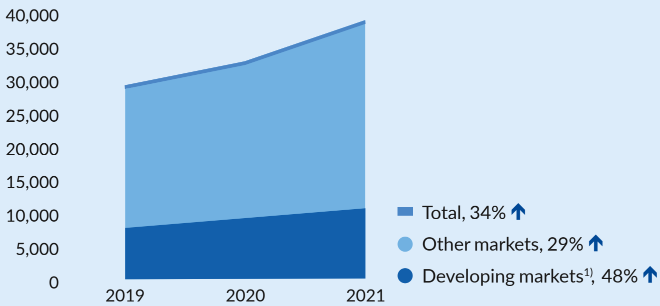
Co-workers by category



Age structure of co-workers

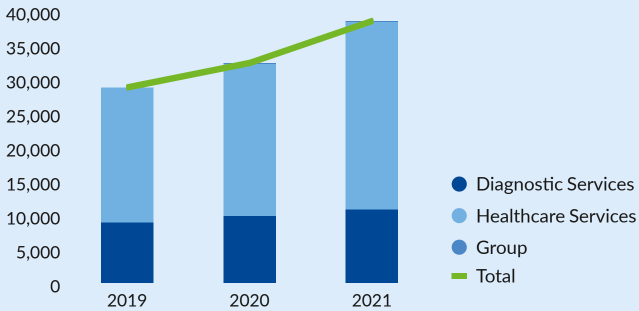


Co-workers in developing markets



1) Developing markets: markets which the World Bank classifies as low or lower middle income.

Number of co-workers



People and partners

Our people – Medicover's most important asset. The foundation for Medicover's growth and the cornerstone of delivering quality care.

The competition for talent is prevalent across all industries and the Covid-19 pandemic has escalated that, especially within the healthcare industry. In many markets one of the biggest constraints on improving access to care is the shortage of qualified and experienced medical personnel. To address this Medicover creates working environments where medical staff at all levels are attracted to remain in the profession and supported to be as effective and efficient as possible in providing patient care. Medicover aims in particular to create employment opportunities for young medical staff to gain experience and develop their skills, since these young professionals are the future of the healthcare profession. Medicover recognises the crucial contribution of the medical and other staff working in partner clinics and seeks to help them to develop their skills and to be productive in the same way.

In recent times a specific challenge has been the impact of Covid-19 on medical personnel, in terms of extra workload and on their wellbeing. Medicover is committed to ensuring that its staff can operate in the safest of environments and maintain their mental and physical wellbeing.

Healthy employees are motivated and productive and this is as true for Medicover's corporate customers as it is for Medicover's own workforce. In this way Medicover is contributing to SDG #8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Medicover's employees

Medicover is the largest private sector employer of qualified medical staff in Central Europe. At the end of 2021 Medicover had 38,555 people based in 18 countries, which represents a headcount growth of 19 per cent. Around two thirds of Medicover's employees are medical professionals; doctors, nurses, specialist medical technicians and laboratory specialists; 73 per cent are women. Medicover has employees of more than 70 different nationalities with 28 per cent living and working in countries which are classified by the World Bank as lower middle or low income.

Attracting and developing employees

As a growing and developing business, attracting and retaining motivated and engaged employees continues to be a top priority. Medicover is especially committed to provide job opportunities to young people and medical professionals seeking to build their careers: over 16,700 people were hired during the year with 10,200 or 61 per cent of new hires being medical professionals. Out of the total new hires, 5,460 or 33 per cent are medical staff under the age of 30 (workforce of medical staff under 30 increased by 21 per cent), the majority of these work opportunities being in developing markets. Overall, 31 per cent of Medicover's staff are under the age of 30 and within that overall age bracket, 65 per cent have a higher-level education.

In 2021, the staff voluntary turnover rate was at 24.5 per cent. This level is mainly driven by turnover in India, where the primary reasons for resignations are personal/family reasons or returning to education.

In the remaining markets, Medicover's goal of maintaining a turnover rate below 15 per cent has been achieved, with voluntary turnover for 2021 at a healthy 12.6 per cent despite the competition for staff and the challenges of working in a sector heavily impacted by Covid-19.

Voluntary turnover, moving annual total	2021	2020
Female	23.2%	18.6%
Male	28.0%	22.8%
Total	**24.5%**	**19.7%**

Being an attractive employer and ensuring that Medicover can differentiate from its competitors, continues to be a focus for Medicover's leadership and HR teams. Supporting employees with flexible working arrangements, both in terms of full or part time positions and now also in flexibility with hybrid working where possible, is on offer to people in all businesses.

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 to commit to welcoming diversity in its broadest sense.

It is more and more apparent that attracting people to Medicover is not only about the job content or the career development opportunities – which remain a priority for Medicover – it is also aligning to the Medicover Values and Purpose. Medicover attracts people who fundamentally recognise that aligning to these elements is as important as everything else. Medicover emphasises this as part of its Employer Branding strategy since this is a unique differentiating factor to hiring the right people, most especially those suited to leadership roles.

HR processes from recruitment to appraisals and leadership development value four specific capabilities: thinking and behaving in line with Medicover's values; committing to and contributing to our business; being willing and able to develop as a leader, and having the ability required to adapt to change. Continuing professional development is available to all of Medicover's staff. This is vitally important but it is impossible to quantify, since it is taking place on the job every workday. To focus only on formal training courses, during 2021, 274,000 hours were invested in training, corresponding to 2 days per full-time co-worker.

Medicover India strongly advocates training for its staff, both medical and non-medical. This includes both basic but essential trainings (e.g., 3,000 employees per year undertaking life support training) and highly specialised trainings for senior professionals (e.g., fellowships in emergency medicine with the Royal Liverpool Academy, 8 participants annually).

Medicover's new Learning Management System was launched in 2021 improving access, choice and quality of training available to all staff. This platform provides a corporate wide tool for rolling out trainings, based both on Corporate and local requirements, to all employees. Implementation will be completed in all major markets in the first half of 2022.

Equal opportunities

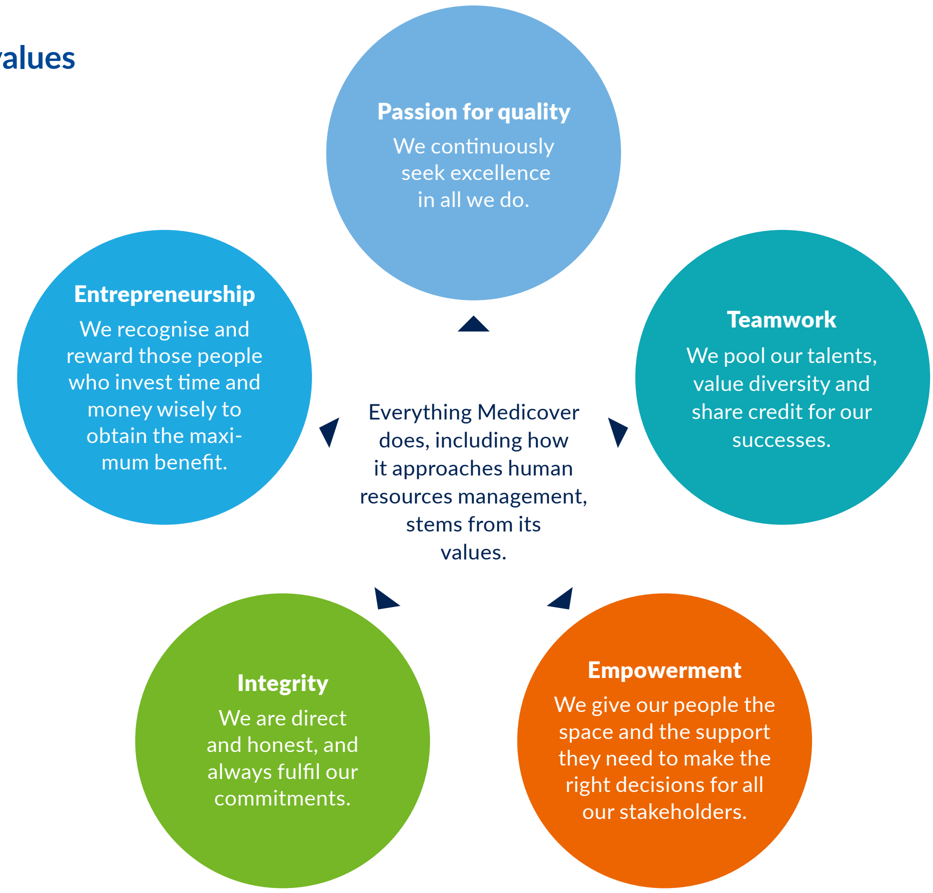
As an organisation Medicover continues to be committed to equal opportunities and has a zero tolerance to discrimination, bullying or any other behaviour that would be considered inappropriate to Medicover's values.

In 2021, there were improvements across most levels of management in terms of gender equality. Medicover recognises there is still work to be done in this area and will strive to improve even more throughout 2022, this is not only essential but also an obligation as an employer.

Medicover will continue to ensure that employees feel secure, valued and empowered to provide the best quality of care.

Management breakdown	Female	Male
Executive management team	14%	86%
Divisional/Group senior management	31%	69%
Country senior management	40%	60%
Director	50%	50%
Manager	63%	37%
Total	**59%**	**41%**

Medicover's values



Working at Medicover entails having a positive impact on people's lives and many of Medicover's employees also find it meaningful to contribute to Medicover's philanthropic projects. Despite the pandemic the Medicover Foundation in Poland and Romania undertook more than 60 charitable projects benefitting 14,600 people in need, and there were also many similar projects led by Medicover employees in other markets.

Employee safety
Ensuring that employees have a safe workplace is paramount to Medicover and working in accordance with legal requirements and industry standards is considered the minimum obligation.

Employee wellbeing plays an important part in employee safety. The Covid-19 pandemic affected the mental health of many people and across all markets in Medicover, preventive measures were taken. Medicover launched an organisational-wide "Tips for..." campaign, covering topics such as tips for avoiding burnout, tips for managing remote teams. In addition, during 2021 Medicover Poland became a member of the two-year EU-OSHA's Healthy Workplaces campaign - 'Healthy workplaces lighten the load'. The campaign focuses on the prevention of work-related musculoskeletal disorders (MSDs) one of the most prevalent types of work-related health problems in Europe.

The Medicover Wellbeing Team together with the Ergonomist Team is involved in the campaign by organising activities (such as seminars and workshops). In 2021 Medicover:

- Prepared surveys for employees and prepared a report with a comprehensive view of the causes of these persistent problems.
- Organised webinars for employees with ergonomics specialists to raise awareness and share information, good practices and practical tips and advice.
- Held webinars for employees with physiotherapists offering practical tools and solutions for good home office routines.
- Prepared recommendations for the business to encourage an integrated approach to manage the challenges.

In 2022 Medicover will continue to campaign and focus on medical employees and their work-related health problems. Medicover will also continue the information campaign and webinars for employees, especially for those who work from home or travel for business.

Medicover operates H&S management systems across all of its own sites. Medicover goes beyond its legal obligations to ensure the health and safety (H&S) of its workforce and the public.

As part of Medicover's business it advises employers on planning and actions to improve H&S practises, performing workplace audits for clients and giving suggestions to reduce work related injuries and illness, examples being seating, lighting, footwear and clothing. Medicover also provides extensive training in first aid (and provides equipment) for workplace medicine to support its customers, up to and including paramedic education programmes for workforce teams. During

	2021	2020	2019
Number & rate of fatalities as a result of work-related injury	0	0	0
Number & rate of high-consequence work-related injuries (excluding fatalities)[1]	0	0	0
Number & rate of recordable work-related injuries	120	98	117

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

2021 there were 596 training courses with more than 5,400 participants. This training is also extended to Medicover employees across major markets. In all countries, workplace H&S is part of the induction training provided to all employees.

In 2021 Medicover actively encouraged employees to be vaccinated against Covid-19 (and subsequently to receive the booster jab). In the main markets, Poland and Romania vaccination centres were set up whereby employees could receive vaccinations directly in Medicover premises.

Throughout the year 120 accidents were recorded across the Medicover organisation. 40 per cent of people involved in an accident were expected to be fully recovered to pre-injury health status within 3 days. 56 per cent were accidents at work, while 43 per cent occurred whilst commuting either to or from the place of work. The remaining accidents took place during work-related business trips.

In some countries H&S management systems are ISO 45001 certified and/or certified under ISO 15189 (standards overlap). In other countries these cover all of the areas foreseen under ISO 45001, including leadership, defined roles and responsibilities, written policy and participation of workers councils and workers groups.

All sites have emergency plans appropriate to their specific risks. All countries monitor these processes and report to the Group on their performance. Where businesses are acquired, part of the integration plan is a review of H&S management and improvement action plans.

Medicover is subject in each country of operation to regulations for building safety standards encompassing evacuation standards (e.g. staircase dimensions for evacuation of bed bound patients); fire detection and suppression; safety standards in respect of operation and shielding for medical equipment; building layout infection control standards; sanitary (e.g. material specifications for construction as to sterilisation and ability to clean); air handling and separation among others.

Medicover's partners

As a diagnostic and healthcare services provider Medicover is closely integrated with the full healthcare system in the countries where it is present. Healthcare Services subcontracts health services from more than 3,000 independent ambulatory clinics, and Diagnostic Services provides laboratory diagnostic services to 83,200 referring medical professionals. Many of these partners are small businesses. In this way the number of care providers that Medicover enables, and supports is much greater than the number of care providers that are employed directly.

Medicover aspires to ensure the same treatment and opportunities for staff of service providers as for directly employed staff. The Medicover Supplier Code of Conduct (Supplier CoC) embeds the same principles as the Medicover CoC, and Medicover works continuously with suppliers to obtain agreement to follow the standards embedded in this code.

Supporting full and productive employment

Medicover thinks of corporate customers as partners and when customers' request Medicover to provide healthcare to staff, the outcome should be a happier, healthier, and more productive workforce. In the Polish healthcare practice, success can be measured in this way: considering seven of the most common causes of absenteeism and presenteeism, an employee under Medicover's care has 4.4 more healthy and productive days per annum compared to the working population as a whole, or 8,370 work years for the population under Medicover's care for the full year. A 12 per cent improvement on the previous year: Medicover reduced the average time lost due to upper respiratory tract infections whilst it increased for the Polish working population as a whole. If the same productivity increases could be achieved for the entire Polish workforce that would be 314,000 work years of extra productivity. This does not include any of the long-term benefits from improved health. Medicover would like to extend this analysis to other markets but can only do so when there is available data for the working population as a whole.

8 DECENT WORK AND ECONOMIC GROWTH

An employee in Poland under Medicover's care has 4.4 more healthy and productive days per annum compared to the working population as a whole, or 8,370 work years for the population under Medicover's care for the full year. If this productivity increase could be achieved for the entire Polish work-force that would be 314,000 work years of extra productivity and to that could be added the long term benefits from improved health.

Prevention and education

Education is fundamentally important to improving the quality of care and access to care. Medicover wants its staff and partners to learn, gain experience and develop skills so it can continually improve the services offered. That is why Medicover also focuses on SDG #4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. The particular focus is of course health education, both for medical professionals, and for the entire population.

Staff training

In 2021, over 38 per cent of trainings provided to people in Medicover were focused on medical training in areas of skills and qualification enhancements. Medicover continues to encourage its staff with medical education whilst working within the company. Examples of educational activities and programmes that Medicover sponsors include:

- In 2021 Medicover organised its 16th Medical Conference for doctors, the second year in a row when the event was organised virtually due to the pandemic. The focus was "the Patient after Covid-19, how to diagnose and treat when we do not have standards" (related to post-Covid treatments). Over 310 doctors participated, from Medicover's business units but also participants from the Medicover partners network in Poland. Medicover also hosted doctors and medical students from Ukraine.
- Additionally, a further two medical events for took place in 2021 in Poland:
  - The first dedicated Annual Medical Conference for nurses & midwifes.
  - The Annual Medical Conference for dentists – where awards for the best dentist's specialisation are made.

Nurse training continues to be an area of great focus for Medicover, and in 2021:

- 500 nurses participated in Romania in various medical trainings, which included a wide range of specialty topics from genetics oncology, specific Covid-19 trainings, GDPR requirements and data protection and integrated quality management. As part of Medicover's programme to care for children when in our blood-drawing rooms, a specific training on the use of virtual reality and the tools developed in Diagnostic Services Romania (Synevo) was rolled out.
- In Diagnostic Services Ukraine (Synevo), 766 nurses participated in nursing school during 2021 and in Belarus 324 nurses participated.
- In Diagnostic Services Poland (Synevo) a comprehensive customer service standards training was implemented where 420 nurses received training.
- Other trainings, specific to the nursing population that took place were 320 in medical standards trainings and 65 in preanalytic standards training.

Medicover was proud to run for the fifth time the Queen Silvia Nursing Award programme in Poland, through which trainee nurses can submit their ideas to improve care for the sick and elderly.

In addition to internship training and educational training degrees (for example Medicover's nurse training degree programme) all medical staff are certified/qualified in their respective fields of specialisation (i.e. have followed and graduated from medical/professional training). Medicover conducts a credentialling process upon initial employment and maintains that credentialling through employment with Medicover, to ensure that the person maintains professional medical qualifications. Non-medical staff working in medical facilities are also during the induction process trained in specific areas relevant to specific roles, always including health and safety.

Medical doctors also conduct additional self-orientated development in their respective fields, following professional interests.

Training for patients and the community

Turning to preventative care and medical education for other groups, this is integrated into Medicover's services for its paying customers, examples being seasonal flu vaccinations and regular dental check-ups. Medicover provided 28,000 health screenings and 370,000 occupational health examinations during 2021.

Medicover provides specific advice for people with chronic conditions to help to manage those conditions. For example, Medicover patients in Poland with hypertension are 64 per cent more likely to have blood pressure restored to normal levels than for the patient population as a whole, which increases life expectancy by five years. Another good example is the advice for people suffering from back pain, on exercises which can be undertaken to relieve symptoms without surgery.

Most importantly, Medicover recognises that when young people follow a healthy lifestyle, those behaviours become ingrained and significantly reduce the risk of developing many diseases in later life. The Medicover Foundation has developed and offered public health programmes (including PoZdro and InCerc) in Poland and Romania through which more than 47,000 school children have had their health status screened. Those with obesity problems or poor physical fitness have been offered the opportunity together with their families to take part in health coaching to address these risks. Medicover is proud of the fact that the majority of the participants in these coaching programmes have achieved reductions in body mass index.

The success of these school screening programmes led Medicover to develop ESMS, a software supported screening programme for use by school nurses. During 2021 more than 900 school nurses received training in the ESMS system, and it has already been implemented in more than 100 Polish schools.

The pandemic led to many schools switching to online tuition, and Medicover health education packs were also redeveloped as online teaching materials. Since the pandemic began an estimated 76,000 Polish school children have participated in lessons using these materials.

Medicover is also proud to announce that during 2021 it started developing another major school health initiative, which will engage and attract younger schoolchildren to stay fit and be physically active. This is a six-year programme, supported by the Jonas and Christina af Jochnick Foundation, which will be piloted in Poland and then rolled out to schools in three more of Medicover's largest markets.

Care for the environment

Medicover's target is to reduce its scope 1 and 2 CO_2e emissions per euro million of revenue by 50 per cent by 2030, from a 2020 baseline.

Medicover views environmental care as a prerequisite for human health and wellbeing. Medicover is committed to play its part in the achievement of SDG #13: Take urgent action to combat climate change and its impacts. Improving access to care means that Medicover's investments are predominantly in markets where the current access to healthcare is relatively weak, and these markets are often markets which are still heavily reliant on fossil fuels, reflected in the current profile of Medicover's CO_2e emissions.

Medicover's main environmental impacts are related to energy use in hospitals, clinics, and other facilities; from various equipment and materials; from external and internal transport; and from waste. Medicover is committed to decarbonise its business activities. Medicover's target is to reduce scope 1 and 2 CO_2e emissions per euro million of revenue by 50 per cent by 2030 from a 2020 baseline. During 2022 Medicover will be working with suppliers to establish its scope 3 emissions, with the intention to start the process of setting Science-Based Targets in the following year.

In 2021 the Medicover Environmental and Climate Change Policy was updated as part of an ongoing assessment to improve environmental performance. The policy is aligned with the Paris Agreement and commits Medicover to:

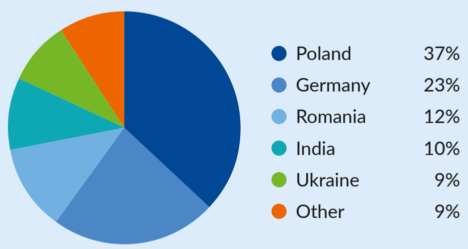
- Conduct all activities in compliance with relevant environmental legislation and regulations.
- Consider environmental opportunities and risks when making business decisions.
- Monitor, measure, and seek to reduce greenhouse gas emissions from operations.
- Follow a sustainable energy model/strategy based on efficiency and the use of renewable energy sources where available.
- Optimise distribution and logistics processes to make these more environmentally friendly.
- Manage natural resources responsibly and sustainably.
- Improve water management and efficiency in buildings.
- Apply measures to prevent and reduce pollution.
- Progressively transition to a circular economy.
- Develop digital solutions and services with lower environmental impact.
- Continue the roll-out of Environmental Management Systems such as ISO 14001 or EMAS to all major businesses across all business units.
- Seek to minimise the indirect environmental impact of Medicover throughout its value chain.

Whilst Medicover's aims are group wide, the approach is implemented locally in each division and country. Training on environmental impact and climate change risks has been provided to the leadership teams in both divisions, strengthening of the overall environmental management framework of the Group.

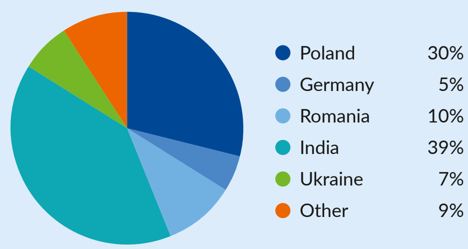
In 2021 an environmental management group was established with the objective to improve Medicover's environmental efforts and performance. The team's main responsibility is to measure, compile and analyse environmental performance data, with a focus on energy consumption and carbon emissions, in order to identify priorities and set targets.

The IMD Oderland laboratory has led the way in implementing an environmental management system and developing a programme to reduce its carbon emissions. It is a model Medicover is seeking to learn from in other laboratories and facilities.

Revenue by country



Emissions by country



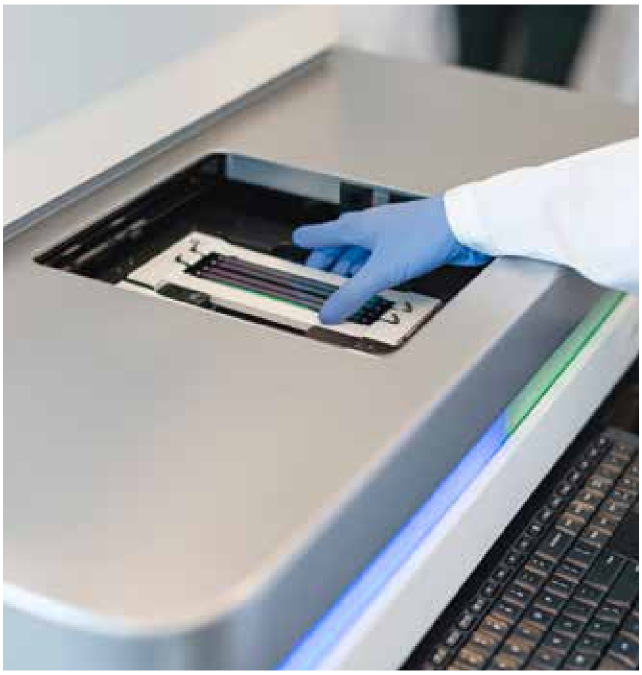
Improving access to care means investing in some markets which are still heavily reliant on fossil fuels. The geographic distribution of Medicover's emissions is very different to the distribution of revenue.

Quick win initiatives to reduce carbon emissions such as eliminating unnecessary travel and replacing conventional lights with energy efficient LED lights are already being implemented. The scaling up of remote consultation capacity this year has contributed to time saved and reduced carbon emissions as well as creating a safer working environment. We estimate that in 2021 the total time saved for our patients through virtual care came to 1,300 work years, and that emissions of 4,500 tCO_2e were saved as a result.

In 2021, the Healthcare Services division contributed to 70 per cent of the total emissions (scope 1 and scope 2) and 55 per cent of energy consumption, and the Diagnostics Services division to 30 per cent of emissions and 45 per cent of energy consumption.

The reductions in energy use and GHG emissions for each euro million of revenue achieved during 2021 represent good progress. However, in addition to efficiency improvements these results reflect Medicover's strong growth and that fixed emissions from facilities have been spread over a larger volume of services provided. Medicover is not complacent and recognises the need to work even harder to continue this positive trend. By measuring and monitoring the following key environmental indicators Medicover is able to track its progress with the actions described in this report.

The plans for the coming year also include deepening our analysis of Medicover's other environmental impacts (e.g. from waste, effluents and water consumption). For traditional waste from administrative and office activities Medicover has recycling practises in place in all its locations. The company's medical records have been electronic for many years and are a good example of how to minimise waste. Medicover seeks new possibilities all the time. Medical hazardous waste is subject to regulation, which Medicover fully complies with.



		Unit	2021	2020	Variance
Emissions Intensity	Emissions per revenue	tCO_2e/EURm	46.2	51.7	-11%
Energy Intensity	Total energy consumption per revenue	kWh/EURm	77,401	91,400	-15%
Greenhouse gas emissions	Direct GHG emissions (Scope 1)	tCO_2e	4,997	4,928	0.1%
Greenhouse gas emissions	Indirect GHG emissions (Scope 2)	tCO_2e	58,612	46,602	26%
Energy use	Total energy consumption	MWh	106,613	91,147	17%

These indicators cover all of Medicover's business operations. The scope 1 and 2 GHG emissions do not include refrigerants.

13 CLIMATE ACTION

In 2021 the total time saved for our patients through virtual care came to 1,300 work years and saved emissions through reduced travel of 4,500 tCO_2e.

Governance and business ethics

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

Corporate governance
Medicover follows all relevant frameworks including, but not limited to the Swedish Corporate Governance Code and the Swedish Companies Act. For further information read the Corporate governance report on pages 67–79.

Sustainability governance
Medicover's corporate sustainability model, sustainability strategy and goals are set and managed by the sustainability sub-committee of the board, comprising three board members. The committee ensures strong leadership and a well prepared and supervised sustainability model of the Company. Sustainability-related goals are integrated into strategic planning, risk management and daily operations. The executive management team continuously monitors sustainability data to identify risks, leverage opportunities and set priorities and targets.

Business ethics
The Medicover Code of Conduct ("Medicover CoC"), which is based on the UN Global Compact's ten principles, is the foundation of Medicover's sustainability approach. It includes the Company's commitment to employees and other key stakeholders, as well as the ethical standards expected of everyone working at Medicover. The Medicover CoC also guides the business and its people in sound decision-making.

All medical staff are required to provide care in accordance with Medicover's code of Medical Ethics, supplemented where necessary by additional more detailed codes (for fertility services and for clinical genetics).

Medicover is committed to international and fundamental principles on human rights, labour rights, the environment, and the fight against corruption. The Medicover CoC specifies Medicover's responsibility in these areas. The Medicover Supplier Code of Conduct ("Supplier CoC"), Medicover Environmental and Climate Change Policy, Medicover Anti-Bribery Policy and Medicover Whistleblower Policy further set out the Group's commitment.

These policies are available on the corporate website in each of the 13 languages most important for staff and partners. A clear majority of Medicover's employees have already committed to the Medicover CoC, however the aim is more than that: The Group has continued to roll out e-learning for the Medicover CoC to staff. At year-end 2021 over 28,000 people have signed the Medicover CoC, and through continued roll out Medicover will ensure that current and future employees have an even better understanding of the policy.

To further secure sound business ethics within the organisation everyone is encouraged to report if a behaviour is encountered that is not in line with the Medicover CoC. 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. The Medicover Whistleblower Policy has been updated in 2021 and our larger legal entities within EU have set up or are in the process of setting up local Whistleblower functions to ensure compliance with the requirements under the so called EU Whistleblower Protection Directive ((EU) 2019/1937).

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 Medicover Anti-Bribery Policy expands on the principles in the Medicover CoC, and is supplemented by the Medicover Anti-Bribery manual, providing further guidance and practical examples. Medicover has developed its anti-bribery and anti-corruption e-learning, specifically tailored to the business and focused on key risks identified during group-wide risk-mapping, which has now been translated into local languages and is being rolled out to replace the external anti-bribery e-learning previously used.

The same principles are embedded in the Supplier CoC, and suppliers are expected to comply with this. The roll-out of the Supplier CoC which started in 2020 has continued in 2021, reaching all markets where Medicover operates. Medicover seeks to partner with suppliers with strong codes of conduct and accept these as alternatives if the same principles as Medicover's code are reflected. At the date of writing 570 suppliers have signed Medicover's Supplier CoC. Medicover's target is that by 2030 suppliers representing at least 70 per cent of purchases have committed to the principles of Medicover's Supplier CoC.

Medicover encourages widespread internal communication through multiple channels and conducts regular, anonymous surveys of employees to understand ideas and concerns. Feedback is provided and issues raised are followed up.

Reporting and transparency

Medicover is aiming to adopt the recommendations for reporting sustainability-related initiatives which are found in GRI and TCFD. In addition the EU Taxonomy is applied. New disclosures aligned to those frameworks are expected to be fully integrated in the coming years and will be complimentary to the UN Sustainable Development Goals (SDGs) and the UN Global Compact guidance.

EU taxonomy

The EU taxonomy, which entered into force in July 2020, is a classification system which creates a common language between issuers, investors and policymakers to understand and deliver sustainability. For the first two environmental objectives (climate change mitigation and climate change adaption) out of six, the technical screening criteria were adopted by the EU parliament in December 2021 and entered into force on 1 January 2022. The taxonomy does not yet cover all sectors and economic activities and Medicover's core activities of providing healthcare and diagnostic services through a comprehensive network of hospitals, clinics and laboratories are not yet covered. To be able to operate hospitals, clinics and laboratories, the Group owns buildings and leases premises and this activity is covered in the taxonomy ('taxonomy-eligible'). No other activity in the taxonomy is considered relevant for the Group.

Medicover's share of taxonomy-eligible activities related to 'Acquisition and ownership of buildings' and taxonomy non-eligible activities in total turnover, operational and capital expenditure is as follows:

2021	Total (EURm)	Share of taxonomy-eligible activities	Share of taxonomy non-eligible activities
Turnover	1,377.4	–	100%
Operational expenditure	72.0[1)]	74%[2)]	26%
Capital expenditure	326.1[3)]	58%[4)]	42%

[1)] Include 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. It does however not include the Group's total operational expenditure.

[2)] Calculated as operational expenditure related to owned and leased buildings divided by total operational expenditure.

[3)] Include additions during 2021 (including those from business combinations) to intangible assets (excl. goodwill), property, plant and equipment and right-of-use assets, refer to note 10–12 in the consolidated financial statements.

[4)] Calculated as capital expenditure related to owned and leased buildings divided by total capital expenditure.

Measuring our impact

Medicover's sustainability goals are in many cases complementary and mutually reinforcing. For example, investments in medical training both make people more fulfilled and more effective and improve the 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 the sustainability goals addressed.

	Indicator	2021	2020	Variance %
Care provision	**Quick and convenient access to care**			
	Total non-public healthcare spending channelled through Medicover	EUR 1,095m	EUR 781m	↑ 40%
	The number of individuals who received Medicover services during the year:			
	Diagnostic Services	12 million	9 million	↑ 33%
	Healthcare Services	>4 million	>3 million	↑ 33%
	The growth in the number of facilities:	98	39	↑
	Blood-drawing points:	107	63	↑
	The number of times a Medicover site was accessed for free healthcare information	170 million	94 million	↑ 80%
People and partners	**Care providers equipped, trained and empowered to perform well**			
	Medicover employment opportunities created for medical professionals aged under 30	5,460	4,078	↑
	The number of medical staff using Medicover's systems to interact with patients or check diagnostic results	27,285	23,598	↑ 15%
	The productivity increase for our corporate clients through the care provided to their employees	8,370 work years per annum (Poland)	5,870 work years per annum (Poland)	↑ 42%
Prevention and education	**People lead healthier lives**			
	The number of diagnostic tests provided	133.4 million	103.9 million	↑ 28%
	The number of hours of training provided (to staff and to medical partners)	274,000	185,000	↑ 48%
	The cumulative number of school children who have participated in Medicover sponsored health education or screening	203,000	158,000[1]	↑ 28%
Care for the environment	**Minimise environmental impact**			
	Total consumption of energy (Scope 1 and 2) per EURm of revenue	77,401 kWh	91,400 kWh	↓ 15%
	Total CO_2 emissions (Scope 1 and 2) per EURm of revenue	46.2 tCO_2e	51.7 tCO_2e	↓ 11%
	Time and emissions saved through virtual care provision (compared with traditional care)	Time 1,300 work years Emissions 4,500 tCO_2e	Time 912 work years Emissions more than 3,000 tCO_2e	↑ 42% ↑ 50%
Governance and business ethics	**Open, inclusive and ethical at all times**			
	The number of employees who have signed the Medicover Code of Conduct	More than 28,000	More than 16,000	↑
	The number of Medicover staff who have signed the Anti-Bribery Policy	More than 28,000	More than 16,000	↑
	The number of suppliers who have signed the Medicover Supplier Code of Conduct	570	253	↑ 125%

[1] Restated from 102,800.

The environmental impact 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. Scope 1 and 2 emissions exclude refrigerants.

Financial reports Content

Information about the share

Strong performance - Medicovers share price increased with 126 per cent and market capitalisation increased to SEK 56.2bn from SEK 24.7bn during 2021. Medicover's B-shares have been listed on Nasdaq Stockholm since 23 May 2017.

Share capital and structure
In November Medicover issued 1.2 million class C shares and immediately thereafter repurchased the shares for the purpose of the long-term performance-based share programmes. The total share capital in Medicover increased by EUR 240,000 to EUR 30.4m (EUR 30.1m). The quota value is EUR 0.2 per share. Medicover has three classes of shares: 77,569,276 class A shares which carry one vote, 70,781,275 class B shares which carry one tenth vote and 3,584,644 class C shares which carry one tenth vote. The total number of shares amounted to 151,935,195 and total number of votes is 85,005,867.9.

Share performance and volume
During the year the highest closing price paid was SEK 370.00 on 30 December and the lowest closing price paid was SEK 158.00 on 29 January. The highest bid price during the year was SEK 372.00. The Company's market capitalisation at year end amounted to SEK 56.2bn (SEK 24.7bn). The share price increased by 125.6 (51.0) per cent during the year. The total share turnover on Nasdaq Stockholm amounted to 4,310,254,168 with a daily average volume of 73,806 shares. Trading on Nasdaq Stockholm amounted to 46.0 per cent of total trading.

Shareholders and ownership structure
On 30 December 2021 Medicover had 7,233 (5,923) shareholders, an increase by 22.1 per cent. Ownership outside of Sweden corresponded to 24.1 per cent (371 shareholders) of the total share capital and 20.7 per cent of the voting rights. Financial and institutional shareholders held 90.5 per cent of share capital and 91.5 per cent of the voting rights and private shareholders 9.5 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 0.07) per share for 2021 and is subject to approval on the annual general meeting on 27 April 2022. The proposed dividend is 17.5 (40.2) per cent of the net profit, which is in line with the dividend policy.

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

Long-term performance-based share programmes
The annual general meetings in 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.

	Plan 2021	Plan 2020	Plan 2019	Plan 2018	Plan 2017
Approval date, AGM	29 April 2021	30 April 2020	3 May 2019	26 April 2018	31 March 2017
Maximum number of shares to be allotted	1,197,600	1,112,000	1,060,000	1,004,000	938,000
% of total shares	0.79	0.73	0.70	0.66	0.62
% of voting rights	0.14	0.13	0.12	0.12	0.11
Number of employees offered to participate	73	58	53	50	45
Number of participants at inception date	67	54	46	43	32
Estimated number of B shares to be allotted, subject to possible recalculation	1,051,736	905,763	776,383	712,106	598,421
as percentage of total shares	0.69	0.60	0.51	0.47	0.39
as percentage of voting rights	0.12	0.11	0.09	0.08	0.07
Number of participants at year-end 2021	67	50	38	29	21

	Number of shares	Capital, %	Voting rights, %
Class A shares	77,569,276	51.0	91.3
Class B shares	70,781,275	46.6	8.3
Class C shares	3,584,644	2.4	0.4
Total	**151,935,195**	**100.0**	**100.0**

Source: Euroclear Sweden AB, 30 December 2021

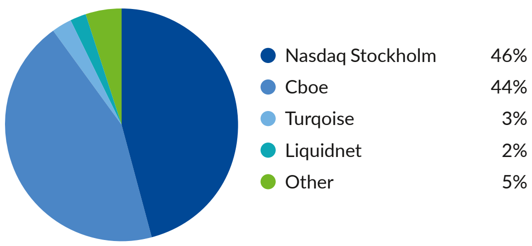
	Number of shareholders	% of shareholders	Capital, %	Votes, %
Private shareholders	6,701	92.6	9.5	8.5
– of which based in Sweden	6,638	91.8	9.3	8.5
Institutional shareholders	532	7.4	90.5	91.5
– of which based in Sweden	224	3.1	66.6	70.8
Total	**7,233**	**100.0**	**100.0**	**100.0**
– of which based in Sweden	6,862	94.9	75.9	79.3

Source: Euroclear Sweden AB, 30 December 2021

Number of shares	Number of shareholders	% of shareholders	Capital, %	Votes, %
1–500	6,302	87.1	0.3	0.06
501–1,000	336	4.6	0.2	0.03
1,001–5,000	299	4.1	0.5	0.09
5,001–10,000	73	1.0	0.4	0.08
10,001–50,000	110	1.5	1.6	0.40
50,001–100,000	27	0.4	1.3	0.44
100,001–	86	1.3	95.7	98.90
Total	**7,233**	**100.0**	**100.0**	**100.00**

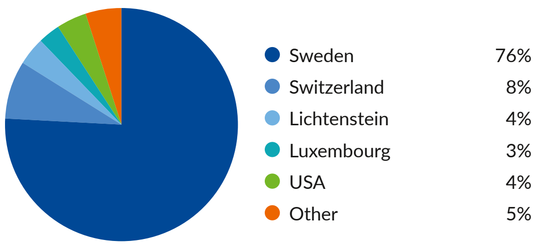
Source: Euroclear Sweden AB, 30 December 2021

Share trading on different market places



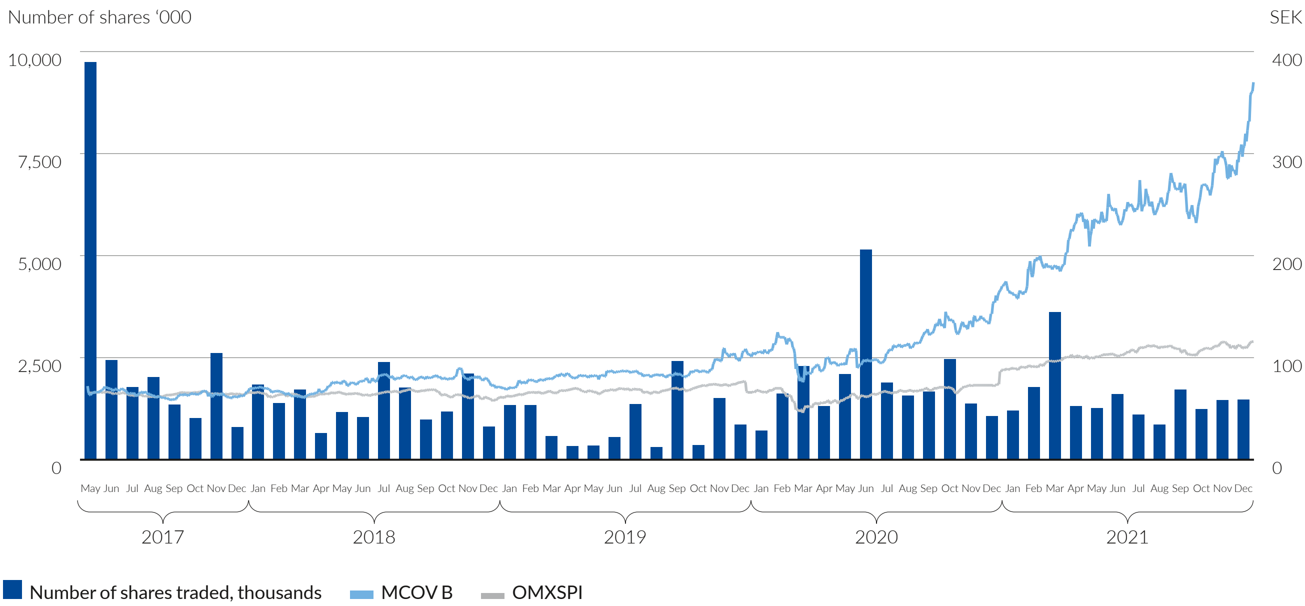
Source: Bloomberg, 30 December 2021

Share capital by country



Source: Euroclear Sweden AB, 30 December 2021

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	55.5
Christina af Jochnick Family	18,880,915	58,210		18,939,125	12.5	22.2
Robert af Jochnick Family[1)]	9,909,861	3,922,830		13,832,691	9.1	12.1
Fjärde AP-Fonden		13,792,326		13,792,326	9.1	1.6
AMF Aktier och Fonder		8,042,070		8,042,070	5.3	1.0
Enter Fonder		2,545,969		2,545,969	1.7	0.3
SEB Investment Management		2,503,728		2,503,728	1.7	0.3
UBP Clients Assets – Sweden		1,890,354		1,890,354	1.2	0.2
Mertzig Equity Fund Sweden		1,810,000		1,810,000	1.2	0.2
JP Morgan Bank Luxembourg S.A.		1,767,238		1,767,238	1.2	0.2
Fredrik Rågmark		1,679,155		1,679,155	1.1	0.2
Handelsbanken Fonder		1,604,681		1,604,681	1.1	0.2
Cliens Sverige Fokus		1,520,000		1,520,000	1.0	0.2
CBNY Norges Bank		1,280,786		1,280,786	0.8	0.2
JP Morgan Chase Bank		1,258,219		1,258,219	0.8	0.2
Others	1,621,135	27,105,709	3,584,644	32,311,488	21.2	5.4
Total	**77,569,276**	**70,781,275**	**3,584,644**	**151,935,195**	**100.0**	**100.0**

1) Including NG Invest Beta AB.
Source: Euroclear Sweden AB, 30 December 2021

		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
22/05/2017	Conversion[1)]	-5,774,964	5,774,964		133,335,195		26,667,039
30/06/2017	Conversion[1)]	-55,555	55,555		133,335,195		26,667,039
31/07/2017	Conversion[1)]	-320,525	320,525		133,335,195		26,667,039
31/08/2017	Conversion[1)]	-39,940	39,940		133,335,195		26,667,039
30/09/2017	Conversion[1)]	-125,855	125,855		133,335,195		26,667,039
30/11/2017	Conversion[1)]	-31,110	31,110		133,335,195		26,667,039
31/01/2018	Conversion[1)]	-13,960	13,960		133,335,195		26,667,039
30/06/2018	Conversion[1)]	-409,475	409,475		133,335,195		26,667,039
31/08/2018	Conversion[1)]	-50,000	50,000		133,335,195		26,667,039
31/10/2018	Share issue			2,400,000	135,735,195	480,000	27,147,039
31/12/2018	Conversion[1)]	-1,669,930	1,669,930		135,735,195		27,147,039
28/02/2019	Conversion[1)]	-368,595	368,595		135,735,195		27,147,039
30/04/2019	Conversion[1)]	-15,850	15,850		135,735,195		27,147,039
31/07/2019	Conversion[1)]	-16,735	16,735		135,735,195		27,147,039
30/08/2019	Conversion[1)]	-2,120	2,120		135,735,195		27,147,039
31/10/2019	Conversion[1)]	-5,065	5,065		135,735,195		27,147,039
31/12/2019	Conversion[1)]	-25,000	25,000		135,735,195		27,147,039
31/01/2020	Conversion[1)]	-20,000	20,000		135,735,195		27,147,039
31/03/2020	Conversion[2)]		15,356	-15,356	135,735,195		27,147,039
30/06/2020	Share issue		15,000,000		150,735,195	3,000,000	30,147,039
31/08/2020	Conversion[1)]	-175,000	175,000		150,735,195		30,147,039
30/11/2020	Conversion[1)]	-24,550	24,550		150,735,195		30,147,039
31/03/2021	Conversion[1)]	-610	610		150,735,195		30,147,039
03/11/2021	Share issue			1,200,000	151,935,195	240,000	30,387,039
30/11/2021	Conversion[1)]	-33,745	33,745		151,935,195		30,387,039
30/12/2021	Conversion[1)]	-948,250	948,250		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 2021.

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 Scandinavia.

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

Operations and organisation
Market
Medicover's services can be sub-divided into two main private payment models depending on the relationship between the amount to be paid and the services to be provided: Fee-For-Service ("FFS") with each of the services paid out of pocket by individuals and funded pay subscriptions/health plans under insurance contracts or prepaid arrangements. As much as 79% of the Group's revenue in 2021 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 60% of the Group's revenue.

Diagnostic Services
Offers a broad range of diagnostic laboratory testing across all major clinical pathology specialties. The division generated 49% of the Group's revenue. Of this, 70% was generated from private pay and the remaining 30% through public pay, out of which 27% from the German market.

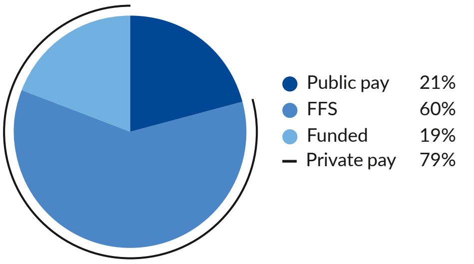
Healthcare Services
Offers services ranging from primary care to specialist out-patient and inpatient care. The division generated 51% of the Group's revenue. 36% of total Healthcare Services revenue was generated by Medicover's integrated healthcare model, which is predominantly an employer funded employee benefit healthcare package (subscription/health plan). 53% of the division's revenue was generated through the strong and expanding FFS and other services and the remaining 11% from public funded sources.

Important events during the financial year
The pandemic has continued to impact lives and activities of populations around the world. The world is still adapting, after living in the Covid-19 reality for more than 2 years. Although vaccines are being administered and rollout programmes very effective in some countries, there are still many, including Medicover countries, with low vaccination levels in the population. The impact of the restrictions and behaviour changes are now being perceived, with more severe late-stage cancer cases and other chronic diseases becoming apparent. Pressure on public healthcare systems is increasing and result in funding gaps. Positive aspects are also being felt from the pandemic, particularly the shift to digital health care channels and public policy shifts to support rather than restrict digital care delivery.

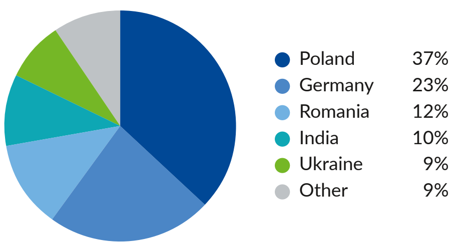
The Group has invested some €190 million in organic and inorganic expansion capital. Within Healthcare Services, the fertility business has expanded into two new markets, Denmark and Norway, strengthening the overall offer in fertility. The Group has also continued to expand the gym network in Poland, in order to strengthen the Medicover Sports offer. In addition, it has increased its network of Polish and Romanian medical centres/hospitals as well as invested in several hospitals in India and in the Polish dental market. Diagnostic Services has continued to expand its network of blood-drawing points (BDPs) with adding 107 new BDPs during the year.

Ukraine
On 24 February 2022 Russia invaded Ukraine. The blood shed, misery and destruction that has followed has largely been avoided by Europe since the end of the second world war. Massive co-ordinated sanctions have been applied to Russia by many countries.

Revenue by payer



Revenue by country



Medicover's business has been disrupted with most facilities being closed since the invasion. Medicover has where possible continued to operate due to the essential nature of what Medicover does for the population. In addition Medicover has supported its workforce and families both within the borders of Ukraine and outside, providing refugees with accommodation, support and the essentials to live and try to come to terms with the trauma and stress.

In 2021, 9% of the Group's revenue was earned in Ukraine, the net assets amounted to €40.7 million including €12.2 million of real estate (land and buildings).

Financial Overview

Revenue

The Group's revenue was €1,377.4 million (€997.8 million), a growth of 38.0%. Organic growth was 38.1%. Growth has continued and investments and new capacity are contributing. Demand levels are robust with strong employment markets and increasing real salaries driving both disposable income and demand for employer paid healthcare. Acquired revenue amounted to €32.2 million. Foreign exchange fluctuations had a negative impact of 3.3% with all currencies weaker and most notably the Polish zloty.

Diagnostic Services

Revenue increased to €686.8 million (€473.4 million), up 45.1%, with an organic growth of 46.2%. Covid-19 testing has been a very strong feature over the year. The laboratory test volume increased by 28.3% to 133.4 million (103.9 million) including 7.0 million (1.9 million) Covid-19 tests. Acquired revenue amounted to €7.8 million. Foreign exchange fluctuations had a negative impact of 2.8%, with all currencies weaker and most notably for the Ukrainian hryvna.

Healthcare Services

Revenue increased to €711.6 million (€539.7 million), up 31.8%, with an organic growth of 30.9%. Members in the integrated healthcare model grew by 10.6% to 1,495K (1,353K). Acquired revenue amounted to €24.4 million. Foreign exchange fluctuations had a negative impact of 3.6%, with the largest weakness for the Polish zloty and the Indian rupee.

Operating profit and EBITDA

Operating profit was €159.4 million (€61.3 million). The Group recognised total expenses of €-6.9 million (€-5.1 million) as costs related to equity settled share-based payment transactions. Acquisition related expenses were €-3.2 million (€-1.5 million). In prior year, operating profit was impacted by an impairment charge of €-5.2 million for non-current assets.

EBITDA was €270.4 million (€157.5 million), an EBITDA margin of 19.6% (15.8%). Adjusted EBITDA amounted to €280.5 million (€164.1 million), a margin of 20.4% (16.4%). Adjusted EBITDAaL increased to €220.9 million (€115.1 million), a margin of 16.0% (11.5%).

Medical costs were €-982.4 million (€-734.3 million) and slightly lower at 71.3% of revenue compared to previous year with contribution increasing by €131.5 million to €395.0 million. Distribution, selling and marketing costs increased by €14.8 million to €-58.1 million (€-43.3 million). Administrative costs increased by €18.6 million to €-177.5 million (€-158.9 million).

Covid-19 and underlying business revenue, EBITDA and margin

	2021			2020		
€ million	**Underlying**	**Covid-19**	**Total**	**Underlying**	**Covid-19**	**Total**
Revenue						
Group	1,131.4	246.0	1,377.4	903.4	94.4	997.8
Diagnostic Services	507.4	179.4	686.8	407.3	66.1	473.4
Healthcare Services	645.0	66.6	711.6	511.4	28.3	539.7
EBITDA						
Group	180.2	90.2	270.4	127.4	30.1	157.5
Diagnostic Services	105.9	73.8	179.7	68.6	21.2	89.8
Healthcare Services	94.3	16.4	110.7	75.2	8.9	84.1
EBITDA margin						
Group	15.9%	36.7%	19.6%	14.1%	31.8%	15.8%
Diagnostic Services	20.9%	41.1%	26.2%	16.8%	32.1%	19.0%
Healthcare Services	14.6%	24.6%	15.6%	14.7%	31.3%	15.6%

The allocation of EBITDA and margin on underlying and Covid-19 business is estimated. The method of allocating overheads to estimate the impact of Covid-19 has been changed between the years, moving to a more marginal cost basis as from the second quarter 2021. In 2021, this change in allocation method has had a negative impact on the underlying EBITDA margin by approximately 1.3pp compared to 2020 allocation basis.

Net financial items

Net financial result amounted to €-17.3 million (€-25.6 million). €-20.1 million (€-18.1 million) was related to interest expense and commitment fees on the Group's debt and other discounted liabilities. €-14.0 million (€-10.2 million) of the interest expense

Revenue growth 2021

Growth components (€ million)	Revenue 2020	Organic growth	Acquisition growth	Currency effects	Total growth	Revenue 2021
Medicover	997.8	379.7	32.2	-32.3	379.6	1,377.4
As % of revenue		*38.1%*	*3.2%*	*-3.3%*	*38.0%*	*38.0%*
Diagnostic Services[1)]	473.4	218.6	7.8	-13.0	213.4	686.8
As % of revenue		*46.2%*	*1.7%*	*-2.8%*	*45.1%*	*45.1%*
Healthcare Services[2)]	539.7	166.8	24.4	-19.3	171.9	711.6
As % of revenue		*30.9%*	*4.5%*	*-3.6%*	*31.8%*	*31.8%*

[1)] Including inter-segment revenue of €20.2 million in 2021 (€14.1 million).
[2)] Including inter-segment revenue of €1.1 million in 2021 (€1.6 million).

was related to lease liabilities. Foreign exchange gains amounted to €1.8 million (€-8.4 million) of which €0.2 million (€-5.5 million) related mainly to euro-denominated lease liabilities in Poland.

Profit for the year

Profit before income tax increased by €106.5 million to €143.8 million, a margin of 10.4% (3.7%). Income taxes amounted to €-37.2 million (€-10.0 million) with an effective tax rate of 25.8% (26.7%). The reduction in the effective tax rate is a reflection of the change in the composition of the countries where profits are being made and the utilisation of unrecognised tax losses. Profit for the year was €106.6 million (€27.3 million).

Cash flow from operating activities

Cash flow from operating activities before working capital changes amounted to €257.6 million (€156.7 million), being 95.3% of EBITDA (99.5%). Net working capital increased by €40.9 million (increased by €1.6 million). The net cash flow from operating activities was €216.7 million (€155.1 million).

Cash flow used in investing activities

The net cash flow used in investing activities amounted to €333.6 million (€126.3 million). Payment for acquisition of intangible assets and property, plant and equipment was €102.2 million (€72.5 million). Cash flow from acquisition of subsidiaries and associates amounted to €87.5 million (€13.6 million) of which €5.2 million (€2.6 million) related to prior years acquisitions. €142.2 million net was invested in liquid short-term investments.

Cash flow from/(used in) financing activities

A dividend of €10.4 million (-) was distributed to shareholders. Net loans drawn amounted to €239.0 million (net loans repaid €106.4 million) with a social schuldschein loan of €216.0 million issued in December 2021. Lease liabilities repaid were €38.5 million (€31.4 million). The net cash flow from/(used in) financing activities amounted to €164.1 million (€-13.2 million).

Financial position

The Group's equity amounted to €562.1 million (€483.5 million). The increase in equity included a positive movement of €9.1 million on translation reserves mostly relating to Ukraine and India as those currencies strengthened compared to year-end 2020 offset with a slight weakness in the Romania lei. In addition, total equity attributable to owners of the parent included a negative movement of €33.1 million relating to fair value changes of put option liquidity obligations with non-controlling interests, consisting of €19.8 million for existing and €13.3 million for new obligations arising from acquisition of subsidiaries.

Loans payable amounted to €418.2 million (€167.9 million) and lease liabilities to €345.9 million (€199.5 million). The lease liabilities increased by €146.4 million, of which 57.2% related to acquisitions mainly in India, Norway and Medicover Sports in Poland. The remaining increase reflected the expansion of facilities leased in Poland, Romania, India and Germany. The total financial debt amounted to €764.1 million (€367.4 million). The Group carried out its second schuldschein issue (a German private placement debt instrument) under its newly established 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. At year-end €216 million had been received, €42 million was received in January 2022 and the remaining €19 million will be received in April 2022. Loans payable net of cash and liquid short-term investments were €143.4 million (€81.1 million) reflecting the strong operating cash flows as well as acquisitions and capital investment.

The Group has utilised €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 €489.3 million (€280.6 million).

At year-end, €192.9 million was mainly invested in highly liquid short-term euro-denominated bond funds and short-term government bonds. The Group has undrawn committed credit facilities of €230.0 million, liquid short-term investments and cash and cash equivalents of €274.8 million, in total €504.8 million (€306.8 million) at the end of the year and is well positioned to support future organic and acquisition growth.

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 131 and 132.

Share capital

The share capital as at 31 December 2021 was €30.4 million (€30.1 million) represented by 151,935,195 shares divided into 77,569,276 class A shares, 70,781,275 class B shares and 3,584,644 class C shares. During the year 1.2 million class C shares were issued and immediately repurchased. The purpose was to enable future delivery of performance shares in accordance with the incentive programmes. Following the share issue, the share capital increased by €0.3 million.

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.

Celox Holding AB, the largest shareholder, owned 47,157,365 shares with 31.0% of the capital and 55.5% of the voting rights. The Christina af Jochnick family owned 18,939,125 shares with 22.2% of the voting rights. The Robert af Jochnick family owned 13,832,691 shares with 12.1% 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 2021, Medicover had 38,555 co-workers, split into 73% women and 27% men, and 23,900 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 the sustainability issues: environment, social conditions and

personnel, respect for human rights and anti-corruption.
The statutory sustainability report is available on the following pages:

- Business model: 8–9
- Risks and risk management: 61–66
- Sustainability: 34–51
- EU Taxonomy: 50

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 130.

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 29 April 2021, 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 2022. 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 2022 for approval is excluded for the same reason. The proposed plan essentially corresponds to existing plans. The plans include among others executive management in the 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. At present, these performance criteria comprise growth in EBITDA 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. During 2021 €4.9 million (€4.4 million) relating to development expenditure has been capitalised as intangible assets. In addition, Medicover researches novel tests and test protocols for laboratory tests, as well as new approaches for delivery of medical services with a strong focus on 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 2021 was €0.7 million (€0.7 million). Profit for the year amounted to €2.0 million (€2.1 million). Equity amounted to €609.9 million (€611.9 million) at 31 December 2021.

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 (€0.07) per share is distributed for the financial year 2021. The decision is subject to the shareholders' approval at the AGM on 27 April.

The proposed dividend is 17.5% of the net profit attributable to owners of the parent, in line with the dividend policy, corresponding to a total of €17.8 million. If the proposal is accepted, the expected record date for the dividend will be 29 April and the dividend is expected to be paid out by Euroclear on 6 May. More information is included in note P13.

Risk and risk management

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

Operational risks

Risk	Description	Risk management
Ability to recruit and retain skilled staff	It is important for Medicover to be able to recruit and retain qualified and well educated staff, such as physicians, nurses, technicians and other healthcare and diagnostic professionals as well as administrative employees and there is a risk that Medicover, in some geographies, could suffer from a lack of supply of suitable staff due to reduced funding for education, emigration of skilled and well-educated staff and competition for the available staff with other private and state providers. This may also increase inflation for medical staff costs above general inflation and create pressure on margins where costs cannot be compensated through pricing.	Medicover strives to be a workplace where medical and other staff feel respected and recognised and as a place where they can meet their professional aspirations. This is achieved through investment in systems to facilitate work, continuing education and development and peer based networks providing support and advice. Medicover's continued work with digitalisation and automation also ensures that medical staff's time is more leveraged and the working environment is more safe. This helps to keep medical staff healthy, motivated and productive and enables them to serve a greater number of patients. This is combined with market based remuneration levels and a reputation as a respected employer. This may not be sufficient on its own to secure staff and Medicover has taken initiatives to be a training and development centre for medical staff, with programmes in Poland, Romania, India and Ukraine. In respect of the senior and executive management, Medicover has an approach to pay management at appropriate market levels and furthermore has a long-term incentive plan to assist in motivating senior and executive staff to remain with the Group over a longer period of time.
Acquisition execution	Growth through acquisitions is important for Medicover's development. There is a risk that Medicover will not identify suitable acquisition targets available on acceptable terms. Growth through acquisition also entails risks that Medicover will be exposed to unforeseen obligations or issues in the acquired company. In addition there is a risk that it might not be possible to integrate the acquired operations as planned, thus incurring higher costs than projected or not achieving synergies projected in full or within projected times.	Medicover has central oversight over all acquisition processes and experienced teams executing acquisitions and post-acquisition integration. The businesses acquired operate in markets Medicover knows well or has analysed carefully in advance. Medicover completes thorough due dilligence 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. In addition, 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.

Operational risks

Risk	Description	Risk management
Anti-corruption	There is a risk that Medicover's 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 transparency international's corruption perceptions index.	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 started to roll out e-learnings on Medicover Code of Conduct and Medicover Anti-Bribery Policy. Risk assessments and periodic internal audit is used to deter corruption and identify any instances of non-compliance. Employees are encouraged to report serious wrongdoings in accordance with Medicover Whistleblower Policy.
Employee protection	As a diverse business operating in many markets, there are many managers in Medicover working without direct day to day supervision. There is a risk that some managers or other employees begin to operate in unacceptable ways, for example allowing bullying, harassment or discrimination within the workplace.	Medicover provides training to all managers, communicates its values widely and works hard to make sure they are recognised through the organisation. Medicover conducts regular employee surveys to understand the employees' perceptions and encourage frequent feedback. All staff are obliged to follow Medicover code of conduct and are regularly offered training in Medicover's policies and standards. Medicover encourages employees to report any concerns they have through the whistleblower channel.
Environment	There is a risk that Medicover becomes dependent on operating models which are found to have an unacceptable environmental impact, for example over reliance on fossil fuels, or the excessive production of medical waste. As a healthcare and diagnostic service provider Medicover has a limited environmental and climate footprint. The risks are primarily related to the premises in which the Group operates (hospitals, clinics, laboratories and BDPs), medical waste and its suppliers.	Medicover complies with all the environmental and sanitary regulations applicable to its activities. Medicover also monitors and publicly reports its environmental performance through key metrics and is developing new approaches which will enable both Medicover and its customers to mitigate its impact by reducing its contamination in the environment, improving energy efficiency in buildings, strengthening recycling practices and maximising resources utilisation to progressively transition to a circular economy. Managers at all levels are responsible for implementing, taking actions and making sure that operations comply with applicable laws and regulations in the countries where it operates. Operations strive to comply with industry/sector standards and best available practices in alignment with the Group's targets and aligned with the aims of the Paris Agreement.
Insurance risk	Medicover is exposed to medical insurance 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 fall under regulation but still contain elements of 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 Group 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 in. Benefits which could lead to larger individual claims are capped. Certain benefits incorporated into the insurance contracts issued are backed by other insurers on a non-recourse basis, mainly in the area of travel insurance. Reinsurance is not used to transfer insurance risk as the scope of large scale losses is naturally limited by the facility based medical service model and the restrictions incorporated into the insurance contracts. The Group's insurance contracts are heavily dispersed across a wide range of employers and geographical locations in Europe, with no large concentrations of risk. Furthermore, contract terms limit recourse of the contract holder in the case of inability to provide medical services for whatever reason.

Operational risks

Risk	Description	Risk management
IT systems	Medicover's proprietary IT systems to manage patient interactions, records and processes are one of its strengths. These highly specialised in-house developed systems are complemented by, and where appropriate interfaced with various commercially supplied IT systems. Medicover's ability to leverage this combination of proprietary and commercial systems has been an important driver to meet customer's expectations and manage the costs of service delivery. However Medicover is dependent on the Group's IT systems, platforms and related processes running seamlessly without interruption. There is a risk that the Group's IT systems may suffer interruptions or disturbances as a result of hacker attacks, infringements, computer viruses, bugs, network failures or other factors, resulting in unavailability, disruption or unauthorised access to sensitive patient information. The patients concerned could suffer significantly if confidentiality was to be compromised. Any improper functioning of Medicover's IT systems may prevent the Group's 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 a negative reputation. Failing to meet national and EU legislation on data privacy may result in significant financial penalties.	Medicover builds redundancy and robustness to its IT systems with a high focus on security and protection against external and internal threats. Regular testing and audits of IT systems and processes are conducted to ensure contingency and backup plans are effective. 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. Even though strong preventative measures exist, there is always a risk that failures may still occur hence back-up procedures have been developed to mitigate the impact of any such outages or failures. In house software is developed following and operating under best practice standards with extensive testing and quality control procedures. Medicover has over 25 years of experience in developing and deploying in house solutions. Other activities to mitigate risks include continuous compliance reviews of GDPR and mandatory training on data security and privacy awareness for employees.
Medical risk	Medical risk is the risk that patients' health could be adversely affected by the advice, care or treatment provided by clinical staff employed or contracted by Medicover, or the failure to investigate or treat safely and appropriately due to poor staffing levels, inappropriate skills/expertise or lack of competence. In Diagnostic Services, medical risk, in addition, is the risk of errors in diagnostic tests or incorrect patient attribution leading to wrong diagnosis, wrong treatment or delayed treatment causing harm. Medical risk also contributes to reputational risk and legislative and regulatory risk.	Medicover's values include a Passion for Quality and Medicover seeks to maintain the highest standards of care. The Chief Medical Officer leads the Medical Advisory Council which closely monitors clinical work across the Group with a view to maintaining standards, picking up issues early, learning from them and acting to encourage continuous clinical improvement. The medical advisory council has accountability for quality of care, medical ethical issues, clinical governance and assurance on the management of clinical risk. Medical KPIs are reported to the board on a quarterly basis, particular attention being given to the reporting of and learning from serious clinical incidents. The medical advisory council regularly reviews and updates the medical risk register.
Premises	Medicover is dependent to fulfil its growth to add new facilities and locations and often relies on leasing premises from third parties, either fitted out to its specifications or as bare space to be adapted to Medicover's needs. There is a risk that suitable space is not available at the price that Medicover is seeking or in the locations needed. This could hamper Medicover's expansion plans.	In the larger markets dedicated teams are supporting activities in respect of expansion and new or moved locations. This builds a robust structure for managing premises. including permits, project management, sourcing and negotiations. Expansion in new locations is actively managed with multi-year projections of space requirements to enable prime locations to be secured and provide real options for expansion sites.
Reputational risk	Reputational risk is the risk that Medicover's reputation will be damaged among customers or the general public. Media and social media interest in and coverage of Medicover increases as the Group grows, and such coverage can be positive or negative. Negative publicity concerning Medicover, its competitors or the industry as a whole may have a negative impact on Medicover's reputation. This may reduce trust of customers in the Group's services, and may also affect the willingness of medical staff to cooperate with Medicover.	The first requirement is to prevent events that can cause negative publicity, so the management of medical risk and regulatory risk is also relevant here. To minimise the risk of unjustified negative publicity Medicover maintains detailed medical records to support decisions and actions taken. Communication is open and transparent whilst respecting medical confidentiality. Medicover also strives to build a positive reputation with all stakeholders which reduces the risk of damage from unjustified negative publicity. Employee engagement activities and the work of the Medicover Foundation are examples of how Medicover gives back to the communities and creates a positive reputation.

Operational risks

Risk	Description	Risk management
Suppliers	Suppliers could engage in unlawful and/or unethical behaviour that could harm Medicover, especially in cases where the supplier provides services or products on behalf of Medicover. It is important for Medicover to work with reliable business partners that share Medicover's quality standards and operating principles.	Medicover has established a supplier code of conduct and expects suppliers to adopt that code or to demonstrate that their own code of conduct embodies the same principles. If significant suppliers have not demonstrated a commitment to Medicover's standards a risk assessment is performed and alternative suppliers are evaluated.
Technology and innovation risk	Technology and innovation risk is the risk that new developments in medical or other technologies enable new business models which are more effective or more cost efficient that those used by Medicover, hence lead to parts of Medicover's services becoming obsolete.	Medicover is continually monitoring and testing relevant new technologies to analyse whether these can help to provide a better service to customers. This engagement with innovators is valuable for both parties. For the innovators it provides real world feedback and for Medicover it provides early access to the latest innovations. Medicover is also protected by the fact that it is an integrated service provider and can combine new technology with established best practice to offer the maximum customer benefit. Finally, Medicover's diversification across different customers and types of services mitigates any remaining risk.

External risks

Risk	Description	Risk management
Armed conflict	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 such issues as cyber-attacks, international embargos, sanctions or other issues arising from conflict.	Medicover's diversification across several countries and within those countries in several areas of healthcare services mitigates to a degree individual country actions. Ukraine represented 9 per cent of the Group's revenue during 2021 and net assets located in Ukraine were EUR 40.7m at 31 December 2021, or 7.2 per cent of Group net equity. Since Medicover is 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 may mitigate the risks. 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.
Climate change	Climate change could impact Medicover in several ways. It might require Medicover to change its operating model or to incur additional costs in order to reduce its environmental impact. Climate change might influence the viability of Medicover's facilities or those of Medicover's customers, forcing them to relocate. 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 take actions to anticipate and mitigate climate-related risks and opportunities throughout the organisation and entire value chain and integrates these within the overall risk assessment management and reporting system. This process is overseen by the sustainability sub-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 Group's environmental and climate change policy is setting the direction for the operations.

External risks

Risk	Description	Risk management
Legislative and regulatory risk	Medicover operates in markets which are heavily regulated. Changes to laws, regulations and governmental interpretations and practices might entail higher costs or constraints on growth. Medicover must comply with laws and regulations relating to, among other things, access to and financing of healthcare and diagnostic services, the quality of such services, the qualifications of medical staff members and other employees, the disposal of clinical waste and other operating guidelines.	Medicover has from the very start of its business planned for complete compliance with legislation and regulation. Medicover's lawyers and medical experts provide advice on relevant laws and regulations as well as support for business planning and contracting. Medicover monitors proposed changes in legislation and regulation in its markets, and participates in respected health industry forums to present Medicover's point of view, thereby helping to ensure that the needs and opinions of private healthcare providers are taken into account. Becoming a reference for quality standards and an employer engaged with and respected by the medical community also helps to mitigate risks.
Market risk	Economic factors are an important driver for demand and pricing of services. In the Healthcare Services division, employer funded healthcare packages are an important 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. Medicover has competitors that provide similar services in most of its markets and to be competitive Medicover must ensure its offer is valued both by those paying for the services and those using the services.	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 market's ability to pay for them. These are to a large degree the services of local medical professionals providing healthcare which are exposed to the same economic cycles and so there is natural matching to local affordability. Economic crises also impact funding for publicly paid healthcare which leads to more people seeking treatment from private providers, and that mitigates the impacts of economic downturns on Medicover. Having international scale and geographical spread across several markets, both developing and mature, also mitigates the impact of any one country's economy. Medicover has also diversified its revenue sources to avoid over-dependence on either public payors or the employer funded segments. 60% of revenue derives from Fee-For-Service in a wide range of markets, providing a high degree of diversification against market risk.
Pandemic	A global pandemic such as the current Covid-19 virus imposes restrictions on operations, exposes medical staff to infection and requires concerted actions by health authorities or governments to control the spread and manage the consequences. This risk is limited to one geography or global in nature leading to reduced economic activity, a lack of, or restriction of availability of staff, high levels of illness/absenteeism or even death of in particular medical staff. Authorities may requisition medical staff, facilities or equipment to assist in managing the consequences or other restrictions on the Group's ability to operate may be imposed. Government restrictions could also lead to a reduction in demand for certain services, close-down of businesses, customers having financial difficulties and/or delays in making payments, termination or non-renewal of agreements, impairment of goodwill and other assets and disruption in the financial market.	Medicover monitors events closely in developing health risk fields that may impact its customers and staff and has a contingency plan and systems for regular flu seasons and other peak health demand periods and periodically acquires excess inventories to mitigate risks of availability of supplies or disruption of supply chains. Medicover has invested strategically and historically focussed on digital technology which has proven to be very important to be able to serve its customers and to mitigate adverse risks during a pandemic. By its nature pandemic events can be overwhelming upon healthcare resources and inherently means limitations to risk mitigation steps available. Financial impacts due to government restrictions and any change in demand for the Group's services are closely monitored by management.

External risks

Risk	Description	Risk management
Political risk	Medicover operates across several countries and is exposed in each of these markets to political risks as to reimbursement structures and tariffs, legislative frameworks and enforcement of contracts and permits, corruption, weak institutions and conflicts. These factors may make it difficult to operate, delay investments, increase costs and impact financial returns and business stability. Healthcare provision is susceptible to ideological political actions and change of public funding arrangements, particularly viewed through the objective of state provision versus privately owned providers. Regulations are often not applied evenly, with state/public providers not being subject to or not complying with legislation, whilst private providers are obliged to comply.	Medicover's diversification across several countries and within those countries in several areas of healthcare services mitigates to a degree individual country actions. Medicover has a history of focus on private funded sources for its activities and in markets characterised as less developed to avoid dependance on publicy funded services. This has ensured the robustness of Medicover's business even in periods of strong economic shocks and country crises. Healthcare is an area which fortunately is not seen as a target area for interference from officials resulting in a reduced risk exposure. In certain markets to mitigate the risks of weak institutions Medicover has a higher investment cost to reduce reliance on third parties, such as owning key properties rather than leasing.

Financial risks

Risk	Description	Risk management
Credit risk	The Group's commercial and financial transactions give rise to credit risk in relation to Medicover's counterparties. Credit risk or counterparty risk is the risk for losses if the counterparty does not fulfil its commitments. The credit risk that the Group is exposed to is mainly related to trade receivables that are not paid or assets held by counterparties that are not paid or recoverable.	Customers' compliance with agreed credit terms are monitored closely. A wide diversification of customers reduces the relative size of any individual customer's balances outstanding at any point in time. Where concentration does exist is with government or quasi government institutions which are either guaranteed by the state or have an implied state guarantee. This reduces the risk of irrecoverable amounts impacting the Group significantly. Counterparties with whom assets are deposits or loaned, such as banks or custodians are monitored for credit worthiness and -ratings. For more information, refer to note 26.
Currency risk	The Group operates across several countries and undertakes transactions denominated in foreign currencies and is consequently exposed to exchange rate fluctuations. Changes in exchange rates can adversely affect the Group's profit when revenue from sales and costs for providing services are denominated in different currencies (transaction risk). 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 exposure to transaction risk is reduced by matching in-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 population. Staff is the largest cost and as such a match between costs and revenue of the same currency is achieved. The Group does not actively hedge the net investment position in foreign subsidiaries. The Group views that the ability to earn income and the ability to increase prices in line or above inflation within the relevant markets compensates over time for devaluations and although an immediate impact or reduction in operating cash flows can be felt, over a period of 12 to 24 months these effects are compensated through the relatively fast flow through of import cost inflation. For more information, refer to note 26.
Interest rate risk	The risk that changes in interest rates have a negative impact on the Group's earnings.	Central treasury monitors interest rate projections with a view to decision-making as to investments and acquisitions and how these would be financed in the future. For more information, refer to note 26.
Liquidity and financing risk	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 interest-bearing 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 due to its low debt levels. 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. For more information, refer to note 26.

Corporate governance report

Background

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

Corporate governance

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

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

Articles of association and classes of shares

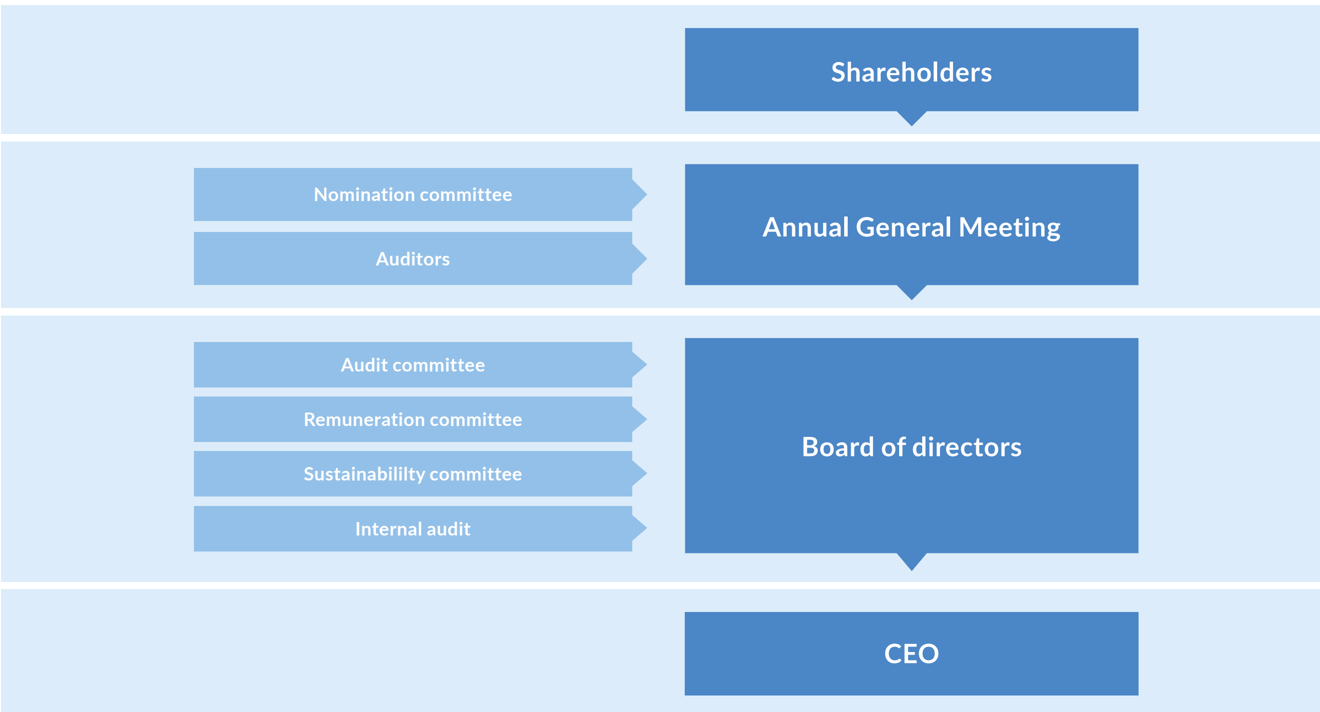
The Company's articles of association provide for the possibility to issue three classes of shares (class A shares, class B shares and class C shares) and contain a conversion clause based on which class A shares and class C shares may be converted to class B shares. Each class A share entitles its holder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

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

Shares and shareholders

As at 31 December 2021, Medicover AB (publ) had 151,935,195 shares, consisting of 77,569,276 class A shares, 70,781,275 class B shares and 3,584,644 class C shares.

Governance model



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

The Company had a total of 7,233 shareholders at the end of 2021 (as compared to 5,923 at the end of 2020). 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 55.5 per cent of the total number of votes. The second largest shareholder is NG Invest Beta AB with in total 10,574,760 shares (8,443,571 class A shares and 2,131,189 class B shares), equivalent to 7.0 per cent of the total number of shares and share capital and 10.2 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 2021, the Company held all 3,584,644 class C shares. For additional information on the share and owners, see pages 53–55 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. At the 2021 AGM, the Company's articles of association were amended to allow for 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 name of the general meeting at which the annual report is presented. Among other matters, the Company's board and the chairman of the board are elected at the AGM. The AGM also appoints the Company's auditors, and resolves upon fees for the auditors, and fees for the board and committee work. The Company's financial year runs from 1 January to 31 December, and the AGM must be held within 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. Members of the board are present to respond to shareholder questions. The auditor will also attend the AGM.

2021 AGM

The most recent AGM was held on 29 April 2021 in Stockholm (the "2021 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 2021 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 2021 AGM but only the individuals necessary to hold the AGM.

In total, 109,746,333 shares and 77,199,010.2 votes, out of which 73,582,641 class A shares (representing 48.8 per cent of the shares and 85.8 per cent of the votes in the Company) and 36,163,692 class B shares (representing 24.0 per cent of the shares and 4.2 per cent of the votes in the Company), were represented at the meeting.

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 2020 prepared by the board.
- Determination of the number of board members and remuneration to the board members and the auditor.
- Re-election of the members of the board and the auditor.
- Adoption of instructions to the nomination committee.
- Adoption of guidelines for remuneration to senior executives.
- Adoption of a long term performance-based share programme (the "Plan 2021") (for further information regarding the Plan 2021, see note 33), authorisation for the board to issue and repurchase class C shares (see page 69) and decision to – following conversion into class B shares – transfer such shares to participants in the Plan 2019, Plan 2020 and Plan 2021 and in order to secure possible social charges arising as a result of the Plan 2019, Plan 2020 and Plan 2021, and approval of the inclusion of the CEO (who is also a board member of the Company) in the Plan 2021.
- Adoption of amendment to the terms of the long term performance-based share programs adopted in 2017, 2018, 2019 and 2020.

- Authorisation for the board to issue class B shares (see under "Authorisations – approved by the 2021 AGM").
- Adoption of amended articles of association (see under "General meetings").

Authorisations – approved by the 2021 AGM

At the 2021 AGM, two resolutions were passed authorising the board to issue shares and one resolution authorising the board to repurchase its own class C shares:

- Authorisation for the board to, on one or several occasions, increase the Company's share capital by issuing new class B shares. Such share issue resolutions may be made with or without deviation from the shareholders' preferential rights and with or without provisions for contribution in kind, set-off or other conditions. The authorisation may only be utilised to the extent that it corresponds to a dilution of not more than 10 per cent of the total number of shares outstanding at the time of the 2021 AGM, after full exercise of the authorisation. The purpose of the authorisation is to increase the financial flexibility of the Company and the acting scope of the board. If the board resolves on an issue in deviation from the shareholders' preferential rights, the reason for this must be to strengthen the financial position of the Company in a time and cost-effective manner or to provide the Company with new owners of strategic importance to the Company or in connection with acquisition agreements, or, alternatively, to procure capital for such acquisitions. In case of such deviation from the shareholders' preferential rights, the new share issue shall be made at market terms and conditions.
- Authorisation for the board to resolve, on one or several occasions, to increase the Company's share capital by not more than EUR 749,205.2 by the issue of not more than 3,746,026 class C shares (1,185,000 class C shares for Plan 2019, 1,175,106 class C shares for Plan 2020 and 1,385,920 class C shares for Plan 2021), of which not more than 376,426 class C shares may be issued to secure social charges arising as a result of the Plan 2019 (125,000 class C shares), Plan 2020 (63,106 class C shares) and Plan 2021 (188,320 class C shares), each with a quota value of one fifth of a EUR (0.2). With deviation from the shareholders' preferential rights, the participating bank shall be entitled to subscribe for the new class C shares at a subscription price corresponding to the quota value of the shares. The purpose of the authorisation and the reason for the deviation from the shareholders' preferential rights in connection with the issue of shares is to ensure delivery of shares to employees under the long term performance-based share programme adopted by the AGM 2021 as well as the long term performance-based share programmes adopted by the annual general meetings held on 3 May 2019 (the "Plan 2019") and on 30 April 2020 (the "Plan 2020"), and to secure potential social charges arising as a result of the Plan 2019, Plan 2020 and Plan 2021, as applicable.
- 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 2019, Plan 2020 and Plan 2021 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 2019, Plan 2020 and Plan 2021, as applicable.

The above authorisations are valid until the next AGM. The board has on 3 November 2021 resolved to issue and repurchase 1,200,000 class C shares (increasing the share capital by EUR 240,000) in accordance with the above-mentioned authorisations to do so. As of 31 December 2021, the above-mentioned mandate to issue class B shares has not been utilised.

2022 AGM

Medicover's 2022 AGM will be held on Wednesday 27 April 2022 in Stockholm. The notice of the 2022 AGM was published in March 2022. Shareholders wishing to have a matter addressed by the AGM must submit a request in writing to the board well in advance of the AGM. More information is available on Medicover's website www.medicover.com.

Nomination committee

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

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

The 2021 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 2021 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 2021, the current nomination committee consists of:

- Fredrik Stenmo (chairman of the board and the nomination committee), representing Celox Holding AB and the Christina af Jochnick family's total shareholding.
- Hans Ramel, NG Invest Beta AB.
- Per Colleen, Fjärde AP-Fonden.
- Angelica Hanson, AMF 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 2022 AGM

The nomination committee has held one meeting in 2021 and two in 2022, 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 that the number of board members (elected by the general meeting) be increased from eight to ten board members as a step in the ongoing succession planning. Special attention has been paid to the importance of diversity and gender balance when preparing the proposal on board members for the 2022 AGM, and the nomination committee has applied point 4.1 of the Code as diversity policy when preparing the proposal. Medicover's board consists of 25 per cent women and the nomination committee's ambition is to strive to reach a more equal gender distribution on the board over time. If the 2022 AGM votes in favour of the nomination committee's proposal, 40 per cent of the board members elected by the general meeting will be women. The committee has concluded that the Company fulfills the Code's independence requirements as a majority of the proposed board members are independent in relation to the Company and its executive management, and as at least two of the board members who are independent of the Company and its executive management are also independent in relation to the Company's major shareholders. Furthermore, when making its proposal regarding the appointment of the external auditor, the recommendation from the audit committee has been taken into account.

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

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

The shareholders have had the possibility to submit proposals to the nomination committee. The nomination committee's proposals to the 2022 AGM are presented in the convening notice to the AGM on Medicover's website www.medicover.com. The nomination committee's statement explaining its proposal regarding the board and information regarding the proposed board members are also available on Medicover's website. The AGM will be held on Wednesday 27 April 2022.

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 2021 AGM it was determined that the Company's board shall continue to consist of eight members elected by the AGM, including the chairman of the board. All eight board members were re-elected at the 2021 AGM; Fredrik Stenmo (chairman), Peder af Jochnick, Robert af Jochnick, Arno Bohn, Sonali Chandmal, Michael Flemming, Margareta Nordenvall and Fredrik Rågmark (CEO). Apart from the CEO, none of the board members are employed by Medicover. All board members have attended Nasdaq's stock market training course for boards and management.

The average age of the board members elected by the 2021 AGM was 62 at year-end 2021. Information about remuneration for board members resolved upon at the 2021 AGM is available in note 32.

Independence of the board

According to the Code, the majority of the board members elected by the general meeting must be independent of the company and its executive management and at least two of these must also be independent of the company's major shareholders. As for the Company's eight board members, all but one (the CEO) are independent of the company and its executive management and five are independent of the company's major shareholders. This means that the independence requirements of the Code regarding board members are fulfilled. The independence status of each board member is indicated on pages 76–77.

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 where requested by a board member or the CEO.

The ordinary meetings address established reporting and decision items. The CEO provides ongoing information about Medicover's progress. The board makes decisions on general matters such as strategic, structural and organisational issues 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 74.

Work of the board in 2021

In 2021, 16 board meetings were held. Focus was given primarily to interim reports, the Covid-19 impact 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 (EUR)			
Member	**Board**	**Audit committee**	**Remuneration committee**	**Sustainability committee**	**Board**	**Audit committee**	**Remuneration committee**	**Sustainability committee**
Fredrik Stenmo, chairman	16/16	5/5	3/3	2/2	71,500	11,000	8,000	5,000
Peder af Jochnick	16/16				51,000			
Robert af Jochnick	15/16				51,000			
Arno Bohn	16/16		3/3		51,000		8,000	
Sonali Chandmal	16/16	5/5		2/2	51,000	11,000		5,000
Michael Flemming	16/16	5/5			51,000	22,500		
Margareta Nordenvall	16/16	5/5			51,000	11,000		
Fredrik Rågmark, CEO	16/16			2/2				

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 2021 the board has evaluated its work through a so called self-assessment, and in the end of 2021 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 2021 consisted of four members, comprising Michael Flemming, Fredrik Stenmo, Sonali Chandmal and Margareta Nordenvall. The audit committee has the following main responsibilities:

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

The committee held five meetings in 2021 with particular emphasis on interim reports, audit reports, the Covid-19 impact on the business, internal control and audit (internal and external). The attendance of the committee members is indicated in the table on page 71.

According to the Code, if the board has established an audit committee, the majority of the audit committee's members must be independent in relation to the company and its executive management. At least one of those members who are independent in relation to the company and its executive management must also be independent in relation to the company's major shareholders. As for the four members of the Company's audit committee, all are independent of the company and its executive management and all but one (the Chairman) are independent of the company's major shareholders. This means that the Code's independence requirements regarding the audit committee members are fulfilled. The independence status of each committee member is indicated on pages 76–77.

Remuneration committee

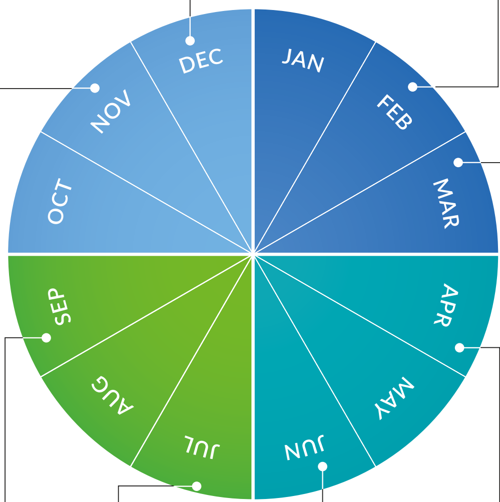
The remuneration committee consists of two members, comprising Fredrik Stenmo and Arno Bohn. The remuneration committee has the following main responsibilities:

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

In 2021, the committee held three ordinary meetings focusing on remuneration policies within the group and proposals for the long term performance-based share programme approved by the 2021 AGM. The attendance of the committee members is indicated in the table on page 71.

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 76–77.

Board and Audit Committee activities 2021



January–March

February

Ordinary AC meeting. Q4 and FY 2020 interim report; audit wrap up; report from internal audit; recommendation re auditor.

Ordinary board meeting. Business update; report from audit committee; Q4 and FY 2020 interim report; approval of parent guarantee; establishment of sustainability committee; approval of rules of procedure for and instructions to sustainability committee; acquisition approval; approval of revised delegation of certain acquisition decisions to M&A / investment committee; Plan 2020 outcome update; evaluation, succession planning and remuneration review for CEO and EMT; board evaluation.

March

Ordinary AC meeting. Audit report 2020; annual report 2020.

Ordinary board meeting. Audit report 2020; annual report 2020 and proposal for allocation of the results; report from audit committee; business update; Plan 2021 proposal to AGM; convening notice to AGM and related documents, including remuneration report.

April

Extra board meeting. Covid-19 impact update; trading update market release.

Extra board meeting. Acquisition approval.

Ordinary AC meeting. Q1 2021 interim report; internal audit update.

Ordinary board meeting. Report from audit committee; Q1 2021 interim report; business update; people / organisation update.

2021 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.

June

Extra board meeting. Acquisition and capex approvals.

July

Extra board meeting. Business update; acquisition and capex approvals.

Ordinary AC meeting. Q2 2021 interim report; internal audit update.

Ordinary board meeting. Report from audit committee; business update; Q2 2021 interim report; report from sustainability committee; board calendar 2022; acquisition, investment and capex approvals; Plan 2021 update.

September

Extra board meeting. Business update; acquisition approvals.

November

Ordinary AC meeting. Auditor review report re. Q3 2021 interim report, Q3 2021 interim report; internal audit update YTD 2021 and plan (incl. budget) 2022; risk overview and risk management; committee self-assessment.

Ordinary board meeting. Annual review of policies adopted by the board; report from audit committee; Q3 2021 interim report; business update; acquisition approval; update on debt funding; report from sustainability committee, sustainability goals; report from medical advisory council; report from internal audit; review and evaluation of committee work; update on planned issue and repurchase of class C shares.

Extra board meeting. Issue and repurchase of class C shares (2021 AGM authorisation).

Extra board meeting. Acquisition approvals.

December

Ordinary board meeting. Forecast FY 2021; budget 2022.

Extra board meeting. Approval of budget 2022; approval of corporate guarantee.

Extra board meeting. Approval of schuldschein loan agreement (guarantor).

Sustainability committee

The sustainability committee consists of three members, comprising Fredrik Stenmo (chair), Sonali Chandmal and Fredrik Rågmark (board member and CEO). The purpose of the committee is to ensure an aligned and well prepared and supervised sustainability model of the Company, with an emphasis on supervision of strategy, implementation of strategy and monitoring and evaluation of 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 2021, focusing on reviewing organisation and responsibilities, group policies and proposed goals within the sustainability area. The attendance of the committee members is indicated in the table on page 71.

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 78–79 for more information on the individuals in the executive management team. The executive management team holds meetings on a regular basis at which the main topics discussed are the Group's financial progress, projects in process and other strategic issues. The meetings have following the outbreak of the coronavirus pandemic been held via video conference as the thereto related restrictions and recommendations have not enabled physical meetings.

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

For principles, remuneration and other fees for the CEO, see note 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 twice per week (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.

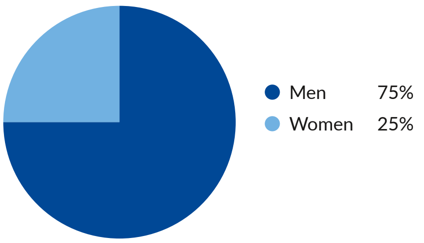
Auditor

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 2021 AGM for the period until the end of the next AGM.

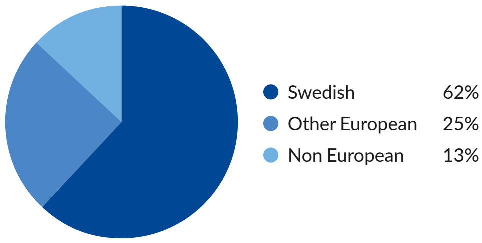
Control environment

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,

Gender split board of directors



Board of directors' nationalities



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 43,210 class B shares.

Peder af Jochnick

Board member since 2012.
Born 1971.
Nationality: Swedish.
Education: Graduate from Lund School of Economics.
Graduate of Royal Swedish Naval Academy and National Defence Staff College.
Other assignments: Chairman of the board of Grafair Flight Management AB, Grafair Bromma AB and Viceroy AB. Board member of Celox Holding AB and Scandinavian Risk Solutions AB.
Professional experience: CEO Scandinavian Risk Solutions AB, COO and Accountable Manager Air Express. Helicopter Pilot Scandinavian Air Ambulance.
Independency in relation to major shareholders: No.
Independency in relation to the company and management: Yes.
Shareholding in the company: 3,820,965 class A shares and 10,000 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. Board member of Oriflame Holding AG.
Professional experience: Co-founder of Oriflame and board member as of 1970.
Independency in relation to major shareholders: No.
Independency in relation to the company and management: Yes.
Shareholding in the company: 250,000 class A shares and 1,550,638 class B shares.

Arno Bohn

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

[1] Including holding of closely related parties.

Sonali Chandmal

Board member since 2017.
Member of the audit committee and sustainability committee.
Born 1968.
Nationality: Belgian, Indian.
Education: MBA Harvard Business School and, BA (economics) University of California (Berkeley).
Other assignments: 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 Metair Investments Limited and True North Development Ltd.
Professional experience: Board member and CEO of Life Healthcare Ltd. Board member of Sanyati Holding Ltd and Capio AB (publ).
Independency in relation to major shareholders: Yes.
Independency in relation to the company and management: Yes.
Shareholding in the company: –

Margareta Nordenvall

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

Fredrik Rågmark

CEO

Board member since 1997.
Member of the sustainability committee.
Employed since 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: 1,689,155 class B shares.

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: 1,689,155 class B shares.

Jenny Brandt
General Legal Counsel

Employed since 2010.
Born 1974.
Nationality: Swedish.
Education: Master of Laws, Stockholm University and Master of Laws, Queen Mary & Westfield College, London.
Other assignments: –
Professional experience: Attorney at Law at Mannheimer Swartling law firm and Law Clerk at the District Court of Stockholm.
Shareholding in the company: 19,000 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: 1,159,570 class B shares (own holding and through company).

John Stubbington
COO, Healthcare Services

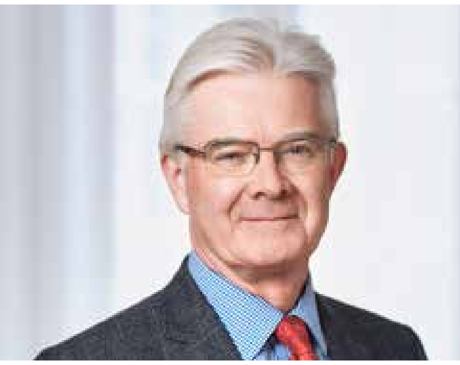
Employed since 2010.
Born 1968.
Nationality: British.
Education: Accelerated Development Programme, London Business School.
Other assignments: Several assignments within the company.
Professional experience: Spent 18 years at BUPA in a number of varied positions including nine years working globally for their International Arm.
Shareholding in the company: 443,825 class A shares and 80,000 class B shares.

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: 3,664 class B shares.



Dr. Andrew Vallance-Owen
CMO

Employed since 2017.
Born 1951.
Nationality: British.
Education: MBE, DUniv (B'ham), MBA, FRCS Ed.
Other assignments: Chair of UK's Private Healthcare Information Network and Chief Medical Officer, TestCard Ltd.
Professional experience: 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.
Shareholding in the company: –

Financial reports

Consolidated financial statements

Notes to the consolidated financial statements

Parent company financial statements

Notes to the parent company financial statements

Consolidated income statement

€m, for the years ended 31 December	Note	2021	2020
Revenue	3	**1,377.4**	**997.8**
Operating expenses			
Medical provision costs	5	-982.4	-734.3
Gross profit		**395.0**	**263.5**
Distribution, selling and marketing costs	5	-58.1	-43.3
Administrative costs	5	-177.5	-158.9
Operating profit (EBIT)		**159.4**	**61.3**
Other income/(costs)	7	**0.7**	**1.5**
Interest income		1.0	0.9
Interest expense	8	-20.1	-18.1
Other financial income/(expense)		1.8	-8.4
Total financial result		**-17.3**	**-25.6**
Share of profit of associates		1.0	0.1
Profit before income tax		**143.8**	**37.3**
Income tax	9	-37.2	-10.0
Profit for the year		**106.6**	**27.3**
Profit attributable to:			
Owners of the parent		101.8	25.8
Non-controlling interests		4.8	1.5
Profit for the year		**106.6**	**27.3**
Earnings per share attributable to owners of the parent:			
Basic/diluted, €	30	0.686	0.182

Consolidated statement of comprehensive income

€m, for the years ended 31 December	Note	2021	2020
Profit for the year		**106.6**	**27.3**
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to income statement:			
Exchange differences on translating foreign operations		9.1	-40.5
Income tax relating to these items		-0.5	0.4
Other comprehensive income/(loss) for the year, net of tax		**8.6**	**-40.1**
Total comprehensive income/(loss) for the year		**115.2**	**-12.8**
Total comprehensive income/(loss) attributable to:			
Owners of the parent		107.7	-9.2
Non-controlling interests		7.5	-3.6
Total comprehensive income/(loss) for the year		**115.2**	**-12.8**

Consolidated statement of financial position

€m	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Goodwill	10	371.7	289.2
Other intangible assets	10	75.1	64.6
Property, plant and equipment	11	319.3	257.9
Right-of-use assets	12	327.4	180.4
Deferred tax assets	9	11.9	12.1
Investments in associates	14	8.5	7.6
Other financial assets	15	18.8	9.9
Total non-current assets		**1 ,132.7**	**821.7**
Current assets			
Inventories	16	72.0	53.0
Other financial assets		3.1	0.0
Trade and other receivables	17	201.7	149.4
Short-term investments	18	192.9	40.1
Cash and cash equivalents	18	81.9	46.7
Total current assets		**551.6**	**289.2**
Total assets		**1,684.3**	**1,110.9**
EQUITY			
Equity attributable to owners of the parent	28	517.6	448.0
Non-controlling interests	29	44.5	35.5
Total equity		**562.1**	**483.5**
LIABILITIES			
Non–current liabilities			
Loans payable	19	375.3	152.8
Lease liabilities	23, 26	299.8	165.1
Deferred tax liabilities	9	35.3	30.0
Provisions		2.8	1.9
Other financial liabilities	24	78.3	45.9
Other liabilities	20	5.7	3.4
Total non-current liabilities		**797.2**	**399.1**
Current liabilities			
Loans payable	19	42.9	15.1
Lease liabilities	23, 26	46.1	34.4
Unearned premiums/deferred revenue	21	20.2	14.8
Corporate tax payable		28.8	7.8
Other financial liabilities		4.6	6.8
Trade and other payables	22	182.4	149.4
Total current liabilities		**325.0**	**228.3**
Total liabilities		**1,122.2**	**627.4**
Total equity and liabilities		**1,684.3**	**1,110.9**

Consolidated statement of changes in equity

€m	Share capital	Treasury shares	Share premium	Retained earnings	Non-controlling interests put option reserve	Other reserves	Translation reserve	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Opening balance as at 1 January 2020	**27.1**	**-0.4**	**319.7**	**25.0**	**-38.1**	**4.3**	**-20.2**	**317.4**	**42.3**	**359.7**
Profit for the year	–	–	–	25.8	–	–	–	25.8	1.5	27.3
Other comprehensive income/(loss)	–	–	–	–	–	-0.1	-34.9	-35.0	-5.1	-40.1
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**25.8**	**–**	**-0.1**	**-34.9**	**-9.2**	**-3.6**	**-12.8**
Transactions with owners in their capacity as owners:										
Issue of shares	3.0	–	140.0	–	–	–	–	143.0	–	143.0
Transaction costs	–	–	-1.1	–	–	–	–	-1.1	–	-1.1
Changes in interests in subsidiaries	–	–	–	0.1	–	–	–	0.1	-0.3	-0.2
Changes in put option and liquidity obligation with non-controlling interests	–	–	–	–	-7.0	–	–	-7.0	-2.9	-9.9
Share-based payments	–	–	–	–	–	4.7	–	4.7	–	4.7
Issue of treasury shares to employees	–	0.0	0.1	–	–	–	–	0.1	–	0.1
Total transactions with owners in their capacity as owners	**3.0**	**0.0**	**139.0**	**0.1**	**-7.0**	**4.7**	**–**	**139.8**	**-3.2**	**136.6**
Closing balance as at 31 December 2020	**30.1**	**-0.4**	**458.7**	**50.9**	**-45.1**	**8.9**	**-55.1**	**448.0**	**35.5**	**483.5**
Opening balance as at 1 January 2021	**30.1**	**-0.4**	**458.7**	**50.9**	**-45.1**	**8.9**	**-55.1**	**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**	**15.3**	**-49.2**	**517.6**	**44.5**	**562.1**

Consolidated cash flow statement

€m, for the years ended 31 December	Note	2021	2020
Profit before income tax		**143.8**	**37.3**
Adjustments for:			
Depreciation, amortisation and impairment	5, 10, 11, 12	111.0	96.2
Share-based payments		6.4	4.7
Net interest expense		19.1	17.2
Unrealised foreign exchange (gain)/loss		-2.6	7.0
Other non-cash transactions		-1.8	5.3
Income tax paid		-18.3	-11.0
Cash generated from operations before working capital changes		**257.6**	**156.7**
Changes in operating assets and liabilities:			
Increase in inventories		-17.1	-22.0
Increase in trade and other receivables		-49.5	-29.3
Increase in trade and other payables		25.7	49.7
Net cash from operating activities		**216.7**	**155.1**
Investing activities:			
Payment for acquisition of intangible assets and property, plant and equipment		-102.2	-72.5
Proceeds from disposal of intangible assets and property, plant and equipment		2.1	0.9
Payment for acquiring interest in associates		0.0	-1.4
Dividends received from associates		0.1	0.3
Payment for other financial assets		-2.0	-3.1
Payment for acquisition of subsidiaries, net of cash acquired	13	-87.5	-12.2
Repayment of loans granted		–	0.1
Payment of loans granted		-2.8	-0.2
Payment for short-term investments		-182.5	-50.0
Proceeds from short-term investments		40.3	10.9
Interest received		0.9	0.9
Net cash used in investing activities		**-333.6**	**-126.3**
Financing activities:			
Issue of shares, net of transaction cost	28	0.3	141.9
Acquisition of treasury shares	28	-0.3	–
Acquisition of non-controlling interests		-1.5	-1.2
Repayment of loans	23	-54.7	-287.8
Proceeds from loans received	23	293.7	181.4
Repayment of leases		-38.5	-31.4
Interest paid		-19.7	-15.8
Dividend paid		-10.4	–
Distribution to non-controlling interests	23	-6.7	-1.2
Proceeds from non-controlling interests		1.9	0.9
Net cash from/(used in) financing activities		**164.1**	**-13.2**
Total cash flow		**47.2**	**15.6**
Cash and cash equivalents			
Cash balance as at 1 January		46.7	34.8
Net effects of exchange gain/(loss) on cash balances		-12.0	-3.7
Cash balance as at 31 December	18	81.9	46.7
Increase in cash and cash equivalents		**47.2**	**15.6**

Notes to the consolidated financial statements

1 General information

Medicover AB (publ) ("the Company") is a company registered in Sweden with registered address at P.O. Box 5283 Riddargatan 12A, SE-102 46 Stockholm and company registration number 559073-9487. The principal activity of the Company and its subsidiaries ("the Group") is to provide diagnostic and healthcare services, focusing on markets mainly in Central and Eastern Europe and India. The consolidated financial statements for 2021 were approved by the board of directors on 22 March 2022 and are subject to adoption by the annual general meeting on 27 April 2022 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 2021, 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 2021 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* (issued in May 2017 including amendments in June 2020) establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*. The standard is effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As the Group's insurance contracts are short-term contracts, no major changes to the amounts recognised are expected but IFRS 17 will lead to increased disclosures.

No 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 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
Measurement of purchase price allocation	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

When applying the IFRS standards, climate related matters have been considered, the current assessment is that these are not material in the context of the Group' 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, profits and transactions are eliminated upon consolidation.

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

(b) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. 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. PPE, 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 regardless of the duration of the contract. Where the costs arise from selling or acquiring a regulated insurance contract, these are capitalised and then amortised over the expected life of that contract on a straight-line basis, not exceeding twelve months.

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

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

2.9 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 estimated useful lives are as follows:

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

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

2.11 Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment 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 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 yet. 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.

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, financial investments and derivatives.

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

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

2.19 Leases

The Group as a lessee

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

	2021	2020
Healthcare Services		
Public pay	74.8	55.8
Private pay		
Funded payments (note 4)	261.5	237.8
Fee-For-Service	336.5	221.3
Other services	37.7	23.2
Total	**710.5**	**538.1**
Diagnostic Services		
Public pay	207.9	161.0
Private pay		
Fee-For-Service	415.4	287.8
Other services	43.3	10.5
Total	**666.6**	**459.3**
Central/Other	**0.3**	**0.4**
Total	**1,377.4**	**997.8**

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*.

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	

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

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

5 Nature of expenses

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

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
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**

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

6 Segment information

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

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

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

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

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
PPE, other than land and buildings	60.5	36.3	0.1	96.9
Right-of-use assets	162.1	30.7	–	192.8
Investment in associates	–	0.9	–	0.9
Total	**320.5**	**83.0**	**2.5**	**406.0**

Included in revenue from Diagnostic Services is €184.0 million (€144.9 million) arising from sales to the Group's largest customer. No other single customer contributed 10% or more to the Group's revenue in 2021 or 2020.

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

Non-current assets by location of assets[1]	2021	2020
Poland	448.0	310.7
Germany	236.2	213.2
India	211.6	145.3
Romania	115.2	95.4
Ukraine	30.0	23.6
Sweden	2.6	0.6
Other	77.2	20.8
Total	**1,120.8**	**809.6**

[1] 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

	2021	2020
Revaluation of financial asset	0.4	1.3
Other	0.3	0.2
Total	**0.7**	**1.5**

8 Interest expense

	2021	2020
Interest on lease liabilities	-14.0	-10.2
Interest on loans payable	-6.1	-7.9
Total	**-20.1**	**-18.1**

9 Income tax

	2021	2020
Current tax	-33.9	-13.2
Withholding tax	-0.8	-0.4
Deferred tax	-2.5	3.6
Total	**-37.2**	**-10.0**

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

	2021	2020
Profit before income tax	143.8	37.3
Weighted average tax based on national rates	23.8%	21.2%
Tax at applicable rate	-34.3	-7.9
Tax effect of:		
Non-taxable income	1.8	2.7
Non-deductible expenses	-8.0	-5.8
Profit share non-controlling interests	0.6	0.9
Tax losses and tax credits not recognised	6.6	-0.2
Adjustments to prior year estimates	-2.2	-0.8
Withholding tax on intra group payments	-0.8	-0.4
Previously unrecognised tax losses and credits	–	0.6
Group contribution	–	0.3
Other items	-0.9	0.6
Income tax expense	**-37.2**	**-10.0**
Effective tax rate	**25.8%**	**26.7%**

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 2021 uncertainty over income tax treatments for which the Group has recognised a provision amounted to €1.8 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 €0.3 million to a reduction in liabilities of up to €1.8 million.

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

	2021	2020
Deferred tax assets	11.9	12.1
Deferred tax liabilities	-35.3	-30.0
Deferred tax assets/liabilities, net	**-23.4**	**-17.9**

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

	Accruals/ provisions	Goodwill	Other intangibles and PPE	Tax losses	Other net temporary differences	Total
Assets/liabilities as at 31 December 2019	**4.7**	**-18.0**	**-18.1**	**6.0**	**3.4**	**-22.0**
Business combinations	–	0.1	-0.5	–	0.9	0.5
Recognised in income statement	1.3	-1.9	2.4	0.6	1.2	3.6
Recognised in statement of comprehensive income	–	–	–	–	0.2	0.2
Reclassifications	–	–	–	-0.2	0.0	-0.2
Exchange differences	-0.3	–	1.0	-0.6	-0.1	0.0
Assets/liabilities as at 31 December 2020	**5.7**	**-19.8**	**-15.2**	**5.8**	**5.6**	**-17.9**
Business combinations	–	–	-3.7	0.4	0.5	-2.8
Recognised in income statement	2.1	-3.8	-0.8	0.6	-0.6	-2.5
Recognised in statement of comprehensive income	–	–	–	–	0.0	0.0
Reclassifications	0.0	–	–	–	-0.1	-0.1
Exchange differences	0.0	0.0	-0.4	0.3	0.0	-0.1
Assets/liabilities as at 31 December 2021	**7.8**	**-23.6**	**-20.1**	**7.1**	**5.4**	**-23.4**

The Group has unrecognised tax losses as at 31 December 2021 amounting to €88.4 million (€93.2 million) that are available to be offset against future profits.

	2021
As at 1 January	**93.2**
Business combinations	6.6
Additions	14.4
Utilisation	-20.8
Expired	-4.5
Losses recognised	-0.1
Exchange differences	-0.4
As at 31 December	**88.4**

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	
2022	1.6
2023	3.8
2024	4.5
2025	6.8
2026	7.4
2027 or later	20.8
No expiry date	43.5
Total	**88.4**

10 Intangible assets

	Goodwill	Software	Internally developed software	Other	Total
Cost					
31 December 2019	**296.7**	**29.1**	**12.9**	**80.1**	**418.8**
Business combinations	9.2	0.0	–	2.1	11.3
Additions	–	4.4	3.3	2.1	9.8
Disposal by sale	–	-0.1	–	-0.6	-0.7
Retirements	–	-0.1	–	-0.9	-1.0
Reclassifications	-0.1	0.6	0.1	-0.3	0.3
Exchange differences	-15.2	-1.5	-0.3	-3.3	-20.3
31 December 2020	**290.6**	**32.4**	**16.0**	**79.2**	**418.2**
Business combinations	79.0	0.1	–	16.3	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	-1.4
Reclassifications	–	0.9	–	-0.9	0.0
Exchange differences	3.5	0.0	-0.2	0.6	3.9
31 December 2021	**373.1**	**37.6**	**20.7**	**96.7**	**528.1**

	Goodwill	Software	Internally developed software	Other	Total
Amortisation					
31 December 2019	**–**	**-20.3**	**-6.4**	**-20.8**	**-47.5**
Amortisation	–	-4.1	-2.3	-9.4	-15.8
Disposal by sale	–	0.1	–	–	0.1
Retirements	–	0.0	–	0.0	0.0
Reclassifications	–	-0.1	–	0.1	0.0
Exchange differences	–	1.1	0.1	0.5	1.7
31 December 2020	**–**	**-23.3**	**-8.6**	**-29.6**	**-61.5**
Amortisation	–	-4.1	-2.7	-11.0	-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	-0.1	0.1
31 December 2021	**–**	**-27.4**	**-11.2**	**-40.6**	**-79.2**

	Goodwill	Software	Internally developed software	Other	Total
Impairment					
31 December 2020	**-1.4**	**0.0**	**–**	**-1.5**	**-2.9**
Impairment	–	–	–	0.0	0.0
Retirement	–	–	–	0.8	0.8
Exchange differences	0.0	0.0	–	0.0	0.0
31 December 2021	**-1.4**	**0.0**	**–**	**-0.7**	**-2.1**

	Goodwill	Software	Internally developed software	Other	Total
Net carrying value					
31 December 2020	289.2	9.1	7.4	48.1	353.8
31 December 2021	**371.7**	**10.2**	**9.5**	**55.4**	**446.8**

Other intangible assets mainly include brand of €23.3 million (€16.2 million), customer relations of €9.2 million (€9.7 million), operating licenses of €8.2 million (€9.5 million), regulatory licenses of €9.3 million (€9.1 million) and intangibles assets under development of €3.8 million (€2.1 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	
	2021	**2020**	**2021**	**2020**
Germany	125.2	120.1	9.3	9.1
Other	3.7	3.0	–	–
Total Diagnostic Services	**128.9**	**123.1**	**9.3**	**9.1**
Poland	129.4	89.2	–	–
India	59.4	55.8	–	–
Scandinavia (Fertility services)	32.7	–	–	–
Romania	15.8	15.6	–	–
Other	5.5	5.5	–	–
Total Healthcare Services	**242.8**	**166.1**	**–**	**–**
Total	**371.7**	**289.2**	**9.3**	**9.1**

The fertility business which was acquired in 2021, has been considered as a separate cash generating unit, Scandinavia, Goodwill related to all other acquisitions during 2021 have been allocated to the existing cash generating units.

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	**2021**	**2020**
Germany	5.6%	5.1%
Poland	7.1%	5.5%
Romania	9.4%	8.6%
India	16.0%	9.1%
Scandinavia	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 2019	**127.1**	**78.6**	**190.2**	**3.5**	**9.4**	**408.8**
Business combinations	0.0	2.6	2.0	0.0	0.1	4.7
Additions	0.6	5.5	30.3	0.6	21.7	58.7
Disposal by sale	–	0.0	-2.7	-0.2	–	-2.9
Retirements	-0.1	-1.4	-3.9	0.0	-0.1	-5.5
Reclassifications	-0.7	3.9	1.1	0.3	-4.6	0.0
Exchange differences	-9.5	-6.8	-16.2	-0.7	-2.1	-35.3
31 December 2020	**117.4**	**82.4**	**200.8**	**3.5**	**24.4**	**428.5**
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**

	Land and buildings	Leasehold improvements	Equipment	Vehicles	Assets under construction and advances	Total
Depreciation						
31 December 2019	**-13.3**	**-38.3**	**-101.5**	**-2.2**	**–**	**-155.3**
Depreciation	-3.0	-9.1	-23.2	-0.4	–	-35.7
Disposal by sale	–	0.0	2.5	0.2	–	2.7
Retirements	0.1	1.2	3.9	0.0	–	5.2
Reclassifications	0.2	-0.2	0.2	-0.2	–	0.0
Exchange differences	1.0	3.8	9.5	0.4	–	14.7
31 December 2020	**-15.0**	**-42.6**	**-108.6**	**-2.2**	**–**	**-168.4**
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**

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

	Land and buildings	Leasehold improvements	Equipment	Vehicles	Assets under construction and advances	Total
Net carrying value						
31 December 2020	102.4	38.0	91.8	1.3	24.4	257.9
31 December 2021	**111.2**	**46.5**	**129.4**	**2.5**	**29.7**	**319.3**

12 Right-of-use assets

	Buildings	Equipment	Vehicles	Total
Cost				
31 December 2019	**232.7**	**8.3**	**9.6**	**250.6**
Business combinations	6.4	–	0.1	6.5
Additions	57.8	1.4	1.7	60.9
Terminations	-27.1	-2.3	-1.9	-31.3
Other	7.1	0.0	0.4	7.5
Exchange differences	-17.8	-0.1	-0.5	-18.4
31 December 2020	**259.1**	**7.3**	**9.4**	**275.8**
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**

	Buildings	Equipment	Vehicles	Total
Depreciation				
31 December 2019	**-75.7**	**-4.1**	**-4.8**	**-84.6**
Depreciation	-33.7	-1.8	-2.7	-38.2
Terminations	18.5	1.9	1.8	22.2
Other	0.1	-0.2	0.0	-0.1
Exchange differences	5.6	0.1	0.2	5.9
31 December 2020	**-85.2**	**-4.1**	**-5.5**	**-94.8**
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**

	Buildings	Equipment	Vehicles	Total
Impairment				
31 December 2019	**–**	**–**	**–**	**–**
Impairment	-0.6	–	–	-0.6
Exchange differences	–	–	–	–
31 December 2020	**-0.6**	**–**	**–**	**-0.6**
Retirement	0.6	–	–	0.6
Exchange differences	–	–	–	–
31 December 2021	**–**	**–**	**–**	**–**

	Buildings	Equipment	Vehicles	Total
Net carrying value				
31 December 2020	173.3	3.2	3.9	180.4
31 December 2021	**310.6**	**11.4**	**5.4**	**327.4**

Amounts recognised in the income statement	**2021**	**2020**
Right-of-use depreciation/impairment	-45.6	-38.8
Interest expense on lease liabilities	-14.0	-10.2
Expenses relating to short-term leases	-11.2	-6.7
Expenses relating to leases of low value assets	-1.2	-1.6
Variable lease payments not included in the measurement of the lease liability	-1.8	-1.6
Rent concessions due to Covid-19	0.4	1.5

Average lease term, in years	**2021**	**2020**
Buildings	6.7	6.7

The maturity analysis for lease liabilities is disclosed in note 26.

Leases not yet commenced
At year-end 2021 the Group is committed to €10.9 million (€6.7 million) for leases not yet commenced/recognised as right-of-use assets and lease liabilities.

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

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

13 Business combinations

The following table presents business combinations during 2021 and 2020. The purchase price allocations are preliminary and subject to change in the twelve months from the acquisition date. For business combinations during 2020, these have been finalised.

	2021	2020
Other intangible assets:	16.4	2.1
Brand	13.9	1.5
Operating licenses	0.5	0.1
Other	2.0	0.5
Property, plant and equipment	12.1	4.7
Right-of-use assets	83.7	6.5
Accounts receivable and inventories	9.8	0.9
Corporate tax receivable	0.2	–
Cash and cash equivalents	3.5	0.2
Loans payable	-3.5	-0.1
Lease liabilities	-83.7	-6.5
Deferred tax (net)	-2.8	0.5
Corporate tax payable	-1.0	–
Accounts payable	-14.6	-2.4
Net identifiable assets	**20.1**	**5.9**
Non-controlling interests	-3.8	–
Goodwill	79.0	9.2
Total consideration	**95.3**	**15.1**
Cash and cash equivalents acquired	-3.5	-0.2
Contingent consideration payable	-11.3	-5.1
Deferred consideration payable	-1.7	-0.2
Non-cash movements	0.4	–
Payment into escrow	3.1	–
Movements related to prior years acquisitions	5.2	2.6
Total cash flow for acquisitions net of cash acquired	**87.5**	**12.2**

Business combinations during 2021

Acquisition date	Name	Country	Description of business	Voting rights, %
19 Feb	Dom Lekarski S.A.	Poland	Hospital	65[1]
8 Mar	Holmes Place Poland Sp. z o.o. (Medicover Fitness Sp. z o.o.)	Poland	Gym	100
19 Apr	Pradhama Hospital	India	Hospital	–
29 Apr	ANV Güven Sağlık Hizmetleri Ticaret A.Ş.	Turkey	Laboratory	70[2]
1 May	AWO Gesundheitszentrum Calbe (Saale) GmbH (Saale-Krankenhaus Calbe GmbH)	Germany	Hospital	100
23 Jul	Klinikk Hausken AS	Norway	Fertility	70[2]
27 Jul	Centrum Medyczne MML Sp. z o.o.	Poland	Hospital	65[2]
3 Aug	SellmerDiers Holding ApS	Denmark	Fertility	89[2]
9 Sep	Just Gym Sp. z o.o.	Poland	Gym	60[2]
23 Sep	Fit Projekt Sp. z o.o.	Poland	Gym	100
12 Oct	Mega Solar Sp. z o.o.	Poland	Gym	100
20 Dec	Mediplus Company SRL	Romania	Medical	80[2]
Mar-Dec	Dental businesses	Poland	Dental	–

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.

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 is 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 has been recognised and capped as part of the purchase price based on future performance. The primary reason for the acquisitions is 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 2021, these put option liquidity obligations amounted to €13.3 million, refer to note 24. None of the 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.

Business combinations during 2020

The Group acquired three dental businesses in Poland, an endocrinology clinic in Germany and 100% of the voting shares in Fitness World Sp. z o.o., a gym operator in Poland. Total payments net of cash acquired amounted to €12.2 million. Goodwill which amounted to €9.2 million represented knowledge of transferred professionals and expected synergies with existing operations. Goodwill was deductible for tax purposes. Contingent consideration was recognised and capped as part of the purchase price based on future performance. None of the acquisitions were individually significant.

Included in the consolidated income statement 2020 was revenue of €1.1 million and net result of €0.0 million. If these had been acquired on 1 January 2020, the Group's revenue in 2020 would have been approximately €7.5 million higher and net profit in 2020 would have been approximately €-0.1 million lower.

Acquisition related expenses (included in administrative expenses) amounted to €-1.5 million in 2020.

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

	Method used	Estimated useful life	2021	2020
Brand	Income-based valuation (how much the brand owner would have to pay to use its brand if it licensed the brand from a third party, using DCF generated by the acquired entity for a period of time to capitalise future cash flows)	2–5 years	13.9	1.5
Operating licenses	Greenfield costs for obtaining the compulsory licenses to be able to run the business	3–5 years	0.5	0.1
Other	Fair value approximates to cost	2–10 years	2.0	0.5
Total			**16.4**	**2.1**

14 Investments in associates

	2021	2020
Diagenom GmbH	0.6	0.6
NIPD Genetics Public Company Ltd ("NIPD")	7.9	7.0
Total	**8.5**	**7.6**

The Group's ownership in Diagenom GmbH was 33.0% (33.0%) and in NIPD 18.9% (20.0%). In January 2022, the Group acquired additional shares in NIPD, refer to note 37 for additional information.

15 Other financial assets

Non-current	2021	2020
Guarantees	9.4	5.7
Loans receivable	3.6	1.0
Shares in unlisted entity	3.6	3.2
Government bonds	2.2	–
Total	**18.8**	**9.9**

16 Inventories

	2021	2020
Consumables	60.0	41.5
Pharmaceuticals	5.6	4.9
Real estate development	6.4	6.6
Total	**72.0**	**53.0**

Inventories recognised as an expense during the year amounted to €264.1 million (€168.1 million), of which write-downs amounted to €0.8 million (€1.0 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

	2021	2020
Trade receivables	151.1	117.3
Other receivables	33.2	14.4
Prepayments	8.8	9.5
Accrued income	8.6	8.2
Total	**201.7**	**149.4**

Financial assets carried at amortised cost are presented net of expected credit losses (ECL), 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	2021	2020
Interest-bearing securities	192.9	40.1
Total	**192.9**	**40.1**

The interest-bearing securities consisted mainly of highly liquid short-term euro-denominated bond funds and short-term government bonds.

Cash and cash equivalents	2021	2020
Cash on hand	0.8	0.6
Cash at bank	76.9	39.0
Government bonds	4.2	7.1
Total	**81.9**	**46.7**

Refer to note 19 for information regarding credit facilities and utilisation.

19 Loans payable

Non-current	2021	2020
Borrowings	356.7	141.2
Contingent consideration payable (note 24)	17.2	11.5
Deferred consideration payable	1.4	0.1
Total	**375.3**	**152.8**

Current	2021	2020
Borrowings	34.9	7.8
Contingent consideration payable (note 24)	7.5	7.0
Deferred consideration payable	0.5	0.3
Total	**42.9**	**15.1**

				Carrying amount	
Loans payable	Maturity	Currency	Nominal value	2021	2020
Schuldschein loan, fixed/float	2024	EUR	35.5	35.4	47.9
Schuldschein loan, fixed/float	2026	EUR	65.0	64.8	71.7
Schuldschein loan, float	2029	EUR	20.0	20.0	19.9
Schuldschein loan, float	2031	EUR	20.0	20.0	–
Social schuldschein loan, fixed/float	2027	EUR	115.0	114.4	–
Social schuldschein loan, fixed/float	2029	EUR	35.0	34.8	–
Social schuldschein loan, fixed/float	2031	EUR	66.0	65.7	–
Commercial paper programme	2022	SEK	200.0	19.5	0.0
Other bank loans				17.0	9.5
Other				26.6	18.9
Total				**418.2**	**167.9**

The commercial paper programme has a total size of SEK 2 billion with possibilities to issue in both Swedish krona and euro. In addition to the existing schuldschein loans of €140.5 million, the Group issued social schuldshein loans of €216.0 million on the German market in December 2021. The proceeds from this may be allocated as set out in Medicover's social finance framework.

The weighted average interest rate of total debt outstanding held at Group level at 31 December 2021 was 1.2% (1.4%).

A maturity analysis of financial liabilities is disclosed in note 26.

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

	2021		2020	
	Facility size	**Utilised**	**Facility size**	**Utilised**
Revolving credit facility incl. overdraft facility	230.0	0.0	220.0	0.0
Schuldschein loan	140.5	140.5	140.0	140.0
Social schuldschein loan	216.0	216.0	–	–
Commercial paper programme	195.6	19.5	199.2	0.0
Other	29.5	16.0	16.4	7.2
Total	**811.6**	**392.0**	**575.6**	**147.2**

The loan conditions entail financial covenants which have been complied with. For the revolving credit facility, the financial covenants are in relation to net debt/adjusted EBITDA before IFRS 16 and interest cover, the ratios were 1.0x and 41.8x respectively at 31 December 2021. For the schuldschein loans/social schuldschein loans, the covenants are in relation to net debt/adjusted EBITDAaL and interest cover, the ratios were 0.5x and 40.9x respectively at 31 December 2021.

The Group's net financial debt was as follows:

	2021	2020
Non-current loans payable	375.3	152.8
Current loans payable	42.9	15.1
Total loans payable	**418.2**	**167.9**
Less: short-term investments	-192.9	-40.1
Less: cash and cash equivalents	-81.9	-46.7
Loans payable net of cash and liquid short-term investments	**143.4**	**81.1**
Non-current lease liabilities	299.8	165.1
Current lease liabilities	46.1	34.4
Total lease liabilities	**345.9**	**199.5**
Financial debt	**764.1**	**367.4**
Less: short-term investments	-192.9	-40.1
Less: cash and cash equivalents	-81.9	-46.7
Net financial debt	**489.3**	**280.6**

20 Other liabilities

Non-current	2021	2020
Cash settled share-based payments	5.6	3.4
Other liabilities	0.1	–
Total	**5.7**	**3.4**

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. These liabilities are estimated to become due at the earliest from mid 2023.

21 Unearned premiums/deferred revenue

	2021	2020
Unearned insurance premiums	10.2	7.8
Deferred revenue	10.0	7.0
Total	**20.2**	**14.8**

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 2021 €7.0 million of the deferred revenue at 31 December 2020 was recognised as revenue.

22 Trade and other payables

	2021	2020
Trade payables	60.6	53.6
Other payables	32.7	20.8
Accruals for medical cost	31.1	17.0
Accruals for payroll	28.3	20.8
Other accruals	29.7	37.2
Total	**182.4**	**149.4**

Other payables mainly consisted of VAT and payroll related taxes.

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	
	2021	2020	2021	2020	2021	2020
Opening balance	**167.9**	**275.3**	**199.5**	**176.2**	**52.7**	**44.1**
Cash movements						
Repayment of loans/ leases[1]	-54.7	-287.8	-52.7	-41.6	–	–
Proceeds from loans received	293.7	181.4	–	–	–	–
Distribution to non-controlling interests	–	–	–	–	-6.7	-1.2
Non-cash movements						
Net foreign exchange movements	0.4	-4.4	3.5	-9.0	0.1	-0.1
Business combinations	11.5	3.6	83.7	6.5	–	–
Liquidity obligation to non-controlling interests	–	–	–	–	3.7	2.9
Lease additions	–	–	123.5	78.6	–	–
Lease deductions	–	–	-11.6	-11.2	–	–
Economic interest liability for subsidiary	–	–	–	–	–	0.0
Changes in fair value recognised through equity	–	–	–	–	33.1	7.0
Other	-0.6	-0.2	–	–	–	–
Closing balance	**418.2**	**167.9**	**345.9**	**199.5**	**82.9**	**52.7**

[1] The amount includes interest paid on leases of €-14.0 million (€-10.2 million) and excludes movements in accruals and prepayments.

24 Financial assets and liabilities

	Note	2021 Non-current	2021 Current	2021 Total	2020 Non-current	2020 Current	2020 Total
Financial assets at fair value through profit or loss							
Short-term investments		–	192.9	192.9	–	40.1	40.1
Foreign currency swaps		–	0.5	0.5	–	–	–
Other financial assets	24 a)	5.8	–	5.8	3.2	–	3.2
Total		**5.8**	**193.4**	**199.2**	**3.2**	**40.1**	**43.3**
Financial assets at amortised cost							
Other financial assets		13.0	3.1	16.1	6.7	0.0	6.7
Trade and other receivables[1]		–	171.2	171.2	–	129.3	129.3
Total		**13.0**	**174.3**	**187.3**	**6.7**	**129.3**	**136.0**
Cash and cash equivalents		–	81.9	81.9	–	46.7	46.7
Total financial assets		**18.8**	**449.6**	**468.4**	**9.9**	**216.1**	**226.0**
Financial liabilities at fair value through profit or loss							
Foreign currency swaps		–	–	–	–	0.3	0.3
Contingent consideration payable	24 b)	17.2	7.5	24.7	11.5	7.0	18.5
Total		**17.2**	**7.5**	**24.7**	**11.5**	**7.3**	**18.8**
Put option liquidity obligations with non-controlling interests (with movement through equity)[2]	24 c)	78.3	0.7	79.0	45.9	–	45.9
Total financial liabilities at fair value		**95.5**	**8.2**	**103.7**	**57.4**	**7.3**	**64.7**
Financial liabilities at amortised cost							
Borrowings		356.7	34.9	391.6	141.2	7.8	149.0
Lease liabilities		299.8	46.1	345.9	165.1	34.4	199.5
Other financial liabilities		–	3.9	3.9	–	6.8	6.8
Trade and other payables[1]		–	65.1	65.1	–	57.6	57.6
Deferred consideration payable		1.4	0.5	1.9	0.1	0.3	0.4
Total		**657.9**	**150.5**	**808.4**	**306.4**	**106.9**	**413.3**
Total financial liabilities		**753.4**	**158.7**	**912.1**	**363.8**	**114.2**	**478.0**

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

[2] Presented as other non-current financial liabilities in the statement of financial position.

Financial assets and liabilities carried at amortised cost are considered to have carrying amounts that materially correspond to their fair values, for long-term borrowings this is due to interest rates approximating current market rates.

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 and other financial assets include €192.9 million (€40.1 million) and €2.2 million (-) mainly in euro-denominated bond funds and government bonds where the valuation is based on quoted prices in active markets.

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

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

a) Other financial assets include €3.6 million (€3.2 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 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 €22.6 million (€18.9 million). Due to contracted terms disadvantaging the holder, it is estimated that the put option will be exercised in 2023 at the earliest.
- A put option liquidity obligation with non-controlling interests in Medicover Hospitals India ("MHI") of €43.1 million (€27.0 million). The increase is mainly explained by the expansion of activity. Half of the put options can be exercised from March 2023 and the remaining half from March 2027.
- A put option liquidity obligation with non-controling interests in other subsidiaries of €13.3 million (-). These are estimated to be exercised in 2022 and 2026.

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:

	Fair value			Inputs		Sensitivity
Description	2021	2020		2021	2020	Relationship of unobservable inputs to fair value (FV)
Put option (liquidity obligation with non-controlling interests in a German subsidiary)	22.6	18.9	Earnings growth factor	5.5%	5.5%	Increase of 1% point in profit growth = increase in FV liability of €0.2 million
			Risk adjusted discount rate	0.9%	0.4%	Decrease of 1% point in discount rate = increase in FV liability of €0.5 million
Put option (liability obligation with non-controlling interests in MHI)	43.1	27.0	6 year projected CAGR EBITDA	34.8%	27.0%	Increase of 10% in CAGR EBITDA = increase in FV liability of €4.8 million
			Risk adjusted discount rate	11.8%	11.3%	Decrease of 1% point in discount rate = increase in FV liability of €1.6 million
Put option (liquidity obligation with non-controlling interests in other subsidiaries)	13.3	–	Earnings growth factor	28.8%	–	Increase of 10% in CAGR EBITDA = increase in FV liability of €1.3 million
			Risk adjusted discount rate	6.3%	–	Decrease of 1% point in discount rate = increase in FV liability of €0.5 million
Contingent consideration payable	24.7	18.5	Risk adjusted discount rate	5.5%-8.7%	5.5%–8.7%	Decrease of 1% point in discount rate = increase in FV liability of €0.5 million

No additional significant changes have been made to valuation techniques, inputs or assumptions in 2021.

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 due to the historically low cost of debt funding and availability of liquidity on the financial markets. When assessing the adequacy of the Group's equity for the activities and exposures the Group analyses the ratio of loans payable net of cash and liquid short-term investments to total equity (including non-controlling interests), as presented in the following table:

	2021	2020
Loans payable net of cash and liquid short-term investments (note 19)	143.4	81.1
Ratio to total equity	**0.3**	**0.2**

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 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. No ECL has been recognised for other financial assets carried at amortised cost as there is no related credit risk.

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

2021	Current	<30 days	<180 days	<365 days	>365 days
Expected credit loss rate	1.5%	4.8%	10.2%	19.0%	50.0%
Gross trade receivables	109.4	15.9	17.2	7.5	13.2
Loss allowance	1.6	0.8	1.7	1.4	6.6

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

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

	2021	2020
As at 1 January	**13.4**	**9.4**
Business combinations	0.3	–
Recognised in income statement	2.0	8.6
Amounts written off	-3.6	-3.8
Exchange differences	0.0	-0.8
As at 31 December	**12.1**	**13.4**

Interest rate risk

The majority of the Group's debt is denominated in euro and hence it is exposed primarily to fluctuation in the euro interest rate benchmarks (EURIBOR) however due to a floor agreement on the benchmark in the Group's financing facilities EURIBOR 6M would need to rise by 54 basis points respectively from year-end levels before there would be an increase in the Group's cost of funding. A 100 basis point increase in current interest rates on debt held at Group level would have a negative impact on the income statement of €-0.6 million. Interest rate risk on financial debt is managed based on monitoring of likely trends over a 1 to 3-year period and decisions are made as to whether to fix interest rates.

Central treasury closely monitors interest rate outlooks and movements. Management's judgement is that the euro debt markets will continue with a period of historically low interest rates with likely tapering of ECB programs and rising inflation expectations leading into a gradual normalisation of rates.

The Group has in its schuldschein debt issue fixed a proportion of its long-term debt interest rates with €41.3 million of the total €140.2 million of debt issued at fixed rates for 5-7 years. For the social schuldschein debt issue, €93.5 million of the total €214.9 million of debt are issued at fixed rates for 5.5-10 years. This resulted in attractive fixed rates and thereby matching the interest rate outlook to the long-term use of funds for organic and acquisition growth.

Liquidity risk

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

The Group had credit facilities at 31 December 2021 of €811.6 million (€575.6 million) of which €392.0 million (€147.2 million) was utilised. The Group had schuldschein loans of €140.2 million (€139.5 million) with maturities between 2024-2031 and social schuldschein loans of €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 2021 €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:

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**

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

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

Foreign currency risk

The Group operates across several countries, with its major operations in Poland, Germany, Romania, India and Ukraine. Changes in exchange rates can adversely 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 gains related to lease liabilities, held in another currency than local currency, amounted to €0.2 million (€-5.5 million). According to the Group's treasury policy, foreign currency risks related to larger business combinations should be hedged, other transaction 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. Part of the funding of some of the Group's local investments is provided for through short-term loans and supplier credit denominated in euros, these loans and balances may generate foreign exchange losses through the income statement in case of a devaluation.

The following table presents the exposure of lease liabilities by geography and currency.

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**

2020	Local currency	EUR	USD	Total lease liabilities
Poland	37.2	56.6	–	93.8
Germany	37.5	–	–	37.5
Romania	0.4	21.1	–	21.5
India	32.8	–	–	32.8
Ukraine	7.6	0.2	0.1	7.9
Other	1.2	4.0	0.8	6.0
Total	**116.7**	**81.9**	**0.9**	**199.5**

The nominal amounts of assets and liabilities at 31 December were as follows:

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

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

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.

	2021		2020	
	Equity	Profit and loss	Equity	Profit and loss
PLN	29.6	2.0	21.6	1.2
RON	11.4	1.7	8.1	0.8
UAH	5.6	0.9	4.7	0.4
INR	5.9	0.1	3.8	-0.3

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 currency rates used in the financial statements are as follows:

	Year-end rate €1.00 to		Annual average rate €1.00 to	
	2021	2020	2021	2020
INR	84.23	89.66	87.65	84.58
PLN	4.60	4.61	4.57	4.44
RON	4.95	4.87	4.92	4.84
UAH	30.92	34.74	32.31	30.79
USD	1.13	1.23	1.18	1.14

27 Assets pledged and contingent liabilities

Assets pledged as security for liabilities	2021	2020
Property, plant and equipment	0.2	0.0
Total	**0.2**	**0.0**

Other commitments	2021	2020
Bank guarantees	2.3	2.2
Other guarantees	0.8	0.7
Commitments for acquisition of property, plant and equipment	19.8	7.5
Total	**22.9**	**10.4**

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 (€30.1 million) and corresponded to the following shares:

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

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 or class C share carries one tenth of a vote. Medicover's class B share has been listed on Nasdaq Stockholm since May 2017. At the shareholders' request class A shares may be converted to an equal number of class B shares. Class C shares are treasury shares held by the Company to ensure delivery of shares to employees in accordance with the long-term performance-based share programmes. The quota value per share was €0.2 (€0.2).

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.

In 2020, 15 million new class B shares were issued at a subscription price of SEK 100 per share.

29 Non-controlling interests

Non-controlling interests amounted to €44.5 million (€35.5 million) as at 31 December 2021. 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 39% (44%), corresponding to an accumulated non-controlling interest of €35.3 million (€31.4 million). Financial information for MHI before intra-group eliminations is presented in the following tables.

Income statement/ Total comprehensive income	**2021**	**2020**
Revenue	129.8	79.3
Result for the year	0.9	-2.2
Other comprehensive income/(loss)	2.7	-4.3
Total comprehensive income/(loss) for the year	**3.6**	**-6.5**

Cash flow	**2021**	**2020**
Net cash from operating activities	5.5	15.6
Net cash used in investing activities	-26.1	-18.1
Net cash from financing activities	24.4	2.9
Increase in cash and cash equivalents	**3.8**	**0.4**

Assets/liabilities	**31 Dec 2021**	**31 Dec 2020**
Non-current assets	143.2	77.3
Current assets	45.6	25.5
Non-current liabilities	127.4	65.9
Current liabilities	37.6	30.5

30 Earnings per share

	2021	**2020**
Profit for the year attributable to owners of the parent, €m	101.8	25.8
Basic/diluted EPS, €	0.686	0.182

Weighted average number of shares for EPS	**2021**	**2020**
Weighted average number of shares for basic EPS	148,350,551	141,748,414
Effect of dilution from employee share-based payments	0	0
Weighted average number of shares for diluted EPS	148,350,551	141,748,414

31 Co-workers

	Average FTE					
	2021			2020		
	Women	Men	Total	Women	Men	Total
By country						
Poland	6,668	1,785	8,453	5,386	1,466	6,852
India	2,899	3,284	6,183	1,931	2,350	4,281
Ukraine	2,806	323	3,129	2,553	267	2,820
Romania	2,302	542	2,844	2,130	493	2,623
Germany	1,396	473	1,869	1,216	394	1,610
Belarus	469	86	555	446	76	522
Serbia	188	56	244	165	54	219
Moldova	152	27	179	128	25	153
Turkey	109	45	154	82	30	112
Bulgaria	86	15	101	70	9	79
Georgia	90	25	115	63	14	77
Benelux	9	5	14	9	6	15
Russia	10	4	14	9	4	13
Hungary	9	3	12	11	3	14
Norway	10	2	12	–	–	–
Sweden	4	5	9	5	5	10
Denmark	6	3	9	–	–	–
Other	1	3	4	1	3	4
Co-workers – total average FTE	**17,214**	**6,686**	**23,900**	**14,205**	**5,199**	**19,404**
Employees	14,326	5,551	19,877	11,976	4,273	16,249
Contractors	2,888	1,135	4,023	2,229	926	3,155

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 2021 total figures amounted to 4,023 (Poland: 3,774, Romania: 214 and other: 35). Contractors included in 2020 total figures amounted to 3,155 (Poland: 2,877, Romania: 210, Ukraine: 39 and other: 29).

Gender distribution in board/Medicover management at year-end

	2021			2020		
	Total	Women	Men	Total	Women	Men
Parent company						
Board of directors incl. CEO	8	25%	75%	8	25%	75%
Executive management incl. CEO	7	14%	86%	7	14%	86%
Subsidiaries						
Board of directors	368	16%	84%	333	15%	85%
Other senior management	221	45%	55%	191	41%	59%

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 29 April 2021, 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 €71,500 to the chairman of the board and €51,000 to each of the board members, except for the CEO. In addition, €22,500 shall be paid to the chairman of the audit committee, €11,000 to each of the other members of the audit committee and €8,000 to each member of the remuneration committee and €5,000 to each member of the sustainability committee . Total board fees amounted to €459,000 (€435,000).

Guidelines for remuneration to executive management

At the AGM held on 29 April 2021, 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 five long-term performance-based share programmes for executive management and other key individuals based on decisions made at general meetings in 2017-2021 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. The performance period is still running under each respective plan and vesting has not yet occurred under any of the plans at 31 December 2021. The vesting period for the first programme (Plan 2017) ends on 27 April 2022. For more information on the long-term performance-based share programmes, refer to note 33.

Total remuneration, social security and pension costs

	2021			2020		
	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	7.5	0.2	0.0	6.7	0.2	0.1
Other employees	388.0	48.2	3.0	305.1	38.8	2.1
Contractors	107.5	–	–	82.8	–	–
Total	**503.0**	**48.4**	**3.0**	**394.6**	**39.0**	**2.2**

Government employment grants, recognised as a reduction of staff costs, amounted to €0.9 million (€2.4 million).

Remuneration and benefits to board members and executive management
The following table presents the remuneration to board members:

	2021			2020		
€ 000's	Board fees	Committee fees	Total	Board fees	Committee fees	Total
Fredrik Stenmo (chairman)	71	22	93	49	12	61
Board Members:						
Peder af Jochnick	51	–	51	45	–	45
Robert af Jochnick	51	–	51	45	–	45
Arno Bohn	51	7	58	45	7	52
Sonali Chandmal	51	14	65	45	9	54
Michael Flemming	51	22	73	45	18	63
Margareta Nordenvall	51	11	62	45	9	54
Fredrik Rågmark (CEO)	–	–	–	–	–	–
Total	**377**	**76**	**453**	**319**	**55**	**374**

The CEO is a board member of the Company but was not remunerated for such office separately.

The following table presents the remuneration and benefits to executive management:

€ 000's	Salary/fees	Variable pay	Other benefits	Share-based payments	Pension fees	Total
Fredrik Rågmark (CEO)	952	–	8	1,238	8	2,206
Other executive management (6)	1,670	838	145	2,204	27	4,884
Total 2021	**2,622**	**838**	**153**	**3,442**	**35**	**7,090**
Fredrik Rågmark (CEO)	670	225	8	1,027	8	1,938
Other executive management (6)	1,520	917	173	1,826	100	4,536
Total 2020	**2,190**	**1,142**	**181**	**2,853**	**108**	**6,474**

During 2021 one executive left and one was recruited. During 2020 one executive left. Pension contributions include statutory employer contributions to state pensions and payments to defined contribution pension schemes.

33 Share-based payments

Equity settled share-based programmes
The Group has five outstanding long-term performance-based share programmes. The purpose of the programmes is to create conditions for motivating and retaining competent employees in the Group, to increase the alignment of the targets of the participants with those of 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 and 2021) growth over a five year period. Medicover will compensate the participants for any dividends paid during the duration of the programmes by increasing the number of performance shares that each participant may receive.

Programmes	Number of participants at grant date	Vesting period
Plan 2017	32	1 May 2017 until 27 April 2022
Plan 2018	43	1 May 2018 until release of interim report January–March 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	30 April 2021 until release of interim report January-March 2026

Outstanding share rights	Plan 2021	Plan 2020	Plan 2019	Plan 2018	Plan 2017
31 December 2019	**–**	**–**	**913,704**	**806,016**	**684,664**
Granted	–	1,017,848	–	–	–
Cancelled/forfeited	–	-13,944	-51,600	-12,000	-12,644
Fullfilled	–	–	–	-8,000	-7,356
31 December 2020	**–**	**1,003,904**	**862,104**	**786,016**	**664,664**
Granted	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**

The share rights amounts disclosed are the maximum shares that would be issued if all conditions are achieved in full. No share rights were fulfilled and distributable at the end of the year. The Group's expenses for equity settled share-based payments, including social security costs, amounted to €-6.9 million (€-5.1 million), recognised as administrative costs.

Fair value at grant date	Plan 2021	Plan 2020
Fair value, €m	18.6	7.7
Variables used to estimate fair value:		
Expected annual turnover of personnel	5%	4%
Quoted share price, SEK	240.5	99.5
Service vesting conditions	79%	81%
Performance conditions, fulfilment	100%	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 2021	Plan 2020	Plan 2019	Plan 2018	Plan 2017
Each share right entitles to 1 performance share with an annual EBITDA (Plan 2021 and 2020) EBITDAaL (Plan 2019) EBITDA (pre IFRS 16 for Plan 2018 and 2017) growth rate (CAGR)	>11%	>9%	>15%	>10%	>14%
Each share right entitles to 8 performance shares with an annual EBITDA (Plan 2021 and 2020) EBITDAaL (Plan 2019) EBITDA (pre IFRS 16 for Plan 2018 and 2017) growth rate (CAGR)	≥18%	≥17%	≥23%	≥20%	≥28%
Entitlement will occur linearly between 1 to 8 performance shares with an annual EBITDA (Plan 2021 and 2020) EBITDAaL (Plan 2019) EBITDA (pre IFRS 16 for Plan 2018 and 2017) growth rate (CAGR)	11-18%	9–17%	15–23%	10–20%	14–28%
The annual EBITDA (Plan 2021 and 2020) 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	2020 and 2025	2019 and 2024	2018 (restated) and 2023	2017 and 2022	2016 and 2021

[1] Note that for Plans 2017 and 2018, the Group's financial statements for 2021 and 2022 will not be used, instead restated consolidated financial accounts prepared on a pre IFRS 16 basis will be used.

The maximum value per each participant's share rights under the programme is, however, limited to 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.

The performance conditions for the Plan 2017 were achieved in full corresponding to eight performance shares for each share right.

34 Related parties and related party transactions

The ultimate parent company of the Group is the Jonas and Christina af Jochnick Foundation, a charitable foundation, which controls the majority of votes of the Group through its wholly owned subsidiary Celox Holding AB. The parent company of the largest and smallest group of which Medicover AB (publ) is a subsidiary and in which consolidated accounts are prepared is Celox Group Ltd, registration number HE 368166, domiciled in Cyprus.

Ownership	2021	2020
Celox Holding AB, share of capital	31.0%	31.3%
Celox Holding AB, share of votes	55.5%	55.0%

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:

	2021	2020
Celox Group companies		
Expenses and employment costs recharged	0.3	0.2
Purchase of services	-0.1	0.0
Trade payables at 31 December	0.0	0.0
Non-controlling interests in MHI		
Purchase of materials and services	-28.8	-17.1
Trade payables at 31 December	7.7	7.2

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 Medyczne Damiana Holding Sp. z o.o.	Medical	Poland
Diagnos MVZ GmbH	Medical	Germany
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[2]	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 Sport Sp. z o.o. (previously named "OK System Polska S.A.")	Medical	Poland
Medicover Sp. z o.o.	Medical	Poland
Medicover SRL	Medical	Romania
MVZ Labor Greifswald GmbH	Medical	Germany
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 (61.2%)[1),2)] ("Medicover Hospitals India" or "MHI")	Medical	India
Synevo FLLC	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) Increase in ownership during 2021.
2) The accounting year runs from 1 April to 31 March.

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
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
IVD Institut für Veterinärmedizinische Diagnostik GmbH	Medical
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 Stuttgart MVZ GmbH	Medical
Medicover Ulm MVZ 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 (previously named “AWO Gesundheitszentrum Calbe (Saale) GmbH”)	Medical
Synevo GmbH	Holding/Management
Synevo Studien Service Labor GmbH	Medical

36 Fees to auditors

	2021	2020
Audit assignments	0.9	0.9
Auditing activities other than audit assignments	0.3	0.1
Tax consultancy services	0.0	0.0
Other assignments	0.0	0.1
Total	**1.2**	**1.1**

€0.8 million (€0.8 million) has been paid to BDO Sweden AB and its network.

37 Subsequent events

Ukraine

On 24 February 2022 Russia invaded Ukraine. This will have negative consequences for the business activities of the Group and potentially on the carrying value of Ukrainian assets.

At year-end the Group had net assets of €40.7million (UAH 1,258.6 million), revenue for 2021 was €117.4 million (UAH 3,792.4 million), EBITDA was €26.0 million (UAH 841.6 million) and net profit was €9.2 million (UAH 298.3 million).

Business combinations

In January 2022 Medicover increased its ownership in NIPD Genetics Public Company Ltd ("NIPD") from 18.9% to 87.2% and the acquisition of 100% of Centrum Diagnostyczno-Terapeutyczne "Medicus" Sp. z o.o. was closed ("CDT").

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. Revenue for 2021 was €20.3 million.

Total consideration for the 68.3% acquired shares in NIPD was €56.7 million, settled in cash €44.4 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 relate 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 amounted to €6.9 million.

NIPD has up until January 2022 been 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 which was recognised as other income/(costs) in 2022.

CDT

CDT is a leading regional provider of medical services in southwestern Poland. CDT operates two hospitals, 13 outpatient clinics (mainly focused on primary care), three diagnostic laboratories and has approximately 1,000 employees. Revenue for 2021 was €28.9 million. The consideration was €56.1 million, settled in cash. Goodwill of €23.0 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.

NIPD and CDT will be consolidated in the first quarter 2022, respectively in the Diagnostic and Healthcare Services divisions.

The following table presents the preliminary purchase price allocations.

	NIPD	CDT
Other intangible assets:	26.7	13.3
Brand	–	12.9
Development costs	10.3	–
Patents	16.3	–
Other	0.1	0.4
Property, plant and equipment	1.6	23.9
Right-of-use assets	1.3	0.7
Accounts receivable and inventories	6.8	3.1
Cash and cash equivalents	7.7	3.6
Loans payable	–	-3.4
Lease liabilities	-1.3	-0.7
Deferred tax (net)	-2.0	-4.2
Accounts payable	-7.2	-3.0
Net identifiable assets	**33.6**	**33.3**
Non-controlling interests	-4.3	-0.2
Goodwill	27.4	23.0
Total consideration	**56.7**	**56.1**

38 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	2021	2020
Operating profit (EBIT)	159.4	61.3
Amortisation (acquisitions)	11.8	10.4
Impairment	0.0	5.2
EBITA	**171.2**	**76.9**
Depreciation and amortisation	99.2	80.6
EBITDA	**270.4**	**157.5**
Right-of-use depreciation and impairment	-45.6	-38.8
Interest on lease liabilities	-14.0	-10.2
EBITDAaL	**210.8**	**108.5**
Less: depreciation (excl. right-of-use depreciation) and amortisation	-53.6	-41.8
EBITAaL	**157.2**	**66.7**
Revenue	1,377.4	997.8
Operating profit margin	11.6%	6.1%
EBITA margin	12.4%	7.7%
EBITDA margin	19.6%	15.8%
EBITDAaL margin	15.3%	10.9%
EBITAaL margin	11.4%	6.7%
Net profit margin	7.7%	2.7%

Reconciliation to adjusted EBITDAaL and adjusted EBITAaL	2021	2020
Operating profit (EBIT)	159.4	61.3
Amortisation (acquisitions)	11.8	10.4
Impairment	0.0	5.2
Non-cash equity settled share-based payments	6.9	5.1
Acquisition related expenses	3.2	1.5
Adjusted EBITA	**181.3**	**83.5**
Depreciation and amortisation	99.2	80.6
Adjusted EBITDA	**280.5**	**164.1**
Right-of-use depreciation and impairment	-45.6	-38.8
Interest on lease liabilities	-14.0	-10.2
Adjusted EBITDAaL	**220.9**	**115.1**
Less: depreciation (excl. right-of-use depreciation) and amortisation	-53.6	-41.8
Adjusted EBITAaL	**167.3**	**73.3**
Revenue	1,377.4	997.8
Adjusted EBITA margin	13.2%	8.4%
Adjusted EBITDA margin	20.4%	16.4%
Adjusted EBITDAaL margin	16.0%	11.5%
Adjusted EBITAaL margin	12.1%	7.3%

Reconciliation to organic revenue	2021	2020
Revenue	1,377.4	997.8
Less: acquired revenue	-32.2	-85.9
Revenue excluding acquisitions	**1,345.2**	**911.9**
Currency effect	32.3	27.8
Organic revenue	**1,377.5**	**939.7**
Organic revenue growth	**38.1%**	**11.3%**

APM	Definition	Reason for use
Acquired revenue	Revenue recognised from acquired businesses in the first twelve months from the acquisition. This represents non-organic growth. If there is significant expansion of the acquired business post-acquisition due to investments made subsequent to acquisition or arising due to synergies with existing businesses and such revenue can be readily and reliably identified then this additional revenue is excluded.	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.

APM	Definition	Reason for use
EBITA	Earnings before interest, other financial income/(expense), tax, amortisation on assets relating to business combinations and impairment, other income/(costs) and share of profit/(loss) of associates.	This measure is used to show profit generation in the operating activities excluding non-cash based amortisation arising from acquisitions and impairment. This provides a profit measure that adjusts for some items that are non-cash, and is used as a measure to isolate effects arising from acquisitions and thereby increase comparability of performance and evaluation of the Group.
EBITA margin	EBITA as a percentage of revenue.	This measure is used to show profit generation in the operating activities excluding non-cash based amortisation arising from acquisitions and impairment relative to revenue.
EBITDA	Earnings before interest, other financial income/(expense), tax, amortisation, depreciation and impairment, other income/(costs) and share of profit/(loss) of associates.	This measure is used to show profit generation in the operating activities excluding non-cash based depreciation, amortisation and impairment. This measure gives an approximation of the cash generation potential before reinvestment in the business.
EBITDA margin	EBITDA as a percentage of revenue.	This measure is used to show profit generation in the operating activities excluding non-cash based depreciation, amortisation and impairment relative to revenue.
EBITAaL	EBITA, as defined above, reduced by interest on lease liabilities.	This measure is used to show profit generation in the operating activities excluding non-cash based amortisation arising from acquisitions and impairment reduced by interest charges on lease liabilities, a recurring cash cost.
EBITAaL margin	EBITAaL as a percentage of revenue.	This measure is used to show profit generation in the operating activities excluding non-cash based amortisation arising from acquisitions, impairment and interest charges on lease liabilities relative to revenue.
EBITDAaL	EBITDA, as defined above, reduced by depreciation/impairment on right-of-use assets and interest on lease liabilities.	This measure is used to show profit generation that equates more closely to the cash flow of the business. As lease costs (depreciation and interest) are recurring and close to cash based costs, this APM gives a closer approximation to the EBITDA measure as previously derived when the former IFRS standard for leases, IAS 17 *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 and acquisition related expenses.	This measure is EBITA adjusted for items that are of a non-cash nature or are not related to the recurring operating profit and thereby impacting comparability. This provides a profit measure that adjusts for some items that are non-cash or non-recurring, and is used to isolate effects arising from acquisitions and thereby increases comparability of performance and evaluation of the Group.
Adjusted EBITA margin	Adjusted EBITA as a percentage of revenue.	This measure is used for analysis of underlying profit generation relative to revenue.
Adjusted EBITDA	EBITDA, as defined above, adjusted for non-cash equity settled share-based payments as well as merger and acquisition related expenses.	This measure is EBITDA adjusted for items that are of a non-cash nature or are not related to the recurring operating profit and thereby impacting comparability. This measure gives an approximation of the cash generation potential before reinvestment in the business after removing impacts of non-operational non-recurring costs.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of revenue.	This measure is used for analysis of underlying profit generation relative to revenue.
Adjusted EBITAaL	Adjusted EBITA, as defined above, reduced by interest on lease liabilities.	This measure is EBITA adjusted for items that are of a non-cash nature or are not related to the recurring operating profit and thereby impacting comparability, reduced by interest charges on lease liabilities. This provides a profit measure that adjusts for some items that are non-cash or non-recurring, and is used to isolate effects arising from acquisitions and thereby increases comparability of performance and evaluation of the Group.

APM	Definition	Reason for use
Adjusted EBITAaL margin	Adjusted EBITAaL as a percentage of revenue.	This measure is used for analysis of underlying profit generation relative to revenue.
Adjusted EBITDAaL	Adjusted EBITDA, as defined above, reduced by depreciation/ impairment on right-of-use assets and interest on lease liabilities.	This measure is EBITDA adjusted for items that are of a non-cash nature or are not related to the recurring operating profit and thereby impacting comparability reduced for depreciation, impairment and interest related to leases. It is used to show an approximation to the underlying cash generation in the operating activities before reinvestments.
Adjusted EBITDAaL margin	Adjusted EBITDAaL as a percentage of revenue.	This measure is used for analysis of underlying profit generation relative to revenue.
Operating 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	2021	2020
Revenue		**0.7**	**0.7**
Gross profit		**0.7**	**0.7**
Distribution, selling and marketing costs		-0.2	-0.2
Administrative costs	P3	-11.4	-9.5
Operating loss		**-10.9**	**-9.0**
Income from participation in group companies	P4	13.0	11.5
Interest income from group companies		0.0	0.0
Interest expense		-0.1	-0.4
Total financial result		**-0.1**	**-0.4**
Profit before income tax		**2.0**	**2.1**
Income tax	P5	–	–
Profit for the year		**2.0**	**2.1**

As the profit for the year corresponds with the amount in total comprehensive income, no separate statement of comprehensive income is presented.

Parent company balance sheet

€m	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Property, plant and equipment			
Equipment	P6	0.1	0.0
Financial assets			
Investments in subsidiaries	P7	434.8	434.8
Total non-current assets		**434.9**	**434.8**
Current assets			
Receivables from group companies	P8	196.2	179.0
Other receivables		0.3	0.3
Cash and bank		0.0	–
Total current assets		**196.5**	**179.3**
Total assets		**631.4**	**614.1**
EQUITY			
Restricted equity			
Share capital	P12	30.4	30.1
Total restricted equity		**30.4**	**30.1**
Non-restricted equity			
Share premium		546.0	546.0
Other reserves		15.0	8.6
Retained earnings		16.5	25.1
Profit for the year		2.0	2.1
Total non-restricted equity		**579.5**	**581.8**
Total equity		**609.9**	**611.9**
LIABILITIES			
Current liabilities			
Loans payable	P9	19.5	0.0
Trade payables		0.0	0.2
Liabilities to group companies		0.5	0.7
Accruals		0.3	0.7
Other liabilities		1.2	0.6
Total current liabilities		**21.5**	**2.2**
Total liabilities		**21.5**	**2.2**
Total equity and liabilities		**631.4**	**614.1**

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 2019	**27.1**	**407.0**	**3.8**	**25.2**	**463.1**
Profit for the year	–	–	–	2.1	2.1
Issue of shares	3.0	140.0	–	–	143.0
Transaction costs	–	-1.1	–	–	-1.1
Share-based payments	–	–	4.7	–	4.7
Issue of treasury shares to employees	–	0.1	–	0.0	0.1
Other	–	–	0.1	-0.1	0.0
Closing balance as at 31 December 2020	**30.1**	**546.0**	**8.6**	**27.2**	**611.9**
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**

The parent company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as profit for the year.

Parent company cash flow statement

€m, for the years to 31 December	Note	2021	2020
Profit before income tax		**2.0**	**2.1**
Adjustments for:			
Depreciation		0.0	0.0
Income from participation in group companies		-13.0	-11.5
Share-based payments		6.4	4.7
Net interest expense		0.1	0.4
Unrealised foreign exchange (gain)/loss		0.0	0.0
Other non-cash transactions		0.0	0.0
Increase in receivables		0.0	-0.1
Increase/(decrease) in payables		-0.2	1.4
Income tax paid		–	–
Net cash used in operating activities		**-4.7**	**-3.0**
Investing activities:			
Payment for acquisition of property, plant and equipment		-0.1	–
Proceeds from disposal of property, plant and equipment		0.0	0.0
Repayment of loans granted		5.8	202.9
Payment of loans granted		-24.6	-274.7
Dividend and group contribution received		14.5	12.0
Net cash used in investing activities		**-4.4**	**-59.8**
Financing activities:			
Issue of shares, net of transaction cost		0.3	141.9
Acquisition of treasury shares		-0.3	–
Repayment of loans		-5.0	-203.4
Proceeds from loans received		24.5	124.7
Dividend paid		-10.4	–
Interest paid		0.0	-0.4
Net cash from financing activities		**9.1**	**62.8**
Total cash flow		**0.0**	**0.0**
Cash and cash equivalents			
Cash balance as at 1 January		–	–
Cash balance as at 31 December		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

	2021	2020
Revenue from subsidiaries	0.7	0.7
Purchase of services from subsidiaries	-1.8	-1.3
Guarantee for Medicover Holding SA's revolving credit facility	220.0	220.0
Guarantee for Medicover Holding SA's schuldschein loans	356.5	140.0
Guarantee for MHI's overdraft facility	17.8	10.2

P3 Nature of expenses

Within the functional headings, the following cost categories are included:

	2021	2020
Staff costs	-8.1	-6.7
Property lease costs, heat and other establishment costs	-0.5	-0.5
Other	-2.8	-2.3
Total	**-11.4**	**-9.5**

The Company leases property to operate an office, the total expense amounted to €-0.2 million (€-0.2 million). At 31 December 2021 future minimum non-cancellable operating lease payments within one year amounted to €-0.2 million (€-0.2 million) and to €-0.4 million (€0.0 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 €13.0 million (€10.0 million) received from the Company's direct subsidiary. In 2020 the parent company received €1.5 million of group contribution.

P5 Income tax

	2021	2020
Profit before income tax	2.0	2.1
Applicable tax rate	20.6%	21.4%
Tax at applicable rate	-0.4	-0.4
Tax effect of:		
Permanent differences, current year	1.2	0.8
Tax loss carry forwards not recognised	-0.8	-0.4
Tax expense	**–**	**–**
Effective tax rate	**0.0%**	**0.0%**

The Company has unrecognised tax losses as at 31 December 2021 amounting to €14.1 million (€11.1 million) that are available to be offset against future profits for an unlimited period of time. The €3.0 million movement in unrecognised tax losses in 2021 is the net effect of €3.7 million additional tax losses for the current year, €-0.5 million adjustment of prior year balance and €-0.2 million exchange differences.

P6 Equipment

	2021	2020
Opening balance, cost	0.1	0.1
Additions	0.1	0.0
Closing balance, cost	**0.2**	**0.1**
Opening balance, depreciation	-0.1	-0.1
Depreciation	0.0	0.0
Closing balance, depreciation	**-0.1**	**-0.1**
Net carrying value as at 31 December	**0.1**	**0.0**

P7 Investments in subsidiaries

Subsidiaries	Corporate ID number	Registered office	Share of equity, %
Medicover Holding S.A.	B59021	Luxembourg	100

Carrying value	2021	2020
Medicover Holding S.A.	434.8	434.8

P8 Receivables from group companies

	2021	2020
Medicover Holding S.A.	196.1	177.4
Other	0.1	1.6
Total	**196.2**	**179.0**

P9 Loans payable

	2021	2020
Commercial paper programme	19.5	0.0
Total	**19.5**	**0.0**

Refer to note 19 for information related to the commercial paper programme.

P10 Fees to auditors

	2021	2020
Audit assignments	0.2	0.2
Auditing activities other than audit assignments	0.1	0.0
Tax consultancy services	–	–
Other assignments	–	–
Total	**0.3**	**0.2**

P11 Salaries and other remuneration

	2021			2020		
	Remuneration/ board fees	Social security costs	Of which pension costs	Remuneration/ board fees	Social security costs	Of which pension costs
Board of directors, CEO and other executive management	1.7	0.0	0.0	1.8	0.1	0.1
Share-based payments	5.2	0.5	0.0	3.7	0.4	–
Other employees	0.6	0.1	0.1	0.6	0.1	0.1
Total	**7.5**	**0.6**	**0.1**	**6.1**	**0.6**	**0.2**

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 2 women and 3 men (8 with 4 women and 4 men).

P12 Share capital

Number of shares	31 Dec 2021	31 Dec 2020
Class A shares	77,569,276	78,551,881
Class B shares	70,781,275	69,798,670
Class C shares	3,584,644	2,384,644
Total	**151,935,195**	**150,735,195**

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 2021
Share premium	546,019,539
Other reserves	14,964,848
Retained earnings	16,496,572
Profit for the year	2,049,605
Total	**579,530,564**

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	17,802,066
To be retained	561,728,498
Total	**579,530,564**

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 2022. 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 2022.

Stockholm on 22 March 2022

Fredrik Stenmo
Chairman of the board

Peder af Jochnick
Board member

Robert af Jochnick
Board member

Arno Bohn
Board member

Sonali Chandmal
Board member

Michael Flemming
Board member

Margareta Nordenvall
Board member

Fredrik Rågmark
Board member and CEO

Our audit report was submitted on 22 March 2022
BDO Sweden AB

Jörgen Lövgren
Autorized 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 financial year 2021, except for the corporate governance report on pages 67–79. The annual accounts and consolidated accounts of the Company are included on pages 56–124 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 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 2021 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance report on pages 67–79. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company, and the consolidated statement of comprehensive income and consolidated statement of financial position for the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the audit committee of the parent company in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1, have been provided to the audited Company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

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

Fair value measurement of certain financial liabilities

Key Audit Matter

In relation with certain of its acquisition of and investment in businesses, the Group has entered into various financial instruments which are required to be carried at fair value. Fair values of these instruments are based on valuation models that use inputs and assumptions other than quoted prices included within Level 1 of the fair value hierarchy that are either observable or unobservable as explained in note 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, 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 combination

Key Audit Matter

We refer to the accounting policies on business combinations in note 2.9 and note 13.

During 2021, Medicover group acquired several businesses for a total consideration of €95.3 million out of which we audited the three most important ones -Just Gym Sp. z o.o. in Poland, SellmerDiers Holding ApS in Denmark and Klinikk Hausken AS in Norway. 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.

Following the purchase price allocations of all business combinations of 2021, €79.0 million resulted as goodwill recognized. 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. A contingent consideration payable has been determined by using a discounted cash flow model requiring important judgement about reaching certain performance levels, triggering the payment of this contingent payable. The total consideration has been allocated to brand, operating licenses and other intangible assets, which required the use of valuation methods implying an important level of estimates and use of variables.

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

We audited the accounting for the three most important business combinations - Just Gym Sp. z o.o. in Poland, SellmerDiers Holding ApS in Denmark and Klinikk Hausken AS in Norway.

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.
- Additionally, we reviewed the appropriateness and adequacy of disclosures of these business combinations to the consolidated financial statement.

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 1–55 and 131–135. The board of directors and the managing director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board of directors and the managing director

The board of directors and the managing director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of directors and the managing director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the board of directors and the managing director are responsible for the assessment of the Company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the board of directors and the managing director intend to liquidate the Company, to cease operations, or have no realistic alternative but to do so.

The audit committee shall, without prejudice to the board of directors' responsibilities and tasks in general, among other things oversee the Company's financial reporting process.

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors and the managing director.
- Conclude on the appropriateness of the board of directors' and the managing director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the board of directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any potential significant deficiencies in internal control that we identified.

We must also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the Key Audit Matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of Medicover AB (publ) for the year 2021 and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the board of directors and the managing director

The board of directors is responsible for the proposal for appropriations of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The board of directors is responsible for the Company's organization and administration of the Company's affairs. This includes among other things continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organization is designed so that the accounting, management of assets and Company's financial affairs otherwise are controlled in a reassuring manner. The managing director shall manage the ongoing administration according to the board of director's guidelines and instructions and among other matters take measures that are necessary to fulfill the Company's accounting in accordance with law to handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the board of directors or the managing director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the Company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the board of directors' proposed appropriations of the Company's profit or loss we examined the board of directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

THE AUDITOR'S EXAMINATION OF THE 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 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #55dc7fc4d1d3ee2c58b74e 6d2492dce7af64e5d7ed5056e8b31d188ab3b728e2 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 audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and 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 technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 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 Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

The board of directors is responsible for that the corporate governance report on pages 67–79 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance report is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance report has been prepared.

Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

BDO Sweden AB with Jörgen Lövgren as auditor in charge, Box 6343, 102 35 Stockholm, was appointed auditor of Medicover AB by the general meeting of the shareholders on 29 April 2021 and has been the Company's auditor since 12 October 2016.

Stockholm, 22 March 2022

BDO Sweden AB

Jörgen Lövgren
Authorized Public Accountant

The auditor's report on the statutory sustainability report

To the general meeting of the shareholders of Medicover AB (publ), corporate identity number 559073-9487

Engagement and responsibility
The board of directors is responsible for the sustainability report for 2021 as on the pages 8–9, 34–51 and 61–66 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

The scope of the audit
Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 The Auditor's report on the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. We believe that the examination provides us with a sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Stockholm, 22 March 2022
BDO Sweden AB

Jörgen Lövgren
Authorized Public Accountant

5-year financial summary

€m	2021	2020	2019	2018	2017
SUMMARY OF CONSOLIDATED INCOME STATEMENT					
Revenue	1,377.4	997.8	844.4	671.6	580.2
Medical provision costs	-982.4	-734.3	-637.6	-507.3	-435.7
Distribution, selling and marketing costs	-58.1	-43.3	-45.0	-35.2	-28.4
Administrative costs	-177.5	-158.9	-115.3	-95.4	-84.4
Operating profit (EBIT)	**159.4**	**61.3**	**46.5**	**33.7**	**31.7**
Other income/(costs)	0.7	1.5	1.0	8.6	2.9
Total financial result	-17.3	-25.6	-12.3	-8.8	-7.6
Share of profit/(loss) of associates	1.0	0.1	-1.9	-1.8	0.2
Profit before income tax	**143.8**	**37.3**	**33.3**	**31.7**	**27.2**
Income tax	-37.2	-10.0	-8.6	-7.5	-7.6
Profit for the year	**106.6**	**27.3**	**24.7**	**24.2**	**19.6**
SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
ASSETS					
Non-current assets					
Goodwill	371.7	289.2	296.7	150.1	126.8
Other intangible assets	75.1	64.6	74.6	50.8	36.4
Property, plant and equipment	319.3	257.9	252.7	164.4	147.8
Right-of-use assets	327.4	180.4	166.0	117.0	110.3
Investments in associates	8.5	7.6	0.7	43.8	22.1
Other assets	30.7	22.0	16.6	13.5	9.8
Total non-current assets	**1,132.7**	**821.7**	**807.3**	**539.6**	**453.2**
Current assets					
Inventories	72.0	53.0	37.1	30.3	30.7
Other financial assets	3.1	0.0	1.6	27.8	2.1
Trade and other receivables	201.7	149.4	142.3	92.3	82.3
Short-term investments	192.9	40.1	–	–	–
Cash and cash equivalents	81.9	46.7	34.8	38.4	45.4
Total current assets	**551.6**	**289.2**	**215.8**	**188.8**	**160.5**
Total assets	**1,684.3**	**1,110.9**	**1,023.1**	**728.4**	**613.7**
EQUITY					
Equity attributable to owners of the parent	517.6	448.0	317.4	313.1	296.2
Non-controlling interests	44.5	35.5	42.3	4.4	3.6
Total equity	**562.1**	**483.5**	**359.7**	**317.5**	**299.8**
LIABILITIES					
Non-current liabilities					
Loans payable	375.3	152.8	163.8	126.4	52.5
Lease liabilities	299.8	165.1	142.0	96.4	85.6
Other liabilities	122.1	81.2	75.9	58.2	51.5
Total non-current liabilities	**797.2**	**399.1**	**381.7**	**281.0**	**189.6**
Current liabilities					
Loans payable	42.9	15.1	111.5	4.9	3.7
Lease liabilities	46.1	34.4	34.2	29.0	30.3
Trade and other payables	182.4	149.4	114.6	77.9	66.3
Other liabilities	53.6	29.4	21.4	18.1	24.0
Total current liabilities	**325.0**	**228.3**	**281.7**	**129.9**	**124.3**
Total liabilities	**1,122.2**	**627.4**	**663.4**	**410.9**	**313.9**
Total equity and liabilities	**1,684.3**	**1,110.9**	**1,023.1**	**728.4**	**613.7**
SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT					
Cash generated from operations before working capital changes	257.6	156.7	110.7	82.5	76.2
Net cash from operating activities	216.7	155.1	87.3	74.4	76.7
Net cash used in investing activities	-333.6	-126.3	-141.8	-116.1	-53.5
Net cash from/(used in) financing activities	164.1	-13.2	48.8	34.6	4.9
Total cash flow	**47.2**	**15.6**	**-5.7**	**-7.1**	**28.1**

€m	2021	2020	2019	2018	2017
KEY FINANCIAL DATA					
Group					
Revenue	1,377.4	997.8	844.4	671.6	580.2
Organic revenue	1,377.5	939.7	770.8	657.9	569.4
Organic revenue growth	38.1%	11.3%	14.8%	13.4%	14.5%
Operating profit (EBIT)	159.4	61.3	46.5	33.7	31.7
Operating profit (EBIT) margin	11.6%	6.1%	5.5%	5.0%	5.5%
Net profit	106.6	27.3	24.7	24.2	19.6
Net profit margin	7.7%	2.7%	2.9%	3.6%	3.4%
Basic/diluted earnings per share, €	0.686	0.182	0.168	0.167	0.152
EBITDA	270.4	157.5	120.7	90.7	81.5
EBITDA margin	19.6%	15.8%	14.3%	13.5%	14.0%
Adjusted EBITDA	280.5	164.1	125.0	94.1	84.2
Adjusted EBITDA margin	20.4%	16.4%	14.8%	14.0%	14.5%
EBITDAaL	210.8	108.5	80.6	58.5	52.9
EBITDAaL margin	15.3%	10.9%	9.5%	8.7%	9.1%
Adjusted EBITDAaL	220.9	115.1	84.9	61.9	55.6
Adjusted EBITDAaL margin	16.0%	11.5%	10.1%	9.2%	9.6%
EBITA	171.2	76.9	53.7	37.0	34.3
EBITA margin	12.4%	7.7%	6.4%	5.5%	5.9%
Adjusted EBITA	181.3	83.5	58.0	40.4	37.0
Adjusted EBITA margin	13.2%	8.4%	6.9%	6.0%	6.4%
EBITAaL	157.2	66.7	46.5	31.4	29.3
EBITAaL margin	11.4%	6.7%	5.5%	4.7%	5.0%
Adjusted EBITAaL	167.3	73.3	50.8	34.8	32.0
Adjusted EBITAaL margin	12.1%	7.3%	6.0%	5.2%	5.5%
Diagnostic Services					
Revenue	686.8	473.4	408.7	336.7	304.4
Organic revenue	692.0	482.2	382.7	340.6	303.5
Organic revenue growth	46.2%	18.0%	13.6%	11.9%	16.5%
Operating profit (EBIT)	135.5	50.8	43.3	32.5	30.7
Operating profit (EBIT) margin	19.7%	10.7%	10.6%	9.7%	10.1%
EBITDA	179.7	89.8	75.7	58.8	54.4
EBITDA margin	26.2%	19.0%	18.5%	17.5%	17.9%
EBITDAaL	157.1	67.8	56.0	43.3	40.8
EBITDAal margin	22.9%	14.3%	13.7%	12.9%	13.4%
EBITA	138.2	55.4	45.1	33.6	32.3
EBITA margin	20.1%	11.7%	11.0%	10.0%	10.6%
Lab tests (period end volume), million	133.4	103.9	106.7	98.1	91.4
Healthcare Services					
Revenue	711.6	539.7	449.3	346.1	285.8
Organic revenue	706.5	472.8	401.7	328.6	275.8
Organic revenue growth	30.9%	5.2%	16.1%	14.9%	12.7%
Operating profit (EBIT)	45.4	28.8	20.1	15.6	14.4
Operating profit (EBIT) margin	6.4%	5.3%	4.5%	4.5%	5.0%
EBITDA	110.7	84.1	61.0	45.8	40.1
EBITDA margin	15.6%	15.6%	13.6%	13.3%	14.0%
EBITDAaL	74.0	57.5	41.0	29.3	25.3
EBITDAaL margin	10.4%	10.6%	9.1%	8.5%	8.9%
EBITA	54.6	39.8	25.5	17.8	15.4
EBITA margin	7.7%	7.4%	5.7%	5.2%	5.4%
Members (period end), 000's	1,495	1,353	1,300	1,209	1,024

As from 2018, margins and growth rates have been calculated based on euro whole figures instead of figures rounded in millions.

Definitions

Acquired revenue
Revenue recognised from acquired businesses in the first twelve months from the acquisition. This represents non-organic growth. If there is significant expansion of the acquired business post-acquisition due to investments made subsequent to acquisition or arising due to synergies with existing businesses and such revenue can be readily and reliably identified then this additional revenue is excluded.

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 and acquisition related expenses.

Adjusted EBITA margin
Adjusted EBITA as a percentage of revenue.

Adjusted EBITDA
EBITDA, as defined above, adjusted for non-cash equity settled share-based payments as well as merger and acquisition related expenses.

Adjusted EBITDA margin
Adjusted EBITDA as a percentage of revenue.

Adjusted EBITAaL
Adjusted EBITA, as defined above, reduced by interest on lease liabilities.

Adjusted EBITAaL margin
Adjusted EBITAaL as a percentage of revenue.

Adjusted EBITDAaL
Adjusted EBITDA, as defined above, reduced by depreciation/impairment on right-of-use assets and interest on lease liabilities.

Adjusted EBITDAaL margin
Adjusted EBITDAaL as a percentage of revenue.

Net profit margin
Net profit as a percentage of revenue.

Net financial debt
Net financial debt represents financial debt contracted by the Group with external parties (banks, bonds) upon which interest is charged and lease liabilities, net of cash and cash equivalents and short-term investments.

Members
Number of individuals covered under a prepaid subscription or insurance healthcare plan within the Healthcare Services segment at the end of the relevant period.

Laboratory tests
Number of laboratory tests performed within the Diagnostic Services segment for the period referenced.

Headcount
The number of people being co-workers at Medicover including employees and/or contractors with an active contract determined at the end of each month. Excludes seasonal workers.

FTE (Full time equivalent)
FTE is a metric used to translate co-workers into full time employment equivalent as per local legislation (excluding seasonal and including leased labour). 1.0 FTE corresponds to one full time employment. A significant part of Medicover's contractors cooperate based on a 'pay-for-procedure' principle. FTE resulting from the medical procedures is calculated by a conversion metric into 'time' based on predefined dictionaries which may include approximations for practical 'procedure grouping' purposes.

Co-workers
Co-workers include every person who works for or provides services to any Medicover company, under an employment contract or as contracted by Medicover on a self-employed basis or similar.

Average FTE for the year
The sum of FTE at the end of each reported month during the financial year divided by 12 months.

Glossary

Allergology The study of allergic diseases.

BDP Blood-drawing point.

CEE Central and Eastern Europe.

CO_2e Carbon Dioxide Equivalent is a unit for measuring carbon footprints.

EMAS The EU Eco-Management and Audit-Scheme.

Endocrinology The medical study of the hormone secreting glands (the endocrine system) and related functions, diseases and treatments.

EU-OSHA European Agency for Safety and Health at Work.

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.

GRI Global Reporting Initiative, a global standard for sustainability reporting.

Histopathology The microscopic study of solid tissue.

Immunology The study of the immune system.

ISO International Organisation for Standardisation.

IVF In Vitro Fertilisation. A technique used for assisted reproduction.

KV Kassenärztliche Vereinigungen, the German system for compensation of healthcare services.

KPI Key Performance Indicators.

Laryngology The medical study of disorders of the voice and upper airway structures such as the throat and trachea.

Molecular diagnostics A collection of techniques used to analyse genetic codes by applying molecular biology to medical testing.

MZ The Polish Ministry of Health.

NFZ The Polish National Health Fund.

NIPT Non-invasive prenatal testing.

Ophtalmology A surgical specialty concerned with the structure and function of the eye and the medical and surgical treatment of its defects and diseases.

Orthodontics A dental specialty concerned with the prevention and correction of dental and oral anomalies (malocclusion).

PHI The Private Health Insurance funds.

PPP Purchasing power parity.

SBT Science Based Targets, enables companies to set science-based greenhouse gas emission reduction targets.

SDG Sustainable Development Goals.

SHI The Statutory Health Insurance.

TCFD Task Force on Climate-Related Financial Disclosures framework.

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 2022
Annual general meeting	27 April 2022
Interim report April–June	22 July 2022
Interim report July–September	3 November 2022

Information about the 2022 annual general meeting (AGM)

The annual general meeting of Medicover AB (publ) will be held on Wednesday 27 April. The board of directors have decided that the AGM shall be conducted without physical presence of shareholders, proxies and third parties and that voting can only be carried out through advanced voting (postal voting).

Participation

Shareholders who wish to participate the AGM must be recorded in the share register maintained by Euroclear Sweden AB (Euroclear) on the record date Tuesday 19 April and must give notice of their attendance by casting their postal vote, in accordance with instructions under the heading postal voting, so that the postal vote is available to Euroclear no later than Tuesday 26 April. Please note that notification of attendance to the AGM can only be made through postal voting.

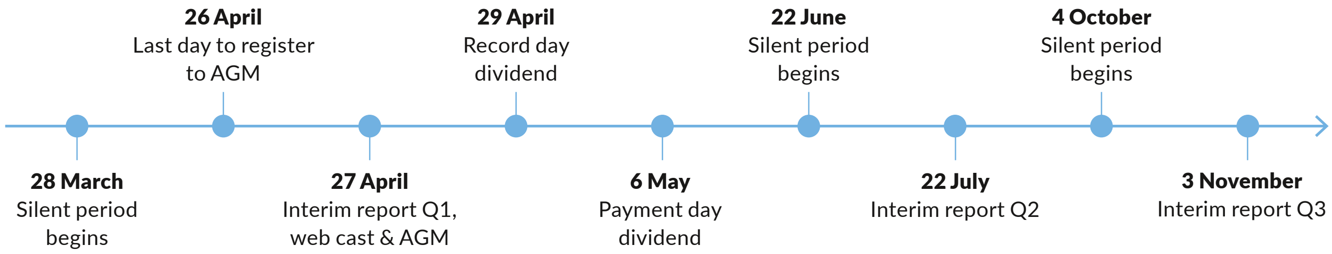
Postal voting

The board of directors have decided that shareholders shall only be able to exercise their voting rights by postal voting in accordance with section 22 of the Act (2022:121) on temporary exceptions to facilitate the conduct of general meetings. For postal voting, a special form must be used. The postal voting form is available on Medicover AB's website www.medicover.com/financial-information/corporate-governance/annual-general-meeting.

Completed and signed postal voting forms may be submitted via e-mail to GeneralMeetingService@euroclear.com or by post to Medicover AB, "AGM", c/o Euroclear Sweden, Box 191, SE-101 23 Stockholm, Sweden. The completed form must be available to Euroclear no later than Tuesday 26 April. Shareholders may also on or before Tuesday 26 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

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Photo: Piotr Kapala and Petter Karlberg

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